



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

October 2013

NAV
Series A (ANF010) \$5.136
Series F (ANF011) \$5.232

Fund Review The Fund returned 0.2% in October. This compared to 1.9% for the TSX Venture and 4.7% for the TSX Total Return index.

Performance in October was positively impacted by investments in the energy sector as well as Air Canada which returned 62% during the month. We sold the Air Canada (TSX:AC.B) position into this strength, locking in a substantial profit in a short period of time. Although fundamentals suggest further upside, the share price was extended in the short term. We will employ our technical analysis methods to repurchase at cheaper levels.

Trimer Pharmaceuticals (TSX:TRL) detracted from performance as the share price declined after the FDA requested further information on the company's Phase III data for testosterone replacement. We believe the investors overreacted to this news and the Phase III data is supportive of an approval of this product in due course.

We have recently participated in three financings in the technology sector which are expected to close in November. All of these new positions are currently trading in excess of our purchase price and should add to performance if market prices hold.

The resource weighting of the portfolio increased during the month due to the sale of Air Canada and the strength in our energy holdings. The current sector mix is comprised of 20% in technology, 3% in health care, 4% in financials, 26% in energy and 35% in materials.

Outlook Since the recent low in June near 11,800, the TSX Composite has performed well. As we have predicted in earlier commentaries this year, the TSX Composite has outperformed the S&P 500 index over this period. We expect this to continue over the coming year. The technically significant level of 12,900, which marked the top of a two year trading range for the TSX Composite, was surpassed in October. In our view, the definitive breaking of this resistance level is very significant and supportive of substantially higher prices over the next year. The TSX Venture index has also performed well as October marked the fourth consecutive month of gains. This is the first time since 2010 that the TSX Venture index has returned four positive months in a row. Although the gains have been modest to date, we expect performance will accelerate over the next year.

In October, we saw increased deal flow for small cap equities and many of these deals were oversubscribed. This is an encouraging sign and points to an increased interest in Canadian small cap equities from investors. Recent fund flow data reported by the Investment Funds Institute of Canada (IFIC) supports this change in sentiment as September data showed the first month of positive net sales of Canadian equity mutual funds since February 2007. Sixty six consecutive months of negative sales have provided a significant headwind for Canadian equity prices in recent years. Fixed income has been the beneficiary of investor capital. This is now changing. We believe the bull market in fixed income has ended. The baton has been passed to equities!



Regards,

Steven Palmer, CFA
President and CEO

Performance (as of October 31, 2013)

	October	YTD	3 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Growth	0.2%	(21.4%)	6.1%	(25.3%)	(25.1%)	(24.8%)	(48.6%)
S&P/TSX Venture	1.9%	(21.5%)	4.5%	(27.1%)	(22.9%)	(27.6%)	(52.9%)
S&P/TSX Composite TRI	4.7%	10.3%	7.8%	11.0%	7.7%	2.8%	6.5%

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)**

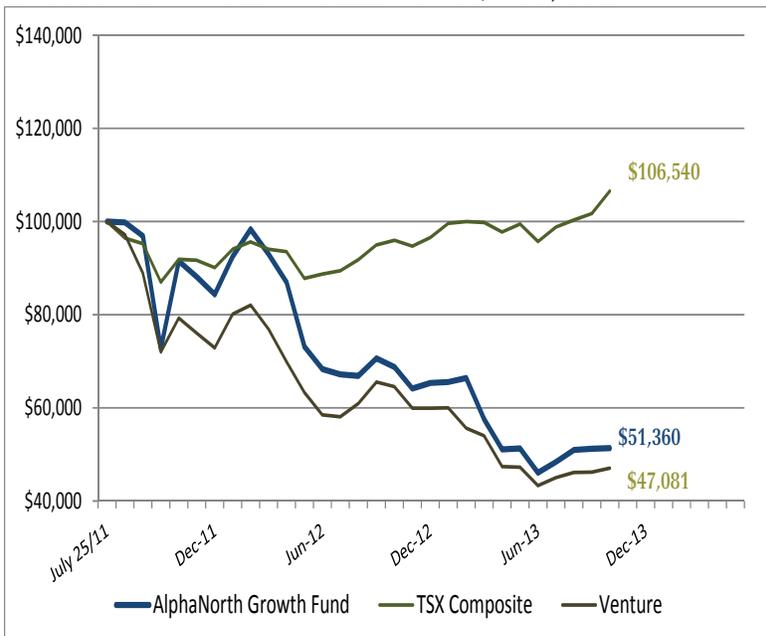
DIVERSIFICATION THROUGH SMALL/MID CAP:

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

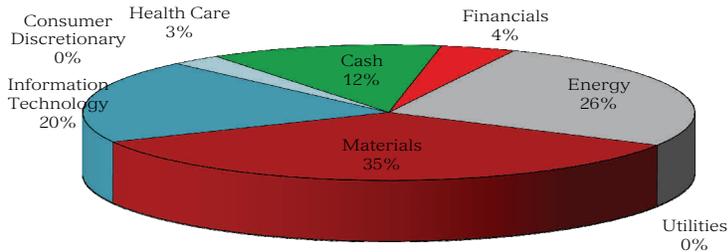
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- ◆ 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:	\$8 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Skye Collyer 416.506.0776 ext.227 skye@alphanorthasset.com

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%)	5.0%	5.3%	0.6%	0.2%			(21.4%)

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.