

Fund Review

The past several months has proven to be a very challenging environment for small cap stocks. The TSX Venture has declined by 10% or more in three of the past seven months and is presently down 29% for the year at the time of writing. We cannot remember a time when the sentiment for small caps stocks has been worse than it is currently and this view is shared unanimously by all of our industry contacts with whom we have communicated over the past few weeks. At the beginning of July, we anticipated giving back some of June's 19.2% advance, but a decline of 20.7% was disappointing. Fortunately, the Fund remains relatively flat over the last two months as compared to a decline of 16.3% for the TSX Venture.

During July, the Fund maintained no short positions. Given the poor liquidity and extreme pessimism for small and micro cap companies, we believe that it would not be prudent to be shorting stocks at this time. Several of our key names gave back some ground from their strong performance in June and have pulled back to even more attractive levels.

At the end of July, the Fund employed leverage of 1.09x. The portfolio is quite diversified over several sectors with 22% invested in technology, 21% in biotech, 9% in energy, 16% in metals and minerals and 26% in precious metals. The resource component has been decreased in recent weeks and we intend to continue with this as opportunities arise. In order to minimize exposure to commodity price fluctuations, we have focused our resource investments on new discoveries which have stock specific catalysts.

Given the current market environment, we have been reducing positions in some of our more speculative investments and are focusing on our existing positions rather than adding new names. For all intents and purposes, the private placement market for small cap companies shut down in July. We continue to monitor many attractive investment opportunities and we remain very encouraged by the potential of our current investments.

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)						0.2

Performance Analysis

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
Returns			
1 Month	(20.7%)	(15.6%)	(5.9%)
3 Month	2.2%	(9.4%)	(1.8%)
6 Month	5.4%	(13.3%)	4.7%
YTD	0.2%	(21.7%)	(0.2%)
Since Inception	7.5%	(18.7%)	1.1%
Avg. Monthly Return (Since Inception)	1.9%	(2.2%)	0.1%
Best Month	21.6 %	8.5%	5.23%
Worst Month	(20.7%)	(15.6%)	(5.9%)
Advancing Months	50%	38%	50%
Current NNAV	10.7536		

Outlook

As stated in our prior commentaries, we are cautious with respect to commodity stock investments and are focusing our efforts on finding non-commodity based investments in sectors which have been neglected over the past several years. The Fund continues to maintain no short positions as market sentiment for small caps is currently at a pessimistic extreme. Although we can never be certain, we believe that a market bottom is likely to occur in the near term. The portfolio remains well positioned for the inevitable recovery in small cap companies. Many of the large cap indices around the world are already well off the lows made in mid July. Investors typically do not realize that the market has bottomed until well after the fact and they will typically miss a good portion of the initial move higher. The Fund is currently positioned in a diversified number of companies which we expect will outperform once market conditions improve.

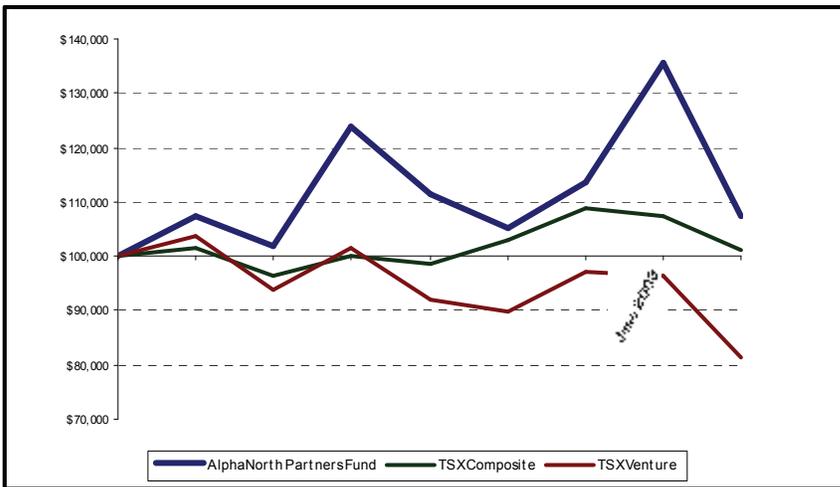
We believe that in times like these, shrewd investors are generally highly rewarded for buying when the masses are selling. The next subscription date is August 31.

Regards,



Steven Palmer, CFA
President and CEO

Growth of Initial Investment (\$100,000)



Terms

Lead Manager:	Steven Palmer
Inception:	December 1, 2007
Minimum Investment:	\$150,000
Subsequent Investments:	\$25,000
Sub/Redemption:	Monthly, 90 day notice
Valuation:	Monthly
Lock-up:	None
Redemption Fee:	None
High Water Mark:	Yes (no reset)
Management Fee:	2%
Performance fee:	20%
Auditor:	Deloitte
Administration:	Harmonic Fund Services
Prime Broker:	Scotia Capital
Legal:	Stikeman/Maples & Calder

Investment Strategy

The AlphaNorth Partners Fund (the "Fund") is a long biased small cap hedge fund focusing primarily on Canadian companies. The Fund's investment objective is to achieve industry leading long term capital growth 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. The firm combines both a bottom-up and top-down strategy in the selection of investments offering the best risk/reward characteristics. AlphaNorth employs various technical analysis techniques, which have proven to be successful, to assist in the timing of buy/sell decisions.

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. Steve and Joey together have over 25 years experience in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund.

Key Personnel:

Steven Palmer is the President, CEO and Director 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 AIG Global Investment Corp. (Canada) where he managed the Canadian equity assets of approximately \$350 million. A small companies fund managed by Mr. Palmer was awarded by API Asset Performance Inc in 2007 and 2006: (a) API Asset Performance (2007): Best Fund Over 1, 3, and 5 Years, *Canadian Small Cap Universe*; and (b) API Asset Performance (2006): Best Fund Over 1, 3 Years, *Canadian Small Cap Universe*. The fund had a nine year compound annual return of 35.8% during Mr. Palmer's tenure. Mr. Palmer earned a BA in Economics from the University of Western Ontario and is a CFA.

Joey Javier is Vice President, Secretary and a Director of AlphaNorth Asset Management. Mr. Javier started his career in the investment industry in 1997 as an Equity Trader for AIG Global Investment Corp. (Canada). 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 a compound annual basis, unaudited and stated net of all fees. The inception date is December 1, 2007.*