

*No securities regulatory authority has expressed an opinion about these shares and it is an offence to claim otherwise.*

**ANNUAL INFORMATION FORM**

June 14, 2017



**AlphaNorth Mutual Funds Limited**

**Offering of Series A and F Shares of AlphaNorth Growth Fund and  
Series A, B, D and F Shares of AlphaNorth Resource Fund**

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## INTRODUCTION

In this annual information form:

- **Corporation** refers to AlphaNorth Mutual Funds Limited.
- **Dealer** refers to the company where your registered representative works.
- **Fund(s)** refers to one or both of AlphaNorth Growth Fund or AlphaNorth Resource Fund.
- **Laurentian Bank** refers to Laurentian Bank Securities, the custodian of the Funds.
- **Manager, we or us** refers to AlphaNorth Asset Management (“**AlphaNorth**”), the manager of the Funds.
- **Registered representative** refers to the representative registered in your province who advises you on your investments.
- **SGGG** refers to SGGG Fund Services Inc., the valuation agent, recordkeeper and registrar of the Funds.
- **Share(s)** refers to the mutual fund shares of one or more Fund.
- **Shareholders** refers to owners of Shares.
- **Underlying Fund** refers to a fund in which an AlphaNorth mutual fund invests. This may be a mutual fund managed by us or by another mutual fund company.
- **You** refers to the registered or beneficial owner of a Share of a Fund, as the context requires.

## NAME, FORMATION AND HISTORY

The principal place of business of AlphaNorth, AlphaNorth Mutual Funds Limited and each of the Funds is 333 Bay Street, Suite 630, Toronto, Ontario, M5H 2R2. AlphaNorth is the manager of the Funds.

AlphaNorth Mutual Funds Limited is a corporation incorporated under the laws of Ontario on April 29, 2011 pursuant to its articles of incorporation. The articles were amended and restated on June 13, 2012 to make the changes described below. The articles were further amended on March 6, 2017 to create a new series of AlphaNorth Growth Fund shares to be designated as AlphaNorth Growth Fund Series D Shares, as further described below.

AlphaNorth Resource Fund Series B Shares were originally qualified for distribution on July 25, 2011 as Series A Shares of AlphaNorth Rollover Fund and were automatically converted into Series A Shares of AlphaNorth Growth Fund. Certain amendments were made to AlphaNorth Rollover Fund on June 13, 2012 including renaming the Fund “AlphaNorth Resource Fund”, re-designating the Series A Shares as “Series B Shares” and qualifying the Series A Shares, Series D Shares and Series F Shares for distribution. On July 6, 2012, all Series B Shares of AlphaNorth Resource Fund were exchanged for Series A Shares of AlphaNorth Growth Fund and AlphaNorth Resource Fund had no assets or Shareholders between July 6, 2012 and February 25, 2013.

On February 25, 2013, the assets of AlphaNorth 2011 Flow-Through Limited Partnership (“**2011 Flow-Through**”) were rolled into AlphaNorth Resource Fund via a mutual fund rollover transaction. At the completion of the transfer, net assets with a fair value of \$2,798,689 were transferred to Series B of the AlphaNorth Resource Fund.

On December 6, 2013, the assets of AlphaNorth 2012 Flow-Through Limited Partnership (“**2012 Flow-Through**”) were rolled into AlphaNorth Resource Fund via a mutual fund rollover transaction. At

the completion of the transfer, net assets with a fair value of \$2,121,977 were transferred to Series B of the AlphaNorth Resource Fund.

The AlphaNorth Growth Fund Series A Shares outstanding as of May 31, 2016 and May 31, 2017 were re-designated, on a tax deferred basis, as Series D Shares in two phases, effective October 1, 2016 and June 1, 2017 respectively, on a tax deferred basis, in both phases, with all of the same rights, privileges, restrictions and conditions, including, in particular, the same management and performance fee, trailing commission, net asset value and high water mark (the “**Re-designation**”). Holders of Series A Shares were provided written notice of the Re-designation and the Series D Shares were issued pursuant to available prospectus exemptions. Series D Shares are not offered for investment.

## **INVESTMENT RESTRICTIONS AND PRACTICES**

The Funds are subject to certain standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). This legislation is designed, in part, to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Funds. The Funds are managed in accordance with these investment restrictions and practices.

The Funds have not sought approval of the IRC as defined under “Fund Governance” to vary any of the investment restrictions and practices conducted by the Funds, nor have they sought the approval of the IRC to implement any reorganization with or transfer of assets to another mutual fund or to change the auditor of the Funds.

A change to the fundamental investment objectives of a Fund cannot be made without obtaining Shareholder approval. AlphaNorth may change a Fund’s investment strategy from time to time at its discretion.

### **General Investment Practices**

The assets of a Fund may be invested in such securities as the Manager sees fit, provided such investments do not contravene any investment restrictions or practices adopted, and the Fund may retain all or part of its assets in cash or cash equivalents. The proportion of a Fund’s investment in any type or class of security or country may, at any time, vary significantly.

The Manager may attempt to protect the net asset value and enhance the total return of a Fund by using derivative instruments for both hedging and non-hedging purposes.

In anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes, for rebalancing purposes or for purposes of a merger or other transaction, a Fund may temporarily hold all or a portion of its assets in cash, money market instruments, bonds or other debt securities. As a result and in accordance with its fundamental investment objectives, a Fund may not be fully invested at any given time.

### **Derivative Instruments**

The Funds may only make use of “specified derivatives” within the meaning of NI 81-102, which include clearing corporation options, futures contracts, options on futures, over-the-counter options, forward contracts, debt-like securities and listed warrants. The Funds may invest in or use such specified derivatives for hedging purposes and for non-hedging purposes as permitted by NI 81-102 if cash and securities are set aside to cover the positions. A Fund may only invest in or use derivative instruments that are consistent with the investment objectives the Fund.

Investing in and using derivative instruments are subject to certain risks.

The Funds may use derivatives with the intention of offsetting or reducing risks associated with an investment or group of investments. These risks include stock market risks and interest rate changes.

In addition, the Funds may use derivatives rather than direct investments to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making Fund changes. The Funds may seek to enhance the returns to their portfolios through the use of derivatives, including by seeking to reduce the potential for loss or by accepting a more certain lower return rather than seeking a less certain higher potential return. Derivatives may be used by the Funds to position themselves so that they may profit from declines in financial markets.

The Funds may also: (i) write exchange or over-the-counter put or call options if the Funds hold and continue to hold, as long as the position remains open, an equivalent quantity of the underlying interest, or a right or obligation to acquire or sell, as the case may be, such underlying interest, together with any required amount of cash or securities; and (ii) use for non-hedging purposes futures, forward contracts and debt-like securities that have a component that is a long position in a forward contract if cash and securities are set aside to cover the positions.

Derivatives will not be used:

- to create a portfolio with leverage, or
- to purchase for non-hedging purposes options, options on futures, listed warrants and debt-like securities that have an options component if, after making the purchase, more than 10% of the net assets of a Fund (taken at market value at the time of such purchase) would consist of these instruments.

### **Securities Lending**

Securities lending involves lending for a fee portfolio securities held by the Funds for a set period of time to willing, qualified borrowers who have posted collateral. The Funds intend to enter into securities lending arrangements from time to time to the extent permitted. Any such arrangement will be a “securities lending arrangement” within the meaning of the *Income Tax Act* (Canada) (the “**Tax Act**”). In lending their securities, the Funds are subject to the risk that the borrower may not fulfill its obligations, leaving the Funds holding collateral worth less than the securities they have lent, resulting in a loss to the Funds. In the event of bankruptcy of the other party to a securities lending arrangement, the Funds could experience delays in receiving payment. However, we attempt to minimize the risk of loss to the Funds by observing risk management policies. See “Securities Lending, Repurchase and Reverse Repurchase Risk Management”.

### **Repurchase and Reverse Repurchase Agreements**

The Funds may enter into repurchase agreements, provided that not more than 50% of the net assets of a Fund may be at risk under these repurchase agreements unless Canadian securities regulatory authorities allow a Fund to invest in a greater amount. Through a repurchase agreement, a Fund sells a security at one price and concurrently agrees to buy it back from the buyer at a fixed price. Investments in repurchase agreements may be subject to certain risks. In the event of bankruptcy of the other party to the repurchase agreement, a Fund could experience delays in receiving payment. However, we attempt to minimize the risk of loss to a Fund by observing risk management policies. See “Securities Lending, Repurchase and Reverse Repurchase Risk Management”

## **DESCRIPTION OF SECURITIES**

The authorized capital of the Corporation consists of an unlimited number of shares designated as common shares (the “**Common Shares**”) of which the Manager is the only registered holder and 100 classes of shares each issuable in series and consisting of an unlimited number of shares (the “**Mutual Fund Shares**”), which classes may be designated with such name as determined by the board of directors of the Corporation. The Mutual Fund Shares and the Common Shares may be issued in fractions.

The articles of incorporation of the Corporation have authorized the issuance of the Common Shares and the two classes of Mutual Fund Shares that are currently being distributed, designated as “AlphaNorth Growth Fund” and “AlphaNorth Resource Fund”, each being a separate class of shares and mutual fund of the Corporation. The Shares of both AlphaNorth Growth Fund and AlphaNorth Resource Fund are issuable in series. At this time Series A and Series F Shares of AlphaNorth Growth Fund and Series A, Series B, Series D and Series F Shares of AlphaNorth Resource Fund are available for distribution. Series A Shares are available to all investors who purchase through Dealers and invest no less than the minimum amount. Series F Shares are available to investors who participate in fee-based programs through their Dealer, whose Dealer has signed an agreement with us and who invest no less than the minimum amount.

Series B Shares of AlphaNorth Resource Fund are issued to partners of a limited partnership whose assets have been acquired by the AlphaNorth Resource Fund pursuant to a mutual fund rollover transaction.

Series D Shares of the AlphaNorth Resource Fund shall only be issued at the Manager’s discretion to investors who acquired their Series B Shares of the AlphaNorth Resource Fund from certain limited partnerships who are switching out of the Shares into a different class of the Corporation, as a means of ensuring that such switching investor is allocated his or her fair share of the capital gains attributable to the assets disposed of by the AlphaNorth Resource Fund to effect the switch.

A Fund may issue an unlimited number of series of Shares and may issue an unlimited number of Shares within each series. A Fund may offer new series at any time, without notification to, or approval of, investors.

The board of directors of the Corporation may at any time authorize the issuance of any additional classes of Mutual Fund Shares of the Corporation in one or more series.

### **Redemptions**

All Shares are redeemable.

### **Distributions**

The board of directors of the Corporation may declare dividends at its discretion. Generally, the Corporation will only pay ordinary dividends and/or capital gains dividends to the extent necessary to minimize its tax liability. In certain situations, the Corporation may pay taxes rather than paying a dividend to its investors if management determines that it is advantageous to do so and this decision is ratified by the Corporation’s board of directors acting reasonably.

Dividends will be paid in a manner that the board of directors of the Corporation, in consultation with its management, determines to be fair and reasonable. All Shareholders of a Fund will participate in any dividends or distributions declared by the board of directors of the Corporation in respect of a class or series of Shares.

### **Liquidation Rights**

Shareholders of a Fund will generally be entitled to a distribution in the event of dissolution of the Fund. The distribution is equal to the Shares’ portion of the net assets of the series of the Fund after adjustment for expenses relating thereto and of the series of the Fund allocable thereto.

### **Voting Rights**

Each Share is non-voting and the Funds do not hold regular meetings. However, Shareholders of a Fund are permitted to vote on all matters that require Shareholder approval under NI 81-102 or under the constating documents of a Fund. These matters are:

- a change in the basis of calculation of a fee or expense that is charged to the Fund or directly to its Shareholders in a way that could result in an increase in charges to the Fund or its Shareholders,

- the introduction of a fee or expense that is charged to the Fund or directly to its Shareholders that could result in an increase in charges to the Fund or its Shareholders,
- a change in the manager, unless the new manager is an affiliate of AlphaNorth,
- a change in the fundamental investment objectives of the Fund relating to a class of Shares,
- a decrease in the frequency of the calculation of the net asset value per Share of the shareholder's class or series of the Fund,
- in certain cases, where the Fund undertakes a reorganization with, or transfers its assets to, another mutual fund or acquires another mutual fund's assets, and
- any other matter which is required by the constating documents of the Corporation applicable to the Fund, the laws applicable to the Fund, or any agreement to be submitted to a vote of the investors in the Fund.

The rights and conditions attaching to the Shares may be modified only by a special resolution of holders of Shares of the affected class or series.

## NET ASSET VALUE

### Calculation of Net Asset Value

The price of a Share of a series of a Fund is called the net asset value per Share. We calculate the price of each series of Shares of the Fund by:

- adding up the assets attributable to each series of Shares,
- subtracting the aggregate amount of expenses relating to that series of Shares, and
- dividing the remaining value by the total number of outstanding Shares of that series before giving effect to subscriptions or redemptions for that day.

When you buy or sell Shares, the price per Share is the next series net asset value per Share the Manager calculates after receiving your order. **The series net asset value per Share of a Fund will be made available to the public, at no cost, by contacting your Dealer or the Manager.**

We usually calculate the net asset value of Shares of a series of a Fund at the end of each business day. A business day is any day that the Toronto Stock Exchange ("TSX") is open. If your buy or sell order is received before 4:00 p.m. (Toronto time) on a business day, it will be processed based on the net asset value calculated that day. If your order is received after 4:00 p.m. (Toronto time) on a business day, it will be processed on the next business day based on that day's net asset value. If the TSX's trading hours are shortened on a given day or for other regulatory reasons, we may change the 4:00 p.m. deadline.

### Valuation of Fund Securities and Liabilities

The net asset value of a series of Shares must be calculated using the fair value of the assets and liabilities of that series of Shares. A summary of the valuation principles used to value the assets of a Fund are as follows:

Type of Asset	Method of Valuation
Liquid assets, including cash on hand or on deposit, bills, demand notes, accounts receivable and prepaid expenses	Valued at full face value

Type of Asset	Method of Valuation
Stocks, bonds, shares, subscription rights and other securities listed or traded on a stock exchange or other market	<ul style="list-style-type: none"> <li>• if a security was traded on a recognized exchange on the day that the net asset value is being determined, the closing sale price</li> <li>• if a security was not traded on a recognized exchange on the day that the net asset value is being determined, a price which is the average of the closing recorded bid and asked prices</li> <li>• if no bid or ask price is available, then the price last determined for such security for the purpose of calculating the net asset value</li> <li>• if the securities are listed or traded on more than one exchange, the Funds use the closing sale price from the principal exchange</li> </ul>
Restricted securities as defined in NI 81-102	<p>One of the following values, whichever is less:</p> <ul style="list-style-type: none"> <li>• the value based on reported quotations in common use</li> <li>• a percentage of the market value of unrestricted securities of the same series. This percentage is equal to the percentage of the securities' market value when the Fund bought them. If we know the date when the restriction will be lifted, we generally take into account what the actual value of the securities will be when they are no longer restricted</li> </ul>
Securities which are not listed or dealt upon any exchange	Valued using fair value techniques with the most recent available information. This may include the price of recent financing rounds of similar classes of securities. Information is obtained from issuers on financings, current developments, metrics, financial information, which may be used in analysis in valuing the interest. The use of third-party valuation agents may also be employed.
Long positions in clearing corporation options, options on futures, over the counter options, debt like securities and listed warrants	Valued at the current market value
Premiums received from written clearing corporation options, options on futures or over-the-counter options	Treated as deferred credits and valued at an amount equal to the market value that would trigger closing the position. The deferred credit is deducted when calculating the net asset value. Any securities that are the subject of a written clearing corporation option or over-the-counter option will be valued as described above
Futures contracts and forward contracts	Valued according to the gain or loss the Fund would realize if the position was closed out on the day of the valuation. If daily limits are in effect, the value will be based on the current market value of the underlying interest



Type of Asset	Method of Valuation
Money market instruments	The purchase cost of the investments, together with the amortized discounts and accrued interest receivable, represents market value
Underlying funds	Valued at the net asset value per security held by the Fund as of the end of the business day

The liabilities of a series of Shares include the following items which are attributable to the series:

- all bills, notes and accounts payable,
- all administrative expenses payable or accrued (including management fees),
- all contractual obligations for the payment of money or property,
- distributions declared payable,
- all allowances authorized or approved by AlphaNorth for taxes and contingencies,
- expenses of the Independent Review Committee established under National Instrument 81-107 *Independent Review Committee for Investment Funds ("NI 81-107")*, and
- all other liabilities except liabilities to investors for outstanding Shares.

We will use the fair value when securities are not traded and where they are usually traded we will deviate from these valuation principles in circumstances where the above methods do not accurately reflect the fair value of a particular security at any particular time, for example, if trading in a security was halted because of significant negative news about a company.

The Manager has not within the past three years exercised its discretion to deviate from the Funds' valuation practices described above.

While National Instrument 81-106 *Investment Fund Continuous Disclosure* requires investment funds, such as the Fund, to use fair value, it does not require investment funds to determine fair value in accordance with the Chartered Professional Accountants of Canada Handbook (the "**CPA Canada Handbook**"). The Funds calculate the net asset value of the securities of the Fund on the basis of the valuation principles set forth in this annual information form. For continuous disclosure purposes, net asset value is calculated as required under the CPA Canada Handbook.

## PURCHASES, REDEMPTIONS AND SWITCHES

### Buying Shares

You can buy Shares through your Dealer. You can buy them any time, and there is no limit to the number of Shares you can buy. Your Dealer will forward your completed purchase order to AlphaNorth for processing:

- on the same day if your order is received before 4:00 p.m. (Toronto time) on a business day, or
- on the next business day in all other cases.

The purchase price is based on the net asset value per Share next determined after your completed order is received. Your Dealer is required to forward your purchase order on the same day it receives your completed purchase order or, on the next business day if it receives the order after normal business hours or on any day that is not a business day. Whenever practicable, your Dealer is required to send your purchase order as soon as possible. It is the responsibility of your Dealer to send orders in a

timely manner. Your Dealer is responsible for any costs associated with sending orders. All orders must be placed through the order entry system operated by FundSERV Inc. or directly through your Dealer.

When you buy Shares your Dealer or AlphaNorth will send you a confirmation notice, which is proof of your purchase.

Your initial investment in Shares must be at least \$1,000. Subsequent investments in Shares must be at least \$500. See "Optional Services – Pre-authorized Chequing Plans" in the Funds' simplified prospectus.

### ***The Regulatory Rules for Buying***

Here are the rules for buying Shares. These rules were established by Canadian securities regulatory authorities:

- AlphaNorth must receive payment for the purchase of Shares within three business days of receiving your order. Such period will be reduced to two business days when proposed amendments to securities laws come into effect, which is currently expected in September 2017.
- If AlphaNorth does not receive payment within three business days, we are required to sell your Shares at the close of business on the next business day. Such 3-business day period will be reduced to two business days when proposed amendments to securities laws come into effect, which is currently expected in September 2017. If the proceeds are greater than the payment you owe, the Fund keeps the difference. If the proceeds are less than the payment you owe, your Dealer is required to pay the Fund the difference. Your Dealer may in turn collect this amount from you.
- We have the right to refuse any order to buy Shares within one business day of receiving it. If we reject your order, we will return your money immediately, without interest or deduction.

### **Selling Shares**

You can sell your Shares by contacting your Dealer who will forward your order for processing:

- on the same day if your sale order is received before 4:00 p.m. (Toronto time) on a business day, or
- on the next business day in all other cases.
- The sale price of the Shares is based on the net asset value per Share, next determined after we receive your completed sale order. When you sell your Shares, you receive the proceeds of your sale in cash. The Fund may also charge you a fee imposed for inappropriate short-term trading if you sell Shares within 90 days of buying them. See "Fees and Expenses - Fees and Expenses Payable Directly by You - Short-term Trading Fee" in the Funds' simplified prospectus.

### ***The Regulatory Rules for Selling***

Here are the rules for selling Shares:

- As directed by AlphaNorth, SGGG will pay the proceeds of the sale to you, or to anyone else that you choose. SGGG makes payments by cheque or wire payment, within three business days of receiving a complete sale order. Such period will be reduced to two business days when proposed amendments to securities laws come into effect, which is currently expected in September 2017.
- If the sale proceeds are more than \$20,000, or if you want the proceeds paid to someone else, your signature must be guaranteed by your bank, trust company or Dealer. In some other cases, SGGG may require other documents or proof of signing authority.

- If SGGG has not received all the required documents within 10 business days of receiving your sell order, we will instruct SGGG to issue the same number of Shares on the 10th business day after the redemption request. If the cost is less than the sale proceeds, the Fund will keep the difference. If the cost is more than the sale proceeds, the Fund will collect this amount and any related costs from your Dealer, who may have the right to collect it from you.

***Suspension of Right of Redemption***

The law allows us to suspend your right to sell Shares when:

- normal trading is suspended on an exchange on which shares are listed and traded, or on which permitted derivatives are traded, if those shares or derivatives represent more than 50% by value, or underlying market exposure, of the total assets of the Fund relating to the class of shares without allowance for liabilities and if those shares or derivatives are not traded on any other exchange that represents a reasonable practical alternative for the Fund, or
- permission from securities regulatory authorities is received.
- While your right to sell Shares is suspended, we won't accept orders to buy Shares. You may withdraw your sell order before the end of the suspension period. Otherwise, we will sell your Shares at the next price calculated after the suspension period ends.

**Switches**

A Shareholder may switch between classes or series of Shares of the Corporation, provided that in each case the Shareholder meets the minimum initial investment amount and minimum account balance of the new class or series of Shares. Shares will only be switched if the Shareholder completes the necessary documents and sends them to the Manager. Shareholders can switch through their Dealer, subject to any switch fee the Dealer may charge. Switching between classes of Shares of the Corporation is generally considered a disposition for income tax purposes. See "Income Tax Considerations For Investors".

**Reclassification**

Switching Shares from one series of Shares to another series of Shares of the same Fund is called reclassification. A Shareholder may reclassify between series of Shares of the same Fund, provided that in each case the Shareholder meets the minimum initial investment amount and minimum account balance of the new series of Shares. Shares will only be reclassified if the Shareholder completes the necessary documents and sends them to the Manager. Shareholders can reclassify through their Dealer, subject to any reclassification fee the Dealer may charge. Reclassifying between series of Shares of the same Fund is generally not considered a disposition for income tax purposes.

**RESPONSIBILITY FOR OPERATIONS OF THE FUNDS**

AlphaNorth Mutual Funds Limited has its own board of directors with all of the regular duties imposed upon directors of a corporation under the *Business Corporations Act* (Ontario). Under that statute, the board of directors must act honestly, in good faith and in the best interests of the Corporation and must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances. To help them carry out their obligations to the Funds, the board of directors has engaged the Manager as manager of the Funds to direct the day to day management of the business and affairs of the Funds to the extent permitted under the statute.

The officers and directors of the Corporation are as follows:

Name and Municipality of Residence	Positions
Steven Palmer	President, Chief Executive Officer and Director

Toronto, Ontario	
<b>Joey Javier</b> Toronto, Ontario	Chief Financial Officer and Director
<b>Kerry Salsberg</b> Toronto, Ontario	Director

### The Manager

The Manager of the Funds is AlphaNorth, a general partnership formed under the laws of the Province of Ontario on August 16, 2007. Its head office is located at 333 Bay Street, Suite 630, Toronto, Ontario M5H 2R2. The Manager can be reached by phone at 416-506-0776. The Manager's email is [info@alphanorthasset.com](mailto:info@alphanorthasset.com) and its internet site is [www.alphanorthasset.com](http://www.alphanorthasset.com).

Founded in 2007, the Manager's goal is to achieve superior long term returns. The Manager's value added approach combines both fundamental and technical analysis. The investment approach seeks to exploit inefficiencies in the market. The investment approach utilizes both a top-down and a bottom-up approach employing the successful track record and investment experience of Steven Palmer and Joey Javier who have worked as a team in the investment industry since 1998. The Manager currently manages the AlphaNorth Partners Fund, a long-biased small cap hedge fund which was launched on December 3, 2007. The Manager combines both a bottom-up and top-down strategy in the selection of investments offering the best reward versus risk opportunities. Fundamental analysis including management meetings are routinely employed in the security selection process. Technical analysis is also employed to assist in the timing of buy and sell decisions.

Pursuant to a management agreement, the Manager provides various services to the Funds, including portfolio advisory services, investor relations, oversight of service providers and general administrative support and will act as the portfolio manager and investment fund manager of the Funds. The Manager shall (i) act honestly and in good faith, and in the best interests of the Funds and (ii) exercise its powers and discharge its duties thereunder honestly, in good faith and in the best interests of the Funds and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Manager will not be liable in any way for any default, failure or defect in any of the investments included in a Fund portfolio if it has satisfied the duties and standard of care, diligence and skill set forth above. For its services, the Manager is entitled to receive from each Fund, an annual management fee and a performance fee. See "Fees and Expenses" in the Funds' simplified prospectus.

The Corporation may terminate the management agreement, on behalf of the Funds, if (i) the Manager is in material default of its obligations thereunder and such default has not been cured within 20 business days after notice of same has been given to the Manager by the Corporation on behalf of the Funds, and (ii) upon notice of the Corporation, on behalf of the Funds, to the Shareholders of such default, the Shareholders by a two-thirds majority vote passed at a duly convened meeting of Shareholders called for the purpose of considering such removal, determine to remove the Manager and appoint a successor manager of the Corporation. The management agreement may be terminated immediately by the Corporation in the event of the commission by the Manager of any fraudulent act and shall be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors.

The Manager may terminate the management agreement at any time on 60 days written notice to the Corporation. A change in the manager of a Fund (other than to an affiliate of the Manager) may be made only with the approval of the Shareholders of the Corporation and of the securities regulatory authorities.

## Executive Officers of AlphaNorth Asset Management

The names, municipalities of residence of the executive officers of AlphaNorth and their principal occupations during the last five years are as follows:

Name and Municipality of Residence	Position With AlphaNorth	Principal Occupation
<b>Steven Palmer</b> Toronto, Ontario	President and Chief Executive Officer	President and Chief Executive Officer of AlphaNorth
<b>Joey Javier</b> Toronto, Ontario	Chief Financial Officer, Vice President, Secretary and Chief Compliance Officer	Chief Financial Officer, Vice President, Secretary and Chief Compliance Officer of AlphaNorth

*Steven Palmer* is the founding partner and Chief Executive Officer of AlphaNorth. Steven currently manages and advises on over \$80 million in assets at AlphaNorth. The AlphaNorth Partners Fund, the firm's flagship fund, is a long-biased small cap hedge fund.

Steven began his career in the investment industry in 1995 and founded AlphaNorth in 2007. From July 1998 to August 2007 he was employed at one of the world's largest financial institutions as Vice President - Canadian Equities where he managed Canadian equity assets of approximately \$350 million. Steven managed a pooled fund which focused on small capitalization companies from its inception in August 1998 until August 2007.

Prior to this, Steven was employed as a Portfolio Manager at a high net worth investment boutique. Steven started his career in January 1995 as a Research Associate and quickly progressed to Research Analyst. Steven has a BA in Economics from the University of Western Ontario and is a Chartered Financial Analyst.

*Joey Javier* is the Chief Financial Officer, Vice President, Secretary, Chief Compliance Officer of the Manager. Joey is a founding partner and Head Trader of AlphaNorth. He began his career in the investment industry in 1995 performing a variety of roles in systems and operations. In 1997 he became the Head Trader responsible for all equities and money market trading as well as back-up for the fixed income portfolio manager at one of the world's largest financial institutions. Joey was later awarded the additional responsibilities of Assistant Portfolio Manager. Joey's background allows him to effectively manage the operations and accounting functions at AlphaNorth. Joey is a Chartered Investment Manager and a member of the Institutional Equity Traders Association. Joey earned a BA in Economics from York University.

### Brokerage Arrangements

The Manager is responsible for executing Fund transactions for the securities, including selecting the market and Dealer and negotiating commissions, where applicable. In effecting portfolio transactions, the Manager seeks to obtain prompt execution of orders on favourable terms. To the extent that executions, services and prices offered by more than one Dealer are comparable, the Manager may, in its discretion, allocate brokerage transactions for other securities to compensate brokerage firms for general investment research, statistical and other similar services that benefit the Funds and the Shareholders.

### Custodian

Laurentian Bank receives and holds all cash, portfolio securities and other assets of the Funds for safekeeping at its Montreal offices.

The Manager has appointed Laurentian Bank Securities (the "Custodian"), as custodian pursuant to the terms of a master custodian agreement in respect of the Funds dated August 5, 2015 between the

Manager and the Custodian (the “**Custodian Agreement**”). The Custodian receives and holds all cash, portfolio securities and other assets of the Funds for safekeeping at its Québec offices, other than portfolio securities traded on foreign markets as noted below. The Custodian is located at 1981 McGill College Ave., Suite 100, Montreal, Québec H3A 3K3. The Custodian Agreement provides that a fund will become subject to its terms when named therein or added by an instrument of accession. The Custodian Agreement may be terminated by either the Custodian or the Manager, on behalf of the Funds, by giving a minimum of 90 days’ written notice to the other party.

Under the Custodian Agreement, the Custodian has the power to appoint sub-custodians. If the portfolio securities are acquired in any foreign market, they are kept at the office of the sub-custodian appointed in the jurisdiction in which such market is situated. The Custodian may appoint one or more sub-custodians in accordance with NI 81-102 in each foreign jurisdiction in which the Funds hold securities of issuers of such foreign jurisdictions.

A Fund may deposit securities or cash as margin:

- with a dealer when it uses clearing corporation options, options on futures or futures contracts; or
- with the other party in the case of over-the-counter options or forward contracts in accordance with the policies of the securities regulatory authorities.

In these cases, the dealer or the other party also acts as a custodian.

### **Independent Auditor**

The independent auditor of the Funds is KPMG LLP, Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants, Toronto, Ontario. The auditor conducts an audit of the annual financial statements of the Funds in accordance with generally accepted auditing standards.

### **Administrator and Record Keeper**

SGGG Fund Services (“**SGGG**”) is the valuation agent, recordkeeper and registrar for the Funds pursuant to a fund valuation and unitholder recordkeeping services agreement dated as of June 1, 2016 (the “**Services Agreement**”). Under the Services Agreement, SGGG has agreed to indemnify the Manager and the Funds for certain losses that arise out of SGGG’s gross negligence or wilful misconduct. The Services Agreement may be terminated by SGGG or the Manager at any time on three months written notice. The principal office of SGGG is at 121 King St West, Suite 300, Toronto, ON, M5H 3T9, where the register of securities of the Funds is kept.

### **Securities Lending Agent**

If a Fund chooses to undertake a securities lending, repurchase or reverse repurchase transaction, then the Fund’s Custodian will act as the securities lending agent. The securities lending agent will act on behalf of the Fund in administering securities lending, repurchase or reverse repurchase transactions entered into by the Fund. The securities lending agent will be independent of us. If an agreement is entered into with a securities lending agent, such agreement will provide for the types of transactions that may be entered into by the Fund, types of portfolio assets of the Fund that may be used, collateral requirements, limits on transaction sizes, permitted counterparties to the transactions and investment of any cash collateral.

To minimize the risks of these transactions, the borrower or buyer of securities must provide collateral that is worth at least 102% of the value of the securities in securities lending, repurchase or reverse repurchase transactions and which is of the type permitted by the Canadian securities regulators. The value of the securities used in securities lending, repurchase or the reverse repurchase transactions and the collateral will be monitored daily and the collateral adjusted appropriately by the Custodian. The Fund may not commit more than 50% of its net asset value in securities lending, repurchase or reverse repurchase transactions at any time. It is anticipated that any such securities lending transactions may be

terminated at any time and any repurchase and reverse repurchase will have a maximum term of 30 days.

The Manager will review any such agency agreements and the securities lending, repurchase and reverse repurchase arrangements annually to ensure that they comply with Canadian securities regulations and the governance policies of the Fund. The risk factors associated with securities lending and repurchase and reverse repurchase transactions are disclosed in the simplified prospectus of the Fund.

## CONFLICTS OF INTEREST

### Principal Holders of Securities

As of the date of this Annual Information Form, the Manager owns 100 common shares of the Corporation, representing 100% of the voting securities outstanding, such that the effective ownership in the Corporation's common shares is held by Palmer Asset Management Limited;<sup>1</sup> and PowerOne Asset Management Limited.<sup>2</sup>

The services of the Manager are not exclusive to the Funds. The Manager and its affiliates are not in any way limited in their ability to carry on other business ventures for their own account or for the account of others, and currently engage and may in the future engage in the same business activities or pursue the same investment opportunities as the Funds. Certain officers or employees of the Manager and its affiliates (or the associates of such individuals) may be or become directors or officers of companies in which the Funds may invest, subject to compliance with applicable law.

### Fund Governance

An Independent Review Committee ("IRC") has been established for all public investment funds under the management of AlphaNorth or its affiliates, including the Funds. The IRC is composed of three members: Robert J. Metcalfe (chairperson), James Tucker and David B. Cottingham each of whom is independent from AlphaNorth. The IRC functions in accordance with NI 81-107. The IRC is required to review conflicts of interest matters brought to it by AlphaNorth and, in most cases, make recommendations to AlphaNorth, or in certain cases such as inter-fund trades, investing in securities of related parties and investing in securities underwritten by a related party, make a decision whether or not to approve the AlphaNorth proposal.

AlphaNorth has established guidelines relating to business practices, risk management controls, personal trading by employees and conflicts of interest. The investment activities of the portfolio manager are monitored by or on behalf of AlphaNorth. The above-mentioned policies and procedures also addresses confidentiality, fiduciary duty, enforcement of rules of conduct and sanctions for violations.

AlphaNorth markets the Funds to Dealers. In doing so, AlphaNorth requires employees involved in the marketing function to become knowledgeable regarding regulatory limitations and requires marketing material to be compliant with regulatory requirements.

## PROXY VOTING POLICIES AND PROCEDURES

AlphaNorth, as manager of the Funds, has established policies and procedures in relation to voting on matters for which the Funds receive, in their capacity as securityholder, proxy materials for a meeting of securityholders of an issuer.

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<sup>1</sup> All of the voting securities of this corporation are owned by Steven Palmer.

<sup>2</sup> All of the voting securities of this corporation are owned by PowerOne Capital Markets Limited.

The guidelines established by AlphaNorth provide a framework for a portfolio manager on how to approach the voting of securities held by the Fund to create a disciplined approach to voting.

Under the guidelines, the primary responsibility of a portfolio manager in respect of proxy voting is to maximize positive economic effect on the Funds' value and to protect the Funds' rights as a shareholder in the best interests of the Funds. The guidelines include discussion regarding particular matters brought to a vote but the guidelines are not exhaustive. A portfolio manager may depart from the guidelines on specific matters addressed in the policy where the portfolio manager believes it is necessary to do so in the best interests of the Fund and its securityholders.

The Funds are considered to have received a solicitation at the time they have received notice at their offices. In the event a portfolio manager does not receive a solicitation within sufficient time to execute a vote or the proxy is not submitted to the issuer in the time required, the Fund will not be able to vote on the matters solicited.

The policies and procedures that the Funds follow when voting proxies relating to portfolio securities are available on request, at no cost, by e-mailing us at [info@alphanorthasset.com](mailto:info@alphanorthasset.com) or by writing to us at:

AlphaNorth Asset Management  
333 Bay Street, Suite 630  
Toronto, Ontario M5H 2R2

The following are the guidelines on commonly raised matters:

- **Elections of Directors:** Unless there is a proxy fight for seats on the board or we determine that there are other compelling reasons for withholding votes for directors, we will vote in favour of the management proposed slate of directors. We may withhold votes for directors who fail to act on key issues, who fail to attend regularly board meetings or for any director nominee deemed to be an insider who also serves on the board's audit or compensation committees.
- **Appointment of Auditors:** We believe that the company remains in the best position to choose the auditors and will generally support management's recommendation. We may vote against the appointment of auditors if the fees for non-audit related services are disproportionate to the total audit fees paid by the company or there are other reasons to question the independence of the company's auditors.
- **Changes in Capital Structure:** Changes in a company's charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, we will cast our votes in accordance with the company's management on such proposals. However, we will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company.
- **Corporate Restructures, Mergers and Acquisitions:** We believe proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis, weighing heavily the views of the research analysts that cover the company and the investment professionals managing the portfolios in which the stock is held.
- **Proposals Affecting Shareholder Rights:** We believe that certain fundamental rights of shareholders must be protected. We will generally vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights. However, when analyzing such proposals we will weigh the financial impact of the proposal against the impairment of shareholder rights.



- **Corporate Governance:** We recognize the importance of good corporate governance in ensuring that management and the board of directors fulfill their obligations to the shareholders. We favour proposals promoting transparency and accountability within a company.
- **Anti-Takeover Measures:** We believe that measures that impede takeovers or entrench management not only infringe on the rights of shareholders but may also have a detrimental effect on the value of the company. We will generally oppose proposals, regardless of whether they are advanced by management or shareholders, the purpose or effect of which is to entrench management or dilute shareholder ownership. Conversely, we support proposals that would restrict or otherwise eliminate anti-takeover measures that have already been adopted by corporate issuers.
- **Executive Compensation:** We believe that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefit awards offered. Whether proposed by a shareholder or management, we will review proposals relating to executive compensation plans on a case-by-case basis to ensure that the long-term interests of management and shareholders are properly aligned. We will analyze the proposed plans to ensure that shareholder equity will not be excessively diluted, the option exercise price is not below market price on the date of grant and an acceptable number of employees are eligible to participate in such programs.
- **Social and Corporate Responsibility:** We will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues to determine whether they will have a financial impact on shareholder value. We will vote against proposals that are unduly burdensome or result in unnecessary and excessive costs to the company. We may abstain from voting on social proposals that do not have a readily determinable financial impact on shareholder value.
- **Fund of Fund Voting:** If a Fund invests in securities of another mutual fund, the Manager will vote the securities the Fund holds in the mutual fund unless the mutual fund is managed by AlphaNorth.

#### **Proxy Voting Record**

As manager, AlphaNorth will compile and maintain annual proxy voting records for the Funds for the annual periods beginning July 1 in a year and ending June 30 of the following year. The proxy voting records will be made available on the AlphaNorth website by August 31 in any year. AlphaNorth will deliver a copy of the Funds' proxy voting policies and guidelines and/or proxy voting records free of charge to Shareholders of the Fund upon request.

#### **POLICY ON THE USE OF DERIVATIVES**

A Fund may use derivatives as permitted under securities law. See "Investment Restrictions and Practices - Derivative Instruments" for more details. AlphaNorth will monitor compliance by portfolio managers with securities law requirements for the use of derivatives. In addition, the portfolio managers have their own policies and procedures relating to derivatives trading.

#### **SECURITIES LENDING, REPURCHASE AND REVERSE REPURCHASE RISK MANAGEMENT**

A Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in accordance with applicable securities legislation.

AlphaNorth will appoint a custodian or sub-custodian to act as the agent of the Funds to enter into securities lending transactions, repurchase transactions and reverse repurchase transactions on behalf of the Funds. The agency agreement will provide for the types of transactions that may be entered

into by the Funds, types of Fund assets that may be used, collateral requirements, limits on transaction sizes, permitted counterparties to the transactions and investment of any cash collateral. The agency agreement will provide for, and the agent will develop, policies and procedures which provide that securities lending, repurchase and reverse repurchase transactions will be entered into in accordance with the standard investment restrictions and practices set out in this annual information form. Further, the agent will:

- ensure that collateral is provided in the form of cash, qualified securities or securities that can be converted into the securities which are the subject of the securities lending, repurchase or reverse repurchase transactions,
- value the loaned or purchased securities and the collateral every day to ensure that the collateral is worth at least 102% of the value of the securities,
- invest any cash collateral in accordance with the investment restrictions specified in the agency agreement,
- invest no more than 50% of the total assets of a Fund in securities lending or repurchase agreements at any one time, and
- assess the creditworthiness of the counterparties to securities lending, repurchase and reverse repurchase transactions.

The securities lending transactions of a Fund may be terminated by the Fund at any time. Repurchase and reverse repurchase transactions of the Fund will have a maximum term of 30 days.

AlphaNorth will review the agency agreement and the agent's policies and procedures on an annual basis to ensure that they comply with applicable laws.

AlphaNorth is responsible for managing the risks associated with securities lending, repurchase and reverse repurchase transactions.

### **SHORT-SELLING**

The Funds may sell securities short, by providing a security interest over Fund assets in connection with the short sales and by depositing Fund assets with Dealers as security in connection with such transactions. A short sale by a Fund involves borrowing securities from a lender and selling those securities in the open market. The same number of securities are then repurchased by the Fund at a later date and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pays interest to the lender on the borrowed securities. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund will make a profit equal to the difference (less any interest the Fund pays to the lender). The possibility of short-selling provides the Funds with more opportunities for profits when markets are declining or volatile.

Written policies and procedures relating to short-selling by the Funds will be developed by the Manager. Any agreements, policies and procedures that are applicable to a Fund related to short-selling (including trading limits and controls in addition to those specified above) will be prepared and reviewed by the Manager. The IRC will be kept informed of the Manager's short-selling policies. The decision to effect any particular short sale will be made by the Manager and reviewed and monitored as part of the Manager's ongoing compliance procedures and risk control measures.

The Funds will engage in short-selling only within certain controls and limitations. Securities will be sold short only for cash and the Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales will be effected only through market facilities through which those securities normally are bought and sold and the Funds will short sell a security only if the Manager has prearranged to borrow for the purposes of such short sale. As well,

the Funds will short sell only securities that are not “illiquid assets” (as such term is defined in NI 81-102) that are traded on a stock exchange or bonds, debentures or other evidences of indebtedness of, or guaranteed by, any issuer, at the time securities of a particular issuer are sold short by a Fund, the aggregate market value of all securities of that issuer sold short will not exceed 5% of the net assets of that Fund. The aggregate market value of all securities sold short by a Fund will never exceed 20% of its net assets on a daily marked-to-market basis.

The Funds may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The Funds will also hold cash cover in an amount that is at least 150% of the aggregate market value of all securities sold short on a daily marked-to-market basis, including the assets deposited with lenders. No proceeds from short sales will be used by the Funds to purchase long positions other than cash cover. Where the Funds enter into short sales in Canada, every Dealer that holds Fund assets as security in connection with the short sale must be a registered Dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. Where the Funds enter into short sales outside of Canada, every Dealer that holds Fund assets as security in connection with the short sale must be a member of a stock exchange and have a net worth in excess of the equivalent of \$50 million determined from its most recent audited financial statements.

## **INCOME TAX CONSIDERATIONS FOR INVESTORS**

The following general summary describes the principal Canadian federal income tax considerations under the Tax Act, as of the date hereof, for individuals (other than trusts) who acquire Shares and who, for the purposes of the Tax Act are resident in Canada, hold Shares as capital property and deal at arm’s length with and are not affiliated with the Corporation. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific, published proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency. This summary does not take into account or anticipate any changes in law other than the Tax Proposals, whether by legislative, administrative or judicial action, and it does not take into account provincial or foreign income tax legislation or considerations.

This summary is based on the assumptions that the Corporation qualifies at all times as a “mutual fund corporation” within the meaning of the Tax Act. To so qualify, the Corporation must be a “public corporation”, within the meaning of the Tax Act, its sole undertaking must, in general, be the investing of its funds in property (other than real property or interests in real property), and the Shares must be redeemable at the demand of the holders of those Shares. If the Corporation was to fail to qualify as a mutual fund corporation, the income tax considerations described below would in some respects be materially different.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Therefore, prospective shareholders are advised to consult their own tax advisers about their individual circumstances.

### **Tax Treatment of the Corporation**

The Corporation is entitled in certain circumstances to a refund of tax paid or payable by it in respect of its net realized capital gains. In certain circumstances where the Corporation has recognized a capital gain in a taxation year, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient capital gains dividends and/or capital gains redemptions. Also, the Corporation is entitled to maintain capital gains dividend accounts in respect of its realized net capital gains and from which it may elect to pay dividends (“**Capital Gains Dividends**”) which are

treated as capital gains in the hands of the Shareholders of the Funds (see “Tax Treatment of Shareholders” below).

The Corporation has elected in accordance with the Tax Act to have its “Canadian securities” treated as capital property. Such an election will ensure that gains or losses realized by the Funds on Canadian securities are treated as capital gains or capital losses.

In computing income for a taxation year, the Corporation will be required to include in income all dividends received by the Funds in the year. In computing taxable income, the Corporation will generally be permitted to deduct all dividends received by it from taxable Canadian corporations. The Corporation is subject to a refundable tax under Part IV of the Tax Act on taxable dividends received by the Funds during the year to the extent that such dividends were deductible in computing the Corporation’s taxable income for the year. This tax is refundable upon payment by the Corporation of sufficient dividends other than Capital Gains Dividends (“**Ordinary Dividends**”).

The Corporation qualifies as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Funds.

The Funds may experience gains or losses from derivative activities and, depending on the nature of these activities, such gains or losses may be treated on income or capital account.

To the extent that the Funds earn income other than dividends from taxable Canadian corporations and taxable capital gains, the Corporation will be subject to income tax on such income and no refund will be available in respect thereof.

The Corporation is required to compute its income and gains for tax purposes in Canadian dollars. Any foreign investments in a Fund’s portfolio may therefore give rise to foreign exchange gains or losses that will be taken into account in computing the Corporation’s income for tax purposes.

Although the Corporation has different classes of Shares, it must compute income and net capital gains for tax purposes as a single entity. For example, net losses or net capital losses in respect of the investment portfolio of a particular Fund may be applied to reduce the net income or net realized capital gains of the Corporation as a whole. Generally, this will benefit the investors in the Corporation other than the particular Fund. The Corporation will, on a discretionary basis, allocate its income or loss and the applicable taxes payable to each of the Funds. The Corporation may pay Capital Gains Dividends to Shareholders of any Fund so that it can receive a refund of capital gains taxes it has paid. In particular, significant capital gains taxes may arise under such circumstances when the Corporation is required to realize capital gains on property which accrued prior to the property being owned by the Corporation. This results from tax-deferred transfers of property to the Corporation from limited partnerships.

### ***Distributions***

The board of directors of the Corporation may declare dividends at its discretion. The Corporation will pay distributions to Shareholders in accordance with its distribution policy relative to the series of Shares, and will also pay a special year-end distribution to Shareholders where the Corporation has net taxable capital gains upon which it would otherwise be subject to tax or where the Corporation needs to pay a dividend in order to recover refundable tax not otherwise recoverable. In particular, special year-end Capital Gains Dividends may be paid by the Corporation where it is required to realize capital gains on property which accrued prior to the property being owned by it. While the principal sources of income of the Funds are expected to include taxable capital gains as well as dividends from taxable Canadian corporations, to the extent that the Corporation earns net income, after expenses, from other sources, it will be subject to income tax on such income and no refund of such tax will be available.

However, due to the deductible expenses available to the Corporation, it is not expected to have a material net income tax liability.

## **Tax Treatment of Shareholders**

Shareholders must include in income Ordinary Dividends paid to them by the Corporation, whether such dividends are received in cash or reinvested in additional Shares. Ordinary Dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations.

The amount of any Capital Gains Dividend received by a Shareholder from the Corporation will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the Capital Gains Dividend is received.

The amount of any payment received by a Shareholder from the Corporation as a return of capital on a Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant Share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain at that time and the Shareholder's adjusted cost base will be increased by the amount of such deemed capital gain. See "Disposition of Shares" below.

Shareholders will be advised each year of the composition of amounts distributed to them.

An investor who purchases Shares may be taxed on income, accrued but unrealized capital gains and realized but undistributed capital gains that are in a Fund at the time Shares are purchased and that are reflected in the purchase price of the Shares. As a consequence of tax-deferred transfers of property to a Fund by certain limited partnerships, a Shareholder may receive Capital Gains Dividends that relate to gains on the property that accrued prior to the property being owned by the Fund. The Corporation may declare and pay Capital Gains Dividends to Shareholders of any series of Shares, regardless of whether the related capital gains resulted from a disposition of securities in a portfolio related to a particular series of Shares. It is anticipated that a substantial portion of the assets of a Fund will consist of property transferred to the Fund by limited partnerships on a tax-deferred basis. Series D Shares of AlphaNorth Resource Fund may be issued to investors who wish to switch their Shares for shares of another class of the Corporation (See "Description of Securities"). Additional Capital Gains Dividends may be paid to holders of Series D Shares of AlphaNorth Resource Fund in respect of capital gains realized by such Fund as a result of dispositions by the Fund of property done in order to effect the switch to a different class. Switching between classes of Shares is considered a disposition for purposes of the Tax Act. Reclassifying between series of Shares of the same Fund is not considered a disposition for purposes of the Tax Act.

## **Disposition of Shares**

Upon the redemption, retraction or other disposition of a Share by a Shareholder, a capital gain (or a capital loss) will be realized by such Shareholder to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. The adjusted cost base of each Share of a particular series will generally be the weighted average of the cost of the Shares of that series acquired by a Shareholder at a particular time and the aggregate adjusted cost base of any Shares of that series held immediately before the particular time.

One-half of a capital gain (a taxable capital gain) is included in computing income of such Shareholder and one-half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act.

## ***Non-Taxable Shareholders***

In general, the amount of distributions paid or payable to a registered plan (as defined under "Eligibility for Registered Plans") from the Corporation will not be taxable under the Tax Act until it is withdrawn from the registered plan (other than a tax-free savings account ("TFSA")).

A registered plan that sells Shares will be considered to have disposed of those Shares for the purposes of the Tax Act. In general, proceeds from a sale by a registered plan will not be taxable under the Tax Act until they are withdrawn from the registered plan (other than a TFSA).

### **Eligibility for Registered Plans**

Provided that the Corporation at all times qualifies as a “mutual fund corporation” under the Tax Act, Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSP”), registered retirement income funds (“RRIF”), deferred profit sharing plans, registered disability savings plans (“RDSP”), TFSAs and registered education savings plans (“RESP”)(each a “**registered plan**”). Provided the holder of a TFSA or the annuitant of an RRSP or RRIF, as the case may be, (i) deals at arm's length with the Corporation, and (ii) does not have a “significant interest” (within the meaning of the Tax Act) in the Corporation, Shares will not be a prohibited investment under the Tax Act for such TFSA, RRSP or RRIF. In addition, Shares will generally not be a “prohibited investment” if the Shares are “excluded property” as defined in the Tax Act. Based on certain Tax Proposals announced on March 22, 2017, it is proposed that the prohibited investment rules described above will be extended to cover RDSPs and RESPs.

### **International Information Reporting**

Pursuant to amendments to the Tax Act that implemented the Canada-United States Enhanced Tax Information Exchange Agreement (the “IGA”), the Dealer through which you hold your investment in a Fund is subject to due diligence and reporting obligations with respect to the financial accounts that they maintain. You may be requested to provide information to your Dealer in order to allow the Dealer to identify United States persons holding investments in the Fund as well as “controlling persons” of holders who are United States persons. If you are a United States person (including, for example, a United States citizen or green card holder who is resident in Canada) or if you do not provide the requested information, your Dealer will be required under Part XVIII of the Tax Act to report certain information about your investment in a Fund, including certain personal identifying details as specified in the IGA, to the Canada Revenue Agency (“CRA”), unless you hold your investments in a registered plan (as defined in “Income tax considerations for investors - Eligibility for registered plans”). The CRA will automatically provide this information to the United States Internal Revenue Service. The Corporation intends to comply with the requisite due diligence and reporting requirements of the IGA, to thereby be relieved from certain provisions that would otherwise have been applicable under the United States Foreign Account Tax Compliance Act, including, for example, the imposition of a 30% U.S. withholding tax on certain U.S. source payments as well as potential penalties.

In addition, Canada has signed the Organization for Economic Co-operation and Development (“OECD”) Multilateral Competent Authority Agreement and Common Reporting Standard (“CRS”). The CRS is a global model for the automatic exchange of information on certain financial account information applicable to residents of jurisdictions other than Canada or the United States. Effective as of July 1, 2017, the Dealers through which you hold your investments in a Fund will be required, under new Part XIX of the Tax Act, to have procedures in place to identify investments in a Fund that are held by residents of foreign countries (other than the United States) or by certain entities the “controlling persons” of which are resident in such foreign countries and to report required information to the CRA. Such information is to be exchanged beginning in May 2018 on a reciprocal, bilateral basis with the foreign jurisdictions in which such holders, or such controlling persons, are resident, unless the investments are held in a registered plan (as defined in “Income tax considerations for investors - Eligibility for registered plans”).

## REMUNERATION OF DIRECTORS, OFFICERS AND THE IRC

No remuneration, fees or reimbursement of expenses is paid by the Funds to the directors or officers of AlphaNorth.

The fees and other reasonable expenses of members of the IRC, as well as premiums for insurance coverage for such members, will be paid by the Funds. Each Fund's portion of the total fees payable annually to the IRC for services performed for the Fund will be approximately \$1,700 (plus applicable taxes) per IRC member, plus reimbursement of expenses. IRC members were paid an aggregate of approximately \$5,791 for the period ended December 31, 2016 in fees and reimbursed expenses related to services provided as follows: Robert J. Metcalfe (chairperson), \$2,119; James Tucker, \$1,836; and David B. Cottingham, \$1,836.

## MATERIAL CONTRACTS

The following material contracts entered into in respect of the Funds are currently in effect:

- The Management Agreement, as amended from time to time, in respect of the Funds entered into between AlphaNorth and AlphaNorth Mutual Funds Limited, as of June 10, 2011
- The Custodian Agreement entered into between Laurentian Bank Securities and AlphaNorth, as of August 5, 2015
- The fund valuation and unitholder recording keeping services agreement entered into between SGGG and AlphaNorth dated as of June 1, 2016
- Articles of Incorporation dated April 29, 2011.

You may inspect the contracts for the Funds, each of which is described elsewhere in this annual information form, at the head office of the Funds at 333 Bay Street, Suite 630, Toronto, Ontario, M5H 2R2, on any business day during normal business hours.

### **Articles of Incorporation of AlphaNorth Mutual Funds Limited**

AlphaNorth Mutual Funds Limited is a corporation incorporated under the laws of Ontario on April 29, 2011 pursuant to its articles of incorporation, as amended. The articles set out the number of directors of the Corporation; the restrictions of the Corporation; the classes and series of shares of the Corporation and the rights, privileges, restrictions and conditions applicable to such share classes and series including, the security price for issuance of shares, dividend rights, voting rights, rights on liquidation and winding up of the class or series. See "Name, Formation and History" and "Description of Securities".

## LEGAL PROCEEDINGS

There are no outstanding material legal proceedings to which the Funds or the Manager are a party, nor are there any such proceedings known to be contemplated.

**CERTIFICATE**  
**OF**  
**ALPHANORTH GROWTH FUND**  
**ALPHANORTH RESOURCE FUND**  
**AND**  
**ALPHANORTH ASSET MANAGEMENT**  
**AS MANAGER AND PROMOTER**

June 14, 2017

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of the provinces of Alberta, British Columbia and Ontario and do not contain any misrepresentations.

AlphaNorth Mutual Funds Limited, on behalf of the Funds:

*(signed) "Steven Palmer"*

*(signed) "Joey Javier"*

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Steven Palmer  
Chief Executive Officer

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Joey Javier  
Chief Financial Officer

On behalf of the Board of Directors of  
AlphaNorth Mutual Funds Limited:

*(signed) "Steven Palmer"*

*(signed) "Joey Javier"*

*(signed) "Kerry Salsberg"*

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Steven Palmer  
Director

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Joey Javier  
Director

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Kerry Salsberg  
Director

AlphaNorth Asset Management, as Manager and Promoter of the Funds,  
by its Officers:

*(signed) "Steven Palmer"*

*(signed) "Joey Javier"*

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Steven Palmer  
Chief Executive Officer

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Joey Javier  
Chief Financial Officer



**ANNUAL INFORMATION FORM  
ALPHANORTH MUTUAL FUNDS LIMITED**

**AlphaNorth Growth Fund  
AlphaNorth Resource Fund**

Additional information about the Funds is available in the Funds' Fund Facts, management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by e-mail at [info@alphanorthasset.com](mailto:info@alphanorthasset.com).

These documents and other information about the Funds, such as information circulars and material contracts, are also available on the AlphaNorth internet site at [www.alphanorthasset.com](http://www.alphanorthasset.com) or at [www.sedar.com](http://www.sedar.com).

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**Account Related Enquiry: 1-877-506-8122**

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