



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

June 2014

NAV
Series A (ANF010) \$4.465
Series F (ANF011) \$4.580

Fund Review The Fund returned (0.3%) in June. This compared to 4.5% for the TSX Venture and 4.1% for the TSX Total Return index.

Weakness during the month in our energy sector holdings was offset by strength in the materials and financial sectors. One of the top performers during the month was Counsel Corporation (TSX:CXS) which gained 15%. Counsel Corporation is an emerging player in non-standard residential mortgage lending. We believe that the company will experience continued strong growth well above that of the financial services sector. Despite the higher growth profile, the shares currently trade at a valuation discount to other Canadian financial services companies.

In the energy sector, Dualex Energy (TSX:DXE) is waiting for permission from the Tunisian government to test a high impact exploration well. We believe the odds are favourable for a positive result and that risk/reward is very attractive at current price levels. Investors have punished the stock due to unexpected delays in testing this well. A positive result should translate into share price gains of several hundred percent.

The Fund has a small cash position of 2%. We continue to have no major sector biases. The current sector mix is comprised of 30% in technology, 16% in health care, 2% in financials, 12% in consumer discretionary, 17% in energy and 21% in materials.

Outlook We believe the Chinese economy has stabilized and is beginning to re-accelerate. A recent research piece by BCA Research notes that the latest purchasing managers surveys have shown a broad-based improvement. The readings on new orders have recovered to near multi-year highs while export orders have also returned to expansionary territory. This data supports our view that the resource component of the TSX will continue to perform well allowing Canadian equity markets to continue to outperform the major U.S. indices.

With respect to small cap equities, a year ago there was much talk about the number of TSX Venture listed companies that were going to disappear due to the perceived inability for them to raise money. Not only has this not happened but many companies have reinvented themselves and are raising capital. Financings of TSX Venture listed companies has increased to \$2.6 billion year to date compared to \$1.8 billion at this time last year.

It is very clear to us that the junior markets have bottomed and are primed for a substantial move higher over the coming months. Our portfolios are well positioned to capitalize on this move. Many of our holdings have upcoming catalysts which could result in triple digit returns. The significant warrant portfolio across our portfolios which we have accumulated over the past year will provide further leverage to positive returns.



Regards,
Steven Palmer, CFA

Performance (as of June 30, 2014)

| | June | YTD | 1 Year | 2 Year | 3 Year | Inception | Cumulative |
|-----------------------|--------|--------|--------|---------|---------|-----------|------------|
| AlphaNorth Growth | (0.3%) | (6.7%) | (3.1%) | (19.2%) | (23.6%) | (23.6%) | (55.4%) |
| S&P/TSX Venture | 4.5% | 10.4% | 16.7% | (7.1%) | (20.4%) | (20.4%) | (49.5%) |
| S&P/TSX Composite TRI | 4.1% | 12.9% | 28.7% | 17.8% | 7.2% | 7.2% | 23.2% |

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)**

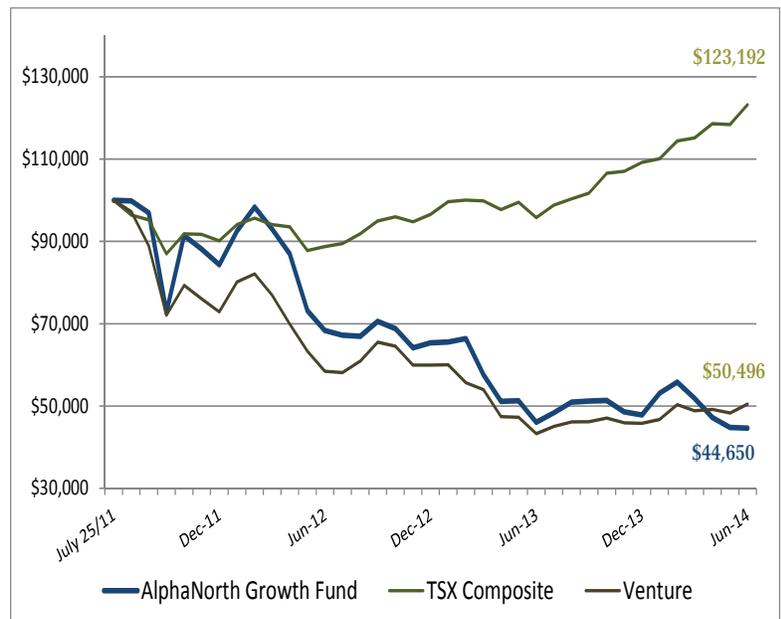
DIVERSIFICATION THROUGH SMALL/MID CAP:

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

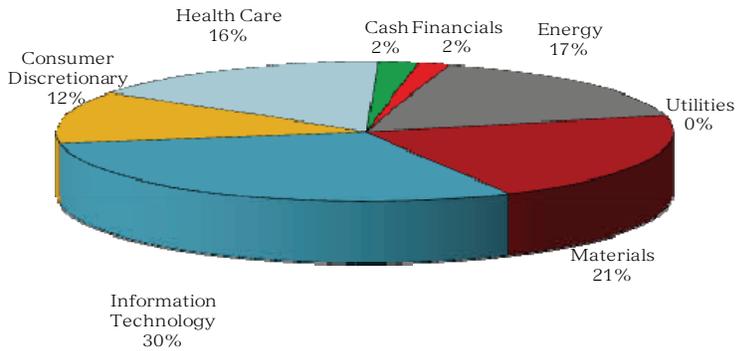
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- 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: | \$6 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%) | (8.9%) | (5.2%) | (0.3%) | | | | | | | (6.7%) |

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.