

Fund Review In August, the Fund performance was 4.2%. This compares to the TSX Venture index return of (1.3%) and the TSX Small Cap index return of (3.7%). We are pleased that despite the pullback in these indices in August, the Fund extended its streak of positive months.

Gold equities led declines in August. Gold prices retreated slightly as the Fed has taken a more hawkish stance over the past few weeks. Prices may slip leading into the September Fed meeting although we believe that the Fed will stay cautious.

Natural gas has been trading in a range over the past few months, while oil prices picked up during August as Saudi Arabia announced it would consider announcing an output freeze during an OPEC meeting in late September. The anticipation of a freeze along with U.S. stockpile data has alleviated some of the pressure on oil prices, though many are skeptical that the OPEC discussions will actually result in any restrictions. We believe that if these talks do not end in any output constraints, then oil could pull back toward the \$40 level. Our oil exposure has been limited over the past several months, although a potential pullback may present a good buying opportunity.

Mason Graphite (TSXV:LLG) continues to be one of our larger positions in the Fund. The stock has increased more than 250% year-to-date and we believe that the momentum will continue into the fall. The company recently announced a private placement of \$25m, for which there has been overwhelming demand. The proceeds will be allocated towards the company's construction financing and debt repayment. Mason is backed by several major institutions in Quebec who participated in this round of financing, and may provide further support in the future with debt financing.

Current sector allocations are as follows: 36% in energy, 22% in base metals, 7% in uranium, 3% in diamond, 3% in iron ore, 27% in precious metals.

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

Monthly Performance (Series A)*

	August	YTD	1 Year	2 Year	3 Year	Inception	Cumulative
AlphaNorth Resource	4.2%	176.8%	136.9%	12.1%	13.2%	8.0%	31.5%
S&P/TSX Venture	(1.3%)	49.5%	40.5%	(12.4%)	(5.8%)	(9.9%)	(31.4%)
S&P/TSX Small Cap	(3.7%)	28.3%	19.5%	(6.0%)	(3.2%)	2.0%	7.7%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 18 year track record of generating industry leading returns (17% annualized)**

CAPITALIZE ON THE GROWING GLOBAL DEMAND FOR RESOURCES:

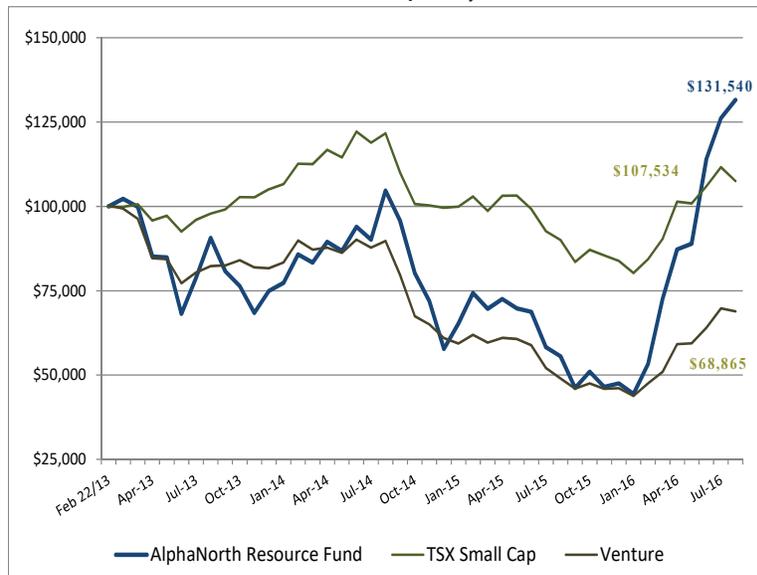
- Diversified exposure of Canadian resource equities with attractive risk/reward characteristics.

TAX-DEFERRED SWITCHING BETWEEN FUNDS:

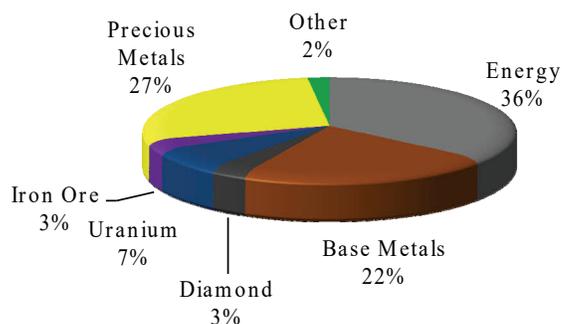
- AlphaNorth Mutual Fund Limited offers an additional fund class with tax-deferred switching:

⇒ **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:	SGGG Fund Services Inc.
Legal:	Stikeman Elliott LLP
Fund Assets:	\$3 million
Account Enquiries:	416-506-0776

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%	20.3%	1.9%	28.2%	10.7%	4.2%					176.8%

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.