



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Partners Fund

August 2023

NAV
Class A \$22.394
Class D \$17.142

Fund Review In August, the Fund returned (2.7%), as compared to the TSX Venture index and TSX Total Return index, which returned (6.5%) and (1.4%) respectively during the month.

The big news for the Fund in August was the positive FDA decision for **Delcath Systems (NASDAQ:DCTH)**. Our expectations were validated as, the FDA gave full approval for the company's cancer treatment device. The stock had traded poorly prior to the decision, which no doubt created some additional nervousness that 'somebody' must know something with the implication of bad news. We stuck to our call and were rewarded with a 100% increase in the stock price on the day of the announcement. The shares traded 100x normal volume which we took advantage of to significantly reduce our position. The shares have traded lower since that time which we believe is unjustified, hence we added back a portion of the shares at discounted prices. The FDA approval triggered warrants which were exercised raising \$35 million. The company is now significantly de-risked. We believe that significant upside remains for DCTH. A comparable company, **Immunocore (NASDAQ:IMCR)**, has a treatment for the same indication. However, it has lower efficacy and only works on patients with a specific genetic marker which eliminates approximately 50% of the patient population. IMCR has a market cap of \$2.5 billion as compared to DCTH of approximately \$130 million at August 31st. The upside potential for DCTH is many multiples from the current price.

Current sector allocations are as follows: 32% technology, 20% life sciences, 7% consumer, 7% precious metals, 26% metals, 6% energy, 2% warrants and 0% shorts.

Outlook The department of Health and Human Services in the U.S. recommended that cannabis should be reclassified as a lower risk substance. This provided the catalyst for a big rally in the small cap cannabis stocks. Other sectors within the Canadian small cap equity universe are also exhibiting signs of turning. Energy prices have started moving back up with both oil and natural gas up approximately 50% from the summer lows. In addition, our technical work indicates that the U.S. dollar may have peaked which bodes well for commodity prices across the board, particularly gold, which is highly correlated to the U.S. dollar. When the U.S. dollar declines, gold goes up. Resource stocks are a major component of the TSXV. Increasing commodity prices should translate to positive price action in equity prices, particularly as we approach a period of strong seasonality for Canadian small caps, December through February.

TSXV volume in recent weeks has been very depressed. Volume and price action are also correlated. When stocks are doing well, there is more investor interest and volume increases with equity prices. The low volume is not a result of summer doldrums, although this is partly to blame. The weekly volume over the past few weeks is the lowest since 2003. It is interesting to note that in 2003 the lack of investor interest coincided with a major low for junior resource stocks and the TSXV.



Regards,

Steve Palmer, CFA
President and CIO

Performance* (Class A)

	Aug	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Cumulative
AlphaNorth Partners	(2.7%)	(0.3%)	(21.2%)	(6.6%)	6.8%	0.0%	5.3%	123.9%
S&P/TSX Venture	(6.5%)	2.9%	(8.1%)	(7.9%)	(4.1%)	(4.6%)	(9.3%)	(78.6%)
S&P/TSX Composite TRI	(1.4%)	6.9%	8.5%	10.4%	7.8%	8.1%	5.7%	137.7%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 25 year track record of generating industry leading returns of 16% annualized compared to -2% 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

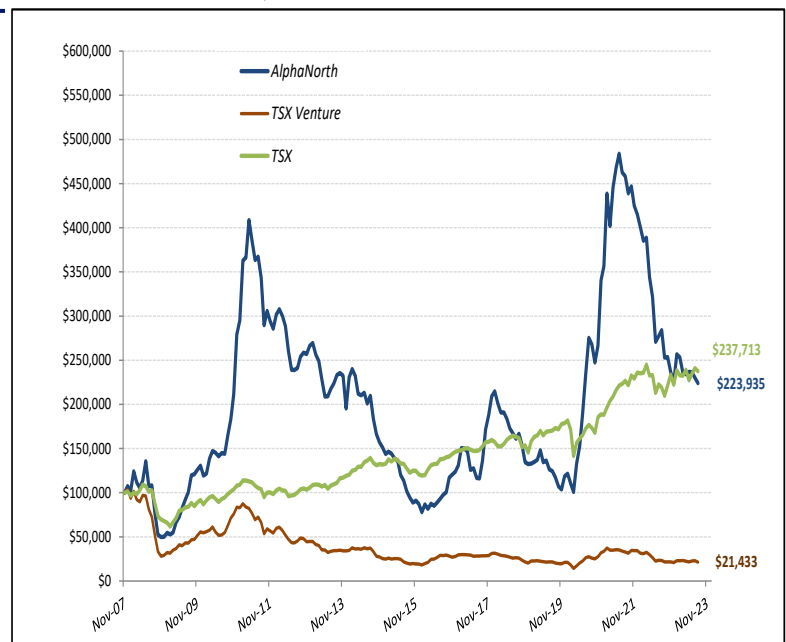
UNIQUE ASPECTS:

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

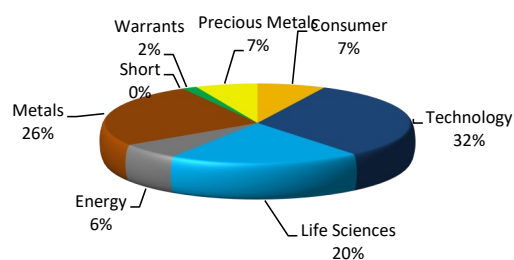
LEVERAGE WITH WARRANTS:

- 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%	(1.4%)	(6.9%)	(0.7%)	1.1%	(0.2%)	(2.6%)	(2.7%)					(0.3%)

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 2022 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.