



AlphaNorth
Asset Management

5th Anniversary Report

FUND COMMENTARY

AlphaNorth Partners Fund

November 2012

NAV
Class A (AAM100) \$25.6924
Class D (AAM200) \$20.7225

Fund Review This month celebrates the 5 year anniversary for the AlphaNorth Partners Fund. During this time, we are pleased to have built upon our long term track record of outperformance despite the very challenging period for equity investors. The Fund returned (0.7%) in November as compared to (1.3%) for the TSX Total Return index and (7.1%) for the TSX Venture. Over the five year period, our initial investors have been rewarded with a total return of 156.9% despite the poor performance of the benchmark indices. The TSX Venture index returned (55.4%) over this period.

During the month of November, the portfolio has benefited from its diversified approach as junior resource equities continued to underperform in November. Several of the Fund's technology investments had strong gains during the month. Notably, BSM Technologies (TSXV:GPS) returned almost 50%. This is one of the Fund's core holdings. We have owned this investment for several years and have been an ongoing buyer. The company is starting to be recognized for its achievements in cost cutting, new contract wins and profitability. Several brokers have recently launched coverage of this stock.

In addition, two of the Fund's private technology holdings completed private placements at higher levels in November. Despite positive news on several of our resource holdings over the past few weeks, the market has yet to reward junior resource companies with share price gains.

Outlook The European crisis has been contained as we have previously forecasted. Investors have now moved on to the next worry, the 'fiscal cliff'. However, throughout this period, the economy has continued to improve and company fundamentals have remained at extremely attractive levels.

Although we believe Canadian small cap equities bottomed in June, they have yet to outperform. We note that it is still early days in what we believe will be a significant rally in small caps. In terms of seasonality, we are entering what has historically been the best months of the year for Canadian small cap equities. Data since 1988 shows that December, January and February are by far the best months of the year for Canadian small cap equities. It is interesting to note that over the past 11 years since the TSX Venture index was created, the period from December through February has always been positive with an average return of 12.1%. As the tax loss selling and fear over the fiscal cliff dissipates over the next few days, we expect to see the typical rally into yearend for small caps. It is our view that once these issues are dealt with, the media and investors will be hard pressed to find further major issues to dramatize, setting the stage for a powerful rally in equities.

Regards,



Steven Palmer
Steven Palmer, CFA
President and CEO

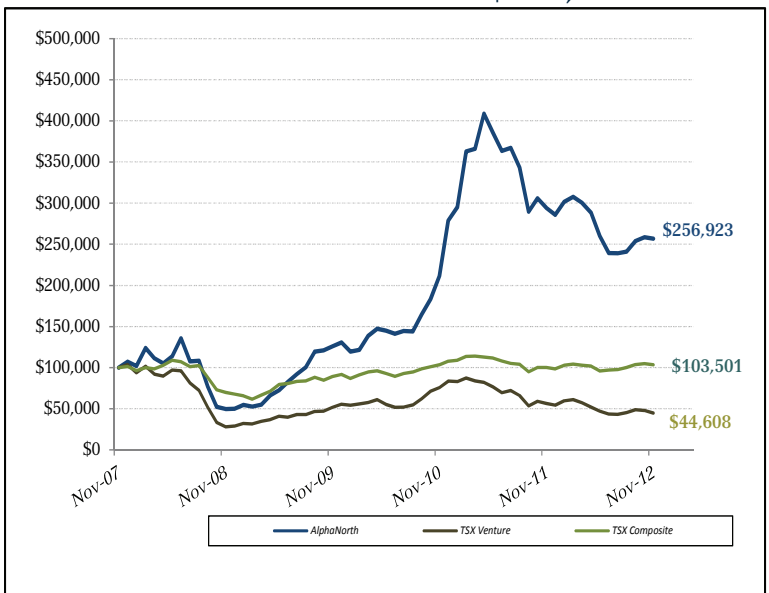
Monthly Performance*

	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%)		(10.1%)

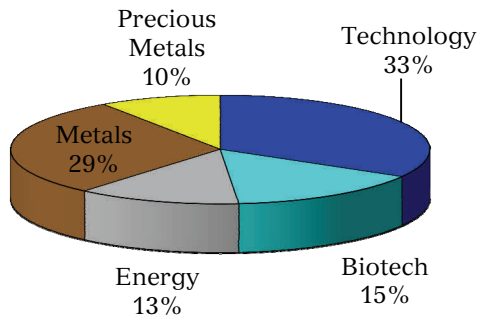
Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite TRI
Returns *			
1 Month	(0.7%)	(7.1%)	(1.3%)
YTD	(10.1%)	(17.8%)	5.1%
1 Year	(12.7%)	(21.2%)	3.4%
3 Year	26.8%	(4.8%)	5.1%
5 Year	20.8%	(14.9%)	0.7%
Since Inception (annualized)	20.8%	(14.9%)	0.7%
Since Inception (cumulative)	156.9%	(55.4%)	3.5%
Best Month	31.9%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	60.0%	48.3%	56.7%
Standard Deviation	39.9%	34.2%	17.0%
Sharpe Ratio	0.49	(0.47)	(0.02)
Beta		0.94	1.73

Growth of Initial Investment \$100,000



Sector Allocation



Fund Information

Lead Manager	Steven Palmer
Inception	December 1, 2007
Fund Type	Alternative Strategies (Long biased small cap)
Fund Status	Closed to new investors
Fund Codes	Class A— AAM100 Class D— AAM200
Assets	~\$75 million
Eligibility	Accredited Investors only
Fund Details	Management Fee Class A- 2%, Class D- 2.5% 20% Performance Fee RRSP eligible High water mark (no reset) Monthly valuation \$150k minimum investment
Sub/Redemption	Monthly, 90 day notice
Lock-up	None
Redemption Fee	Class A—none; Class D—3% yr 1, 1.5% yr 2
Auditor	Deloitte
Administration	Harmonic Fund Services
Prime Broker	Scotia Capital
Legal	Stikeman/Maples & Calder

Investment Strategy

The AlphaNorth Partners Fund (the “Fund”) is a long biased small cap hedge fund focusing 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 in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund, the AlphaNorth 2011 Flow-Through LP, the AlphaNorth 2012 Flow-Through LP, the AlphaNorth Rollover Fund and the AlphaNorth Growth Fund.

Key Personnel:

Steven Palmer is the President and CEO of AlphaNorth Asset Management. Mr. Palmer started his career in the investment industry in 1995 on the sell side of the business before transitioning to the buy side in 1997. Most recently, from July 1998 to August 2007 he was employed as Vice President - Canadian Equities at one of the world’s largest financial institutions where he managed the Canadian equity assets of approximately \$350 million. Mr. Palmer managed a pooled fund focused on small capitalization companies from inception in 1998 to August 2007 achieving returns that were ranked #1 in performance by a major fund ranking service in their small cap pooled fund category (35.8% annualized over 9 years as compared to 10.0% for the S&P/TSX Composite and 13.0% for the BMO Weighted Small Cap Total Return Index) over the same period. Mr. Palmer also managed a large cap fund which was ranked in the first quartile for the following time periods: one year, two year, 3 year, 4 year, 5 year and 10 year. Mr. Palmer earned a BA in Economics from the University of Western Ontario and is a CFA.

Joey Javier is Vice President and Secretary of AlphaNorth Asset Management. Mr. Javier started his career in the investment industry in 1997 as an Equity Trader for one of the world’s largest financial institutions where he worked together with Mr. Palmer as the equity team. Mr. Javier was responsible for all equity and money market trading as well as back-up for the fixed income portfolio manager. Mr. Javier has a BA in Economics from York University.

Disclaimer

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