



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

January 2014

NAV
Series A (ANF020) \$7.734
Series B (ANF040) \$7.735
Series F (ANF021) \$7.797

Fund Review The Fund performance was 3.2% in January. This compares to the TSX Venture index return of 2.1% and the TSX Small Cap index return of 3.1%.

Copper prices fell in January, retracing most of December's gains. Inventory levels however, have decreased sharply across the board in the past year which should create a floor on pricing in the near term. Moreover, we expect to see demand pick up as the Chinese New Year comes to an end.

Meanwhile, natural gas prices have improved as the now infamous polar vortex spurred residential demand for the commodity and has sparked interest in natural gas equities. The cold weather will also help the oil and gas space as these companies should be able to drill more wells prior to the spring break up. We expect some energy companies to beat production guidance as their drilling season extends.

The uranium picture is also starting to improve. Since the US-Russian agreement regarding the delivery of a secondary source of uranium ended in 2013, global supply has dropped 28 million lbs. There is much debate regarding the supply-demand balance but we are taking a positive view, specifically in the US, where domestic supply makes up only a fraction of the country's demand. Most recently, Paladin Energy (TSX:PDN) decided to shut down one of its mines, leading to an immediate 2% decrease in global supply. We have noted that interest for uranium stocks has picked up in the investment community over the past couple of months.

The current sector mix of the portfolio is comprised of 45% in base metals, 7% in coal, 11% in uranium, 2% in iron ore, 14% in precious metals, 4% in agriculture, and 17% in energy.

Outlook The recovery in Canadian small cap equities is continuing. Small cap equities, as measured by the TSX Venture index, have generated positive returns in 5 of the past 7 months. It is becoming increasingly evident that the low for the TSX Venture index in this cycle was indeed experienced in June 2013. We expect that as the year progresses, investors will come to accept this and performance will accelerate as positive fund flows return to the space. We believe that the resource sectors, which have been a drag on performance in recent years, will begin to contribute positively to the TSX Venture index performance in 2014. Key commodity prices that are particularly relevant to the Canadian market such as oil, natural gas, gold, lumber and copper have been stable but, in many cases, are trending higher. Canadian equities can be expected to outperform in periods of accelerating global growth and in an environment of increasing commodity prices.

Declines in the broader market continue to be brief and modest with each representing a good buying opportunity. We believe that this pattern will continue in 2014 as risk/reward remains favourable to equities as compared to alternative asset classes such as fixed income.

Regards,



Steven Palmer
Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	January	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Growth	3.2%	3.2%	(1.8%)	(22.7%)	-	(22.7%)	(22.7%)
S&P/TSX Venture	2.1%	2.1%	3.7%	(16.6%)	-	(16.6%)	(16.6%)
S&P/TSX Small Cap	3.1%	3.1%	12.8%	8.3%	-	8.3%	8.3%

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:

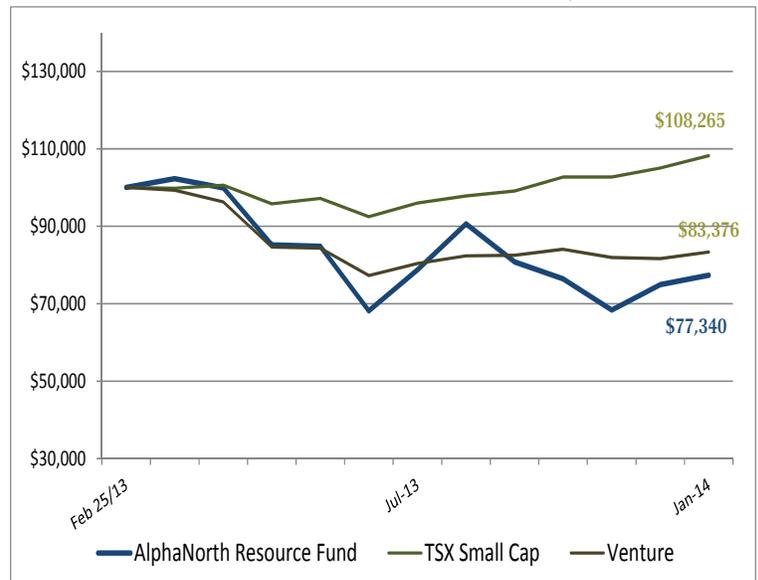
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

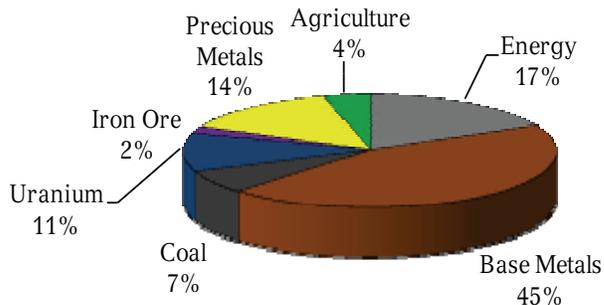
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

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

Growth of Initial Investment \$100,000



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:	\$3 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Tanya Ali 416-506-0776 x227

Monthly Performance*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2013		2.3%	(2.3%)	(14.8%)	(0.4%)	(19.7%)	15.6%	15.1%	(10.9%)	(5.4%)	(10.5%)	9.6%	(25.1%)
2014	3.2%												3.2%

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 characteristics. 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 have 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 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.