



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Partners Fund

October 2023

NAV
Class A \$22.370
Class D \$17.108

Fund Review In October, the Fund returned 3.6%, as compared to the TSX Venture index and TSX Total Return index, which returned (7.7%) and (3.3%) respectively during the month.

We are pleased that the Fund had a third successive positive month of relative performance vs our benchmark which now brings our year to date return to essentially flat in what has turned out to be a very difficult year for Canadian small cap equities.

We have been fortunate to have several strong performers during the month of October despite the poor macro conditions. **Byrna Technologies (NASDAQ:BYRN)** rebounded by 95% during the month. The company was forced to scramble to redesign their marketing strategy over the past few months after Google and Facebook unexpectedly banned advertising of their less lethal firearms on these social media platforms. The company pivoted to other advertising channels and recent results have been very successful. A large order for their non-lethal firearm to the Argentinian police force has also been a positive catalyst for the company.

DelphX Capital Markets (TSXV:DELX) also performed well, gaining 38% during the month. DelphX has developed a unique solution for corporate bond holders to acquire downside protection against possible ratings downgrades. The platform is expected to go live shortly with an initial transaction validating these new securities. The material increase in interest rates over the past year has increased the number of downgrades making the timing opportune.

Outlook There are two factors that tend to magnify negative returns in a poor junior market - tax loss selling and margin calls. The recent downdraft in small cap equities at this time of year is typically compounded by these factors. Given the poor performance of the junior market in 2021 (-39%) and the fact that the majority of investors have no significant gains in 2023, it is likely that tax loss selling will not be a major factor this year.

Margin calls are also unlikely to be a significant factor as the majority of stocks on the TSXV have already declined to share prices where they are not margin eligible. Regulators and brokers typically impose an arbitrary share price limit of \$2 or \$3 below which there is no loan value.

Historically, the months of December/January/February are the best performing months. This period has had positive returns 78% of the time since 1982 and returned 49% annualized on average. Given the market weakness preceding this period, we believe that it enhances the odds of strong returns this year. We are confident that as the mindset on interest rates changes from 'is this the last increase?/how much will rates go up?' to 'when will rates start falling and how fast?', it will provide a strong boost to investor confidence. It will also pull some of the record amounts of capital that has poured into money market funds (\$5.7 trillion in the U.S.) back into the equity market. **It is usually the sectors that have been hit the hardest that rebound the most. This bodes well for Canadian**

small caps!

Regards,

Steve Palmer, CFA
President and CIO



Performance* (Class A)

	Oct	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Cumulative
AlphaNorth Partners	3.6%	(0.4%)	(11.7%)	(3.3%)	7.8%	(0.5%)	5.2%	123.7%
S&P/TSX Venture	(7.7%)	(9.5%)	(13.3%)	(9.0%)	(4.3%)	(6.0%)	(10.0%)	(81.1%)
S&P/TSX Composite TRI	(3.3%)	0.0%	0.3%	9.8%	7.9%	6.7%	5.1%	122.2%

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

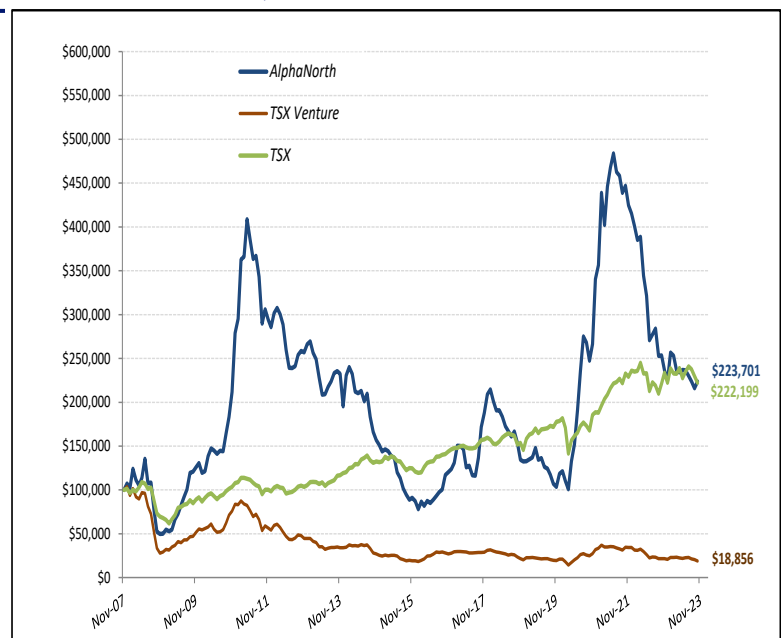
UNIQUE ASPECTS:

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

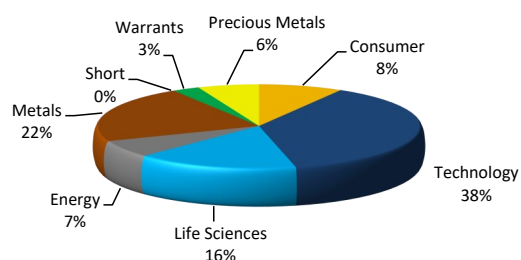
LEVERAGE WITH WARRANTS:

- 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%)	(3.6%)	3.6%			(0.4%)

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.