



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Growth Fund

April 2016

NAV
Series A (ANF010) \$1.801
Series F (ANF011) \$1.872

Fund Review The Fund returned 1.9% in April. This compared to 16.1% for the TSX Venture and 3.7% for the TSX Total Return index.

In early May we received cash back from Committed Capital Acquisition Corp II (OTC:CCAQ) and have begun redeploying this capital in a more productive manner. We have identified several opportunities and are being patient and waiting for an optimal entry point using our technical analysis work. The resource sectors and battery technology are our initial areas of focus. **Blackbird Energy (TSXV:BBI)** is one of these companies. The Fund is participating in the financing this month which includes a full warrant with a five year term. The financing is oversubscribed and the company is very well capitalized with no debt. Blackbird is an emerging producer in the Montney formation in Alberta. The company has already drilled several success wells which will begin production this year. We believe the netbacks for these wells will rank as among the best in Canada.

The current sector mix is comprised of 22% in technology, 7% in health care, 42% in consumer discretionary, 10% in energy and 16% in materials.

Outlook Although investor sentiment has improved from the extreme negative levels in January, it remains relatively weak. We outlined several of these indicators in our February commentary ([What is Recent Investor Sentiment Implying for Equity Markets?](#)). For example, the AAI US investor sentiment survey continues to reflect low levels of participants who are bullish at only 20% for the May 12th reading. In a recent report, Bank of America Merrill Lynch highlighted that in 2016, cumulative money flows have been into bonds and out of equities by a substantial amount. This would be expected given the poor sentiment. In our view, this is encouraging and supports our thesis that the broader equity indices such as the S&P 500 index and TSX will hit new all-time highs in the coming months. Small cap equities are now participating in the equity market strength and in fact outperforming, gaining over 40% from the January low. The performance at this early stage is being led by the sectors which were the most depressed, junior golds and energy. We believe that the other sectors will also begin performing well and that there will be a coordinated bull market in the small caps which will potentially be quite powerful. Further evidence of a major turn in small caps is demonstrated by a Golden Cross which results when the 50 day moving average crosses above the 200 day moving average. This occurred for the TSX Venture index in April and is indicative of an upward change in the major trend.



Regards,
Steven Palmer, CFA
President and CEO

Performance (as of April 30, 2016)

	April	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Growth	1.9%	(11.6%)	(44.0%)	(38.2%)	(29.4%)	(29.9%)	(82.0%)
S&P/TSX Venture	16.1%	28.4%	(3.0%)	(17.9%)	(11.3%)	(18.5%)	(66.9%)
S&P/TSX Composite TRI	3.7%	8.4%	(5.4%)	0.6%	7.0%	4.9%	19.9%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 17.5 year track record of generating industry leading returns (16% annualized)**

DIVERSIFICATION THROUGH SMALL/MID CAP:

- AlphaNorth Growth Fund is well diversified across the resource, technology and life sciences sectors

ONE OF THE BEST PERFORMING ASSET CLASSES OVER THE LONG TERM:

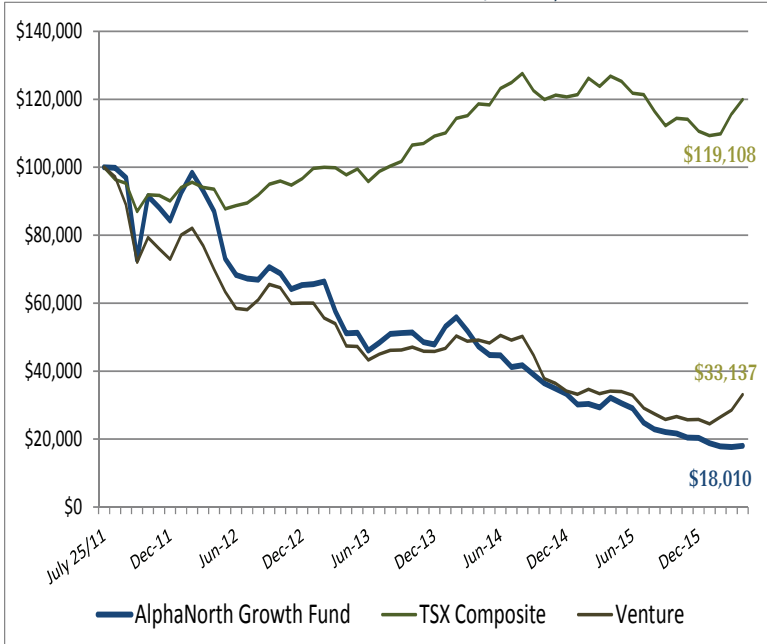
- Complements any investment portfolio and greatly enhances wealth accumulation over the long term

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

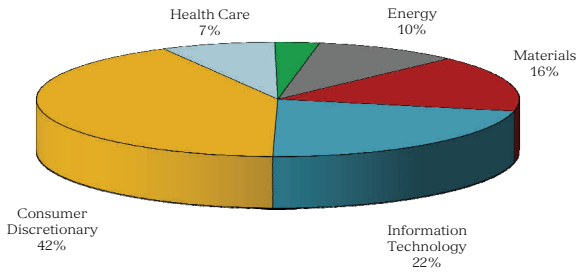
- AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **AlphaNorth Resource Fund (ANF020, ANF021)**
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:	July 25, 2011
Fund Codes:	Series A - ANF010 / Series F - ANF011
Fund Details:	RSP/RESP eligible \$1,000 minimum investment
Sub/Redemption:	Daily
Lock-up:	None
Early Redemption Fee:	2% in first 90 days
Management Fee:	2%
Performance Fee:	20% above TSX return High water mark (no reset)
Trailer:	1% (Series A only)
Administration:	State Street & 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
2011							(0.2%)	(2.9%)	(24.9%)	25.7%	(3.7%)	(4.3%)	(15.7%)
2012	9.7%	6.3%	(5.4%)	(6.5%)	(15.9%)	(6.6%)	(1.6%)	(0.5%)	5.6%	(2.6%)	(6.7%)	1.8%	(22.5%)
2013	0.4%	1.3%	(13.3%)	(11.2%)	0.4%	(10.2%)	5.0%	5.3%	0.6%	0.2%	(5.4%)	(1.5%)	(26.8%)
2014	11.0%	5.2%	(7.2%)	(8.9%)	(5.2%)	(0.3%)	(7.7%)	1.3%	(6.8%)	(6.5%)	(4.2%)	(4.5%)	(30.4%)
2015	(9.3%)	0.5%	(3.5%)	9.7%	(5.1%)	(4.9%)	(14.5%)	(7.8%)	(3.6%)	(1.7%)	(5.8%)	(0.2%)	(38.8%)
2016	(7.8%)	(5.2%)	(0.8%)	1.9%									(11.6%)

Investment Strategy

The **AlphaNorth Growth Fund** (the "Fund") is an **open-ended mutual fund** focusing primarily on Canadian small to mid-capitalization equities, between \$100 million and \$5 billion market capitalization. The Fund employs a similar style and investment methodology as the highly successful AlphaNorth Partners Fund. The Fund's investment objective is to maximize returns over the long term through superior selection of principally Canadian securities. 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, 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 Growth 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 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 inception date is July 25, 2011. **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.