



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

May 2015

NAV
Series A (ANF010) \$3.052
Series F (ANF011) \$3.146

Fund Review The Fund returned (5.1%) in May. This compared to (0.5%) for the TSX Venture and (1.2%) for the TSX Total Return index.

During the month of May, we reduced exposure to our energy holdings by approximately 12%. We believe that the rebound in both the oil price and share prices have attained levels that offer limited further upside in the short term. Proceeds of these sales were allocated to the technology, health care and gold sectors. Sintana Energy (TSXV:SNN) made the largest negative contribution to the monthly return, declining by 44%. The company announced a merger with another small company which is effectively a shell with cash. We believe that confusion around this transaction has led to the decline. The transaction provides a quick and cost effective alternative to raising money in a private placement. Meanwhile, Exxon is currently drilling on the company's property in Colombia in order to earn a 70% interest in the conventional oil zone. Sintana will want to conduct additional well tests at their cost if the conventional zone of the well looks promising. Thus, the company needed an immediate backstop of available funds. Initial results for the conventional zone are imminent and the share price has rebounded in June.

The current sector mix is comprised of 45% in technology, 4% in health care, 0% in financials, 24% in consumer discretionary, 10% in energy and 14% in materials. The Fund held a 3% cash position at monthend.

Outlook The spring is typically a weaker time of year for Canadian small cap equities. However, we believe there is minimal downside from current levels as the TSX Venture index remains spitting distance from its all-time low reached in December which is making valuations compressed. The TSXV remains one of the few indices worldwide that is in negative territory on a year to date basis. However, this can change quickly as we have seen recently in China. The Shanghai Composite has exploded to the upside with a 150%+ gain since last June. The Shanghai Composite had previously been stuck in a downtrend since 2009, declining by nearly 50%.

This month, we have included a couple of charts from Canaccord Genuity that depict the past four bull and bear market cycles for the Canadian junior market. In our view, there are two significant observations which investors should note from these charts. First, for both a bear and bull cycle, there needs to be a significant amount of **time** (two years or more) for the major bull/bear trends to exhaust themselves. Secondly, the **magnitude** of the declines is typically in the 70-80% range while the upside recoveries are 150% or more. We have been early in our call for a recovery in the Canadian small caps. However, **the current 4 year bear market which has declined by 74% since 2011** amply fits the criteria marking previous significant market lows!



Regards,

Steven Palmer, CFA
President and CEO

Performance (as of May 31, 2015)

	May	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Growth	(5.1%)	(8.4%)	(31.8%)	(22.9%)	(25.3%)	(26.1%)	(69.5%)
S&P/TSX Venture	(0.5)%	(0.4%)	(29.6%)	(15.2%)	(18.7%)	(23.5%)	(66.0%)
S&P/TSX Composite TRI	(1.2%)	3.8%	5.8%	12.2%	12.6%	6.9%	25.2%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 16.6 year track record of generating industry leading returns (20%+ annualized)**

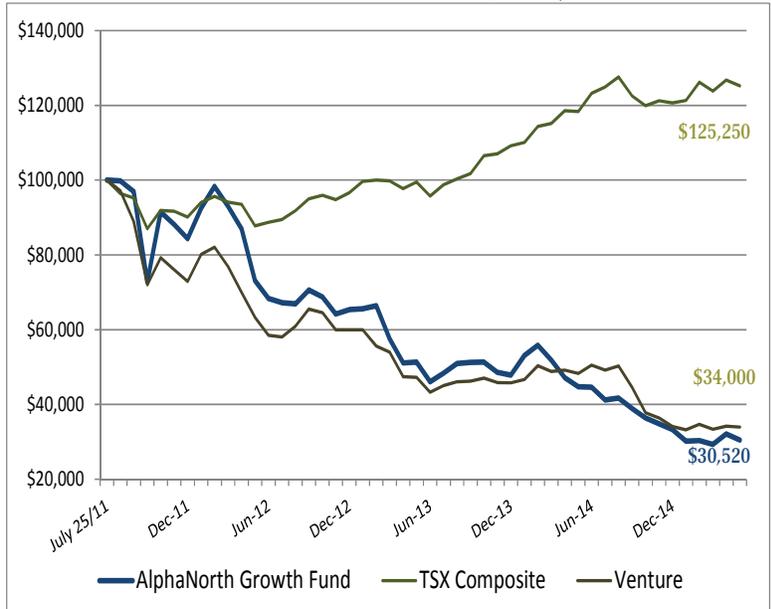
DIVERSIFICATION THROUGH SMALL/MID CAP:

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

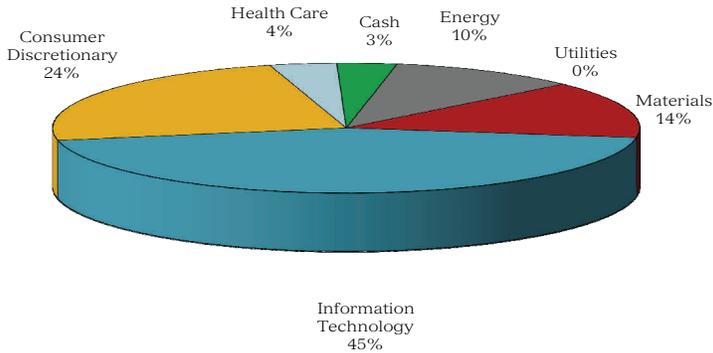
ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

- ◆ 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:	\$4 million
Account Enquiries:	1-877-506-8122
Sales Contact:	Steve Palmer 416-483-4448 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%)	(4.5%)	(30.4%)
2015	(9.3%)	0.5%	(3.5%)	9.7%	(5.1%)								(8.4%)

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.

Peak to trough corrections for the S&P/TSX Venture composite and predecessor indices over the past several decades (Figure 1) followed by trough to peak resurrections (Figure 2)

Figure 1

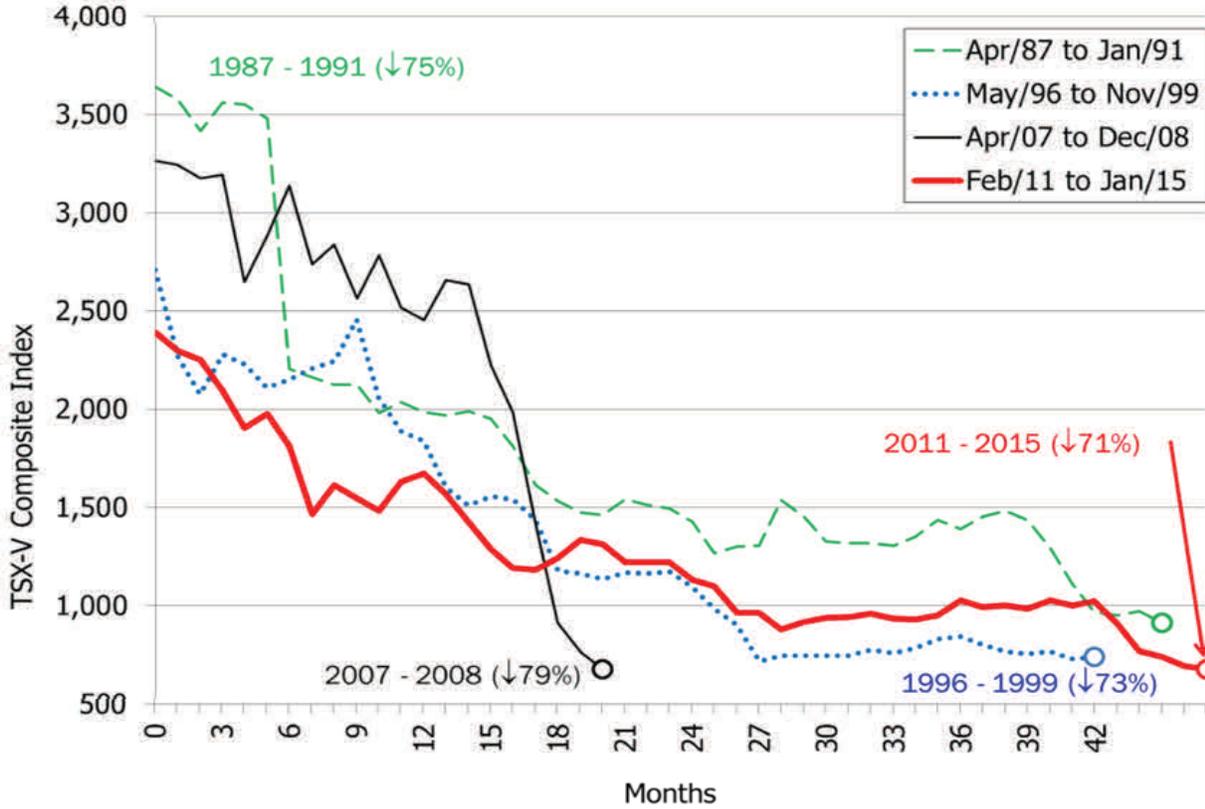
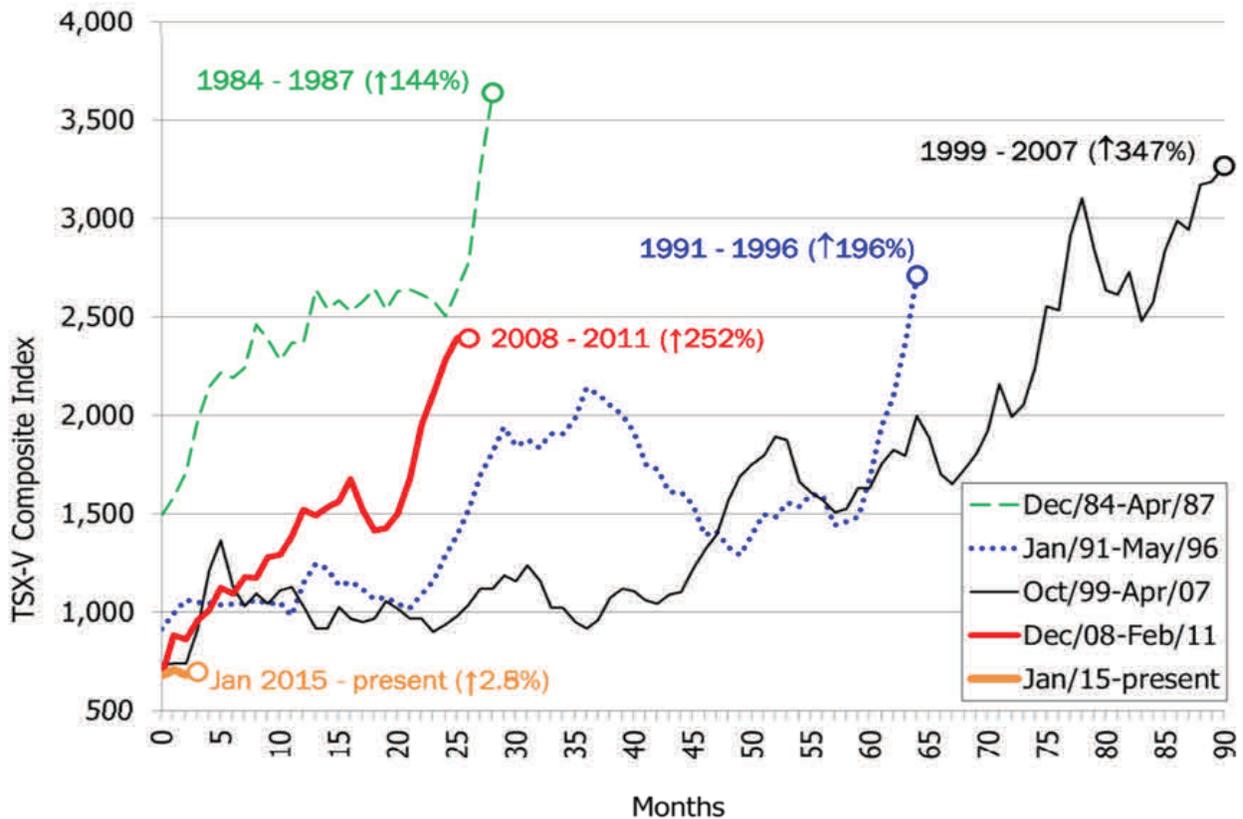


Figure 2



Source: TSX DataGroup and Canaccord Genuity

