



AlphaNorth  
Asset Management

# FUND COMMENTARY

## AlphaNorth Growth Fund

September 2014

NAV  
Series A (ANF010) \$3.893  
Series F (ANF011) \$3.997

**Fund Review** The Fund returned (6.8%) in September. This compared to (11.2%) for the TSX Venture and (4.0%) for the TSX Total Return index.

Over the course of the month, our technology holdings exhibited high volatility. Several positions performed strongly such as Slyce Inc. (TSXV:SLC), which rebounded 40.4% from oversold levels since going public in July, while Patent Properties (OTC:PPRO) gained 12.3% during the month of September. Datawind Inc. (TSX:DW) and BSM Technologies (TSXV:GPS) declined 7.5% and 15.8% respectively. There were no material announcements by any of these companies during the month to cause such large price movements. We have strong conviction in our technology holdings over the longer term as company fundamentals should be expected to prevail. The technology sector now represents the largest sector weighting.

The Fund has maintained exposure to several high impact international energy companies which are expected to report drill results in the next few months. General weakness in the energy sector during September negatively impacted returns.

The Fund has a small cash position. We continue to have no major sector biases. The current sector mix is comprised of 35% in technology, 7% in health care, 2% in financials, 15% in consumer discretionary, 21% in energy and 17% in materials.

**Outlook** Strong U.S. economic data in September relative to the G7 resulted in a dramatic spike higher in the U.S. dollar. The repercussions of this were far-reaching as they negatively impacted commodity prices which generally declined during the month. This was a significant catalyst for prompting a decline in Canadian equities. At the time of writing, this correction has continued into October resulting in a more than 10% decline. Many investors have been on the sidelines waiting for such a correction for some time. Junior equities, as reflected by the TSX Venture index (TSXV), have been more severely impacted. We believe the US dollar strength is very overextended and will decline versus other major currencies. This should coincide with a significant low for the TSX Venture index which historically has been highly inversely correlated to the USD.

We view the recent equity market decline as a healthy correction within a secular bull market for large cap equities. The lack of participation in this bull market to date by the TSXV has proven to be very frustrating. Identifying the bottom for the TSXV has been elusive. However, we believe the evidence is building in support of our view that the current period of capitulation will mark a major low for the TSXV. The broad correction in equity markets sets the stage for a potential strong rebound over what is seasonally a strong period from December to May. **The severe magnitude and prolonged period of decline (3.5 years and 68% decline) for the TSX Venture will inevitably provide the basis for a powerful bull cycle.**



Regards,

Steven Palmer, CFA

### Performance (as of September 30, 2014)

	September	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Growth	(6.8%)	(18.6%)	(24.0%)	(25.7%)	(18.8%)	(25.2%)	(61.1%)
S&P/TSX Venture	(11.2%)	(2.4%)	(3.4%)	(17.5%)	(14.7%)	(22.0%)	(55.4%)
S&P/TSX Composite TRI	(4.0%)	12.2%	20.4%	13.6%	12.1%	6.4%	22.5%

### 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)\*\*

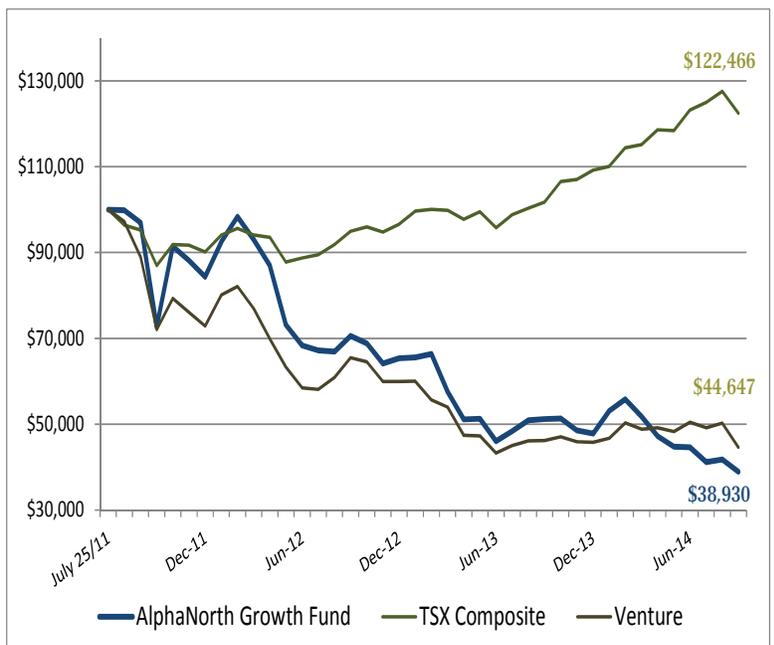
#### DIVERSIFICATION THROUGH SMALL/MID CAP:

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

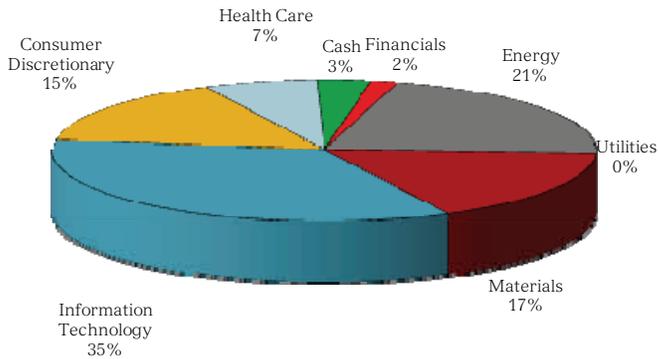
#### ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

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

### Growth of Initial Investment \$100,000



## Current Sector Allocation



## Fund Information

<b>Lead Manager:</b>	Steven Palmer
<b>Inception:</b>	July 25, 2011
<b>Fund Codes:</b>	Series A - ANF010 Series F - ANF011
<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
<b>Management Fee:</b>	2%
<b>Performance Fee:</b>	20% above TSX return High water mark (no reset)
<b>Trailer:</b>	1% (Series A only)
<b>Auditor:</b>	Deloitte & Touche LLP
<b>Administration:</b>	State Street & IFDS
<b>Legal:</b>	Stikeman Elliott LLP
<b>Fund Assets:</b>	\$5 million
<b>Account Enquiries:</b>	1-877-506-8122
<b>Sales and Marketing:</b>	Tanya Ali 416-506-0776 x227 info@alphanorthasset.com

## Monthly Performance\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2011</b>							(0.2%)	(2.9%)	(24.9%)	25.7%	(3.7%)	(4.3%)	<b>(15.7%)</b>
<b>2012</b>	9.7%	6.3%	(5.4%)	(6.5%)	(15.9%)	(6.6%)	(1.6%)	(0.5%)	5.6%	(2.6%)	(6.7%)	1.8%	<b>(22.5%)</b>
<b>2013</b>	0.4%	1.3%	(13.3%)	(11.2%)	0.4%	(10.2%)	5.0%	5.3%	0.6%	0.2%	(5.4%)	(1.5%)	<b>(26.8%)</b>
<b>2014</b>	11.0%	5.2%	(7.2%)	(8.9%)	(5.2%)	(0.3%)	(7.7%)	1.3%	(6.8%)				<b>(18.6%)</b>

## 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](http://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.