



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

March 2014

NAV
Series A (ANF010) \$5.183
Series F (ANF011) \$5.302

Fund Review The Fund returned (7.2%) in March. This compared to (3.0%) for the TSX Venture and 0.7% for the TSX Total Return index. On a year to date basis, the Fund has returned 8.3%.

After a strong start to the year, several of our core positions pulled back in March. We took some profits on Applied Optoelectronics (NASDAQ:AAOI) which has had strong gains in the past couple of months. This was a timely sale as the U.S. technology stocks have recently corrected. The majority of our recent additions to the portfolio are energy companies. We believe the fundamentals are strong for this sector. Oil has been one of the best performing commodities in recent months and we maintain a positive outlook for natural gas prices given the extremely low inventory levels which resulted from the cold winter. The resource component of the portfolio, which detracted from performance in 2013, has now started to contribute positively to returns. We have recently added a couple of positions by way of free trading private placements which included warrants. It is often difficult to get warrants in a mutual fund given the strict limitations on the liquidity requirements of the portfolio. These warrants will be meaningful contributors to performance if the underlying share prices perform well.

The current sector mix is comprised of 34% in technology, 13% in health care, 2% in financials, 3% in consumer discretionary, 28% in energy and 19% in materials.

Outlook The excess that caused the Global Financial Crisis continues to dissipate. Tighter banking regulations and corporate conservatism are reflected on corporate balance sheets with record cash levels. In the U.S., the threat from budget deficits has been rapidly declining while in Canada, a budget surplus is on the near term horizon. Investor concern seems to have shifted to equity market valuations in light of the strong bull run of the major indices over the past five years. Despite these improvements, investors are fearful of a major correction in the equity markets. Recent market weakness has prompted much debate in the media on this. Investors often cite equity valuations which have risen close to historical averages as well as high levels of government debt. We believe that valuations should be assessed in the context of the current interest rate environment. This results in an earnings yield of 6.6% for the S&P compared to 2.6% for the U.S. 10 year bond. This spread remains unjustifiably wide in our view, particularly with the backdrop of strong corporate balance sheets and improving economic conditions. Certainly there are areas of the equity market which are overheated as there typically is at any given time. This is likely the case for two of the best performing sectors over the past year, the U.S. Biotech and Social Media stocks. The two indices which track these sectors have both already corrected 22% from their recent highs. As we have stated repeatedly in recent commentaries, we expect Canadian equities to begin to outperform and this has proven to hold true to date in 2014.

We believe that corrections in equity markets in the near term will be modest in magnitude and will resume to the upside, likely catching the majority of investors off guard.



Regards,
Steven Palmer, CFA

Performance (as of March 31, 2014)

	March	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Growth	(7.2%)	8.3%	1.2%	(9.9%)	(25.3%)	(21.3%)	(48.2%)
S&P/TSX Venture	(3.0%)	6.7%	5.7%	(9.5%)	(20.3%)	(22.9%)	(51.2%)
S&P/TSX Composite TRI	0.7%	5.5%	13.2%	15.4%	10.6%	5.3%	15.2%

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)**

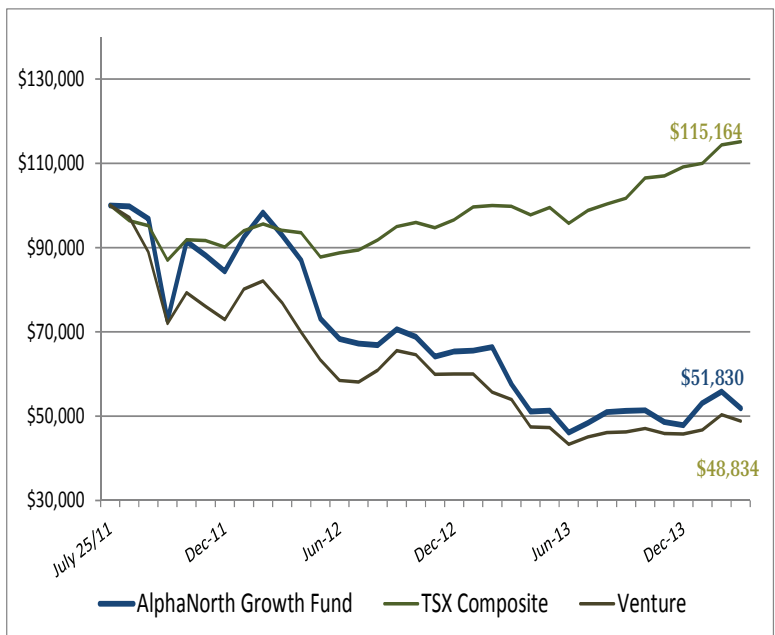
DIVERSIFICATION THROUGH SMALL/MID CAP:

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

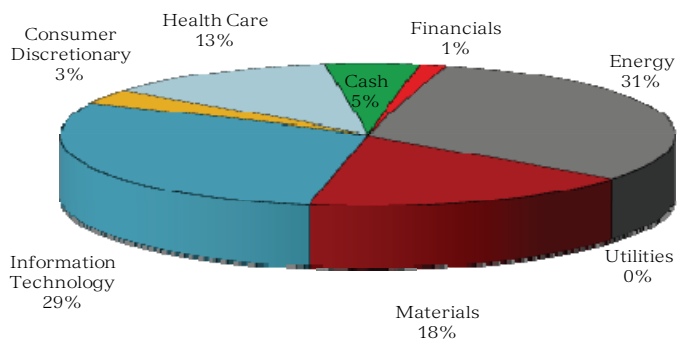
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- Complements any investment portfolio and greatly enhances wealth accumulation over the long term

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 & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$7 million
Account Enquiries:	1-877-506-8122
Sales and Marketing:	Tanya Ali 416-506-0776 x227 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%)
2014	11.0%	5.2%	(7.2%)										8.3%

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, 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 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.