

Fund Review The new year rally for Canadian small cap equities ended in February as the TSX Venture index declined 7.2% during the month. This compared to a 0.4% gain for the TSX Total Return index. The Fund declined by 4.9% in February outperforming the TSX Venture for the 5th consecutive month. Our strategy of maximizing returns over the long term is accomplished by minimizing losses during challenging times while outperforming during strong equity markets. The past two years have fallen into the very challenging category and during this time we have maintained our strategy. It is after these periods of significant underperformance in the small cap indices that we have historically generated our best returns. The chart in the appendix exhibits the historical pattern of our small cap track record. Although we have been early in our bullish call for Canadian small cap equities, we believe our view will ultimately be vindicated.

Portfolio activity was modest during the month as market conditions were poor. We continue to maintain a diversified portfolio with limited exposure to precious metals which were the biggest underperformers in February.

The Fund remains fully invested. The current sector allocation is 47% in technology, 14% in life sciences, 9% in energy, 24% in metals and 6% in precious metals.

Outlook The major U.S. equity indices continue to perform strongly. The Dow Jones Industrials hit an all-time high in recent days with the S&P 500 index very near all-time highs. The Canadian indices have lagged due to the underperformance of the resource sectors. We remain optimistic that Canadian equities will catch up as global growth accelerates over the remainder of the year. While small cap equities have outperformed in most major markets, they have underperformed in Canada. The high weighting of resource equities in the Canadian indices has detracted from returns, particularly for Canadian small cap equities. It is a rare and unusual situation that U.S. equities are near record highs while, at the same time, Canadian small cap equities are near record lows. This situation is unsustainable in our view. Although we have been correct in our bullish macro view for equities, we have not been vindicated yet for Canadian small caps but we believe it is only a matter of time.



Regards,

Steven Palmer
Steven Palmer, CFA
President and CEO

Performance (as of February 28, 2013)

	Feb	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	(4.9%)	(3.7%)	(16.7%)	28.3%	15.6%	19.6%	156.3%
S&P/TSX Venture	(7.2%)	(7.2%)	(32.2%)	(9.5%)	(16.4%)	(15.5%)	(58.6%)
S&P/TSX Composite TRI	0.4%	3.5%	4.6%	6.2%	1.8%	1.7%	9.2%

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)*

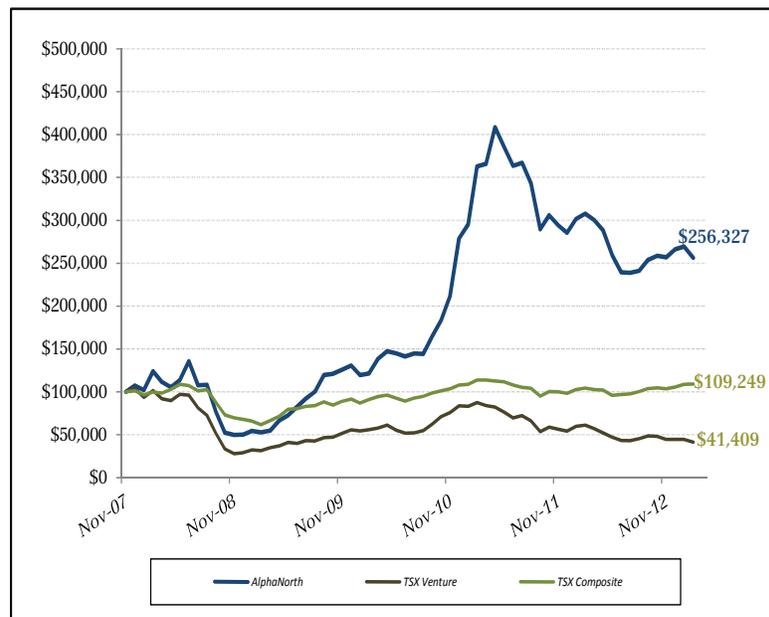
DIVERSIFICATION THROUGH SMALL CAP:

- 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.

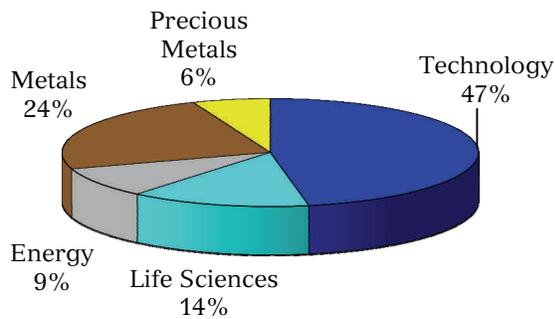
UNIQUE STRUCTURE:

- 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: 1.71
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%	(4.9%)											(3.7%)

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 2012 Flow-Through LP, the AlphaNorth Resource 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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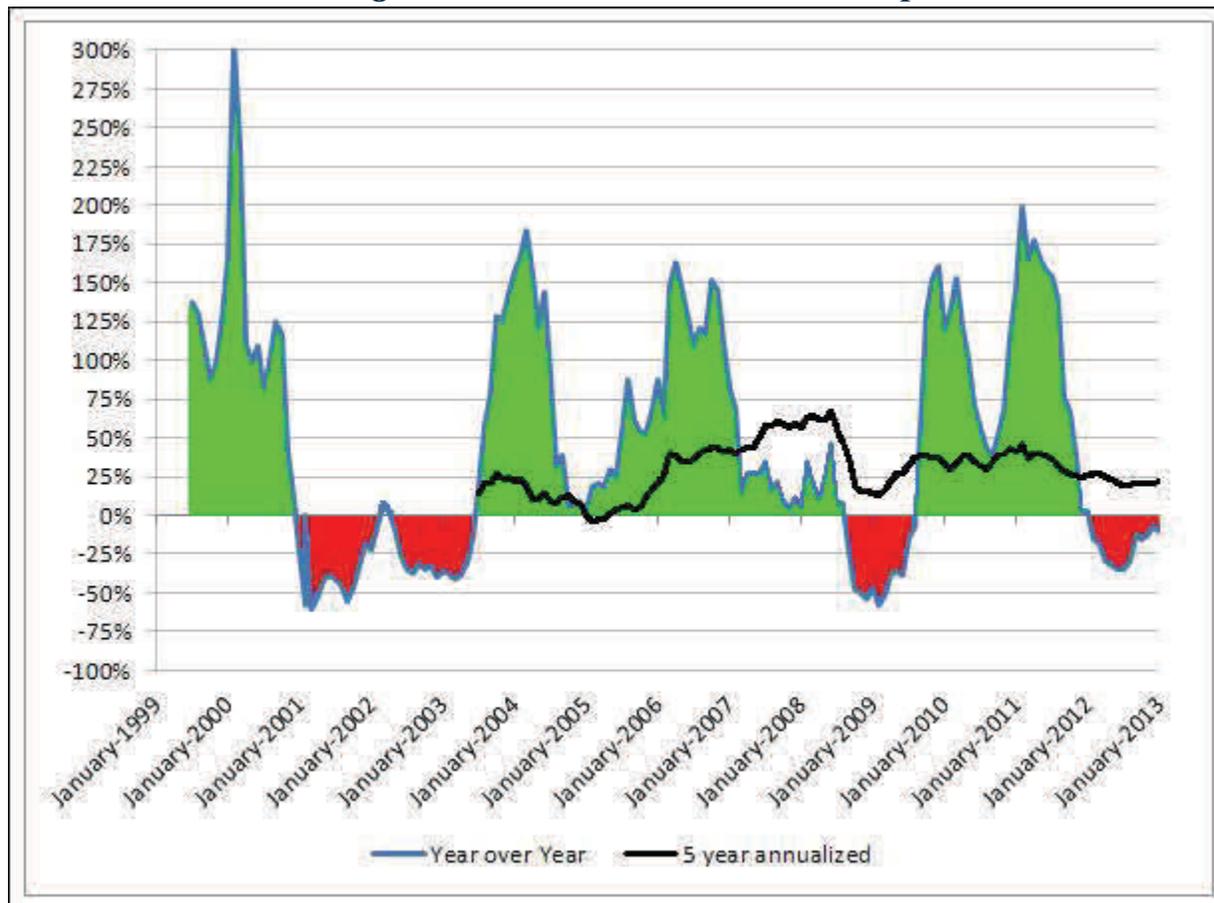
Appendix

The chart below shows the year over year returns of our small cap strategy. There have been three periods of significant market weakness in the past 20 years, these being, the technology meltdown (2000-2002), the global financial crisis (2008) and the European crisis and global growth slowdown (2011-present).

Historically, we have generated our best returns for Canadian small cap equities subsequent to these periods of significant market weakness. Our view is that there is no reason to believe that it will be any different this time.

Note that investors with a five year time horizon have almost always experienced significant returns over the five year period (as noted by the black line in the chart below) despite these crisis periods.

Management Returns from 1998 to present*



Disclaimer

*Shows growth of the institutional small cap pooled fund from Aug 1, 1998 to Aug 1, 2007 and thereafter the AlphaNorth Partners Fund from Dec 1, 2007 to present. The performance of the institutional small cap pooled fund is stated gross of all fees. The performance of the AlphaNorth Partners Fund is for Class A net of all fees. Returns subsequent to 2011 are unaudited. The opinions, estimates and projections ("information") contained within this report, unless indicated otherwise, are solely those of AlphaNorth Asset Management ("AlphaNorth") and is subject to change without notice. AlphaNorth makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, AlphaNorth assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. AlphaNorth is not under any obligation to update or keep current the information contained herein. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by AlphaNorth. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances.