

Fund Review The Fund performance was (6.7%) in January. This compares to the TSX Venture index return of (5.0%) and the TSX Small Cap index return of (4.2%).

It appears that the U.S. dollar finally peaked in January, and has sold off sharply in recent weeks. Commodity prices have reacted positively, with gold equities performing well during the month. The base metals also rebounded during the month, despite the rocky start that we had in the first days of the year. The energy stocks continue to be quite volatile and there appears to be a lot of short term traders impacting the market. In January, oil and gas prices hit new lows, however we have seen some positive equity performance in certain areas of the energy space. We have witnessed a shift away from high yielding energy stocks as this model is broken under current pricing conditions. We expect to see more dividend cuts and decreases in capital spending from those companies who were not proactive in risk management before this downturn. We expect investors to migrate into better value plays, with strong management teams and conservative valuations.

Tamarack Valley (TSX:TVE) is an example of a company that we believe will continue to do well in these markets, given their ability to continue to reduce operating costs and increase well performance through technological innovation. Management was proactive in mitigating the impact of the energy downturn, whereas some of the larger players continue to be forced to react to this prolonged depressed pricing environment. **Blackbird Energy (TSXV:BBE)** is another name that has been able to lessen the impact of the poor macro environment by maintaining a strong balance sheet and spending conservatively. Despite recently announcing a very prolific test rate on their latest well in the Elmworth area in Grand Prairie, Alberta, the stock price has not yet responded favourably.

Outlook Despite what has been a fairly robust earnings season, large cap equity indices worldwide have continued to perform poorly in recent weeks. Investors are piling into fixed income investments, driving yields into negative territory in some cases. We believe this will surely end badly. This is a function of recent investor sentiment, which for U.S. equities has dropped to levels not seen since 2005, according to the American Association of Individual Investors survey (AAII). Sentiment in January, as measured by the percent of bullish respondents, dropped to a lower level than at anytime during the Global Financial Crisis in 2008. This supports our bullish outlook for equities as investor sentiment has proven to be one of the best contrary indicators. The AAII bullish survey has fallen below 20% in 10 previous periods since 1987. In 9 of these occasions, the equity market was substantially higher one year later. This is supportive of Warren Buffet's famous quote, "be greedy when others are fearful".

Notwithstanding the poor equity sentiment readings, recent earnings have been solid outside of the energy sector. According to a recent report by RBC, S&P 500 earnings are tracking towards 4.2% growth year over year excluding energy. As the energy impact dissipates, we expect robust earnings growth in 2016 and 2017. John Aitkens, a top ranked strategist at TD, forecasts TSX earnings growth of 9.0% and 11.8% over the next two years. This provides a strong backdrop for equities. Given the current sentiment and depressed valuations for Canadian small cap equities, we believe the current opportunity presented for investors in this area is exceptional.



Regards,



Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	Jan	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Resource	(6.7%)	(6.7%)	(32.0%)	(24.3%)	(23.7%)	(23.7%)	(55.7%)
S&P/TSX Venture	(5.0%)	(5.0%)	(26.2%)	(27.5%)	(24.1%)	(24.1%)	(56.4%)
S&P/TSX Small Cap	(4.2%)	(4.2%)	(19.7%)	(13.2%)	(7.0%)	(7.1%)	(19.6%)

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 17.3 year track record of generating industry leading returns (16% annualized)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

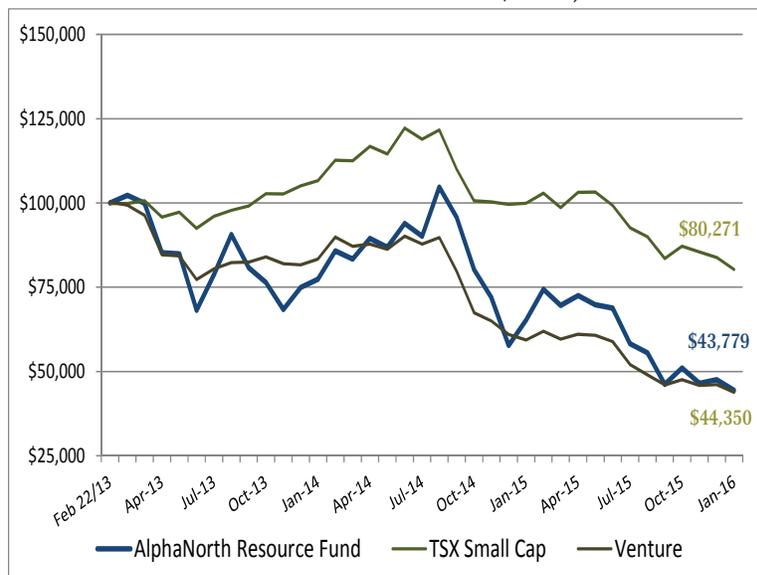
- Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

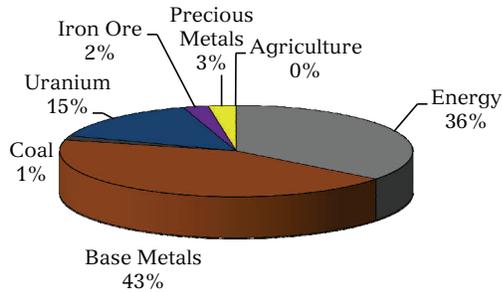
- AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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)
Administration:	State Street Trust Company & IFDS
Legal:	Stikeman Elliott LLP
Fund Assets:	\$2 million
Account Enquiries:	1-877-506-8122

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%	(8.8%)	2.2%	(17.7%)
2016	(6.7%)												(6.7%)

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 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.