



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Resource Fund

March 2016

NAV
Series A (ANF020) \$7.254
Series B (ANF040) \$7.268
Series F (ANF021) \$7.487

Fund Review The Fund performance was 36.2% in March. This compares to the TSX Venture index return of 7.3% and the TSX Small Cap index return of 7.1%.

Junior resource stocks have outperformed in 2016. This is in part due to speculation around the Fed's monetary policies, which has caused commodities to rally and the U.S. dollar to decline. A short covering rally resulted in a strong rebound in precious metals and oil equities in particular over the past weeks.

In early March, both investors and issuers returned to Toronto for PDAC, the world's leading mining convention. Sentiment has been quite negative over the past few years, but we were pleased to find that stakeholders are becoming increasingly optimistic about the resource market. The general feedback that we have been getting is that investors are proceeding with caution, though this rally feels "more real" than others that have amounted to false starts.

Just prior to PDAC, **Nexgen Energy (TSXV:NXE)** announced an initial resource estimate which greatly exceeded expectations in both size and grade. This has been our largest holding in the Resource Fund, and contributed significantly to the success of the fund this past month. The most recent drilling program will increase the size of the resource and we expect that further drilling could increase the resource meaningfully still. The current drill program is expected to grow the resource as the company steps out from Arrow, the main zone, and in-fill drilling could even further increase the grades. We have been forced to take some profits on NXE as its weighting climbed in the portfolio, though it remains one of our favourites.

Current sector allocations are as follows: 36% in energy, 43% in base metals, 15% in uranium, 1% in coal, 2% in iron ore, 3% in precious metals.

Outlook Equity markets have rallied strongly from the correction that unfolded over the latter half of 2015. Many investor sentiment indicators which we highlighted in last months commentary exhibited levels often experienced at major lows for the equity market. It has been our view for some time that Canadian small cap equities, as represented by the TSX Venture index, have been long overdue to outperform. This is finally starting to materialize as the TSX Venture index has been the best performing broad equity index worldwide in 2016 which we can find, increasing 10.5% to the end of March. This performance has been initially driven by a strong rebound in the Materials sector which can be primarily attributed to the junior gold companies. This strength will have a positive impact on investor sentiment which in turn will translate to other sectors as it has in the past. The precious metal sector has not been an area of focus for us in recent years and thus we have only nominal weightings in junior gold companies across our portfolios. It is possible that our portfolios may initially lag the TSXV until the strength broadens to include other sectors. We are finding many promising investment opportunities across a variety of sectors which believe have great long term potential.



Regards,

Steven Palmer, CFA
President and CEO

Monthly Performance (Series A)*

	March	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Resource	36.2%	52.6%	4.2%	(6.7%)	(10.1%)	(9.6%)	(27.5%)
S&P/TSX Venture	7.3%	10.5%	(14.6%)	(23.6%)	(19.1%)	(19.2%)	(49.2%)
S&P/TSX Small Cap	7.1%	7.8%	(8.4%)	(10.4%)	(3.5%)	(3.2%)	(9.5%)

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 17.4 year track record of generating industry leading returns (16% annualized)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

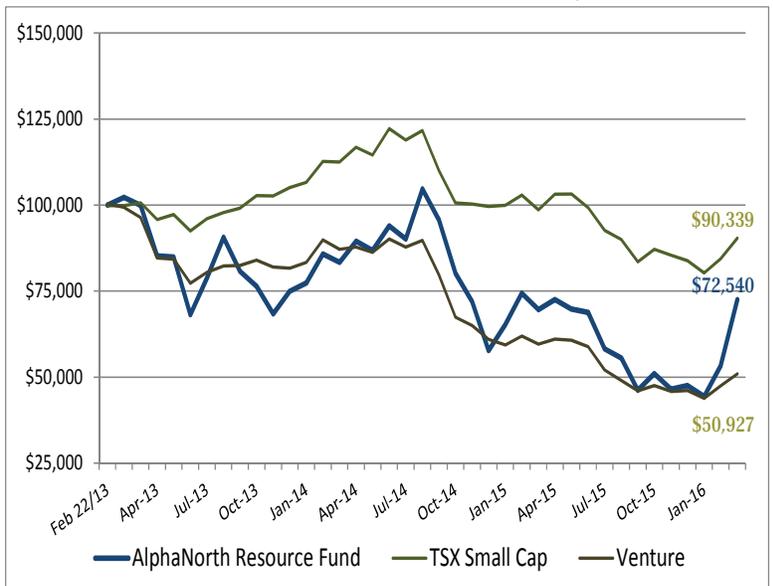
- ◆ Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

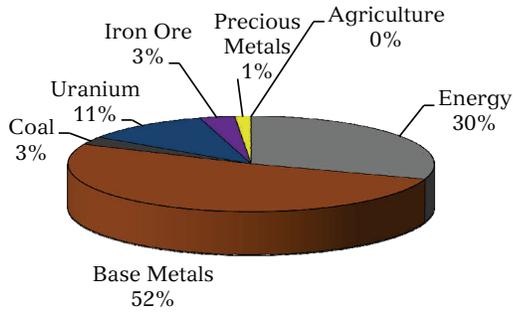
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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%	36.2%										52.6%

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.