



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

April 2013

NAV
Series A (ANF020) \$8.516
Series B (ANF040) \$8.509
Series F (ANF021) \$8.512

Fund Review The Fund performance was (14.8%) in April. This compares to the TSX Venture index return of (12.1%) and the TSX Small Cap index return of (4.8%). Junior resource equities were the leading decliners in April as several major commodities declined substantially during the month.

Gold's precipitous decline during April triggered a simultaneous sell-off in many other commodities. Unfortunately, this event had repercussions throughout the small cap equity sector as even those companies with solid fundamentals declined in turn. However, there are signs of capitulation in many commodities as evidenced by their recent strong rebounds from the April lows. At one point gold was down \$272 during the month to \$1322 while copper and oil declined by \$0.35 and \$11 to \$3.05 and \$86 respectively. All three of these major commodities have quickly recovered the majority of their losses. At the time of writing, gold was back to \$1448, copper was \$3.36 and oil was \$96. Many unsophisticated investors were 'spooked' by such events and sold equities which have not yet recovered as well as the commodities.

While resource equities continue to underperform, we note that the market is still not reacting to important commodity indicators. For example, copper inventories in China appear to be at a positive inflection point, cancelled warrants are at very high levels, and grid power investment (making up 45% of China's copper consumption) was up almost 35% year-over-year in Q1 in China. All of these points should bode well for the copper price. This was undoubtedly a difficult month for commodities, but we view the sharp sell-off mid-month as unwarranted. It appears that the negative price shock sparked a large amount of physical buying in the commodity markets, confirming that there is a demand for commodities out there. We believe that prices will continue to recover as investors begin to recognize the potential that remains in the resource sector.

Outlook Recent equity market performance has been very kind to investors in large cap equities. This positive sentiment has not yet filtered down to the mid and smaller cap names. However, we are confident it is only a matter of time before it does filter down. The dramatic mid April sell-off in commodities prompted selling of small cap equities which are largely comprised of resource companies in Canada. In our view, much of the selling in recent weeks has been driven by retail redemptions. We believe that fund managers generally do not want to sell at what they realize are very depressed prices but they are being forced to sell. For example, we have noted many cases where stocks are trading below cash value per share. Over the past few months, we have noted a large amount of insider buying while insider selling has been virtually non-existent. We observe this from our weekly monitoring of insider trades reported for our portfolio holdings. We note that it is generally not a good idea to be selling stock when the buyer is the CEO!

As the S&P racks up another strong double digit year in 2013 and the TSX follows, we believe that investors will look to other areas which have lagged and which therefore, trade at more attractive valuations. One of these areas is Canadian small cap equities. Once the selling subsides and the TSX Venture index turns, the returns are typically dramatic to the upside. In our view, we are close to that occurrence.



Regards,

Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
AlphaNorth Resource Fund		2.3%	(2.3%)	(14.8%)									(14.8%)
S&P/TSX Small Cap		(0.1%)	0.8%	(4.8%)									(4.1%)
S&P/TSX Venture		(0.7%)	(3.0%)	(12.2%)									(15.4%)

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 15 year track record of generating industry leading returns (30%+ annualized)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

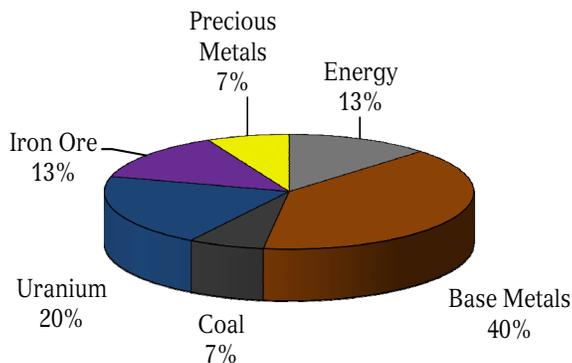
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **AlphaNorth Growth Fund (ANF010, ANF011)**
Ideal for investors who are seeking exposure to a broad range of Canadian small cap equities.

Performance Analysis

	AlphaNorth Resource Fund	S&P/TSX Small Cap
Returns *		
1 Month	(14.8%)	(4.8%)
YTD	(14.8%)	(4.1%)
1 Year	-	-
2 Year	-	-
3 Year	-	-
Since Inception (annualized)	-	-
Since Inception (cumulative)	-	-
Best Month	-	-
Worst Month	-	-
Advancing Months	-	-
Standard Deviation	-	-
Sharpe Ratio	-	-
Beta	-	-

Current Sector Allocation



Fund Information

Lead Manager:	Steven Palmer
Inception:	February 25, 2013
Fund Codes:	Series A - ANF020 Series B - ANF040 (rollover vehicle) Series F - ANF021
Fund Details:	RSP/RESP eligible \$1,000 minimum investment
Sub/Redemption:	Daily
Lock-up:	None
Early Redemption Fee:	2% in first 90 days (except Series B)
Management Fee:	2%
Performance Fee:	20% above TSX return High water mark (no reset)
Trailer:	1% (Series A and B only)
Auditor:	Deloitte & Touche LLP
Administration:	State Street Trust Company & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$2 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Skye Collyer 416-506-0776 x227

Investment Strategy

The **AlphaNorth Resource Fund** (the "Fund") is an **open-ended mutual fund**. The investment objective of the Fund is to generate strong returns by investing in Canadian resource companies that offer attractive risk-reward characteristics. The Fund invests primarily in junior and intermediate Canadian resource companies, and will evaluate industry and company fundamentals to evaluate investment opportunities which offer the most attractive risk-reward. AlphaNorth believes that superior long term investment returns are achievable by exploiting inefficiencies in the Canadian small to medium-cap universe through careful security selection. Fundamental analysis of companies is used in combination with technical analysis techniques, which has proven to be successful, to assist in the timing of buy/sell decisions. The firm combines both a bottom-up and top-down strategy in the selection of investments offering the best risk/reward characteristics.

Company Profile

Founded in 2007, AlphaNorth Asset Management's goal is to achieve superior long term returns for investors. Our value added approach combines the successful track record and investment experience of Steven Palmer and Joey Javier who have worked together as a team since 1998 in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund, the AlphaNorth the AlphaNorth 2012 Flow-Through LP, the AlphaNorth Resource Fund and the AlphaNorth Growth Fund.

Key Personnel:

Steven Palmer is the President and CEO of AlphaNorth Asset Management. Mr. Palmer started his career in the investment industry in 1995 on the sell side of the business before transitioning to the buy side in 1997. Most recently, from July 1998 to August 2007 he was employed as Vice President - Canadian Equities at one of the world's largest financial institutions where he managed the Canadian equity assets of approximately \$350 million. Mr. Palmer managed a pooled fund focused on small capitalization companies from inception in 1998 to August 2007 achieving returns that were ranked #1 in performance by a major fund ranking service in their small cap pooled fund category (35.8% annualized over 9 years as compared to 10.0% for the S&P/TSX Composite and 13.0% for the BMO Weighted Small Cap Total Return Index) over the same period. Mr. Palmer also managed a large cap fund which was ranked in the first quartile for the following time periods: one year, two year, 3 year, 4 year, 5 year and 10 year. Mr. Palmer earned a BA in Economics from the University of Western Ontario and is a CFA.

Joey Javier is Vice President and Secretary of AlphaNorth Asset Management. Mr. Javier started his career in the investment industry in 1997 as an Equity Trader for one of the world's largest financial institutions where he worked together with Mr. Palmer as the equity team. Mr. Javier was responsible for all equity and money market trading as well as back-up for the fixed income portfolio manager. Mr. Javier has a BA in Economics from York University and is a CIM.

Disclaimer

**The information contained in this document is not a solicitation to sell any investment products offered by AlphaNorth Asset Management. The information contained herein is for discussion purposes only. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return for the Series A shares of AlphaNorth Resource Fund are the historical, annual compounded total returns including changes in share value and the reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any shareholder that would have reduced returns. For Series B and F returns, refer to the website at www.alphanorthasset.com. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The AlphaNorth Resource Fund commenced operations on February 25, 2013. 2013 year to date data is calculated from inception date. **Based on growth of investment in institutional small cap pooled fund from inception August 1, 1998, to August 1, 2007, and growth of investment in AlphaNorth Partners Fund from inception December 1, 2007 to the current NAV.*