

Fund Review The Fund returned (10.7%) in January. In comparison, the TSX Venture index and TSX Total Return index returned (5.0%) and (1.2%) respectively during the month.

The performance in January was a disappointing start to the year. However, it is positive that this was not related to any material negative fundamental changes in any of our holdings. Indiscriminate selling in many junior names has been pervasive in recent weeks despite improving or stable fundamentals for our holdings. This has been very frustrating for us as fundamental investors. It has been shocking to watch companies with strong prospects and which have recently financed to trade down as much as 40% from the financing price. In several of these instances we have seized the opportunity by purchasing additional shares in the market. Share prices can easily rebound by substantial amounts in a short period of time once milestones are achieved and/or sentiment changes.

We have recently added to a couple of existing positions by way of private placements where we are picking up a full warrant. When junior markets inevitably turn, these warrants will provide strong leverage to returns as they did in previous bull cycles (2002-2007, 2009/2010) where the portfolio experienced 100%+ return years on multiple occasions. We are also initiating two new positions in companies that presented at our conference last month that we believe stood out. We look forward to highlighting these in future commentaries.

Current sector allocations are as follows: 47% technology, 20% life sciences, 10% consumer, 1% energy, 1% precious metals and 21% base metals.

Outlook Despite what has been a fairly robust earnings season, large cap equity indices worldwide have continued to perform poorly in recent weeks. Investors are piling into fixed income investments, driving yields into negative territory in some cases. We believe this will surely end badly. This is a function of recent investor sentiment, which for U.S. equities has dropped to levels not seen since 2005, according to the American Association of Individual Investors survey (AAII). Sentiment in January, as measured by the percent of bullish respondents, dropped to a lower level than at anytime during the Global Financial Crisis in 2008. This supports our bullish outlook for equities as investor sentiment has proven to be one of the best contrary indicators. The AAII bullish survey has fallen below 20% in 10 previous periods since 1987. In 9 of these occasions, the equity market was substantially higher one year later. This is supportive of Warren Buffet's famous quote, "be greedy when others are fearful".

Notwithstanding the poor equity sentiment readings, recent earnings have been solid outside of the energy sector. According to a recent report by RBC, S&P 500 earnings are tracking towards 4.2% growth year over year excluding energy. As the energy impact dissipates, we expect robust earnings growth in 2016 and 2017. John Aitkens, a top ranked strategist at TD, forecasts TSX earnings growth of 9.0% and 11.8% over the next two years. This provides a strong backdrop for equities. Given the current sentiment and depressed valuations for Canadian small cap equities, we believe the current opportunity presented for investors in this area is exceptional.



Regards,

Steven Palmer, CFA
President and CEO

Performance* (as of January 31, 2016)

	Jan	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	(10.8%)	(10.8%)	(45.8%)	(33.9%)	(23.4%)	(3.0%)	(22.0%)
S&P/TSX Venture	(5.0%)	(5.0%)	(26.2%)	(25.8%)	(26.2%)	(18.8%)	(81.7%)
S&P/TSX Composite TRI	(1.2%)	(1.2%)	(9.9%)	3.1%	1.9%	2.2%	19.4%

Key Reasons to Own This Fund:

PROVEN LONG TERM PERFORMANCE:

- Management team has a 17.3 year track record of generating industry leading returns (16% annualized)**

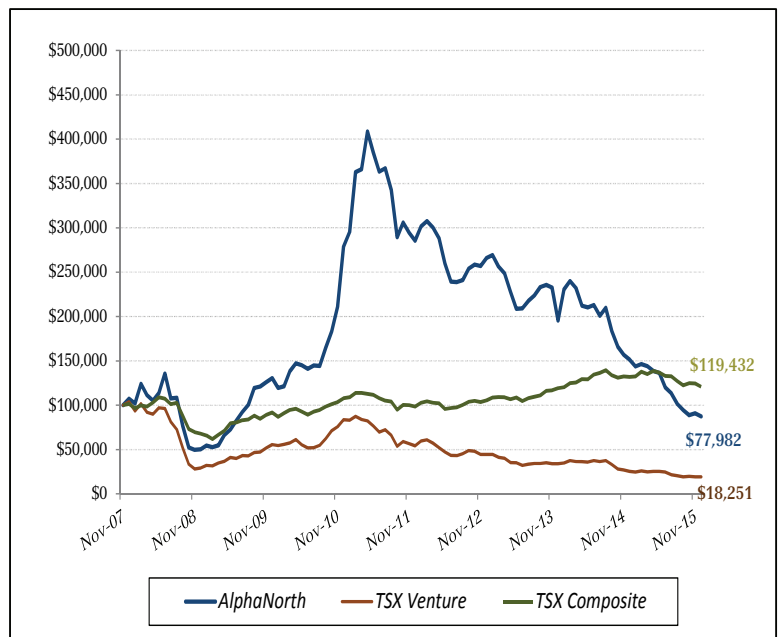
DIVERSIFICATION THROUGH SMALL CAP:

- 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

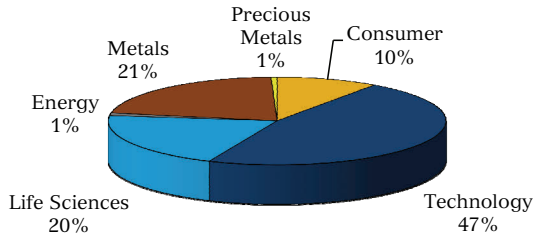
UNIQUE ASPECTS:

- 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
Fund Type	Alternative Strategies (Long biased small cap)
Fund Codes	Class A: AAM100, Class D: AAM200
Eligibility	Accredited Investors only
Fund Details	Management Fee Class A- 2%, Class D- 2.5% 20% Performance Fee Perpetual High water mark
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: 0.92
Sales Contact	Steve Palmer 416-483-4448

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%)	(26.6%)
2014	18.1%	4.1%	(3.3%)	(8.6%)	(0.9%)	1.4%	(5.7%)	4.3%	(12.5%)	(9.5%)	(5.5%)	(3.6%)	(22.6%)
2015	(4.9%)	1.8%	(1.6%)	(3.8%)	(1.6%)	(12.1%)	(5.3%)	(10.7%)	(6.9%)	(6.1%)	2.5%	(3.95)	(42.3%)
2016	(10.8%)												(10.8%)

Investment Strategy

The AlphaNorth Partners Fund Inc. (the "Fund") is a long-biased, small cap hedge fund which 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 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 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 for Class A shares on an annualized basis except where noted and stated net of all fees. The inception date is December 1, 2007 for the fund. Returns subsequent to 2014 are unaudited. **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 Inc. from inception December 1, 2007 to the current NAV.