



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

June 2013

NAV
Series A (ANF010) \$4.607
Series F (ANF011) \$4.681

Fund Review The Fund returned (10.2%) in June. This compared to (8.4%) for the TSX Venture and (3.8%) for the TSX Total Return index.

Fund performance in June was negatively impacted by a general decline in the resource investments and by a decline in Blackberry (TSX:BB) shares in which the Fund holds a significant position. Although the Fund is up considerably on this investment since our purchase at just under \$7 last Fall, it gave back a portion of that gain in June as Blackberry shares declined by 24% after reporting disappointing earnings for the quarter. Given the setback in share price, we remain positive on this position as the valuation is now at a modest premium to the US\$3.1 billion of cash. In addition, Blackberry's flagship device, the Q10, was not fully reflected in the quarter due to the later launch. We believe the recent launch of the Q10 and service revenues will justify share price gains from current depressed levels.

The oil price recently broke above \$100 per barrel, yet many of the energy companies we follow have had a muted share price response compared to the commodity itself. Many junior energy companies trade at very attractive levels relative to historical valuation metrics. We are looking to add exposure to this area in the short term in anticipation of outperformance of the energy sector.

The Fund currently has a 6% cash position. The current sector mix is comprised of 18% in technology, 12% in health care, 7% in consumer discretionary, 4% in financials, 10% in energy and 43% in materials.

Outlook It continues to be a challenging and frustrating environment for Canadian small cap equities, largely due to continued weakness in the resource sector. The current economic outlook is nowhere near as dire as it was in 2008, yet many share prices are back to 2008 levels. The Canadian economy remains strong as unemployment continues to trend lower and auto sales are on track for their best year since 2002. In the U.S., home sales continue to rise. Moreover, commodity prices are generally much higher than what they were at during the 2008 market lows. We believe that investors will soon take notice of the dichotomy between Canadian market performance and economic data, and fear will subside as they realize that companies are in a much better position than they were five years ago.

Another potential catalyst for an improvement in this sector, which we have previously noted, is for a change in fund flows out of bonds as yields begin to rise. This is beginning to occur as yields have risen materially in a period of only a few weeks. This has prompted fund flows out of bonds for the first time in years. We believe that this change in fund flows will continue. As funds flow out of debt, we are confident that a large portion will be placed into equities, resulting in higher equity returns.

Recent management updates have been very positive and the management teams share their frustration with the lagging share prices which are currently not reflecting the value they are building in their companies. We remain confident that positive fundamentals will ultimately be rewarded in the coming months.



Regards,
Steven Palmer, CFA

Performance (as of June 30, 2013)

	June	YTD	3 Month	6 Month	1 Year	Inception	Cumulative
AlphaNorth Growth	(10.2%)	(29.5%)	(19.9%)	(29.5%)	(32.6%)	(33.3%)	(53.9%)
S&P/TSX Venture	(8.4%)	(27.8%)	(19.8%)	(27.8%)	(26.0%)	(35.5%)	(56.7%)
S&P/TSX Composite TRI	(3.8%)	(0.9%)	(4.1%)	(0.9%)	7.9%	(2.2%)	(4.2%)

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 15 year track record of generating industry leading returns (25%+ annualized)**

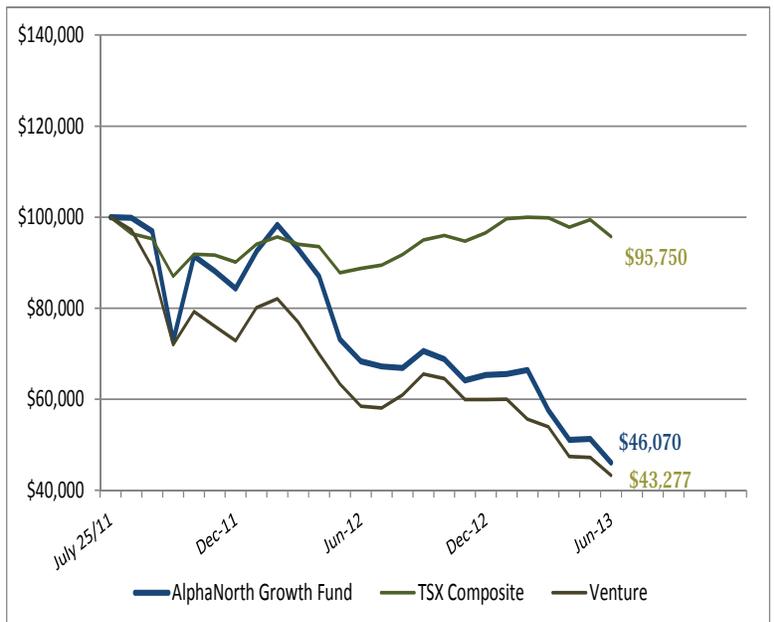
DIVERSIFICATION THROUGH SMALL/MID CAP:

- AlphaNorth Growth Fund is well diversified across the resource, technology and life sciences sectors

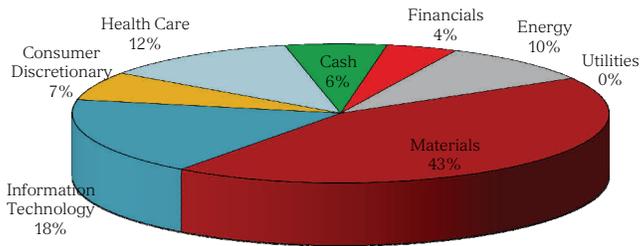
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- Complements any investment portfolio and greatly enhances wealth accumulation

Growth of Initial Investment \$100,000



Current Sector Allocation



Fund Information

Lead Manager:	Steven Palmer
Inception:	July 25, 2011
Fund Codes:	Series A - ANF010 Series F - ANF011
Fund Details:	RSP/RESP eligible \$1,000 minimum investment
Sub/Redemption:	Daily
Lock-up:	None
Early Redemption Fee:	2% in first 90 days
Management Fee:	2%
Performance Fee:	20% above TSX return High water mark (no reset)
Trailer:	1% (Series A only)
Auditor:	Deloitte & Touche LLP
Administration:	State Street Trust Company & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$7 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Skye Collyer

Monthly Performance*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2011							(0.2%)	(2.9%)	(24.9%)	25.7%	(3.7%)	(4.3%)	(15.7%)
2012	9.7%	6.3%	(5.4%)	(6.5%)	(15.9%)	(6.6%)	(1.6%)	(0.5%)	5.6%	(2.6%)	(6.7%)	1.8%	(22.5%)
2013	0.4%	1.3%	(13.3%)	(11.2%)	0.4%	(10.2%)							(29.5%)

Investment Strategy

The **AlphaNorth Growth Fund** (the "Fund") is an **open-ended mutual fund** focusing primarily on Canadian small to mid-capitalization equities, between \$100 million and \$5 billion market capitalization. The Fund employs a similar style and investment methodology as the highly successful AlphaNorth Partners Fund. The Fund's investment objective is to maximize returns over the long term through superior selection of principally Canadian securities. 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 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 Growth 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 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 inception date is July 25, 2011. **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.