



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

December 2013

NAV
Series A (ANF010) \$4.784
Series F (ANF011) \$4.884

Fund Review The Fund returned (1.5%) in December. This compared to (0.3%) for the TSX Venture and 2.0% for the TSX Total Return index. Performance in 2013 was negatively impacted by the junior resource holdings. We believe that after several years of underperformance, junior resource stocks will outperform in 2014. However, we are hedging our bets and have been quite active trading junior technology. This has been quite profitable for the Fund. We note that resource stocks typically outperform during the second half of an equity market cycle and there is no reason to believe that it will be any different this time in the context of accelerating global growth.

Continental Gold (TSX:CNL) was a strong performer during the month gaining 27%. Our technical analysis work indicates that the gold price has likely bottomed. This, combined with the current negative sentiment on the gold sector leads us to believe that there is strong potential for high quality, well funded gold companies like CNL to perform well in 2014.

We have recently added a couple of new life science companies. We are very optimistic for the life sciences sector in 2014. The sector has had stellar performance in the U.S. over the past couple of years and we have recently noted that the Canadian names are starting to participate in this strength after many years of underperformance.

The current sector mix is comprised of 24% in technology, 14% in health care, 2% in financials, 3% in consumer discretionary, 25% in energy and 31% in materials.

Outlook Broader equity markets delivered strong returns in 2013 as we forecasted. In 2014, we believe equities will continue to perform well as the backdrop of strong corporate earnings, accelerating global growth (3.5% in 2014 compared to 3.0% in 2013) and rising bond yields are very accommodating for equities. Given this environment, we believe that resource equities will begin to outperform the broader market as is usually the case in the second half of an equity bull market. This should contribute to outperformance for the TSX in 2014.

Now that the major issues (European crisis, U.S. debt ceiling) are no longer sensationalized in the press, the "perma-bears" have less to dwell on. It is clear they have lost the debate as the S&P has experienced one of the strongest equity rallies in history, up almost 200% from the low of the financial crisis in 2009. The current positive datapoints are clearly overwhelming. We believe that 2014 will be another strong year for equity returns with the TSX Venture index likely to rebound after three straight years of losses totaling 61%. The low in June 2013 for Canadian small cap equities, as measured by the TSX Venture index, is now well in the past yet the majority of investors have yet to acknowledge this and remain on the sidelines. This is typically the case after a major low. We expect a reversal in fund flows will propel small caps significantly higher in 2014. In addition, **our technical analysis work signalled a major buy signal in December for the TSXV. We believe that there is substantial upside for Canadian small cap equities from current levels.**



Regards,
Steven Palmer, CFA
President and CEO

Performance (as of December 31, 2013)

	December	YTD	3 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Growth	(1.5%)	(26.8%)	(6.6%)	(26.8%)	(24.7%)	(25.5%)	(52.2%)
S&P/TSX Venture	(0.3%)	(23.7%)	(1.0%)	(23.7%)	(20.8%)	(26.9%)	(54.2%)
S&P/TSX Composite TRI	2.0%	13.0%	7.3%	13.0%	10.1%	3.6%	9.2%

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)**

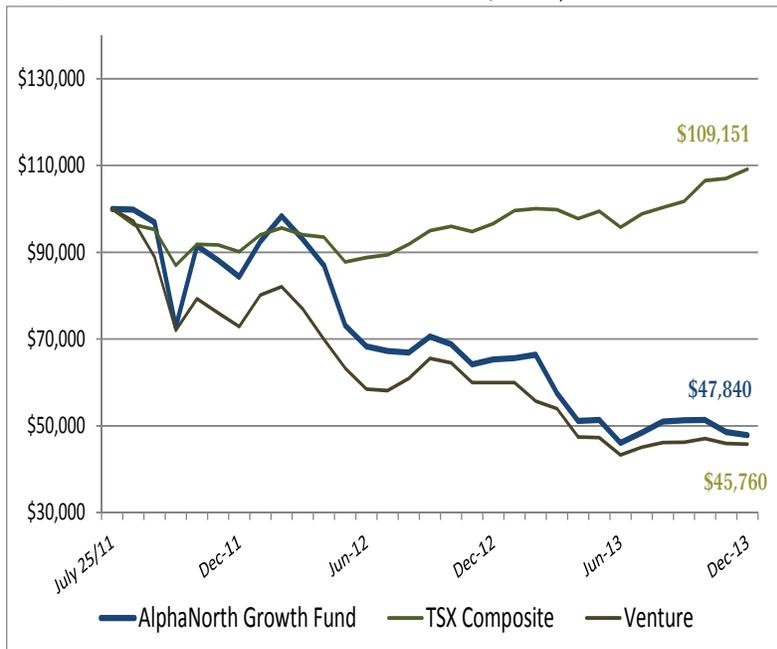
DIVERSIFICATION THROUGH SMALL/MID CAP:

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

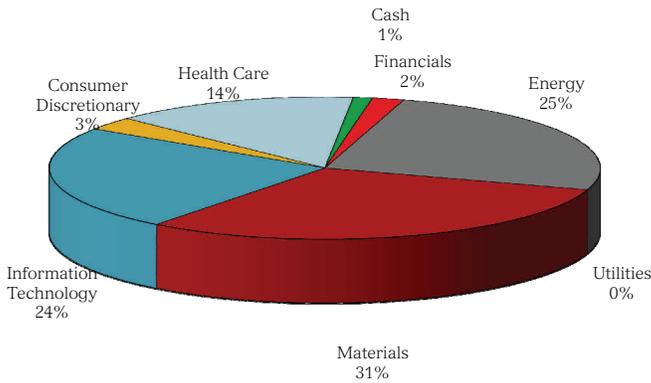
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- ◆ 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:	Steve Palmer 416 483 4448 info@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%	(5.4%)	(1.5%)	(26.8%)

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.