



**AlphaNorth**  
Asset Management

# FUND COMMENTARY

## AlphaNorth Partners Fund

February 2025

NAV  
Class A \$27.355  
Class D \$20.763

**Fund Review** In February, the Fund returned (5.7%), as compared to the TSX Venture index and TSX Total Return index, which returned (1.5%) and (0.4%) respectively during the month.

We gave up some of our recent strong gains during the month of February. Several of our strong performers over the past couple of months declined in February.

The annual Prospectors and Developers Conference (PDAC) was recently held in Toronto. This is the largest convention for junior mining in the world. Many of our portfolio holdings in the mining sector were in attendance and we were able to obtain company updates. These meetings were overwhelmingly positive, providing added conviction for many of our positions. Despite strong commodity prices, the share prices of many junior mining companies have lagged. We are encouraged by the recent outperformance by the TSX Venture index year to date, and believe that the time has come for share prices to catch up to fundamentals.

During the month, we exited several small non-core positions while adding to a couple of our higher conviction existing positions. Warrant coverage is currently 55% with 15 positions now 'in-the-money', meaning that the current stock price is above the strike price of our warrants. These holdings were acquired for no cost as a component of private placements so any value is a bonus. As the prices of the underlying shares gain, these warrants will add substantially to returns.

**Outlook** In recent weeks, equities have experienced a setback as a result of chaotic U.S. government policy actions which have increased uncertainty globally. Investors do not like uncertainty. Several North American equity indices are now in correction territory, defined by a decline of 10% from the peak. The NASDAQ and Russell 2000 small cap index are very close to a bear market, a decline of 20% or more. Canadian indices have outperformed other broad based North American indices, while the TSX Venture Index has performed the best on a year to date basis with a positive return. This is possibly the start of what we have been expecting, a change in leadership to areas which have underperformed in recent years...Canadian equities and small cap. Historically, corrections and bear markets have often reset valuations, exposed weaknesses in previously dominant sectors, and created opportunities for emerging industries or undervalued stocks. It is likely that the current equity market volatility will provide an attractive entry point for equities over the coming weeks. We expect that Canadian equities and particularly Canadian small cap equities will continue to outperform as this rotation progresses.

The AlphaNorth team has focused on investing and supporting micro and small cap Canadian companies for the past 27 years. This has included numerous innovative technology, healthcare and consumer products.



Please check out a recent [interview](#) discussing various aspects of our strategy and outlook.

Regards,

Steve Palmer, CFA

### Performance\* (Class A)

	Feb	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Cumulative
<b>AlphaNorth Partners</b>	<b>(5.7%)</b>	<b>9.3%</b>	<b>12.2%</b>	<b>(10.8%)</b>	<b>19.9%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>173.6%</b>
S&P/TSX Venture	(1.5%)	2.8%	9.7%	(10.6%)	1.3%	(1.0%)	(8.3%)	(77.5%)
S&P/TSX Composite TRI	(0.4%)	3.1%	22.5%	9.8%	11.4%	8.9%	6.8%	211.4%

### Key Reasons to Own This Fund

#### PROVEN LONG TERM PERFORMANCE:

- Management team has a 26 year track record of generating industry leading returns of 15.7% annualized compared to -1.4% 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

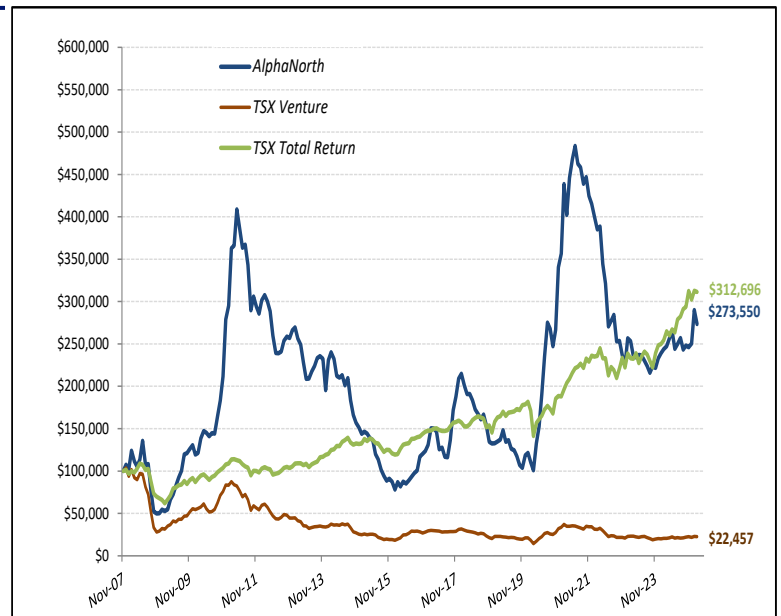
#### UNIQUE ASPECTS:

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

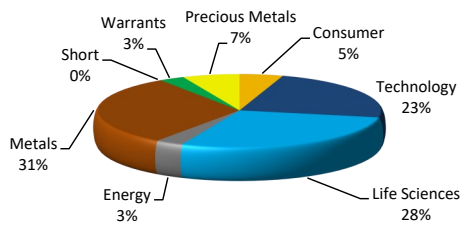
#### LEVERAGE WITH WARRANTS:

- 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/TSX</b>	0.92/1.39

## 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%	1.4%	3.7%	3.6%	(8.1%)	2.3%	2.8%	(5.3%)	2.0%	(0.8%)	1.7%	<b>7.4%</b>
<b>2025</b>	15.9%	(5.7%)											<b>9.3%</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 2023 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.