

AlphaNorth Partners Fund Review: Navigating Through Challenging Markets

written by Tracy Weslosky | November 17, 2023

In the tumultuous arena of Canadian small-cap equities, the [AlphaNorth Partners Fund](#), under the stewardship of [Steve Palmer](#), has emerged as a beacon of resilience. October 2023 marked a significant milestone for the Fund, showcasing its adeptness in weathering adverse market conditions.

A Comparative Perspective: October's Performance

October saw the AlphaNorth Partners Fund achieve a commendable 3.6% return. This performance stands in stark contrast to the broader market indices. The TSX Venture Index plummeted by 7.7%, and the TSX Total Return Index declined by 3.3%. This divergence underscores the Fund's strategic proficiency in navigating market volatility.

Year-to-Date Review: Steady Amidst the Storm

The Fund's year-to-date return is essentially flat, a noteworthy achievement given the turbulent year for Canadian small-cap equities. This stability is the product of three successive months of positive relative performance against the Fund's benchmark.

October's Star Performers

Byrna Technologies' Remarkable Rebound – [Byrna Technologies \(NASDAQ: BYRN\)](#) stands out with a stunning 95% rebound in October. The company's agility in the face of adversity – reimagining its marketing strategy following advertising bans on Google and Facebook – has been a key driver. Its pivot to alternative advertising channels and a significant order from

the Argentinian police for their non-lethal firearms have been pivotal.

DelphX Capital Markets' Impressive Gains – [DelphX Capital Markets \(TSXV: DELX\)](#) also delivered impressive results, surging 38% in October. The company's innovative solution for corporate bondholders, providing protection against ratings downgrades, is particularly timely. With interest rates on the rise and an increase in downgrades, DelphX's platform is poised for success.

Market Outlook: Navigating the Junior Market

The Fund's outlook for the coming months is cautiously optimistic, considering the typical challenges in the junior market, such as tax loss selling and margin calls. However, these factors are expected to have a diminished impact this year due to the poor performance of the junior market in 2021 and the lack of significant gains in 2023.

A Historical Perspective

Historically, the months of December, January, and February have been the most favorable, with positive returns 78% of the time since 1982 and an average annualized return of 49% over this period. The Fund anticipates this trend to continue, bolstered by a shift in investor sentiment regarding interest rates.

The Bigger Picture

AlphaNorth remains confident that the changing dynamics around interest rate expectations will enhance investor confidence. This shift is expected to redirect capital from money market funds back into the equity market, particularly benefiting the hard-hit sectors like Canadian small caps.

Conclusion: A Bright Horizon for Canadian Small Caps

In summary, the AlphaNorth Partners Fund paints a picture of strategic agility and foresight. Despite the challenges faced by Canadian small-cap equities, the Fund's performance in October

and its optimistic outlook for the coming months highlight its potential for strong returns, offering a glimmer of hope in an otherwise challenging market landscape.