

**Fund Review** The Fund performance was 7.3% in April. This compares to the TSX Venture index return of 0.7% and the TSX Small Cap index return of 3.8%.

Energy continued to be a hot topic in April as the macro sentiment improved. We started to see some downward pressure on these names but we believe this is temporary. The last several natural gas inventory reports have been higher than the market was expecting, however, the inventories remain at historically low levels. Although the energy equities have been strong performers year to date, we think that there is further upside for the energy equities as valuations remain below historical averages.

April Chinese import data reinforced the idea that the commodities space is ready to make a comeback. Crude oil imports were at record daily levels, iron ore imports were 24% higher compared to April 2013, and copper imports increased 52% year-over-year. We note that while certain commodity prices such as nickel and cobalt are up significantly year-to-date, copper and iron ore prices are currently down 7.5% and 18.8% respectively.

Blackbird Energy (TSX:V-BBI) was the Fund's top performer in April gaining 132%. The company recently announced a 479% increase in the net present value of its Bigstone oil and gas assets. Blackbird has been a significant holding since inception of the Fund. Our outlook for Blackbird remains positive. We believe the company's 100% owned Montney asset which was assembled very cheaply has substantial unrealized potential. There have been several nearby wells drilled which have had very strong results. We expect further gains as the company advances this asset.

Current sector allocations are as follows: 44% in base metals, 4% in coal, 13% in uranium, 2% in iron ore, 9% in precious metals, 5% in agriculture, and 23% in energy.

**Outlook** Equity market weakness in early April prompted fears of a meaningful correction. We believe much of this was associated with the "sell in May and go away" adage and the fact that markets are still digesting the strong gains over the past year. However, this correction has proven to be short-lived as equity markets have rebounded strongly. This has been the case on many occasions over the past couple of years and has kept many investors on the sidelines who continue to hold out for a more substantial correction before buying. We expect that this is likely to continue to be the case for the foreseeable future. Equities continue to represent the superior risk/reward compared to other asset classes.

We see three primary factors which will drive stocks higher: strong corporate earnings, improving investor sentiment/risk tolerance and a rotation from low return fixed income investment back into equities.

We have been noting for a long time the continuing improvement in the U.S. economy. This has been a major driver of the turn in investor confidence. The U.S. unemployment rate has improved dramatically to 6.3% from 10% four years ago. Corporate earnings and balance sheets are strong and corporations are now raising guidance for the first time in 2.5 years. We remain bullish on Canadian equities for 2014, particularly small cap equities.



Regards,



Steven Palmer, CFA  
President and CEO

### Monthly Performance (Series A)\*

	April	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	7.3%	19.4%	17.1%	5.1%	-	(8.5%)	(10.5%)
S&P/TSX Venture	0.7%	7.5%	4.5%	3.7%	-	(9.9%)	(12.5%)
S&P/TSX Small Cap	3.8%	17.0%	13.7%	21.9%	-	13.2%	17.0%

### 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:

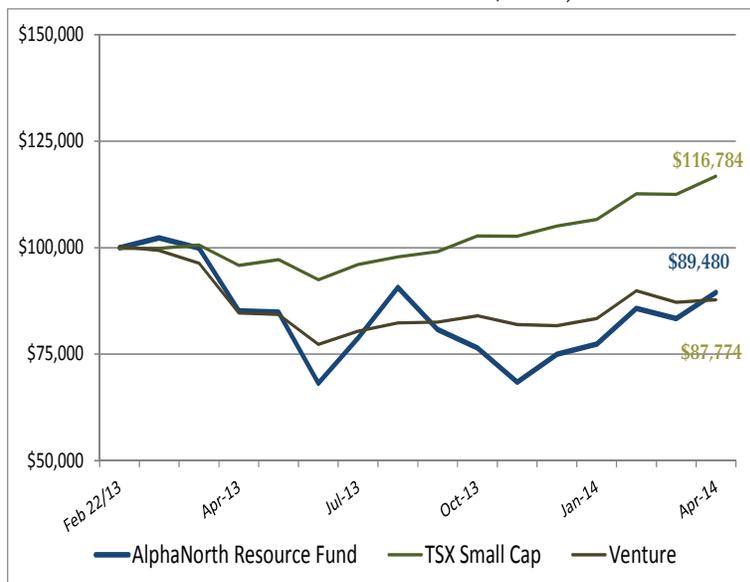
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

#### TAX-DEFERRED SWITCHING BETWEEN FUNDS:

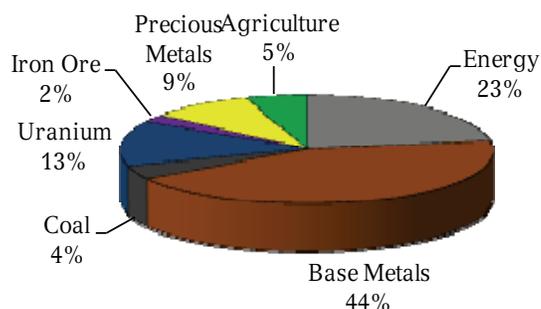
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

- ⇒ **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

<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>	\$3 million
<b>Account Enquiries:</b>	1-877-506-8122
<b>Sales and Marketing:</b>	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%	10.9%	(2.8%)	7.3%									19.4%

## 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](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 date of commencement of operations. \*\*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.