

January 2014

	Class A	Class D
AlphaNorth Partners Fund Inc. (AAM101/201)	\$21.909	\$17.549
AlphaNorth Partners Fund LP (AAM102/202)	\$1.157	\$0.926
<b>Consolidated NAV*</b>	<b>\$23.066</b>	<b>\$18.475</b>

**Fund Review** The Fund started the year on a very positive note returning 18.1% in January. In comparison, the TSX Venture index and TSX Total Return index returned 2.1% and 0.8% respectively during the month.

Fund performance was strong across all sectors in January. The technology sector performance was the largest positive contributor to performance. Primary Petroleum (TSXV:PIE), after being halted for the past two months, began trading again and the stock price increased 200%. The company is in the process of acquiring Keek Inc, a leading global social media video platform. Once approved at the shareholder meeting in early March, Primary will change its name to Keek Inc. and trade under a new symbol. We believe the shares will continue to experience strong gains in 2014.

We have recently exercised several warrant positions in which the exercise price was well under the current trading value of the common shares. We expect that further portfolio gains will benefit from the leverage of the remaining positions.

Current sector allocations are comprised of 59% in technology, 16% in life sciences, 4% in consumer, 9% in energy, 10% in metals and 2% in precious metals.

**Outlook** The recovery in Canadian small cap equities is continuing. Small cap equities, as measured by the TSX Venture index, have generated positive returns in 5 of the past 7 months. It is becoming increasingly evident that the low for the TSX Venture index in this cycle was indeed experienced in June 2013. We expect that as the year progresses, investors will come to accept this and performance will accelerate as positive fund flows return to the space. We believe that the resource sectors, which have been a drag on performance in recent years, will begin to contribute positively to the TSX Venture index performance in 2014. Key commodity prices that are particularly relevant to the Canadian market such as oil, natural gas, gold, lumber and copper have been stable but, in many cases, are trending higher. Canadian equities can be expected to outperform in periods of accelerating global growth and in an environment of increasing commodity prices.

Declines in the broader market continue to be brief and modest with each representing a good buying opportunity. We believe that this pattern will continue in 2014 as risk/reward remains favourable to equities as compared to alternative asset classes such as fixed income.



Regards,



Steven Palmer, CFA  
President and CEO

### Performance\* (as of January 31, 2014)

	January	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	18.1%	18.1%	(14.4%)	(7.9%)	33.4%	14.3%	130.7%
S&P/TSX Venture	2.1%	2.1%	(22.1%)	(25.2%)	1.5%	(16.1%)	(65.2%)
S&P/TSX Composite TRI	0.8%	0.8%	10.5%	3.3%	12.8%	2.8%	20.2%

### Key Reasons to Own This Fund

#### PROVEN LONG TERM PERFORMANCE:

- Management team has a 15 year track record of generating industry leading returns (25%+ annualized)\*\*

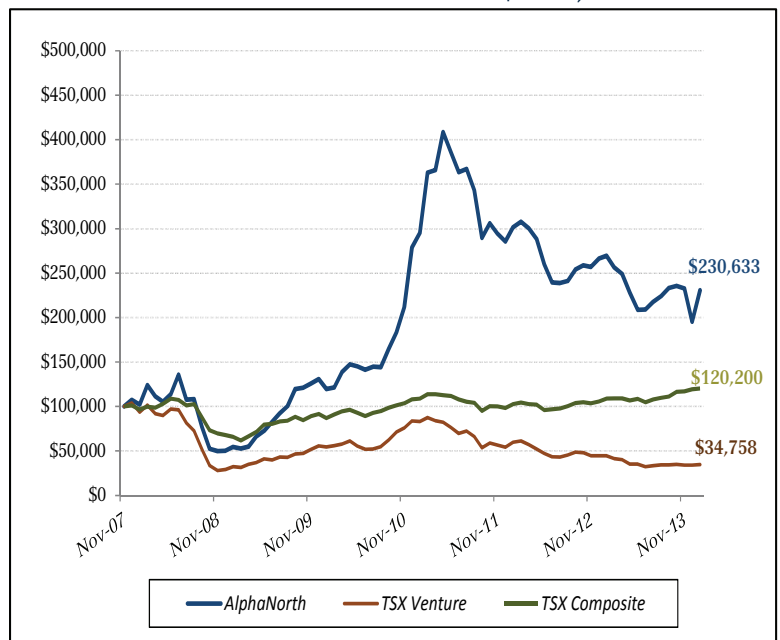
#### DIVERSIFICATION THROUGH SMALL CAP:

- AlphaNorth Partners Fund is well diversified across the resource, technology and life sciences sectors
- Small cap equities is one of the best performing asset classes over the long term. It compliments any investment portfolio, and greatly enhances wealth accumulation

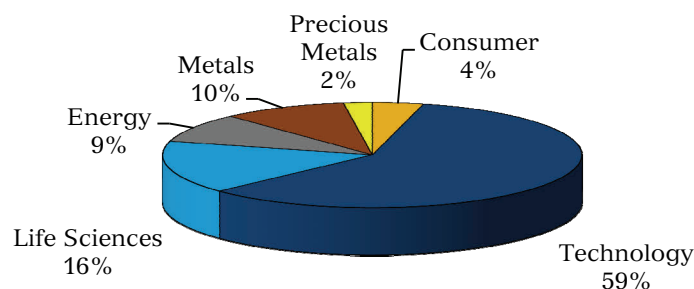
#### UNIQUE STRUCTURE:

- The efficient tax structure dramatically increases after-tax returns over the long term
- All performance fees are reinvested into the 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
Eligibility	Accredited Investors only
Fund Details (closed to new investments)	Management Fee Class A- 2%, Class D- 2.5% 20% Performance Fee High water mark (no reset) Monthly valuation
Sub/Redemption	Monthly, 90 day notice
Lock-up	LP portion redeemable upon liquidity event
Redemption Fee	Class A: none; Class D: 3% yr 1, 1.5% yr 2
Beta Compared to	S&P/TSX Venture: 0.93
Sales Contact	Tanya Ali 416-506-0776 x227

## 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%)	(2.9%)	(8.4%)	(8.4%)	0.2%	4.1%	2.9%	4.2%	1.0%	(1.3%)	(16.0%)	(24.8%)
2014	18.1%												18.1%

## Investment Strategy

The AlphaNorth Partners Fund Inc. (the "Fund") is a long-biased, small cap hedge fund that 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 have 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 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

\*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 on an annualized basis except where noted and stated net of all fees. Returns are shown for AlphaNorth Partners Fund Inc. Class A on or prior to Reorganization May 31, 2013, and on a consolidated basis (the "Consolidated NAV") subsequent to Reorganization. The Consolidated NAV represents the Class A NAV per share of AlphaNorth Partners Fund Inc., plus the Class A NAV per share of AlphaNorth Partners Fund LP at the same date. Returns subsequent to 2012 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.

January 2014

NAV  
Class F (AAM301) \$31.603  
Class G (AAM401) \$25.336

**Fund Review** The Fund returned 5.0% in January. In comparison, the TSX Venture index and TSX Total Return index returned 2.1% and 0.8% respectively during the month.

Fund performance was strong across all sectors in January. The technology sector was the largest positive contributor to performance. The Fund participated in three private placements in January. All of these were technology companies and have performed strongly in the very short time since purchase returning, on average, 46% in January. We believe significant upside remains for these investments.

In recent months, we have not been focused on shorting since the risk/reward characteristics of the investment opportunities we have evaluated have strongly favoured long positions. We expect this long bias to continue in 2014 as it is our view that Canadian small caps continue to recover after several years of underperformance. Notwithstanding, we have identified one short opportunity in the technology sector. We are closely monitoring this company which we believe is highly overvalued after generating very strong returns over a short period of time. As usual, we will wait for our technical analysis work to confirm an opportune time to initiate a short position.

Current sector allocations are as follows: 48% technology, 11% life sciences, 8% consumer products, 4% energy, 28% metals and 1% precious metals. The Fund currently has a small cash position.

**Outlook** The recovery in Canadian small cap equities is continuing. Small cap equities, as measured by the TSX Venture index, have generated positive returns in 5 of the past 7 months. It is becoming increasingly evident that the low for the TSX Venture index in this cycle was indeed experienced in June 2013. We expect that as the year progresses, investors will come to accept this and performance will accelerate as positive fund flows return to the space. We believe that the resource sectors, which have been a drag on performance in recent years, will begin to contribute positively to the TSX Venture index performance in 2014. Key commodity prices that are particularly relevant to the Canadian market such as oil, natural gas, gold, lumber and copper have been stable but, in many cases, are trending higher. Canadian equities can be expected to outperform in periods of accelerating global growth and in an environment of increasing commodity prices.

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Regards,



*Steven Palmer*

Steven Palmer, CFA  
President and CEO

### Performance\* (as of January 31, 2014)

	January	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	5.0%	5.0%	17.3%	2.3%	42.1%	20.2%	216.0%
S&P/TSX Venture	2.1%	2.1%	(22.1%)	(25.2%)	1.5%	(16.1%)	(65.2%)
S&P/TSX Composite TRI	0.8%	0.8%	10.5%	3.3%	12.8%	2.8%	20.2%

### Key Reasons to Own This Fund:

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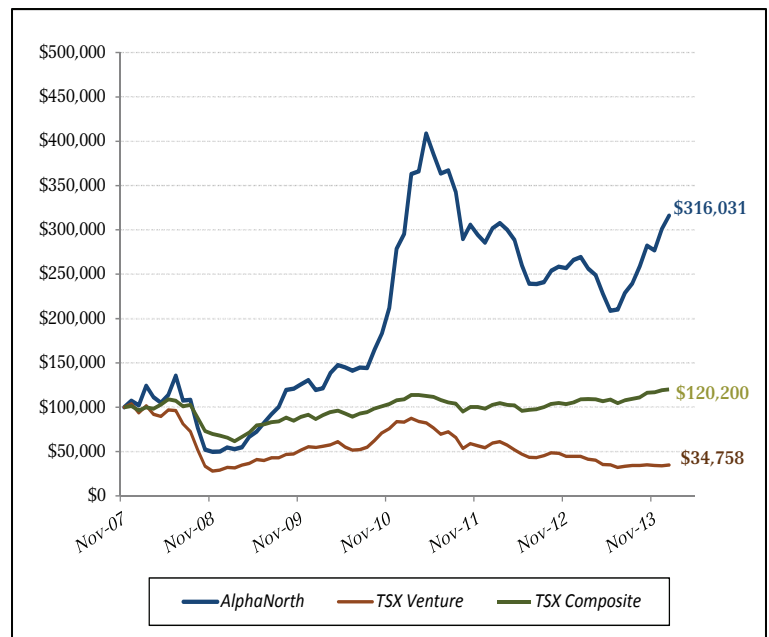
#### DIVERSIFICATION THROUGH SMALL CAP:

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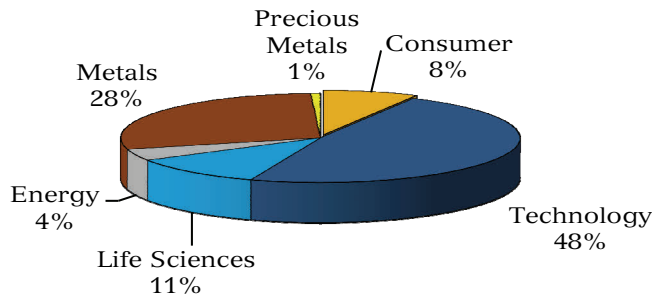
#### UNIQUE ASPECTS:

- Management and employees own a significant portion of fund assets
- All performance fees are reinvested into the fund

### Growth of Initial Investment \$100,000



## Current Sector Allocation



## Fund Information

Lead Manager	Steven Palmer
Inception	December 1, 2007 (Class F&G - June 1, 2013)
Fund Type	Alternative Strategies (Long biased small cap)
Fund Codes	Class F: AAM300, Class G: AAM400
Eligibility	Accredited Investors only
Fund Details	Management Fee Class F- 2%, Class G- 2.5% 20% Performance Fee RRSP eligible High water mark (no reset)
Sub/Redemption	Monthly, 90 day notice
Lock-up	None
Redemption Fee	Class F: none; Class G: 3% yr 1, 1.5% yr 2
Beta Compared to	S&P/TSX Venture: 0.94
Sales Contact	Tanya Ali 416-506-0776 x227

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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%)	(2.9%)	(8.4%)	(8.4%)	0.6%	8.9%	4.7%	8.0%	8.9%	(1.8%)	8.7%	13.1%
2014	5.0%												5.0%

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