



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

November 2014

NAV
Series A (ANF010) \$3.487
Series F (ANF011) \$3.578

Fund Review The Fund returned (4.2%) in November. This compared to (3.6%) for the TSX Venture and 1.1% for the TSX Total Return index.

Our energy holdings declined during the month of November prompted by oil price weakness. In several cases we believe the decline was unjustified. This was the case for a recent addition to the portfolio, Painted Pony Petroleum (TSX:PPY) as production for this company is 90% weighted to natural gas. This company has plans to aggressively grow production in 2015. Our expectations for another harsh winter are supportive of higher natural gas prices as current inventories are 5% last year at this time.

The positive highlight during the month was Eastern Platinum (TSX:ELR) which doubled in price as a result of an agreement to sell its platinum asset for a large premium to the share price. The stock had been trading at or below cash (US\$80m) for the past several months. We were fortunate to sell this position near the highs for the month locking in the gains. Since our sale, the share price has declined by approximately 20%. We believe that significant risk exists that the acquisition will not proceed as there are several government approvals required and the buyer is a Chinese company.

We continue to have no major sector biases. The current sector mix is comprised of 38% in technology, 4% in health care, 2% in financials, 16% in consumer discretionary, 22% in energy and 15% in materials.

Outlook Our previous calls for a bottom in the TSX Venture have been premature and particularly frustrating in the context of the general strength in the broader equity markets worldwide over the past year. This disconnect has been exacerbated in recent weeks by another round of tax loss selling which has taken the TSXV to fresh all time lows at the time of writing. Although it is disappointing to see another leg down for the TSXV, which has now declined by 36% since August, we are encouraged that the recent capitulation in many junior names comes at a time of year when major market lows for small cap equities often occur. The lows set in previous cycles were made in December (notably 1991, 1994, 1999, 2002 and 2008). It is important to note that in each of these prior situations, junior stocks rallied by a minimum of 100%. Seasonally, the three months of December through February are the strongest for Canadian small caps. Returns over this period have been positive 80% of the time since 1982 and have averaged returns of 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 current macro environment is far better than it was in December 2008 yet sentiment and level of the TSXV are worse. We believe that this disconnect cannot continue indefinitely.

Regards,



Steven Palmer
Steven Palmer, CFA
President and CEO

Performance (as of November 30, 2014)

| | November | YTD | 1 Year | 2 Year | 3 Year | Inception | Cumulative |
|-----------------------|----------|---------|---------|---------|---------|-----------|------------|
| AlphaNorth Growth | (4.2%) | (27.1%) | (28.2%) | (26.3%) | (26.6%) | (26.5%) | (65.1%) |
| S&P/TSX Venture | (3.6%) | (20.4%) | (20.6%) | (22.0%) | (21.8%) | (25.0%) | (63.6%) |
| S&P/TSX Composite TRI | 1.1% | 11.0% | 13.3% | 13.1% | 9.8% | 6.9% | 21.2% |

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)**

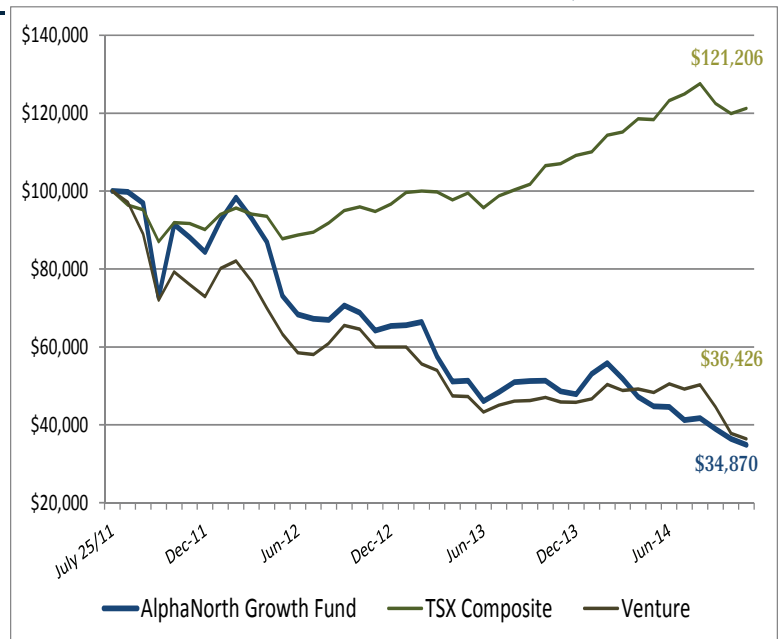
DIVERSIFICATION THROUGH SMALL/MID CAP:

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

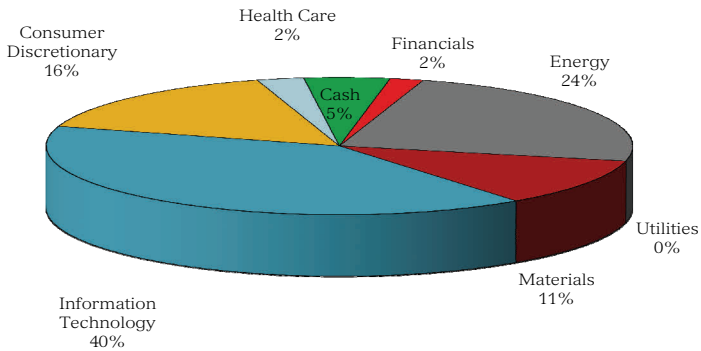
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- 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: | \$5 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%) | (7.7%) | 1.3% | (6.8%) | (6.5%) | (4.2%) | | (27.1%) |

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.