



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

February 2015

NAV
Series A (ANF020) \$7.433
Series B (ANF040) \$7.474
Series F (ANF021) \$7.589

Fund Review The Fund performance was 13.9% in February. This compares to the TSX Venture index return of 4.4% and the TSX Small Cap index return of 3.0%.

The industrial metals space was down overall during the month of February, while energy prices had a modest recovery. We are becoming more positive on some of the base metals, and are watching the copper price movement closely which appears to have bottomed.

Over the past few weeks, supply disruptions in the uranium space have added to the attractiveness of owning uranium equities. BHP and Rio Tinto have both had setbacks in relation to their uranium production. BHP recently announced that production at its Olympic Dam, which accounts for 6% of the world's U₃O₈, would be affected by a mill that is going to be offline for the next six months. In addition, Rio Tinto announced that there was a fire at one of its Namibian mines which could affect the timing of product shipments. That mine accounts for 2% of global supply. While these disruptions are temporary in nature, they certainly highlight the instability of supply in the space right now and reinforce our positive outlook on pricing over the coming years. We recently added to our position in Fission Uranium (TSX:FCU). The stock has performed nicely due to a combination of the market factors discussed above and company specific factors. While investors had initially been betting on a resource in the range of 60-80m lbs, Fission came out with a resource of 105m lbs which exceeded expectations. The stock has lifted but we feel there is much more upside from this point. The company recently announced an extension of its deposit which could add significantly to the resource. We believe that this is an extremely high quality asset with low risk given the level of management's expertise.

Current sector allocations are as follows: 54% in energy, 32% in base metals, 2% in coal, 2% in iron ore and 10% in precious metals.

Outlook In our view, early December presented an opportune time to buy into the junior market as the index hit all-time lows and preceded the usual yearend rally which has always occurred for this index. Those investors who prefer to have confirmation of a new trend should take note that the TSX Venture has held in above the December low for a period of three months. From a technical perspective, a key metric often watched by investors to identify new trends are the moving averages. The TSX Venture index recently broke above the 50 day moving average in February but has more recently fallen back below it. We expect that many investors will wait for the 50 day moving average to break above the 200 day moving average before awakening to the reality of the new bull trend. We take a more proactive approach and are positioned now to capitalize on strength in the Canadian junior market which we believe is in the process of emerging.

We have been seeing more interest in the small cap space lately, with global small caps rallying across the board in recent weeks. TSX Small Caps have performed well so far this year, despite the negative headwinds from soft energy prices and a pullback in gold from its January rally. We are starting to see decreased volatility and selling pressure in our holdings which we believe will give way for a potential rally in these names.

Regards,



Steven Palmer

Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	February	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	13.9%	28.7%	(29.0%)	(13.3%)	(14.7%)	(13.3%)	(25.7%)
S&P/TSX Venture	4.4%	1.6%	(32.4%)	(31.1%)	(21.0%)	(23.7%)	(39.2%)
S&P/TSX Small Cap	3.0%	3.3%	(15.4%)	(8.6%)	1.5%	1.4%	3.1%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 16 year track record of generating industry leading returns (21%+ annualized)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

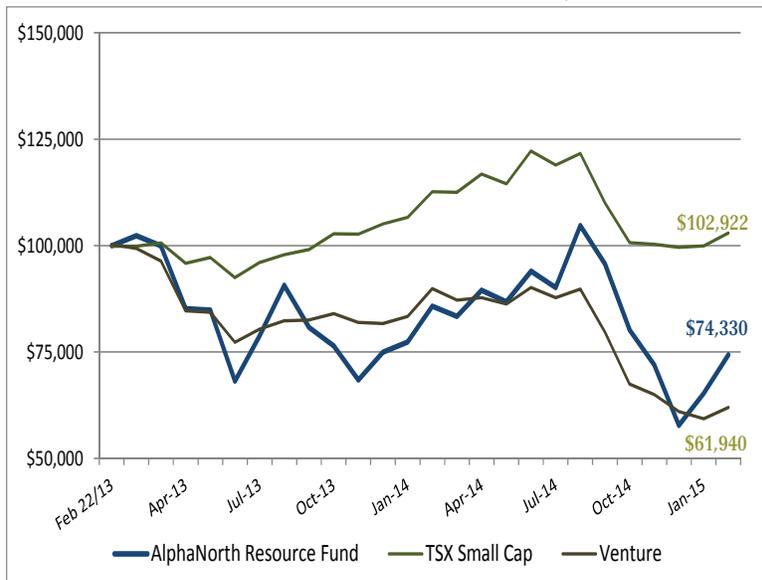
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

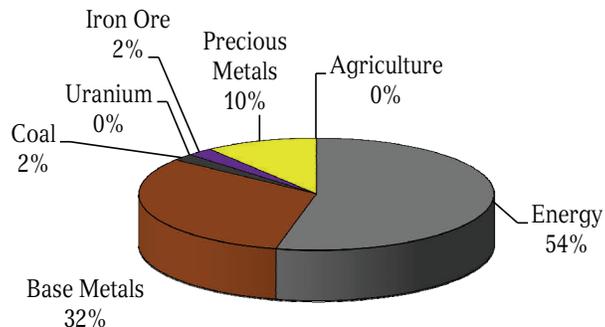
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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

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:	Steve Palmer 416-488-4448

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%)	(10.2%)	(19.8%)	(22.9%)
2015	13.0%	13.9%											28.7%

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.