



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

August 2015

NAV
Series A (ANF010) \$2.287
Series F (ANF011) \$2.364

Fund Review The Fund returned (7.8%) in August. This compared to (5.9%) for the TSX Venture and (4.0%) for the TSX Total Return index.

We continue to follow Urthecast (TSX:UR), which had a large run up into the beginning of the summer but sold off after the company announced it would raise money at a discount to where it was then trading. We believe that the market capitulation in August triggered a further selloff, as investors turned to liquid and profitable positions such as UR as a source of cash.

Operationally, the company is stronger than ever. It was recently press released that the United Nations has been using Urthecast's satellite imagery and been working with Urthecast for three years. Urthecast has been working with a plethora of other high profile entities on product sales, and its customer base and product offering has also expanded significantly with the acquisition of Deimos Satellites and Earth Imaging. We are confident that there will be a substantial amount of news flow from this company over the next few quarters and we will begin to see revenue build which should translate to additional investor buying.

Several of our other investments offer a similar outlook to that of Urthecast. There is potential for massive growth and major contract announcements in these holdings before the calendar year end. Several positions that we hold are in companies that have developed innovative technology that could revolutionize their markets.

The current sector mix is comprised of 45% in technology, 0% in health care, 0% in financials, 35% in consumer discretionary, 7% in energy and 12% in materials.

Outlook The volatile market action in August strongly suggests capitulation. Many investors have been waiting for a 10% correction in the broader markets and/or some sort of capitulation selloff before committing new capital to equities. Now that this has occurred, it gives us increased confidence that we are near a major low for the TSX Venture index (TSXV). Another indicator that we follow is the VIX (volatility index). This is a measure of the expected future volatility of the S&P 500 index which is calculated using the implied volatility of real time option prices on the index. Higher expected volatility is a measure of investor fear. Historically, spikes in volatility as measured by the VIX have been associated with major turning points for the broader equity market. In August, the VIX rose above 40, signaling investors were fearful. The last occurrence where the VIX was at similar levels was at the lows in 2011 and coincidentally, it was the time of the last 10%+ correction in equities and in fact marked a major low for the broader market.

The recent equity market capitulation after a 4 year downturn (that has taken the TSXV down 79% from the 2011 peak) fits the major criteria in terms of time and magnitude of previous bear market cycles for the TSXV (refer to chart on page 3). Clearly, the venture market is not going to zero and once the bull cycle commences, it is typically quick and powerful. We have positioned our portfolios with a diverse group of companies which have the potential for significant gains. We remain very excited about the prospects for the Canadian equity market over the next 2-3 years as the bull cycle unfolds and we hope to achieve similar outperformance to what we have achieved in previous bull market cycles.



Regards,
Steven Palmer, CFA

Performance (as of August 31, 2015)

	August	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Growth	(7.8%)	(31.3%)	(45.2%)	(33.0%)	(30.1%)	(29.8%)	(77.1%)
S&P/TSX Venture	(5.9%)	(19.6%)	(45.4%)	(22.8%)	(23.3%)	(26.2%)	(72.5%)
S&P/TSX Composite TRI	(4.0%)	(3.5%)	(8.7%)	7.7%	8.3%	4.6%	16.5%

Key Reasons to Own This Fund

Growth of Initial Investment \$100,000

PROVEN LONG TERM PERFORMANCE:

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

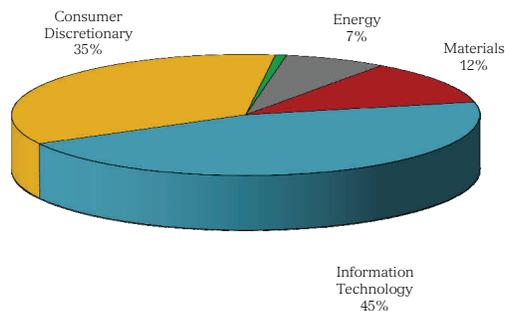
DIVERSIFICATION THROUGH SMALL/MID CAP:

- ◆ 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

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:	\$3 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%)	(4.9%)	(14.5%)	(7.8%)					(31.3%)

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.

Bull and Bear Markets in Canadian Venture Stocks



Return information and months is shown for the TSX Venture Exchange and predecessor exchanges (Vancouver Stock Exchange from Dec 28/84 to Nov 28/99 and Canadian Venture Exchange from Nov 29/99 until renamed on Dec 1/01). Manager Track Record is shown for AlphaNorth Partners Fund Class A net of fees from Dec 2008 to Mar 2011 and for an institutional small cap pooled fund from Sep 1998 to July 2007 gross of fees.