

**Fund Review** The Fund performance was 10.4% in October. This compares to the TSX Venture index return of 3.3% and the TSX Small Cap index return of 4.3%.

Commodity prices were mixed in October, as oil and gold moved slightly higher but copper and natural gas traded lower. The Fed decided to keep interest rates unchanged in October but left 'on the table' the possibility of hiking rates in December. Gold has been trending lower as the recent positive shock in U.S. jobs data has led investors to believe that the Fed will boost interest rates in the current calendar year. The positive momentum in the U.S. dollar has caused other metal prices to deteriorate and at the time of writing, copper prices are approaching six year lows. We believe that the Fed will be patient with its monetary policy decisions and we expect to see commodity prices pick up, as they have traditionally done, prior to Fed tightening.

One of the Fund's larger positions, NexGen Energy (TSXV:NXE), attracted investor attention this month when the company released further positive drill results. It has released some of the best uranium drill holes in the world and we believe that the stock is severely undervalued. Though NXE is at an earlier stage, we believe that the company could end up with a much larger resource than Fission Uranium and will garner a premium valuation once its resource statement comes out next year. Fission's initial resource significantly beat both analyst and investor expectations, which caused a positive move in the stock price. We believe that analysts are similarly underestimating the size of NexGen's resource and that the stock will mimic Fission's market action on the back of this catalyst.

Current sector allocations are as follows: 17% in energy, 35% in base metals, 9% in uranium, 2% in coal, 3% in iron ore, 34% in precious metals.

**Outlook** We continue to hold an optimistic outlook for global growth. This is important for equities because periods of accelerating global growth are generally positive for equity returns. This is particularly important for Canadian stocks as they are more heavily weighted to the resource sectors which are closely tied to global growth. Several economic and strategy reports that we have read recently, highlight several factors supportive of accelerating global growth. These include the stimulus from low commodity prices and interest rates, high and improving PMI surveys, and a cyclical upturn from the latest inventory correction. We also point to improvements in a variety of meaningful indicators in China such as electricity output, freight volumes and passenger traffic as better indicators to gauge the strength of the Chinese economy as compared to the broad based China GDP which is widely followed.

In our portfolios, we have identified and selected a diverse range of unique high growth potential companies which we believe position us 'ahead of the pack' to experience the biggest gains as the junior market recovers. The best performing months of the year historically for the Canadian junior market are December, January and February.

Regards,



*Steven Palmer*

Steven Palmer, CFA  
President and CEO

### Monthly Performance (Series A)\*

	Oct	YTD	6 Month	1 Year	2 Year	Inception	Cumulative
AlphaNorth Resource	10.4%	(11.7%)	(29.7%)	(36.4%)	(18.3%)	(21.7%)	(49.0%)
S&P/TSX Venture	3.3%	(22.1%)	(22.1%)	(29.6%)	(24.8%)	(23.7%)	(52.6%)
S&P/TSX Small Cap	4.3%	(12.5%)	(15.5%)	(13.5%)	(7.9%)	(4.9%)	(12.7%)

### Key Reasons to Own This Fund

#### PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 17 year track record of generating industry leading returns (17% annualized)\*\*

#### CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

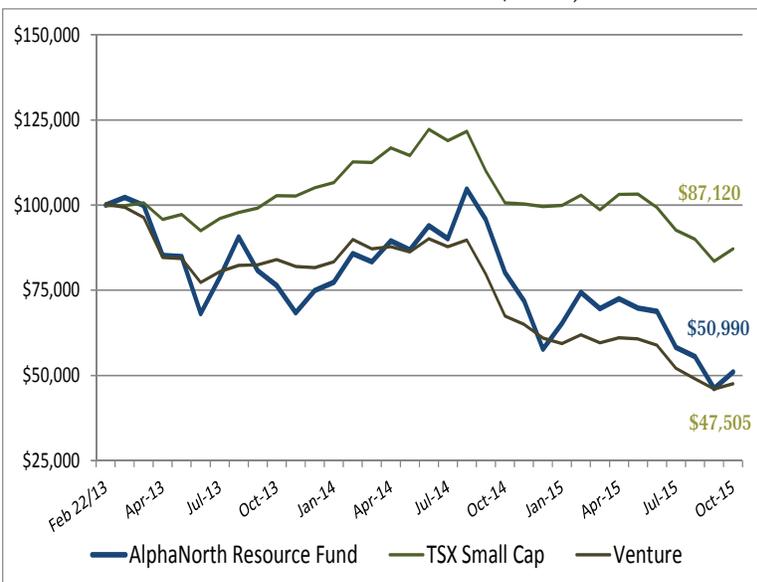
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

#### TAX-DEFERRED SWITCHING BETWEEN FUNDS:

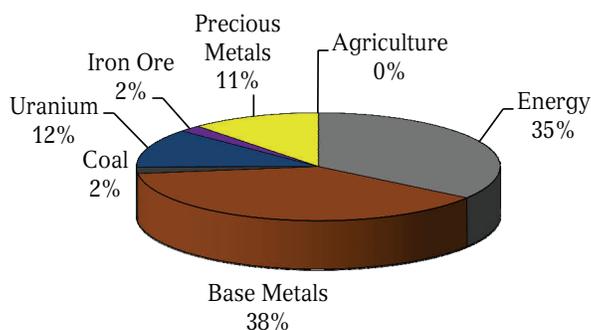
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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

<b>Lead Manager:</b>	Steven Palmer
<b>Inception:</b>	February 25, 2013
<b>Fund Codes:</b>	Series A - ANF020 Series B - ANF040 (rollover vehicle) Series F - ANF021
<b>Fund Details:</b>	RSP/RESP eligible \$1,000 minimum investment
<b>Sub/Redemption:</b>	Daily
<b>Lock-up:</b>	None
<b>Early Redemption Fee:</b>	2% in first 90 days (except Series B)
<b>Management Fee:</b>	2%
<b>Performance Fee:</b>	20% above TSX return High water mark (no reset)
<b>Trailer:</b>	1% (Series A and B only)
<b>Auditor:</b>	Deloitte & Touche LLP
<b>Administration:</b>	State Street Trust Company & IFDS
<b>Legal:</b>	Stikeman Elliott LLP
<b>Fund Assets:</b>	\$2 million
<b>Account Enquiries:</b>	1-877-506-8122
<b>Sales and Marketing:</b>	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%)	10.4%			(11.7%)

## 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](http://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.