

**Fund Review** In February, the Fund returned (2.0%), as compared to the TSX Venture index and TSX Total Return index, which returned 5.4% and 7.7% respectively during the month.

Several of our largest holdings declined during the month resulting in a negative return. This is disappointing in the short term, however, we have even more conviction on these positions at current levels. Notably, **Delcath Systems (NASDAQ:DCTH)** declined by 10% during the month. This weakness can be attributed to vague revenue guidance, which states “revenue to be at least \$100 million”. It is unusual not to provide a range and thus investors gravitate to the only number provided which represents the low end and was slightly lower than analysts’ forecasts. We believe that the company continues to check many of the boxes including, recent insider buying, strong cash position (\$91 million), high profitability (85-90% gross margins), share buyback, while exhibiting strong growth. This remains a core name for the Fund. The company’s cancer treatment is proven and unaffected by current geopolitical events and volatile swings in commodity prices.

**Verdera Energy (TSXV:V)** provided the largest positive contributor to performance during the month of February. We purchased Verdera at lower levels privately. The shares began trading in February at a premium to our cost. Company assets include an historical uranium resource in the U.S., large prospective land position and strong cash position. The company is run by an experienced and successful management team with the ability to execute.

**Outlook** The conflict in the Middle East has been the primary driver of equity markets in recent weeks causing a spike higher in energy price, increased risk aversion, higher inflation and interest rate expectations. We believe that it is critical that the Strait of Hormuz reopen to allow oil transport globally. Otherwise, high sustained oil prices will cause higher inflation and will have negative impacts on economic growth.

We recently attended the Prospectors and Developers Association of Canada (PDAC), the largest annual mining conference in the world. In our discussions with other experienced investors in the junior space, we found that sentiment was unanimous that we are in the early stages of the resource bull market. The macro drivers for this to occur are there. Robert Friedland recently summed it well when he met with White House personnel, “Reshoring America’s industry and gaining independence from China will ignite an historic commodity bull market”. We agree. **It is at this point in the cycle that the Fund has historically excelled.**



Regards,



Steve Palmer, CFA  
President and CIO

### Performance\* (Class A)

|                            | February      | YTD         | 1 Year        | 3 Year      | 5 Year        | 10 Year      | Inception   | Cumulative    |
|----------------------------|---------------|-------------|---------------|-------------|---------------|--------------|-------------|---------------|
| <b>AlphaNorth Partners</b> | <b>(2.0%)</b> | <b>3.4%</b> | <b>(0.8%)</b> | <b>2.3%</b> | <b>(9.2%)</b> | <b>12.1%</b> | <b>5.6%</b> | <b>171.2%</b> |
| S&P/TSX Venture            | 5.4%          | 12.1%       | 80.2%         | 20.7%       | 1.7%          | 7.4%         | (4.8%)      | (59.5%)       |
| S&P/TSX Composite TRI      | 7.7%          | 8.6%        | 38.8%         | 22.9%       | 19.6%         | 13.7%        | 8.4%        | 332.2%        |

### Key Reasons to Own This Fund

#### PROVEN LONG TERM PERFORMANCE:

- Management team has a 27+ year track record of generating industry leading returns of 14.7% annualized compared to 0.5% 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

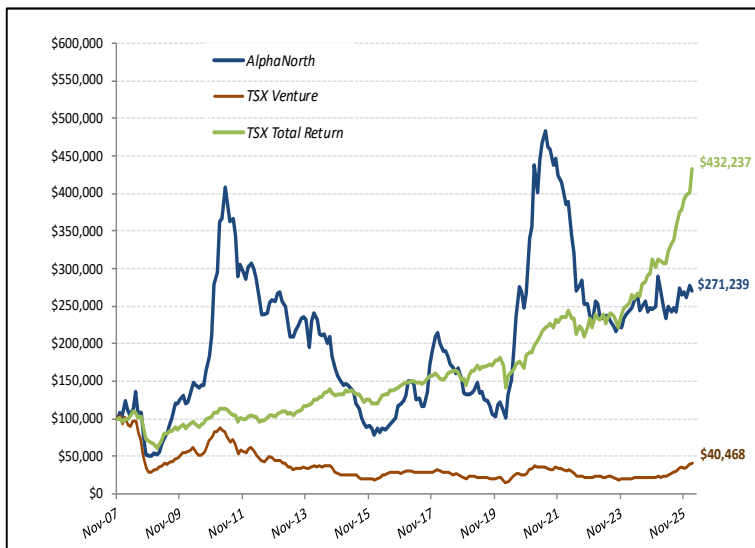
#### UNIQUE ASPECTS:

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

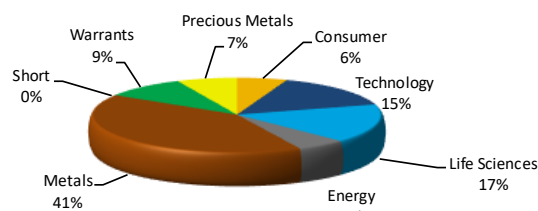
#### LEVERAGE WITH WARRANTS:

- 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> | 0.91/1.37                                      |

## Monthly Performance\*

|             | Jan     | Feb    | Mar     | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov     | Dec     | Year           |
|-------------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------------|
| <b>2007</b> |         |        |         |         |         |         |         |         |         |         |         |         | <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%) | (9.5%)  | (5.7%)  | 6.7%    | (2.9%)  | 2.5%    | (2.2%)  | 12.9%   | (3.2%)  | 1.4%    | (2.4%)  | <b>4.8%</b>    |
| <b>2026</b> | 5.5%    | (2.0%) |         |         |         |         |         |         |         |         |         |         | <b>3.4%</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 2024 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.