



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Partners Fund

January 2023

NAV
Class A \$25.676
Class D \$19.719

Fund Review In January the Fund returned 14.3%, as compared to the TSX Venture index and TSX Total Return index, which returned 9.8% and 7.4% respectively during the month.

DelphX Capital Markets (TSXV:DELX) was the largest contributor to performance gaining 150% in January. The share price gains have since moderated as the company has decided to top up the treasury with a small capital raise. We continue to maintain a significant position in the company including a large number of warrants. The company's business is highly scalable and we believe significant price gains will occur if the industry adopts their next generation of credit protection products.

Greenland Resources (NEO:MOLY) increased by 49%. The company is advancing a large molybdenum project in Greenland. The molybdenum price has increased significantly in recent months. Molybdenum is considered a critical mineral primarily used in steel and chemicals. The EU is the second largest steel producer in the world yet has no domestic molybdenum production. Greenland is in close proximity and can potentially provide an environmentally friendly source for molybdenum to the EU.

Current sector allocations are as follows: 30% technology, 19% life sciences, 14% consumer, 9% precious metals, 19% metals, 5% energy, 4% warrants and 0% shorts.

Outlook Equities have started 2023 strongly. Since 1950, there have been 5 prior occasions where the broader equity indices gained more than 5% in January after posting a negative return the prior year. In all instances, the rest of the year was materially positive with an average return of 21.1%. The positive datapoints continue to build in our view, but most investors and strategists remain negative. This brings to mind one of our favourite quotes by the late John Masters, author and army colonel, wherein he recognized "that every 'out-front' maneuver is going to be lonely" and it is "only if you are far enough ahead to be at risk do you have a chance for large rewards."

Many high profile equity strategists remain negative. Collectively, strategists have been right less than 50% of the time. It is the negative forecasts that attract the most media attention. The current spread between the most bullish and bearish analysts' year-end S&P 500 targets is the widest on record.

In 2020/2021 we had two positions which returned more than 10x. This contributed meaningfully to our industry leading returns during that period. Recent updates from several of our top 10 positions suggest similar returns are a real possibility for these positions in the coming months. As usual, it is difficult to predict which positions will deliver the best returns. However, we believe that the ingredients are in place to make this a possible outcome. **This adds to our optimistic conviction for Canadian small cap equities.**



Regards,

Steve Palmer
Steve Palmer, CFA
President and CIO

Performance* (Class A)

	Jan	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Cumulative
AlphaNorth Partners	14.3%	14.3%	(35.9%)	28.3%	3.6%	(0.5%)	6.4%	156.8%
S&P/TSX Venture	9.8%	9.8%	(27.1%)	2.9%	(6.2%)	(6.5%)	(9.3%)	(77.1%)
S&P/TSX Composite TRI	7.4%	7.4%	1.6%	9.5%	8.7%	8.2%	5.9%	138.8%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 24 year track record of generating industry leading returns of 15.9% annualized compared to -1.9% for the BMO Small Cap/TSXV**

DIVERSIFICATION THROUGH SMALL CAP:

- AlphaNorth Partners Fund is well diversified across the resource, technology and life sciences sectors
- One of the best performing asset classes over the long term which compliments any investment portfolio and greatly enhances wealth accumulation

UNIQUE ASPECTS:

- Management owns a significant portion of fund assets
- All performance fees are reinvested into the fund

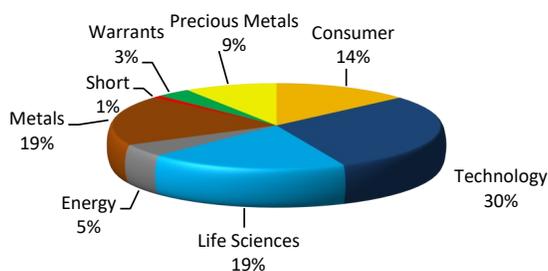
LEVERAGE WITH WARRANTS:

- Participate in numerous private placements to accumulate warrants for upside leverage

Growth of \$100,000 Initial Investment



Current Sector Allocation



Fund Information

Fund Type	Alternative Strategies (Long biased small cap)
Fund Codes	Class A: AAM100/101, Class D: AAM200/201
Eligibility	Accredited Investors only; RRSP eligible
Fund Details	Management Fee Class A- 2%, Class D- 2.5%
Sub/Redemption	Monthly, 90 day notice
Lock-up	None
Redemption Fee	Class A: none; Class D: 3% yr 1, 1.5% yr 2
Beta vs. TSXV	0.93

Monthly Performance*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2007												7.4%	7.4%
2008	(5.0%)	21.6%	(10.1%)	(5.6%)	8.1%	19.2%	(20.7%)	0.7%	(29.1%)	(31.9%)	(4.9%)	0.7%	(53.3%)
2009	9.0%	(3.5%)	4.0%	21.2%	9.0%	14.1%	11.5%	9.0%	19.1%	1.2%	4.1%	3.7%	160.6%
2010	(8.5%)	1.7%	14.0%	6.4%	(1.6%)	(2.7%)	2.6%	(0.4%)	14.2%	11.3%	15.4%	31.9%	113.6%
2011	5.8%	23.0%	0.9%	11.7%	(5.7%)	(5.7%)	1.0%	(6.5%)	(15.6%)	5.6%	(3.8%)	(2.9%)	2.4%
2012	5.6%	2.0%	(2.4%)	(3.9%)	(9.9%)	(7.9%)	(0.1%)	0.9%	5.3%	1.8%	(0.7%)	3.6%	(6.8%)
2013	1.3%	(4.9%)	(2.9%)	(8.4%)	(8.4%)	0.2%	4.1%	2.9%	4.2%	1.0%	(1.3%)	(16.0%)	(26.6%)
2014	18.1%	4.1%	(3.3%)	(8.6%)	(0.9%)	1.4%	(5.7%)	4.3%	(12.5%)	(9.5%)	(5.5%)	(3.6%)	(22.6%)
2015	(4.9%)	1.8%	(1.6%)	(3.8%)	(1.6%)	(12.1%)	(5.3%)	(10.7%)	(6.9%)	(6.1%)	2.5%	(3.95)	(42.3%)
2016	(10.8%)	11.4%	(5.8%)	7.0%	(2.6%)	4.4%	4.9%	4.6%	3.0%	16.6%	2.8%	2.8%	41.6%
2017	5.8%	15%	(0.3%)	(2.3%)	(14.2%)	1.5%	(8.4%)	(0.6%)	17.6%	25.8%	9.3%	11.4%	69.0%
2018	2.7%	(6.3%)	(5.1%)	0.0%	(3.9%)	(5.9%)	(3.2%)	(3.7%)	3.5%	(7.7%)	(12.5%)	(1.6%)	(36.7%)
2019	0.4%	1.5%	1.7%	7.9%	(9.1%)	1.4%	(7.5%)	(1.4%)	(5.8%)	(8.7%)	(3.3%)	14.3%	(10.5%)
2020	2.5%	(9.2%)	(8.5%)	31.8%	14.7%	25.3%	23.1%	17.1%	(2.7%)	(7.7%)	7.7%	27.7%	187.3%
2021	4.8%	23.1%	(8.4%)	10.9%	5.0%	3.4%	(4.4%)	(0.9%)	(4.3%)	1.9%	(5.0%)	(2.2%)	22.0%
2022	(3.5%)	(3.8%)	0.9%	(11.4%)	(6.7%)	(16.8%)	2.4%	2.5%	(11.0%)	0.2%	(6.6%)	(5.1%)	(45.9%)
2023	14.3%												14.3%

Investment Strategy

The AlphaNorth Partners Fund Inc. (the "Fund") is a long-biased, small cap hedge fund which focuses primarily on Canadian companies. The Fund's investment objective is to maximize returns over the long term through superior selection of principally Canadian securities. AlphaNorth believes that superior long term investment returns are achievable by exploiting inefficiencies in the Canadian small cap universe through careful security selection on both a long and short basis. Fundamental analysis of companies is used in combination with technical analysis techniques, which has proven to be successful, to assist in the timing of buy/sell decisions. The firm combines both a bottom-up and top-down strategy in the selection of investments offering the best risk/reward characteristics.

Company Profile

Founded in 2007, AlphaNorth Asset Management's goal is to achieve superior long term returns for investors. Our value added approach combines the successful track record and investment experience of Steven Palmer and Joey Javier who have worked together as a team since 1998 managing small cap portfolios. AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund.

Prior to founding AlphaNorth, Steve and Joey managed an award winning small cap equity fund at one of the largest investment firms in North America for 9 years that had an annualized return of 35.8% over their term significantly beating all relevant benchmarks. Founding AlphaNorth Asset Management in 2007, Steve and Joey launched the AlphaNorth Partner Fund which is a two-time winner for best 3 year return at the Canadian Hedge Fund Awards. The Fund recently won 2nd place for best one year return at the 2020 Canadian Hedge Fund Awards. Steve Palmer is President and CIO and a Chartered Financial Analyst (CFA). Joey is the trader and is a Chartered Investment Manager (CIM).

Disclaimer

*The information contained in this document is not a solicitation to sell any investment products offered by AlphaNorth Asset Management. The information contained herein is for discussion purposes only. Please refer to the Offering Memorandum for complete details of any investment products offered by AlphaNorth Asset Management. There is no guarantee of performance and past performance is not indicative of future results. Returns are presented for Class A shares on an annualized basis except where noted and stated net of all fees. The inception date is December 1, 2007 for the fund. Returns subsequent to 2021 are unaudited. **Based on growth of investment in institutional small cap pooled fund from inception August 1, 1998, to August 1, 2007, and growth of investment in AlphaNorth Partners Fund Inc. from inception December 1, 2007 to the current NAV.