



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

April 2015

NAV
Series A (ANF020) \$7.250
Series B (ANF040) \$7.264
Series F (ANF021) \$7.415

Fund Review The Fund performance was 4.1% in April. This compares to the TSX Venture index return of 2.3% and the TSX Small Cap index return of 4.6%.

We saw quite a strong performance in the industrial metals in April, with the base metals leading the way. Zinc, lead, nickel, and cobalt all achieved double digit price increases over the month, while copper and aluminum prices also rose. Oil prices moved even more dramatically, increasing almost 25%. Natural gas prices moved modestly lower as capacity and supply side issues continued to add pricing pressure. This strong underlying commodity price performance translated to improved investor sentiment and outperformance for the energy and materials sectors. Similar to the collapse in oil prices, the rebound came as a surprise to most, as consensus had not called for a pricing recovery to the \$60-65/bbl level until the latter half of the year. Fund performance benefited from additions to several energy stocks made near the recent lows. Now that the oil price has rebounded to levels that we believe are closer to fair value, we have reduced energy weightings as the risk/reward has become less favourable. We are entering a seasonally weaker period for energy equities and would not be surprised if other investors look to do the same as the oil price loses momentum.

The reduction in our energy weighting was offset by additions to the precious metals sector. We have anticipated a major peak in the U.S. dollar which will have positive implications for gold. Technicals suggest to us that the strong run in the U.S. dollar has ended. To date, it has declined by over 5% from its recent peak in March. We increased our weighting in Continental Gold (TSX:CNL) which trades at a significant discount to peers. We expect that the company could achieve two major milestones in the near term, these being the release of a positive economic assessment and receipt of a mining permit. These events should be catalysts for the share price irrespective of the commodity price. However, a stronger gold price will provide a further catalyst for a higher share price. Mega Precious Metals (TSXV:MGP) received a take over offer from Yamana Gold (TSX:YRI) in April. This is the third of our Fund holdings to receive a takeout offer in the past two months. We feel that this M&A activity will continue and will drive liquidity and investment in these resource equities that have been overlooked for the past several years.

Outlook Earnings for North American equities continue to fuel the bull market in large caps. It is not surprising to us that the major indices have continued to perform well in the current environment of extremely low fixed income yields while earnings are growing at 10%+ in the U.S. (excluding the energy sector which has recently seen earnings collapse). The majority of companies in the S&P 500 have reported Q1/15 earnings which were ahead of expectations by 7.1%. Canadian equities outside of the energy and financial sectors are also forecast to experience double digit earnings growth in 2015. Going forward, we would expect that large cap equity returns will dissipate as valuations increase. We expect the normal progression will result in investors seeking out areas with more attractive return potential as valuations normalize. We believe both larger companies and investors will look to smaller companies with more attractive growth profiles and cheaper valuations to bolster returns.

We continue to be encouraged by the stabilization in the TSX Venture index performance since the all-time low reached in December 2014. In addition, there have been several recent occasions where the TSX Composite has experienced a significant decline while the TSX Venture index was up on the day. The recent pockets of strong performance should broaden as investor interest is attracted.



Regards,

Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	April	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	4.1%	25.6%	(9.6%)	(19.0%)	(7.7%)	(13.3%)	(27.5%)
S&P/TSX Venture	2.3%	0.1%	(25.2%)	(31.6%)	(21.3%)	(22.0%)	(40.6%)
S&P/TSX Small Cap	4.6%	3.6%	2.4%	(11.7%)	(3.7%)	1.4%	3.3%

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:

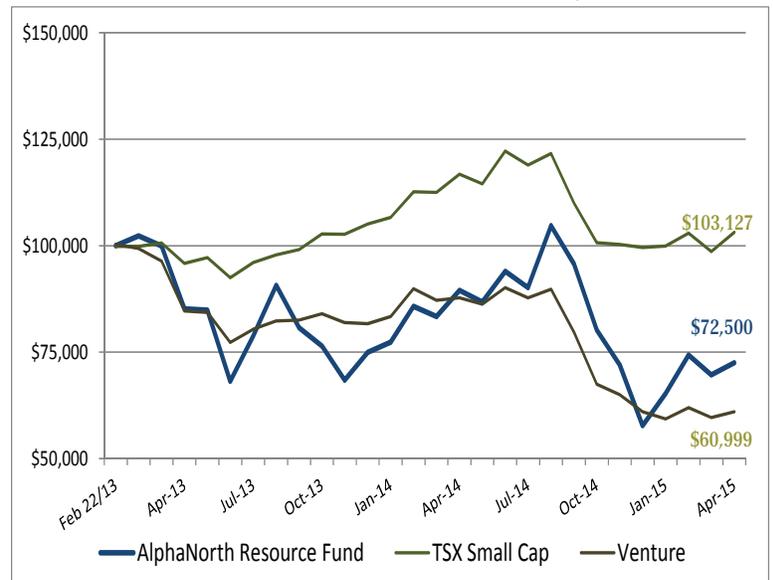
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

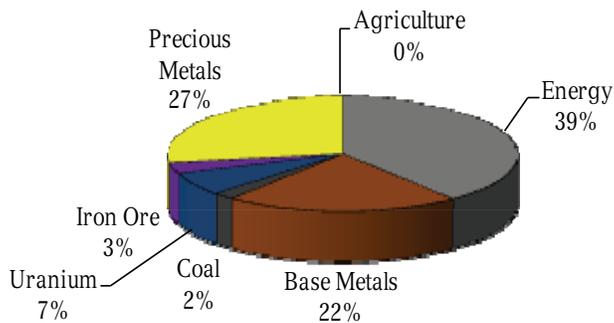
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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:	\$2 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%	(6.3%)	4.1%									25.6%

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.