

**Fund Review** In August, the Fund returned 6.6%. This compared to (1.3%) for the TSX Venture and 0.3% for the TSX Total Return index for the month.

The Fund added a position in a small diamond producer, **Diamcor Mining (TSXV:DMI)**, during the month. We believe Diamcor shares are very attractive at current prices. The recent financing eliminates the need for capital to expand production of its diamond mine in South Africa. The company has a strategic relationship with Tiffany & Co. for the purchase of rough diamonds. If management continues to execute on the business plan, earnings should increase materially in 2017, implying a very low price/earnings multiple at the current share price. Since Diamcor is financed and already in production, it is lower risk compared to many junior resource companies. The diamond sector also has low correlation to other resource stocks.

**Blackbird Energy (TSXV:BBI)** was the largest contributor to Fund performance during August as the shares gained 29%. We expect continued strong gains over the remainder of the year as the company achieves further milestones.

The current sector mix is comprised of 11% in cash, 24% in technology, 13% in health care, 5% in consumer discretionary, 27% in energy and 20% in materials.

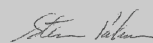
**Outlook** The most recent data for the TSX Venture index provides further evidence that investor interest is returning to the junior market. Trading volume has been 36% higher this summer as compared to 2015 while the value traded has also increased by 25%. In addition, the number of financings are up 48%. Although these numbers are a strong improvement in activity levels over last year, they still pale to activity levels from 2011 when these numbers were substantially higher. This is supportive of our view that we are in the early stages of the bull market in Canadian small cap equities.

The sentiment indicators which we highlighted in our special commentary in February ([Reasons to be Optimistic on Canadian Venture Stocks](#)) have been proven to be predictive once again. This report highlighted several contrarian indicators that historically have been very accurate in coinciding with significant equity market lows when they obtain extreme levels. It is interesting to note that the majority of these indicators remain near similar extreme levels reached in January 2016 despite the strong increase in North American equity indices.

**We remain confident that the Canadian junior equity market has turned and remains in the early stages of a bull market which we believe will take the TSX Venture index substantially higher.**



Regards,



Steven Palmer, CFA  
President and CIO

### Performance (as of August 31, 2016)

	August	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
<b>AlphaNorth Growth</b>	<b>6.6%</b>	<b>11.6%</b>	<b>(0.5%)</b>	<b>(23.6%)</b>	<b>(25.2%)</b>	<b>(25.3%)</b>	<b>(77.3%)</b>
S&P/TSX Venture	(1.3%)	49.5%	40.5%	(5.8%)	(15.4%)	(17.1%)	(61.4%)
S&P/TSX Composite TRI	0.3%	14.4%	8.7%	8.1%	5.9%	4.7%	26.6%

### Key Reasons to Own This Fund

#### PROVEN LONG TERM PERFORMANCE:

- ◆ Management team has a 18 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:

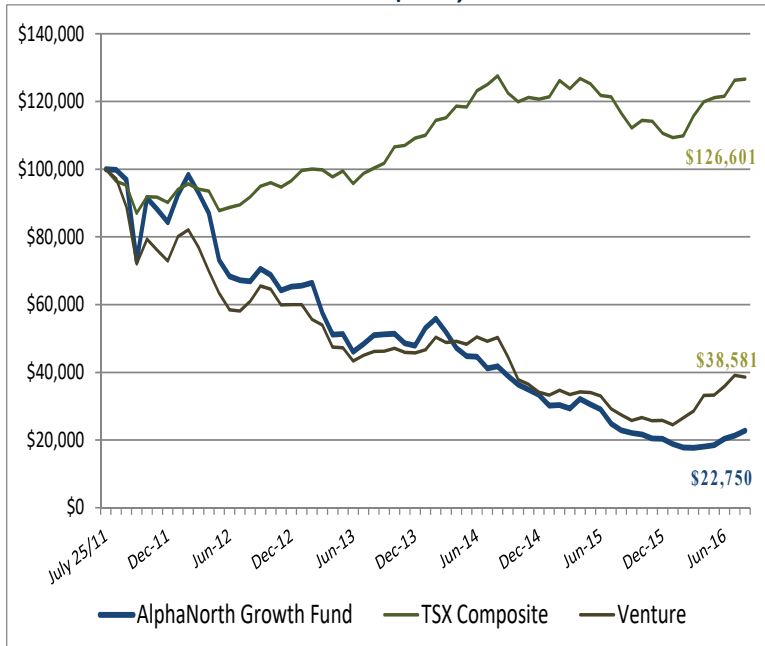
- ◆ Complements any investment portfolio and greatly enhances wealth accumulation over the long term

#### TAX-DEFERRED SWITCHING BETWEEN FUNDS:

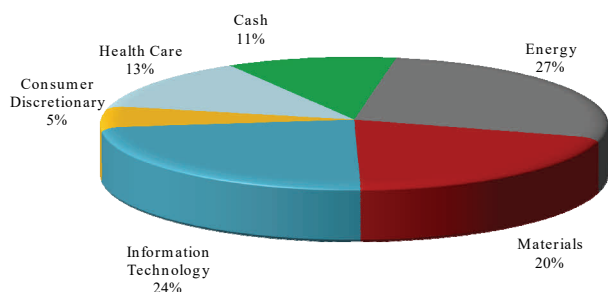
- ◆ AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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

<b>Lead Manager:</b>	Steven Palmer
<b>Inception:</b>	July 25, 2011
<b>Fund Codes:</b>	Series A - ANF010 / Series F - ANF011
<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
<b>Management Fee:</b>	2%
<b>Performance Fee:</b>	20% above TSX return High water mark (no reset)
<b>Trailer:</b>	1% (Series A only)
<b>Administration:</b>	SGGG Fund Services Inc.
<b>Legal:</b>	Stikeman Elliott LLP
<b>Fund Assets:</b>	\$2 million
<b>Account Enquiries:</b>	416-506-0776

## Monthly Performance\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2011</b>							(0.2%)	(2.9%)	(24.9%)	25.7%	(3.7%)	(4.3%)	<b>(15.7%)</b>
<b>2012</b>	9.7%	6.3%	(5.4%)	(6.5%)	(15.9%)	(6.6%)	(1.6%)	(0.5%)	5.6%	(2.6%)	(6.7%)	1.8%	<b>(22.5%)</b>
<b>2013</b>	0.4%	1.3%	(13.3%)	(11.2%)	0.4%	(10.2%)	5.0%	5.3%	0.6%	0.2%	(5.4%)	(1.5%)	<b>(26.8%)</b>
<b>2014</b>	11.0%	5.2%	(7.2%)	(8.9%)	(5.2%)	(0.3%)	(7.7%)	1.3%	(6.8%)	(6.5%)	(4.2%)	(4.5%)	<b>(30.4%)</b>
<b>2015</b>	(9.3%)	0.5%	(3.5%)	9.7%	(5.1%)	(4.9%)	(14.5%)	(7.8%)	(3.6%)	(1.7%)	(5.8%)	(0.2%)	<b>(38.8%)</b>
<b>2016</b>	(7.8%)	(5.2%)	(0.8%)	1.9%	2.4%	10.2%	5.0%	6.6%					<b>11.6%</b>

## 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](http://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