

February 2016

NAV
Class A (AAM101) \$8.681
Class D (AAM201) \$6.872

Fund Review The Fund returned 11.4% in February. In comparison, the TSX Venture index and TSX Total Return index returned 8.5% and 0.5% respectively during the month.

The performance in February rebounded strongly from the negative results of the prior month. Much of the initial strength of the TSXV from its all-time low set in January has been in the precious metals sector. We are pleased that despite the Fund's minimal exposure to this sector, we were able to outperform. Our exposure to the resource sectors has been and will continue to be on special situations outside of the precious metals sector. The Fund's focus is in commodities which have preferable fundamentals and pricing which is not ambiguous.

The three private placements which we have purchased in 2016 have all performed very well gaining 100%, 40% and 90%. These are strong returns in a very short period of time. However, we believe that there remains further significant upside over the longer term given the attractive depressed levels where these investments were purchased. All of these investments came with warrants. We have maintained our warrant exposure at almost 70%, replacing out of the money expiring warrants with new warrants received from recent investments. We have identified several new opportunities in the biotech, technology and lithium sectors in which we have made commitments. We are optimistic and excited about the prospects of these companies which we project to perform similarly.

Current sector allocations are as follows: 49% technology, 19% life sciences, 10% consumer, 1% energy, 0% precious metals and 21% base metals.

Outlook The technical and sentiment indicators which we have been monitoring in recent weeks have given us increased confidence in our bullish outlook for equities. We are also encouraged by the YTD outperformance of the TSX Venture Index which been one of the top performing equity indices worldwide. The larger cap TSX Composite has also begun to outperform the U.S. indices after an extended period of underperformance. A rebound in the C\$ from the 68 cent level to approximately 75 cents over the same period accentuates the strong performance of the Canadian indices. Although these performance numbers are over a relatively short period of time, we believe the risk/reward favours a continuation of this trend.

We highlighted several sentiment indicators which we viewed as very positive for equity markets last month. We recently prepared a more detailed document which highlights the opportunity for Canadian small caps. We strongly encourage investors to review this document ([What is Recent Investor Sentiment Implying for Equity Markets](#)).

Canadian small caps have recovered slightly in recent weeks but remain at depressed valuations and sentiment continues to be very poor. We believe there remains a high number of tremendous opportunities which we have identified which could experience exceptional returns. Early investors will have the greatest returns with the lowest risk. **The AlphaNorth funds are well positioned to capitalize on a recovery in the Canadian junior markets.**



Regards,



Steven Palmer, CFA
President and CEO

Performance* (as of February 29, 2016)

	Feb	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	11.4%	(0.6%)	(40.7%)	(30.3%)	(24.9%)	(1.7%)	(13.2%)
S&P/TSX Venture	8.5%	3.1%	(23.3%)	(21.8%)	(25.7%)	(17.8%)	(80.2%)
S&P/TSX Composite TRI	0.5%	(0.7%)	(12.9%)	3.2%	1.1%	2.2%	20.0%

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)**

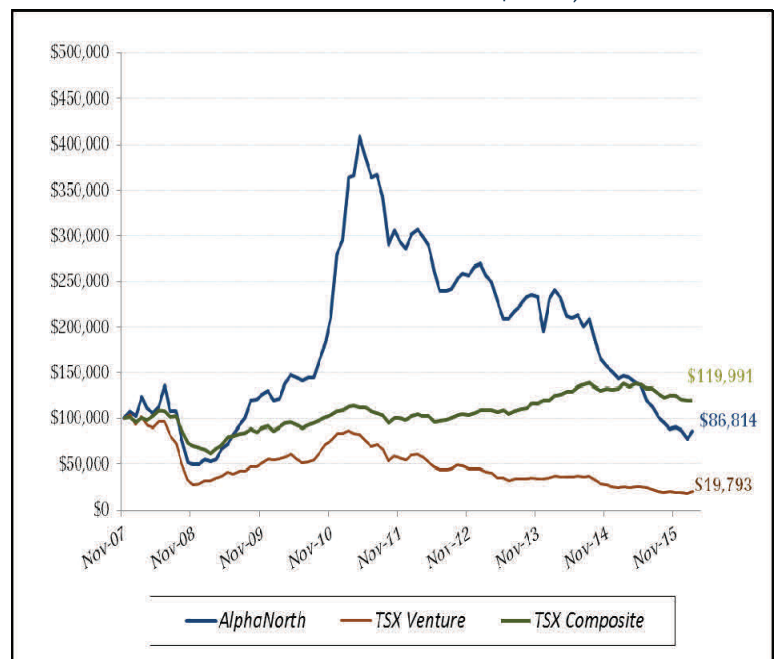
DIVERSIFICATION THROUGH SMALL CAP:

- 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

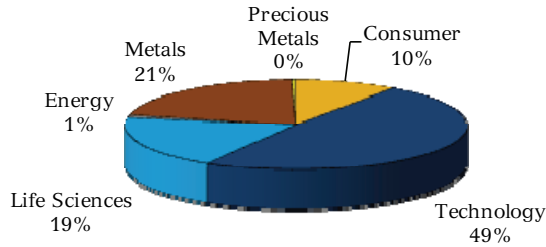
UNIQUE ASPECTS:

- 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%)	11.4%											(0.6%)

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.