



**AlphaNorth**  
Asset Management

# FUND COMMENTARY

## AlphaNorth Partners Fund

February 2024

NAV  
Class A \$24.376  
Class D \$18.607

**Fund Review** In February, the Fund returned 2.0%, as compared to the TSX Venture index and TSX Total Return index, which both returned 1.8% during the month.

In recent weeks, we have initiated several new positions in the biotech sector with a focus on companies trading substantially below cash value per share. These positions performed well during the month of February yet remain below cash value. With these additions and the recent share price gains, our biotech weighting has grown to 28% of assets. We acknowledge that biotech companies typically burn through cash aggressively, similar to resource companies. The market is choosing to ignore the value of the clinical programs with valuations at 50% of cash value in a couple of instances. These discounts to cash value seem unwarranted and provide an attractive risk/reward trade-off in our view.

One of the biggest risks of investing in small cap companies is the risk of running out of cash. This is why we prefer to initiate positions in companies when they are raising money and thus eliminating this risk in the short term. We typically get the additional benefit of a warrant, providing leverage to share price appreciation.

Current sector allocations are as follows: 31% technology, 28% life sciences, 5% consumer, 6% precious metals, 22% metals, 5% energy, 3% warrants and 0% shorts.

**Outlook** Recently we have seen gold trade to all time highs. Copper has also risen above \$4 per pound. Both copper and gold have historically been the major commodities which have driven sentiment for the TSXV. To date, the junior resource stocks have lagged these positive developments in the commodities. Given the large number of junior gold and base metal companies listed in the Canadian market, we believe that robust commodity prices will be a catalyst for TSXV outperformance.

Although Canadian small caps have recovered slightly in recent months, they remain at depressed valuations and only modestly above the recent low in November 2023. Sentiment continues to be very poor. Trading volumes are the lowest since inception of the TSXV index in 2001. It has been our view for some time that Canadian small cap equities, as represented by the TSX Venture index, have been long overdue to outperform. We believe there remains a high number of tremendous opportunities, which we have identified, which could experience exceptional returns as the junior market recovers. We have already had several strong performers in recent months including one returning 20x. Early investors will have the greatest returns with the lowest risk. **The Fund is well positioned to capitalize on a recovery in the Canadian junior markets.**

Regards,

Steve Palmer, CFA  
President and CIO

### Performance\* (Class A)

	Feb	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Cumulative
AlphaNorth Partners	2.0%	4.6%	(3.7%)	(17.8%)	12.6%	0.2%	5.6%	143.8%
S&P/TSX Venture	1.8%	1.3%	(11.2%)	(18.1%)	(2.1%)	(5.9%)	(9.3%)	(79.5%)
S&P/TSX Composite TRI	1.8%	2.4%	9.2%	9.0%	9.3%	7.4%	5.9%	154.3%

### Key Reasons to Own This Fund

#### PROVEN LONG TERM PERFORMANCE:

- Management team has a 25 year track record of generating industry leading returns of 15.5% annualized compared to -2.0% 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

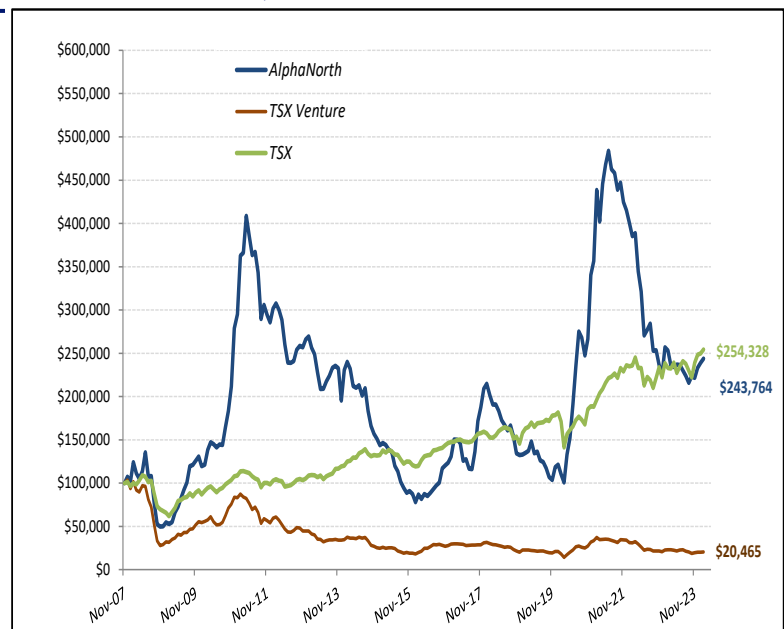
#### UNIQUE ASPECTS:

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

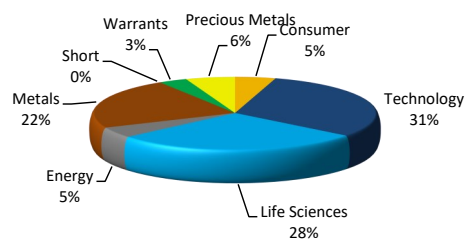
#### LEVERAGE WITH WARRANTS:

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

### Growth of \$100,000 Initial Investment



## Current Sector Allocation



## Fund Information

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

## Monthly Performance\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2007</b>												7.4%	<b>7.4%</b>
<b>2008</b>	(5.0%)	21.6%	(10.1%)	(5.6%)	8.1%	19.2%	(20.7%)	0.7%	(29.1%)	(31.9%)	(4.9%)	0.7%	<b>(53.3%)</b>
<b>2009</b>	9.0%	(3.5%)	4.0%	21.2%	9.0%	14.1%	11.5%	9.0%	19.1%	1.2%	4.1%	3.7%	<b>160.6%</b>
<b>2010</b>	(8.5%)	1.7%	14.0%	6.4%	(1.6%)	(2.7%)	2.6%	(0.4%)	14.2%	11.3%	15.4%	31.9%	<b>113.6%</b>
<b>2011</b>	5.8%	23.0%	0.9%	11.7%	(5.7%)	(5.7%)	1.0%	(6.5%)	(15.6%)	5.6%	(3.8%)	(2.9%)	<b>2.4%</b>
<b>2012</b>	5.6%	2.0%	(2.4%)	(3.9%)	(9.9%)	(7.9%)	(0.1%)	0.9%	5.3%	1.8%	(0.7%)	3.6%	<b>(6.8%)</b>
<b>2013</b>	1.3%	(4.9%)	(2.9%)	(8.4%)	(8.4%)	0.2%	4.1%	2.9%	4.2%	1.0%	(1.3%)	(16.0%)	<b>(26.6%)</b>
<b>2014</b>	18.1%	4.1%	(3.3%)	(8.6%)	(0.9%)	1.4%	(5.7%)	4.3%	(12.5%)	(9.5%)	(5.5%)	(3.6%)	<b>(22.6%)</b>
<b>2015</b>	(4.9%)	1.8%	(1.6%)	(3.8%)	(1.6%)	(12.1%)	(5.3%)	(10.7%)	(6.9%)	(6.1%)	2.5%	(3.95)	<b>(42.3%)</b>
<b>2016</b>	(10.8%)	11.4%	(5.8%)	7.0%	(2.6%)	4.4%	4.9%	4.6%	3.0%	16.6%	2.8%	2.8%	<b>41.6%</b>
<b>2017</b>	5.8%	15%	(0.3%)	(2.3%)	(14.2%)	1.5%	(8.4%)	(0.6%)	17.6%	25.8%	9.3%	11.4%	<b>69.0%</b>
<b>2018</b>	2.7%	(6.3%)	(5.1%)	0.0%	(3.9%)	(5.9%)	(3.2%)	(3.7%)	3.5%	(7.7%)	(12.5%)	(1.6%)	<b>(36.7%)</b>
<b>2019</b>	0.4%	1.5%	1.7%	7.9%	(9.1%)	1.4%	(7.5%)	(1.4%)	(5.8%)	(8.7%)	(3.3%)	14.3%	<b>(10.5%)</b>
<b>2020</b>	2.5%	(9.2%)	(8.5%)	31.8%	14.7%	25.3%	23.1%	17.1%	(2.7%)	(7.7%)	7.7%	27.7%	<b>187.3%</b>
<b>2021</b>	4.8%	23.1%	(8.4%)	10.9%	5.0%	3.4%	(4.4%)	(0.9%)	(4.3%)	1.9%	(5.0%)	(2.2%)	<b>22.0%</b>
<b>2022</b>	(3.5%)	(3.8%)	0.9%	(11.4%)	(6.7%)	(16.8%)	2.4%	2.5%	(11.0%)	0.2%	(6.6%)	(5.1%)	<b>(45.9%)</b>
<b>2023</b>	14.3%	(1.4%)	(6.9%)	(0.7%)	1.1%	(0.2%)	(2.6%)	(2.7%)	(3.6%)	3.6%	(0.9%)	5.2%	<b>3.8%</b>
<b>2024</b>	2.5%	2.0%											<b>4.6%</b>

## 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 2<sup>nd</sup> 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.