

Fund Review The Fund performance was (3.8%) in May. This compares to the TSX Venture index return of (0.5%) and the TSX Small Cap index return of 0.1%.

So far, we have been correct in our call that oil prices would trade in a narrow range in the shorter term, and the portfolio has benefitted from taking profits on some of our energy positions. With the surprising leadership change in Alberta last month, companies with Alberta heavy oil assets took a larger hit than others, though the jury is still out on what this means for energy policy in the province. Companies with exposure to Saskatchewan remain attractive in our view, and the recent M&A activity in that area helps solidify this thesis. On the natural gas side, we believe there could be upside later in the year based on supply and demand fundamentals, but we believe a better opportunity will present itself closer to the fall.

In the base metals, copper has recently pulled back from its run that began in January. We believe this is a normal correction and are still positive on the commodity going forward. We continue to believe that mining stocks will rise on the back of a weakening U.S. dollar. We also believe that accelerating growth in emerging markets will boost global growth and commodity demand in the second half of the year. China and India have increasingly been accommodative, which should start to be reflected in resource equities in the coming months. One analyst noted in a recent report that resource cyclical are currently trading two standard deviations below the historical mean. These securities continue to be severely undervalued, which presents a buying opportunity, in our view. We have recently added two positions in the base metals sector.

Current sector allocations are as follows: 22% in energy, 27% in base metals, 8% in uranium, 2% in coal, 4% in iron ore and 37% in precious metals.

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

Monthly Performance (Series A)*

	May	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	(3.8%)	20.8%	(3.1%)	(19.7%)	(9.4%)	(14.3%)	(30.3%)
S&P/TSX Venture	(0.5%)	(0.4%)	(6.7%)	(29.6%)	(15.2%)	(19.3%)	(39.5%)
S&P/TSX Small Cap	0.1%	3.6%	2.9%	(9.9%)	3.0%	1.4%	3.4%

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)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

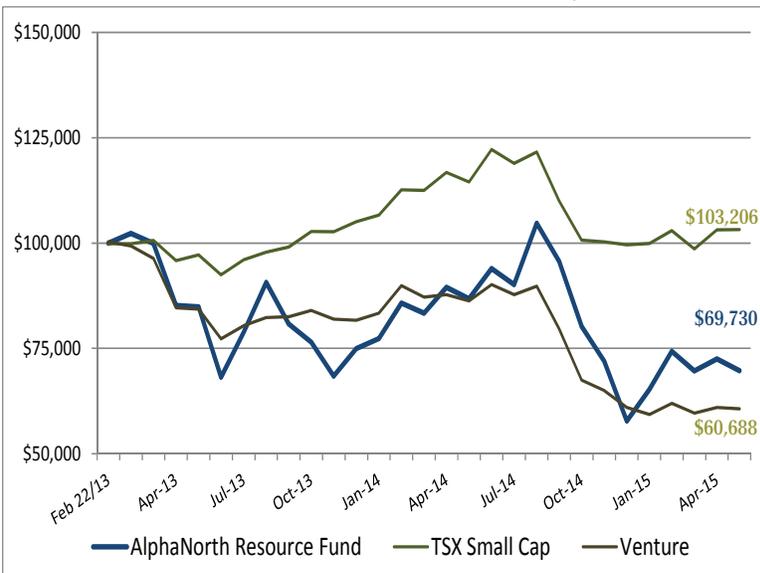
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

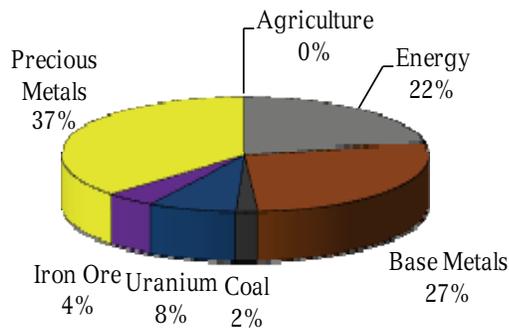
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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%	(3.8%)								20.8%

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.

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

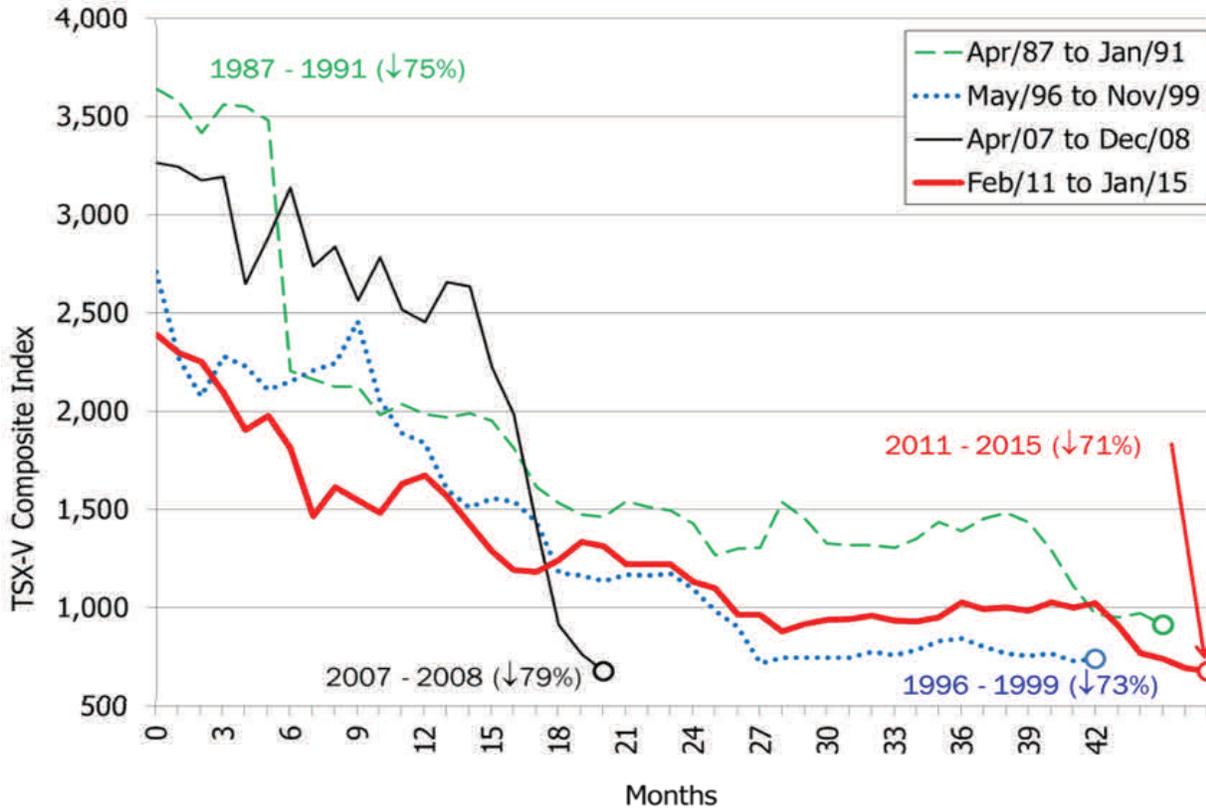
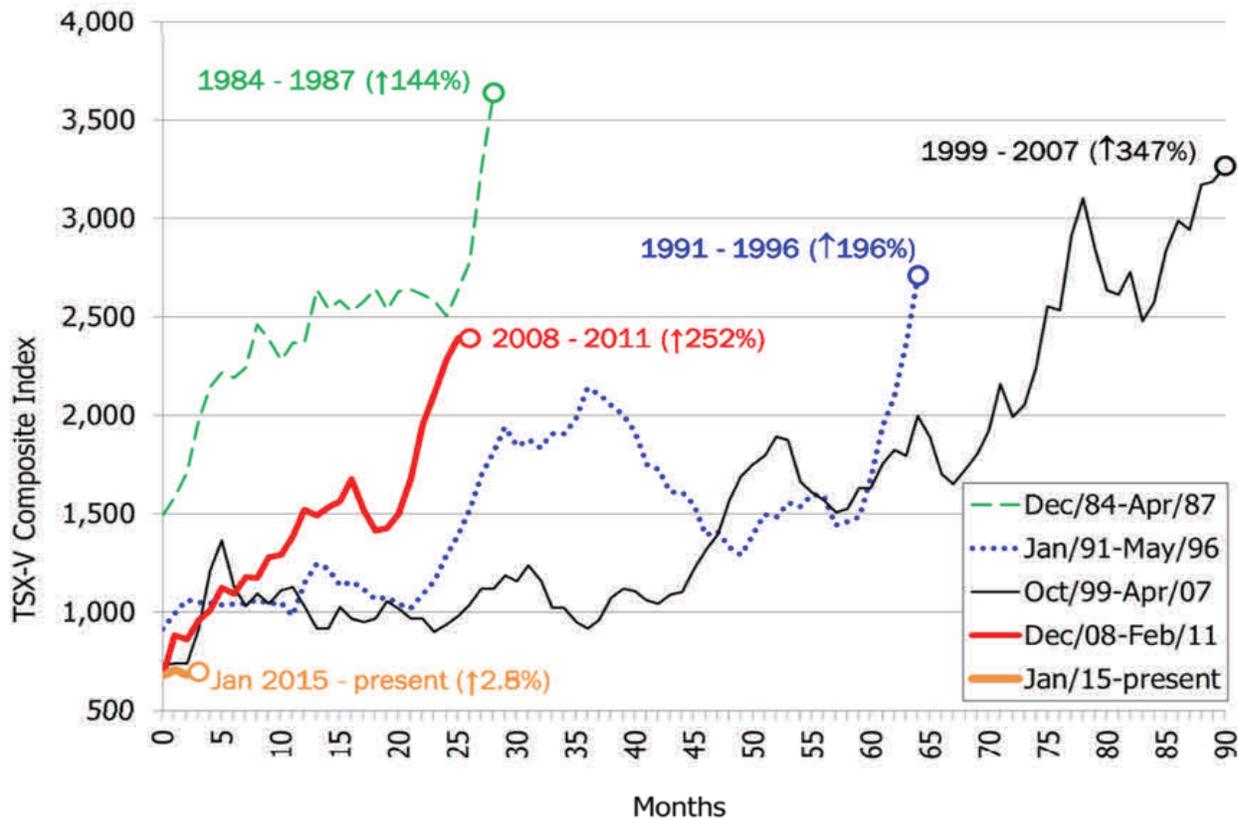


Figure 2



Source: TSX DataGroup and Canaccord Genuity

