

January 2013

NAV
Class A (AAM100) \$26.9481
Class D (AAM200) \$21.7147

Fund Review Equity markets are off to a positive start in 2013. In January, the Fund returned 1.3%. This compared to 3.1% for the TSX Total Return index and 0.0% for the TSX Venture.

We have recently initiated several new positions by way of private placement. We believe the risk/reward is very favourable at this time as Canadian small cap equities are generally finding it quite challenging to raise money and thus, must offer very attractive private placement terms. These investments are fairly diversified across the life sciences, technology and resource sectors. These investments have performed well to date. Several of these investments include a full warrant which will provide significant upside leverage if the companies perform as we expect.

We have recently had several strong performers which have contributed to the Fund's positive returns.

The Fund remains fully invested. The current sector allocation is 40% in technology, 15% in life sciences, 10% in energy, 28% in metals and 7% in precious metals.

Outlook January resulted in a very strong start to the year for equities worldwide. Typically this bodes well for the rest of the year. There is a theory that suggests that the return in January sets the tone for the year. Since 1950, this January Barometer has been a correct predictor for the S&P 500 index 89% of the time. Our macro view supports this conclusion. We believe that continued strong gains for equities combined with higher yields will shift investor sentiment. With the mitigation of major macro issues, we have noted a turn to more positive headlines. The benchmark for yields, the U.S. 10 year bond, has increased to approximately 2% in recent weeks after hitting a record low of 1.38% in July 2012. We have alluded to a potential shift in asset allocation from fixed income investments to equities for some time. In our view, there is no question that it will occur. It is merely a question of timing. Fixed income funds have benefitted from strong positive net inflows of capital for the past several years while both large and small cap equity funds have suffered strong outflows since 2005. Although Canadian small cap equities experienced a strong rebound in 2009 and 2010, they have significantly underperformed over the past two years. As the global economy continues to accelerate in 2013, we expect Canadian small cap equities to disproportionately benefit.



Regards,



Steven Palmer, CFA

Performance (as of January 31, 2013)

	Jan	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	1.3%	1.3%	(10.7%)	31.1%	21.4%	21.2%	169.5%
S&P/TSX Venture	0.0%	0.0%	(25.1%)	(6.4%)	(13.8%)	(14.5%)	(55.4%)
S&P/TSX Composite TRI	3.1%	3.1%	5.9%	7.8%	2.4%	1.6%	8.8%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 15 year track record of generating industry leading returns (30%+ annualized)*

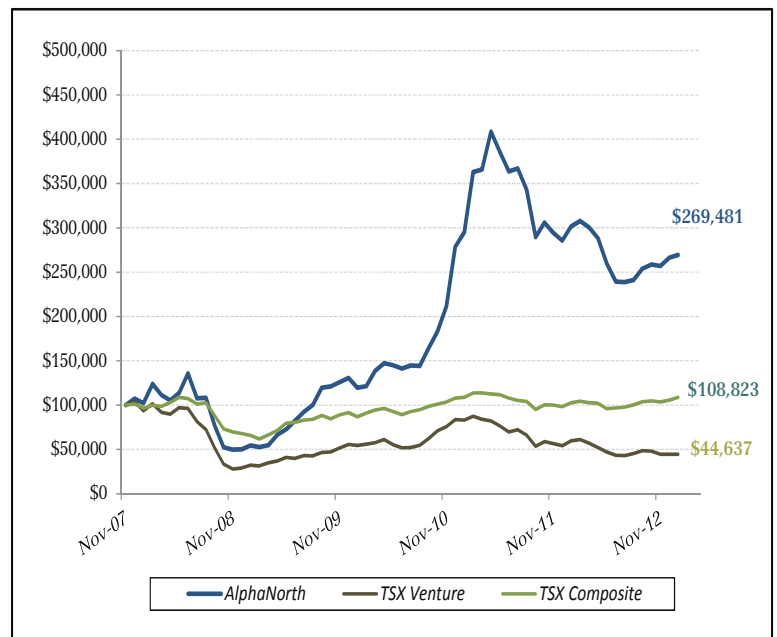
DIVERSIFICATION THROUGH SMALL CAP:

- 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.

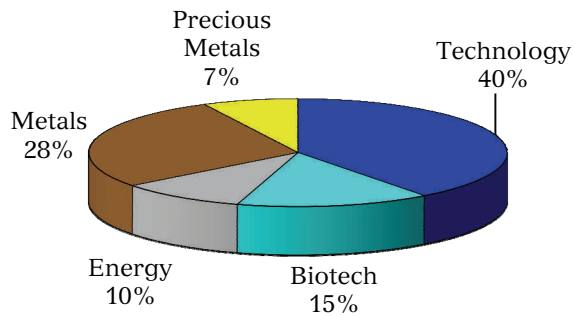
UNIQUE STRUCTURE:

- Efficient tax structure dramatically increases after-tax returns over the long term.
- All performance fees are reinvested in fund. Management and employees own a significant portion of fund assets.

Growth of Initial Investment \$100,000



Current Sector Allocation



Fund Information

Lead Manager	Steven Palmer
Inception	December 1, 2007
Fund Type	Alternative Strategies (Long biased small cap)
Fund Codes	Class A: AAM100, Class D: AAM200
Assets	~\$80 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
Sub/Redemption	Monthly, 90 day notice
Lock-up	None
Redemption Fee	Class A: none; Class D: 3% yr 1, 1.5% yr 2
Beta Compared to	S&P/TSX Venture: 0.94 S&P/TSX Composite TRI: 1.74
Sales Contact	Skye Collyer 416.506.0776 ext.227 skye@alphanorthasset.com

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%												1.3%

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

*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. Returns subsequent to 2011 are unaudited. The inception date is December 1, 2007. 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 from inception December 1, 2007 to the current NAV.