



AlphaNorth  
Asset Management

# FUND COMMENTARY

## AlphaNorth Resource Fund

November 2013

NAV  
Series A (ANF020) \$6.839  
Series B (ANF040) \$6.835  
Series F (ANF021) \$6.879

**Fund Review** The Fund performance was (10.5%) in November. This compares to the TSX Venture index return of (2.5%) and the TSX Small Cap index return of (0.1%).

Economic sentiment has improved recently, consequently pulling precious metals prices lower in November. Overall commodity prices are still weak, though it seems several are positioned for a rebound. Many commodities appear to have bottomed out and we remain constructive on the space.

More recent developments have been quite encouraging for the resource sector. For example, government-led spending has increased in China, which has helped support industrial commodity pricing. During November, Chinese iron ore imports hit record highs and were up 18% year over year. Copper inventories have come down substantially from their summer highs, which should help support pricing. Our outlook on Uranium also remains positive as several suppliers delayed production or have faced production issues in the past few weeks, which has had a positive effect on supply/demand fundamentals for 2014. It appears that the agricultural sector is showing signs of a bottom as well; corn prices are the lowest they have been in three years, while demand remains strong and the shorts are starting to cover their positions. Mosaic Co.'s recent decision to buy back over 43M shares further signals that the space is currently undervalued.

November marked the last full month prior to the consolidation of the FT 2012 Fund into the Resource Fund. Going forward, we expect the Resource Fund to be less volatile, as the rollover has improved security concentrations.

The current sector mix of the portfolio is comprised of 45% in base metals, 3% in coal, 24% in uranium, 4% in iron ore, 7% in precious metals, 10% in agriculture, and 7% in energy.

**Outlook** December is a seasonally strong period for Canadian equities. Over the past 30 years, the TSX Composite has generated positive returns 90% of the time in the month of December. The TSX Venture has demonstrated similar results since the index was created in 2001, generating an average return of 5.0% in December, with 92% of the observations being positive. The returns are highly skewed to the last half of the month where stocks routinely trade higher over the last few days of the year.

The recent strength in economic data has led to considerable discussion of Fed tapering in the near future. Signs of tapering would push bond yields upwards and bond values downwards, likely causing a further shift of investment into equities which we believe is still in its initial stages. We believe that a combination of weaker US dollar and accelerating global growth will benefit commodity prices. This should result in outperformance of Canadian equities (after 3 years of underperformance compared to US equities) as the resource component of the TSX begins to outperform. We believe positive fund flows, which recently turned positive into Canadian equities, combined with strength in the resources, will result in strength in small cap equities in the coming months.



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		2.3%	(2.3%)	(14.8%)	(0.4%)	(19.7%)	15.6%	15.1%	(10.9%)	(5.4%)	(10.5%)		(31.6%)
S&P/TSX Small Cap		(0.1%)	0.8%	(4.8%)	1.5%	(4.9%)	3.8%	1.9%	1.3%	3.7%	(0.1%)		2.8%
S&P/TSX Venture		(0.7%)	(3.0%)	(12.2%)	(0.4%)	(8.4%)	4.1%	2.4%	0.2%	1.9%	(2.5%)		(18.1%)

### 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)\*\*

#### CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

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

#### TAX-DEFERRED SWITCHING BETWEEN FUNDS:

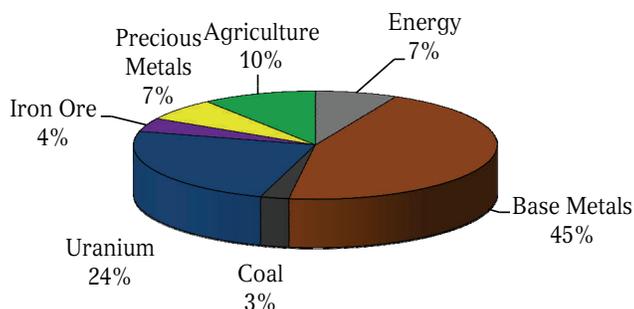
- AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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
<b>Returns *</b>		
1 Month	(10.5%)	(0.1%)
YTD	(31.6%)	2.8%
1 Year	-	-
2 Year	-	-
3 Year	-	-
Since Inception (annualized)	-	-
Since Inception (cumulative)	(31.6%)	2.8%
Advancing Months	-	-
Standard Deviation	-	-
Sharpe Ratio	-	-
Beta	-	-

## Current Sector Allocation



## Fund Information

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