

Fund Review The Fund performance was 20.1% in February. This compares to the TSX Venture index return of 8.5% and the TSX Small Cap index return of 5.1%.

The Venture exchange outperformed during the month of February, which was a refreshing change of pace from the downturn that we've seen over the past few years in the small-cap space. Commodities were a big reason for the outperformance, with both the metals and their equities gaining momentum over the past weeks. The junior gold stocks were the top performers as the gold price was up more than 10% in February.

Energy prices painted a less rosy picture with natural gas prices down almost 30%, though the drop in oil prices was more muted. Despite the overall negative performance on energy pricing, we are seeing positive movements in the energy names that we follow. We have also seen more appetite for energy deals from both institutional and retail investor over the past month.

Canada Carbon (TSXV: CCB) was up 27% in February, which is likely due to the anticipation of the release of the PEA on its graphite property in Quebec which the company released in early March. The PEA showed strong economics for the company's graphite/marble project near Montreal with an after-tax IRR of 85%. CCB has already signed a \$13.8 million contract for the marble on the project and the market cap is only \$35M. This is a high-quality, low-capex deposit that should be able to ramp up quickly.

Overall we are seeing a lot of constructive action in the small-cap resource space and believe that the sentiment is beginning to change for the better. The action in CCB is an example of how quickly some of our holdings can move given a more favourable environment, and we believe that several positions in the Fund could have similar moves in the near term.

Outlook The technical and sentiment indicators which we have been monitoring in recent weeks have given us increased confidence in our bullish outlook for equities. We are also encouraged by the YTD outperformance of the TSX Venture Index which been one of the top performing equity indices worldwide. The larger cap TSX Composite has also begun to outperform the U.S. indices after an extended period of underperformance. A rebound in the C\$ from the 68 cent level to approximately 75 cents over the same period accentuates the strong performance of the Canadian indices. Although these performance numbers are over a relatively short period of time, we believe the risk/reward favours a continuation of this trend.

We highlighted several sentiment indicators which we viewed as very positive for equity markets last month. We recently prepared a more detailed document which highlights the opportunity for Canadian small caps. We strongly encourage investors to review this document ([What is Recent Investor Sentiment Implying for Equity Markets?](#)).

Canadian small caps have recovered slightly in recent weeks but remain at depressed valuations and sentiment continues to be very poor. We believe there remains a high number of tremendous opportunities which we have identified which could experience exceptional returns. Early investors will have the greatest returns with the lowest risk. **The AlphaNorth funds are well positioned to capitalize on a recovery in the Canadian junior markets.**



Regards,



Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	Feb	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Resource	20.1%	12.1%	(28.3%)	(21.2%)	(19.5%)	(18.5%)	(46.7%)
S&P/TSX Venture	8.5%	3.1%	(23.3%)	(27.3%)	(21.8%)	(21.5%)	(52.7%)
S&P/TSX Small Cap	5.1%	0.7%	(18.0%)	(13.5%)	(5.5%)	(5.4%)	(15.5%)

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:

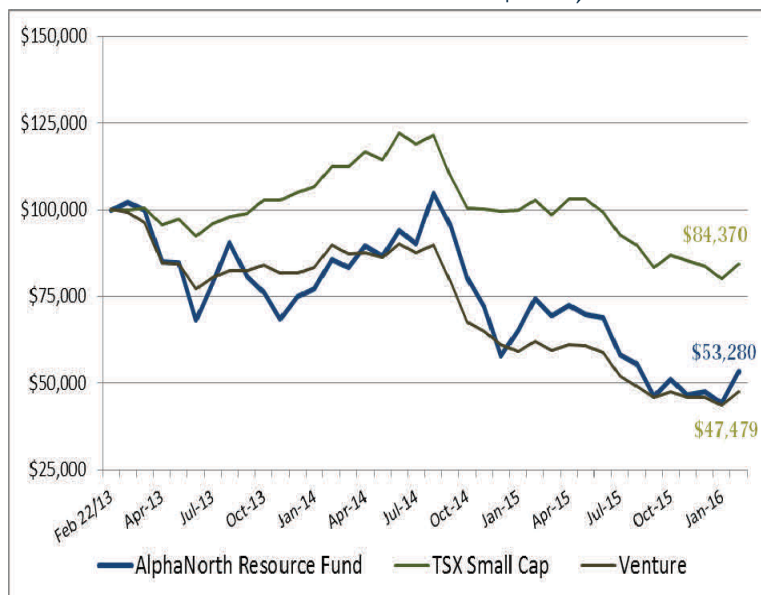
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

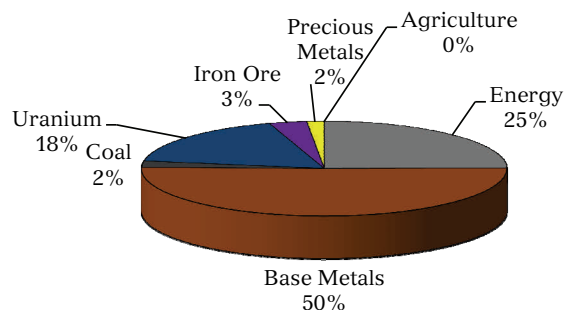
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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%)	20.1%											12.1%

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.