

February 2014

	Class A	Class D
AlphaNorth Partners Fund Inc. (AAM101/201)	\$23.087	\$18.484
AlphaNorth Partners Fund LP (AAM102/202)	\$0.924	\$0.739
<b>Consolidated NAV*</b>	<b>\$24.010</b>	<b>\$19.222</b>

**Fund Review** The Fund extended its strong start to the year gaining 4.1% in February. In comparison, the TSX Venture index and TSX Total Return index returned 7.8% and 3.9% respectively during the month.

In February, many positions continued to perform well. One of note was LeoNovus (TSXV:LTV) which gained 42% in February. LeoNovus is one of our top picks for 2014. We purchased this investment by way of a private placement at \$0.23 and have recently added to our position by buying additional shares in the market. LeoNovus has proprietary cloud and infrastructure which allows for distributed computing and data storage. The company is in the early stages of rolling this out with several customers. This is an extremely scalable business with strong margins. Once the company demonstrates this and broadens investor awareness, we believe the shares will move substantially higher. Poet Technologies (TSXV:PTK) was also a strong gainer for the Fund in February returning 39%.

Several resource sector holdings have started to perform well, particularly in the uranium and gold area.

Current sector allocations are as follows: 59% technology, 15% life sciences, 5% consumer, 8% energy, 11% metals and 2% precious metals.

**Outlook** North American economic indicators softened in February, though we expect much of this can likely be attributed to poor weather conditions. The Canadian picture improved as manufacturing numbers were better month over month. Net foreign flows into Canadian stocks grew this month and GDP growth came in at 2.9% in Q4 2013, better than the 2.5% expectation.

Global small cap performance improved overall during February, with Canadian small caps performing in the middle of the pack. Precious metals performed the best over the month (up almost 16%), while technology was the only sector that had a slight negative performance. While our focus has largely been on the technology sector in recent months, we have started to shift our attention back towards mining and energy. The materials sector has outperformed in the past couple of months, and we are seeing renewed enthusiasm from investors. **We believe that outperformance of the resource sectors will result in the TSX outperforming U.S. equities in 2014.** Since June 2013 the TSX has outperformed the S&P.

Current earnings in the U.S. are the strongest since 2011 as increased revenues, margins and buybacks have all made positive contributions. **We expect that ongoing strength in corporate earnings combined with low yields will result in strong equity markets in 2014.**



Regards,



Steven Palmer, CFA  
President and CEO

### Performance\* (as of February 28, 2014)

	February	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	4.1%	22.9%	(6.3%)	(12.9%)	35.4%	14.8%	140.1%
S&P/TSX Venture	7.8%	10.0%	(9.5%)	(24.6%)	3.5%	(14.9%)	(62.5%)
S&P/TSX Composite TRI	3.9%	4.8%	14.3%	3.2%	15.1%	3.4%	24.9%

### 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)\*\*

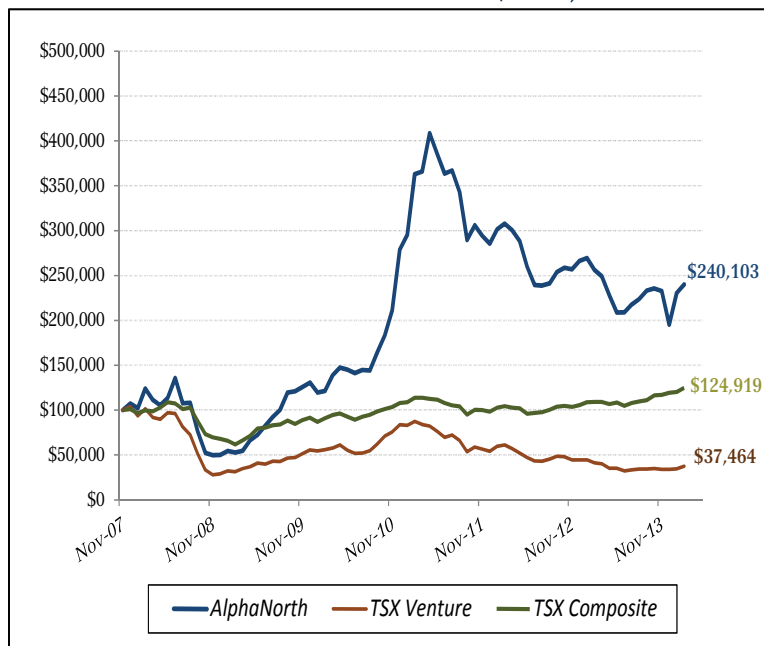
#### DIVERSIFICATION THROUGH SMALL CAP:

- 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

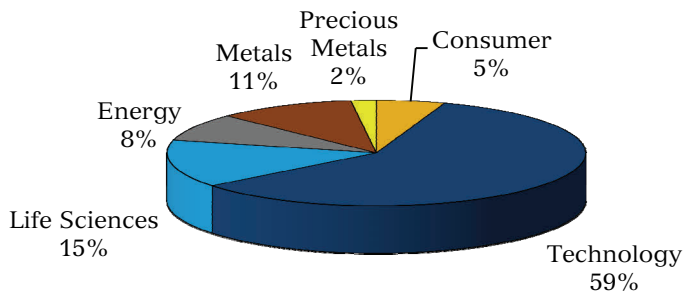
#### UNIQUE STRUCTURE:

- 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: 0.92
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%	4.1%											22.9%

## 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.

February 2014

NAV  
Class F (AAM301) \$31.943  
Class G (AAM401) \$25.599

**Fund Review** The Fund returned 1.1% in February. In comparison, the TSX Venture index and TSX Total Return index returned 7.8% and 3.9% respectively during the month.

In February, many positions continued to perform well. One of note was LeoNovus (TSXV:LTV) which gained 42% in February. LeoNovus is one of our top picks for 2014. We purchased this investment by way of a private placement at \$0.23 and have recently added to our position by buying additional shares in the market. LeoNovus has proprietary cloud and infrastructure which allows for distributed computing and data storage. The company is in the early stages of rolling this out with several customers. This is an extremely scalable business with strong margins. Once the company demonstrates this and broadens investor awareness, we believe the shares will move substantially higher. Poet Technologies (TSXV:PTK) was also a strong gainer for the Fund in February returning 39%.

Several resource sector holdings have started to perform well, particularly in the uranium and gold area.

Current sector allocations are as follows: 51% technology, 7% life sciences, 9% consumer products, 5% energy, 27% metals and 1% precious metals. The Fund currently has a small cash position.

**Outlook** North American economic indicators softened in February, though we expect much of this can likely be attributed to poor weather conditions. The Canadian picture improved as manufacturing numbers were better month over month. Net foreign flows into Canadian stocks grew this month and GDP growth came in at 2.9% in Q4 2013, better than the 2.5% expectation.

Global small cap performance improved overall during February, with Canadian small caps performing in the middle of the pack. Precious metals performed the best over the month (up almost 16%), while technology was the only sector that had a slight negative performance. While our focus has largely been on the technology sector in recent months, we have started to shift our attention back towards mining and energy. The materials sector has outperformed in the past couple of months, and we are seeing renewed enthusiasm from investors. **We believe that outperformance of the resource sectors will result in the TSX outperforming U.S. equities in 2014.** Since June 2013 the TSX has outperformed the S&P.

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Regards,



Steven Palmer, CFA  
President and CEO

### Performance\* (as of February 28, 2014)

	February	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	1.1%	6.1%	24.6%	(4.2%)	43.4%	20.1%	219.4%
S&P/TSX Venture	7.8%	10.0%	(9.5%)	(24.6%)	3.5%	(14.9%)	(62.5%)
S&P/TSX Composite TRI	3.9%	4.8%	14.3%	3.2%	15.1%	3.4%	24.9%

### 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)\*\*

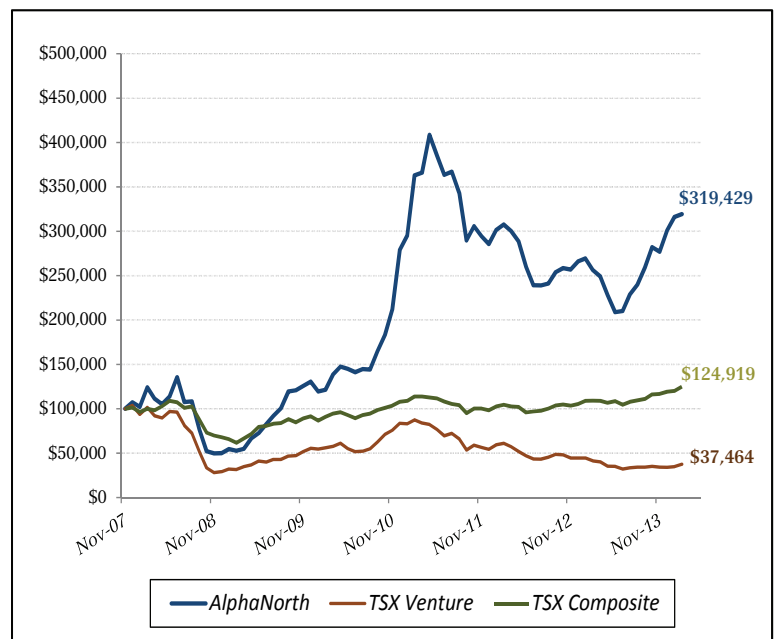
#### DIVERSIFICATION THROUGH SMALL CAP:

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

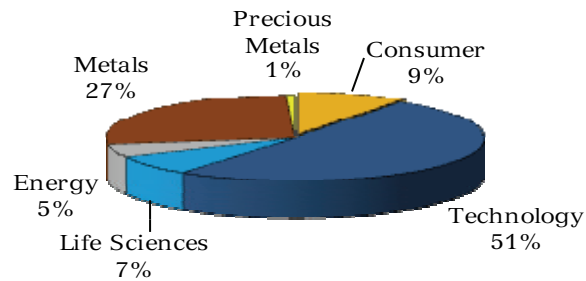
#### UNIQUE ASPECTS:

- 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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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%)	0.6%	8.9%	4.7%	8.0%	8.9%	(1.8%)	8.7%	13.1%
2014	5.0%	1.1%											6.1%

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