

Fund Review The Fund performance was (16.3%) in October. This compares to the TSX Venture index return of (15.4%) and the TSX Small Cap index return of (8.5%).

The strong US dollar continued to negatively impact commodity prices. This resulted in severe pressure on the TSX Venture index which is heavily weighted in resource equities. Oil prices tumbled on the back of concerns about oversupply. There has been increased doubts in the stability of OPEC which supplies one third of the global market. For example, Saudi Arabia announced it would decrease oil prices without first consulting OPEC. There is definitely some economic warfare involved which adds ambiguity to future oil pricing. The lower Canadian dollar has helped to partially offset these events for Canadian companies. We see minimal downside to current prices however, the uncertainty around OPEC's actions has caused us to remain cautious. Despite the overall poor performance in the energy space, our top holding, Blackbird Energy Inc. (TSXV:BBI), was able to raise over \$37 million in an oversubscribed financing for its drilling program which they initiated this month. The company is now well capitalized to execute its business plan. We continue to believe the risk/reward for this company is highly favourable.

Precious metals prices have also been very weak as a result of the strong U.S. dollar. At current levels, many gold companies will be under duress and some have started to cut dividends. Some companies will also struggle to make debt repayments at current price levels. We believe that the recent strength in the U.S. dollar will likely abate resulting in a rebound in precious metals prices.

Current sector allocations are as follows: 54% in energy, 26% in base metals, 2% in coal, 2% in iron ore and 16% in precious metals.

Outlook We believe that tax loss selling contributed to the recent market weakness for Canadian small cap stocks. Although this is painful in the short term, it is encouraging to get this out of the way as we enter the seasonally strong period of December through February for small caps. Returns over this period have been positive 80% of the time since 1982 and averaged 9.3%. We believe that the odds of positive returns are particularly likely given the strong negative returns leading up to this period which has reset valuations to extremely low levels.

The broader economic backdrop of strong corporate earnings continues as we have predicted with the majority of the strength due to higher margins. Q3 earnings have largely been driven by margin expansion and have surprised to the upside resulting in 11% earnings gains year over year for the S&P 500 companies. This is a normal event for this stage of an economic cycle. The later half of an economic cycle is typically driven by capital expenditures which increase capacity and allow for revenue growth and continued earnings gains. This usually does not occur until after efficiencies are maximized through cost cutting as we are seeing now. We believe that the equity market cycle has lots of time left and it is inevitable that valuations for small caps will begin to catch up as investors look to reallocate funds into undervalued assets.

Regards,




Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	October	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	(16.3%)	7.0%	(10.4%)	4.9%	-	(12.4%)	(19.8%)
S&P/TSX Venture	(15.4%)	(17.4%)	(23.2%)	(19.7%)	-	(20.2%)	(32.8%)
S&P/TSX Small Cap	(8.5%)	0.8%	(13.8%)	(2.0%)	-	0.4%	0.8%

Key Reasons to Own This Fund

Growth of Initial Investment \$100,000

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:

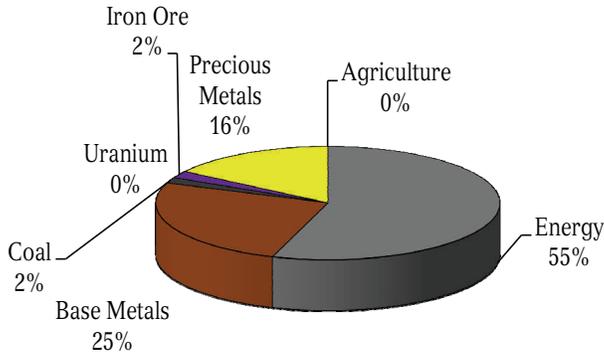
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

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.

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%	10.9%	(2.8%)	7.3%	(3.0%)	8.2%	(4.1%)	16.2%	(8.6%)	(16.3%)			7.0%

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 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.