



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

September 2015

NAV
Series A (ANF020) \$4.618
Series B (ANF040) \$4.627
Series F (ANF021) \$4.743

Fund Review The Fund performance was (16.8%) in September. This compares to the TSX Venture index return of (6.2%) and the TSX Small Cap index return of (7.2%).

We were a bit early in the energy trade when we added to two positions in mid-August, but we have started to see some positive momentum in the space over the past few weeks. The massive amount of shorting in the energy space has caused a major short squeeze as the oil price rebounded. This has had a direct benefit on our energy investments and we believe that short positions remain high and those investors will be prompted to cover in the coming weeks as the macro picture for oil continues to improve. We have generally been more bullish on oil than natural gas leading into the fall season, and continue to believe that this call will hold towards the end of the year.

In recent weeks, we have seen a resurgence in the resource space as a whole, and we sense that sentiment is turning for the better. The Fed's decision not to increase interest rates in September has caused U.S. dollar weakness, which has contributed to the recent commodity price strength overall. We are optimistic about the performance of the resource space heading into the last quarter and believe that the seasonal rally will play out in the mining space towards year end.

Sintana Energy (TSXV:SEI) performed well over the month of September. The stock more than tripled over a few weeks in anticipation of initial well results in the Magdalena Basin in Colombia. The company released a status update with positive early indications on the well, and the thickness of the pay zones appear to be much better than expected. We expect to receive further data on the well in the coming months and we believe that the company is worth many multiples of where the shares are currently trading, even using conservative estimates.

Outlook Equity markets have continued to play out as we expected since the capitulation low in August. A successful "retest" of the August low occurred in "textbook" fashion five weeks later, in the last week of September. This gives us increased confidence that our bullish portfolio positioning is the right call. TSX earnings have been pulled into negative growth territory for 2015 by high downward revisions in the energy and materials sectors. We expect a cyclical recovery over the next two years resulting in double digit earnings growth for both 2016 and 2017. This is currently reflected in consensus forecasts. Periods of healthy and accelerating earnings growth provide a strong backdrop for equities.

We believe that the long awaited rally in Canadian small cap equities will start to unfold as broader markets rally and we enter a period of seasonal strength for small caps. The best performing months for the TSX Venture index are December/February/January, in that order. We believe that accelerating global growth, cheap valuations, M&A and improving investor sentiment will be catalysts to higher share prices in the coming months.

Regards,



Steven Palmer
Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	Sept	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	(16.8%)	(20.0%)	(33.7%)	(51.8%)	(24.4%)	(25.2%)	(53.8%)
S&P/TSX Venture	(6.2%)	(24.6%)	(22.9%)	(42.3%)	(25.3%)	(25.3%)	(54.2%)
S&P/TSX Small Cap	(7.2%)	(16.1%)	(15.3%)	(24.1%)	(8.2%)	(6.5%)	(16.3%)

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:

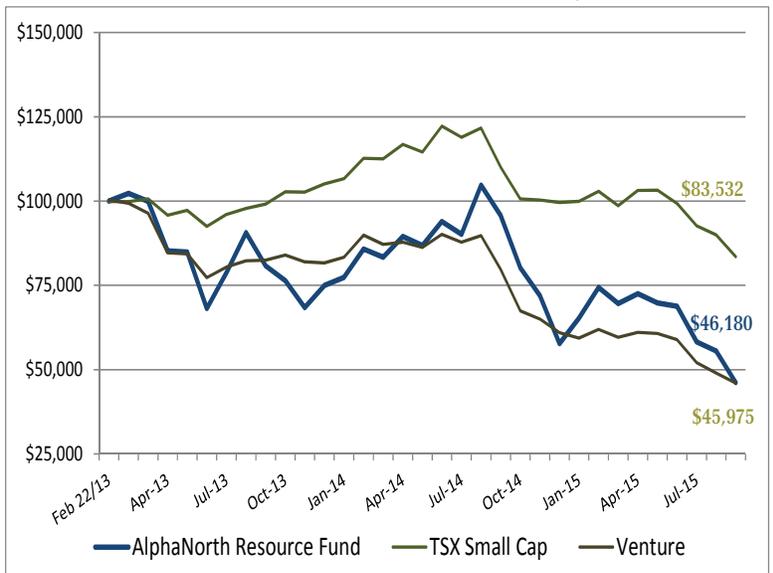
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

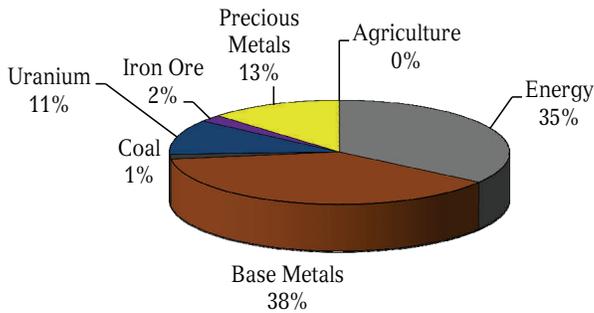
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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%)	(1.4%)	(15.3%)	(4.6%)	(16.8%)				(20.0%)

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.