



AlphaNorth
Asset Management

ALPHANORTH
GROWTH FUND

**Interim Management Report of Fund
Performance**

June 30, 2017

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

This Interim management report of fund performance contains financial highlights but does not contain either the Interim financial report or the annual financial statements for AlphaNorth Growth Fund (the “Fund”). All references to dollars contained herein are to Canadian dollars. The Interim financial statements of the Fund are attached behind this report and you can also get a copy of the Interim financial statements or the annual financial statements at your request, and at no cost, by writing to us at AlphaNorth Growth Fund, c/o AlphaNorth Asset Management, 333 Bay Street, Suite 630, Toronto, Ontario M5H 2R2 or by visiting our website at www.alphanorthasset.com or SEDAR at www.sedar.com.

Shareholders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure relating to the Fund.

A Note on Forward-looking Statements

Certain statements included in this Management Report of Fund Performance constitute forward looking statements, including those identified by the expressions “anticipate”; “believe”; “plan”; “estimate”; “expect”; “may”; “will”; “intend” and similar expressions to the extent they relate to the Fund or AlphaNorth Asset Management (the “Manager”). These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties include, but are not limited to, changes in the global economy, general economic and business conditions, existing governmental regulations, supply, demand and other market factors specific to the resource sector and to the securities of resource companies in which the Fund invests.

Although the Manager believes it has a reasonable basis for making the forecasts or projections included in this Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, forward-looking information involves numerous assumptions and inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in the Fund’s filings with Canadian securities regulatory authorities. The forward-looking information is given as of the date of this Management Report of Fund Performance, and the Manager undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

RESULTS OF OPERATIONS

The S&P/TSX Total Return Index (the “TSX”) return for the first half of 2017 was 0.7% ending June 30, 2017. This compares to the S&P 500 Index (the “S&P”) which returned 9.3%. After strong outperformance in 2016, the TSX has underperformed the S&P in 2017. The recent weakness in the resource sectors can be blamed for much of the underperformance by the TSX. It is our view that over the remainder of the 2017 the TSX will outperform as the resource sectors rebound. The S&P/TSX Venture Index (the “TSXV”), a benchmark for small cap equities in Canada, has also consolidated after returning 45.0% in 2016. For the six month period to June 30, 2017 the TSXV returned 0.6%. The large weighting of the resource sectors has had a significant negative impact on the Canadian indices in 2017. The TSX Materials and TSX Energy sectors were the only sectors with negative returns over this period returning (1.3%) and (22.1%) respectively. In the U.S., the large technology companies such as Google, Amazon, Facebook and Apple contributed strongly to returns for the S&P. The Fund’s performance for the comparable six month period ended June 30, 2017 was (15.4%).

During the six months ended June 30, 2017, the Fund had realized gains on the sale of investments of \$402,709 and unrealized depreciation on the value of investments of \$730,020. Operating expenses, including transaction costs totalled \$138,488 during the period, which represents a 4.9% decrease since the prior year period.

RECENT DEVELOPMENTS

The Canadian junior markets have languished in recent months as the TSXV declined modestly for the fourth consecutive month to the end of June. Over the past 36 years, the Canadian junior market has experienced a median monthly decline in the months of March, April, May, June and November. If this is any guide the modest selloff to the end of June will shortly subside and the bull market will continue. This recent market performance is not surprising in the context of the strong performance of the TSXV in 2016. It was the best performing broad based equity index worldwide. As a result, a period of consolidation should not be unexpected.

The excitement towards resource equities, as a result of the potential for increased U.S. infrastructure spending, has abated slightly since the U.S. election. We still see a spread between the intrinsic value of some of these juniors and their market caps, and believe that any further clarity on this spending could lift the resource sectors.

In the non-resource space, we are anticipating several major catalysts that could materially increase performance over the coming months. We have a high level of confidence in these names and feel that regardless of the macro picture, a positive event will trigger significant buying in the market. The market is not appropriately pricing the potential for some of these events in our view, and from speaking with the management teams on a regular basis we feel assured that these investments will pay off.

There are clear signs of underlying strength for the TSXV. The number of companies listed has been in a downward spiral for the last several years. There were 2,266 listings in August 2012. That number declined every month since that time until the inflection point in March of 2017 after which time the number of companies has increased every month. This is not the only positive underlying trend. Financing activity and value traded have continued to improve increasing by 83% and 96% respectively over the first half of 2017 as compared to 2016.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

RELATED PARTY TRANSACTIONS

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including providing or arranging the provision of investment advice, establishment of brokerage arrangements relating to the purchase and sale of the investment portfolio, and bookkeeping, record-keeping and other administrative services for the Fund. The Manager receives an annual fee, equal to 2% of the net assets attributable to the holders of redeemable shares of the Fund, calculated and paid monthly in arrears. The manager may receive a performance fee if certain performance thresholds are met.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

The following tables show selected key financial information about the fund and are intended to help you understand the fund's financial performance over the past five and a half years.

FINANCIAL HIGHLIGHTS - Series A

Net Assets Attributable to Holders of Redeemable Shares per share ¹

	2017	2016	2015	2014	2013	2012
Net Assets, beginning of period	\$ 2.84	\$ 2.01	\$ 3.32	\$ 4.78	\$ 6.53	\$ 8.37
Fund Transactions						
Increase (decrease) from operations						
Total investment income	-	-	-	0.03	0.01	0.01
Total expenses	(0.04)	(0.24)	(0.33)	(0.33)	(0.34)	(0.46)
Realized gains (losses)	0.48	0.11	(1.18)	(0.90)	(2.01)	(0.06)
Unrealized gains (losses)	(0.88)	0.17	0.17	(0.27)	0.49	(1.43)
Total increase (decrease) from operations	(0.44)	0.04	(1.34)	(1.47)	(1.85)	(1.94)
Net Assets at end of period³	\$ 2.73	\$ 2.84	\$ 2.01	\$ 3.32	\$ 4.78	\$ 6.53

¹ This information is derived from the Fund's audited financial statements. National Instrument 81 - 106 - Investment Fund Continuous Disclosure requires that net asset value for transactional purposes ("Net Asset Value"), be calculated based on the fair value of investments using the close or last trade price. The Fund prices warrants for transaction purposes using the intrinsic value. IFRS requires that net assets for financial reporting purposes ("Net Assets") be calculated using a price within the bid-ask spread. The Fund prices warrants for financial reporting purposes using the Black-Scholes model of an investment. Net Assets per share and Net Asset Value per share could be different due to the use of different valuation techniques.

² Net Assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

³ This schedule is not a reconciliation of Net Assets since it does not reflect shareholders' transactions as shown on the Statement of Changes in Net Assets.

	2017	2016	2015	2014	2013	2012
Ratios and Supplemental Data						
Net Asset Value (000's) ¹	\$2	\$584	\$1,661	\$3,638	\$ 5,778	\$ 10,073
Number of shares outstanding ¹	567	205,915	826,871	1,092,048	1,207,830	1,541,725
MER ratio ²	1.10%	12.23%	11.14%	7.60%	6.19%	6.14%
MER ratio (before waivers or absorptions)	1.10%	12.23%	11.14%	7.60%	6.19%	6.14%
Portfolio turnover rate ³	145.69%	167.12%	121.20%	291.69%	181.16%	218.81%
Trading expense ratio ⁴	1.47%	1.95%	1.27%	2.29%	2.22%	2.39%
Net Asset Value per share ¹	\$2.73	\$2.84	\$2.01	\$3.33	\$ 4.78	\$ 6.53

¹ This information is provided as at December 31st for the years shown.

² Management expense ratio ("MER") is based on total expenses for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of daily average net assets during the period. The MER has been presented after the cost of issuance of shares of the Fund. Issuance costs are one-time costs incurred at inception and the inclusion of interest expense does not consider the additional earnings that have been guaranteed from the investment of the leverage.

³ The Fund's portfolio turnover rate indicates how actively the Fund's Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

⁴ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

FINANCIAL HIGHLIGHTS - Series F

Net Assets Attributable to Holders of Redeemable Shares per share ¹

	2017	2016	2015	2014	2013	2012
Net Assets, beginning of period	\$ 3.30	\$ 2.08	\$ 3.41	\$ 4.88	\$ 6.62	\$ 8.37
Fund Transactions						
Increase (decrease) from operations						
Total investment income	-	-	-	0.01	0.01	0.02
Total expenses	(0.14)	(0.28)	(0.31)	(0.29)	(0.29)	(0.39)
Realized gains (losses)	0.64	0.13	(1.13)	(0.92)	(2.34)	(0.08)
Unrealized gains (losses)	(1.16)	1.25	0.16	(0.23)	0.26	(1.88)
Total increase (decrease) from operations	(0.66)	1.10	(1.28)	(1.43)	(2.36)	(2.33)
Net Assets at end of period³	\$ 2.87	\$ 3.30	\$ 2.08	\$ 3.41	\$ 4.88	\$ 6.62

¹ This information is derived from the Fund's audited financial statements. National Instrument 81 - 106 - Investment Fund Continuous Disclosure requires that net asset value for transactional purposes ("Net Asset Value"), be calculated based on the fair value of investments using the close or last trade price. The Fund prices warrants for transaction purposes using the intrinsic value. IFRS requires that net assets for financial reporting purposes ("Net Assets") be calculated using a price within the bid-ask spread. The Fund prices warrants for financial reporting purposes using the Black-Scholes model of an investment. Net Assets per share and Net Asset Value per share could be different due to the use of different valuation techniques.

² Net Assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

³

This schedule is not a reconciliation of Net Assets since it does not reflect shareholders' transactions as shown on the Statement of Changes in Net Assets.

Ratios and Supplemental Data

	2017	2016	2015	2014	2013	2012
Net Asset Value (000's) ¹	\$759	\$702	\$270	\$ 506	\$ 731	\$ 4,219
Number of shares outstanding ¹	264,279	212,494	129,844	148,025	149,667	636,886
MER ratio ²	6.69%	9.30%	10.12%	6.55%	4.84%	5.14%
MER ratio (before waivers or absorptions)	6.69%	9.30%	10.12%	6.55%	4.84%	5.14%
Portfolio turnover rate ³	145.69%	167.12%	121.20%	291.69%	181.16%	218.81%
Trading expense ratio ⁴	1.47%	1.95%	1.27%	2.29%	2.22%	2.39%
Net Asset Value per share ¹	\$2.87	\$3.30	\$2.08	\$ 3.42	\$ 4.88	\$ 6.62

¹ This information is provided as at December 31st for the years shown.

² Management expense ratio ("MER") is based on total expenses for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of daily average net assets during the period. The MER has been presented after the cost of issuance of shares of the Fund. Issuance costs are one-time costs incurred at inception and the inclusion of interest expense does not consider the additional earnings that have been guaranteed from the investment of the leverage.

³ The Fund's portfolio turnover rate indicates how actively the Fund's Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

⁴ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

FINANCIAL HIGHLIGHTS - Series D

Net Assets Attributable to Holders of Redeemable Shares per share ¹

	2017	2016 ⁵
Net Assets, beginning of period	\$ 3.15	-
Fund Transactions		
Increase (decrease) from operations		
Total investment income	-	-
Total expenses	(0.15)	(0.27)
Realized gains (losses)	0.21	0.12
Unrealized gains (losses)	(0.39)	1.19
Total increase (decrease) from operations	<u>(0.33)</u>	<u>2.23</u>
Net Assets at end of period³	<u>\$ 2.73</u>	<u>\$ 3.15</u>

¹ This information is derived from the Fund's audited financial statements. National Instrument 81 - 106 - Investment Fund Continuous Disclosure requires that net asset value for transactional purposes ("Net Asset Value"), be calculated based on the fair value of investments using the close or last trade price. The Fund prices warrants for transaction purposes using the intrinsic value. IFRS requires that net assets for financial reporting purposes ("Net Assets") be calculated using a price within the bid-ask spread. The Fund prices warrants for financial reporting purposes using the Black-Scholes model of an investment. Net Assets per share and Net Asset Value per share could be different due to the use of different valuation techniques.

² Net Assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

³ This schedule is not a reconciliation of Net Assets since it does not reflect shareholders' transactions as shown on the Statement of Changes in Net Assets.

Ratios and Supplemental Data	2017	2016
Net Asset Value (000's) ¹	\$1,936	\$2,120
Number of shares outstanding ¹	708,043	672,742
MER ratio ²	7.82%	20.49%
MER ratio (before waivers or absorptions)	7.82%	20.49%
Portfolio turnover rate ³	145.69%	104.55%
Trading expense ratio ⁴	1.47%	1.61%
Net Asset Value per share ¹	\$2.73	\$3.15

¹ This information is provided as at December 31st for the years shown.

² Management expense ratio ("MER") is based on total expenses for the stated period (excluding brokerage commissions) and is expressed as an annualized percentage of daily average net assets during the period. The MER has been presented after the cost of issuance of shares of the Fund. Issuance costs are one-time costs incurred at inception and the inclusion of interest expense does not consider the additional earnings that have been guaranteed from the investment of the leverage.

³ The Fund's portfolio turnover rate indicates how actively the Fund's Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio's turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

⁴ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

⁵ The results shown are for the period from September 30, 2016 to December 31, 2016.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

MANAGEMENT AND OTHER FEES

As noted above, the Fund pays an aggregate annual management fee equal to 2% of the net assets attributable to the holders of redeemable shares payable to the Manager. In addition to the management fee, the Fund also pays trailer commissions equal to 1% of the net assets attributable to the holders of redeemable shares for Series A shares. These trailer commissions are paid by the fund to the dealers.

PERFORMANCE BONUS

The Fund pays a performance fee equal to the excess return per Share over the TSX Composite (including distributions) multiplied by 20% and by the number of the Shares outstanding at the end of the quarter. There have been no performance bonus amounts accrued at June 30, 2017.

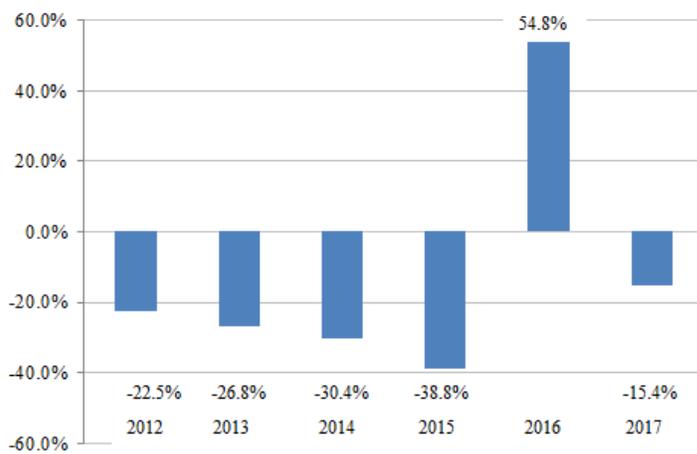
PAST PERFORMANCE

The indicated rates of return are the historical total returns including changes in Share values and assume reinvestment of all distributions in additional units of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any Shareholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of return are calculated based on the net assets attributable to the holders of redeemable shares of the particular Series of the Fund.

YEAR-BY-YEAR RETURNS

The following chart indicates the non-annualized performance of each Series of the Fund for the six months ended June 30, 2017, and each of the previous 12-month periods ended December 31. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.

Series A:

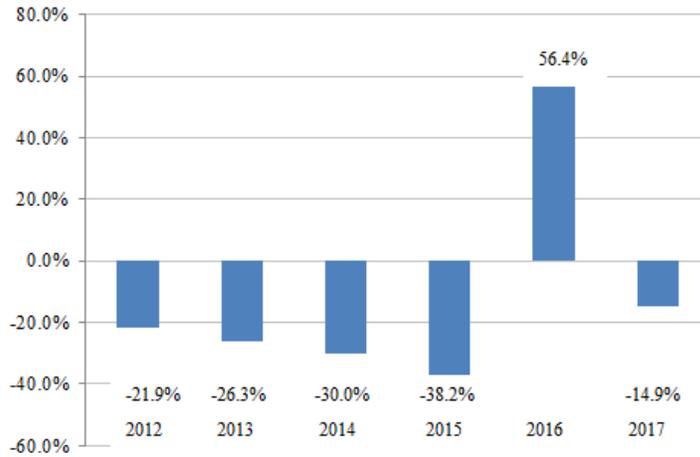


AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

Series F:



Series D:

The Series D shares have not yet had a full calendar year of performance and therefore performance data is not available for the Series D shares. Series D shareholders were previously shareholders in Series A shares and therefore should look to the performance indicated above for the Series A shares.

AlphaNorth Growth Fund

Interim Management Report of Fund Performance

As at June 30, 2017

SUMMARY OF INVESTMENT PORTFOLIO

The following summary of the Fund's investment portfolio reports the portfolio as at June 30, 2017, breaks down the entire portfolio into appropriate subgroups, reports the percentage of the aggregate net assets attributable to the holders of redeemable shares in each, and discloses the top positions held by the Fund as a percentage of the net assets attributable to the holders of redeemable shares of the Fund. The information contained in this section is subject to change due to the ongoing portfolio transactions of the Fund.

As at June 30, 2017

Top Holdings		Portfolio Allocation	
Issuer	% of NAV		% of NAV
Helius Medical Technologies Inc.	11.5%	Long Positions	
Global Energy Metals Corp.	10.1%		
Walker Innovation Inc.	9.9%	Materials	37.1%
POET Technologies Inc.	9.0%	Energy	10.5%
LSC Lithium Corp.	7.8%	Technology	23.6%
Auryn Resources Inc.	6.8%	Consumer Discretionary	4.4%
Blackbird Energy Inc., Warrants (Exp. 21/05/19)	6.7%	Health Care	23.7%
Diamcor Mining Inc.	6.0%	Other	0.0%
Neurotrope Inc.	5.6%		
CVR Medical Corp.	5.5%	Total Long Positions	99.3%
The ONE Group Hospitality Inc.	3.9%		
Canada Carbon Inc.	2.6%		
Encore Energy Corp.	2.6%		
Vogogo Inc.	2.4%	Total Investment Portfolio	99.3%
UrtheCast Corp.	2.3%		
Evolving Gold Corp.	1.6%	Cash	1.0%
Sintana Energy Inc.	1.2%	Other net liabilities	-0.3%
Helius Medical Technologies Inc. Warrants (Exp. 19/04/18)	1.1%		
eCobalt Solutions Inc.	1.2%	Total Net Assets	100.0%
Copper Mountain Mining Corp., Warrants (Exp. 19/08/02)	0.9%		
NeutriSci International Inc.	0.3%		
Mezzi Holdings Inc.	0.1%		
Anconia Resources Corp.	0.1%		
Committed Capital Acquisition Corp II Warrants (Exp. 19/04/19)	0.1%		

The "Top Holdings" excludes any temporary cash investments.
At June 30, 2017, there were 24 material positions in the portfolio.



AlphaNorth
Asset Management

ALPHANORTH ASSET MANAGEMENT

333 Bay St., Suite 630 | Toronto, Ontario M5H 2R2 | 416-506-0776 | www.alphanorthasset.com