

| | Class A | Class D |
|--|-----------------|-----------------|
| AlphaNorth Partners Fund Inc. (AAM101/201) | \$17.199 | \$13.820 |
| AlphaNorth Partners Fund LP (AAM102/202) | \$4.566 | \$3.669 |
| Consolidated NAV* | \$21.765 | \$17.489 |

Fund Review The Fund performed well in July returning 4.1%. In comparison, the TSX Venture index and TSX Total Return index returned 4.1% and 3.2% respectively.

It was the non-resource side of the portfolio which provided the positive highlights for the month. Notable strong performers included Merus Labs (TSX:MSL) and BSM Technologies (TSX:GPS) which returned 22% and 14% respectively. The resource component of the portfolio, which currently represents a 26% weighting, continued to underperform. Despite the poor performance for junior resource stocks over the past couple of years, we realized a couple of highly profitable resource winners. One of the best performing resource stocks in the Canadian market over the past year has been Zenyatta Ventures (TSXV:ZEN) which had another strong month returning 39%. The Fund's initial investment in Zenyatta was at \$0.10 in 2010. Zenyatta's discovery of a high value graphite deposit in northern Ontario has propelled the shares to as high as \$5.00 in July.

The Fund maintained a small cash position at the end of July. Current sector allocations are comprised of 59% in technology, 15% in life sciences, 11% in energy, 12% in metals and 3% in precious metals.

The Fund completed its reorganization as of May 31, 2013, splitting an illiquid private asset into its own LP structure. Investors in the Class A and D shares now hold both the AlphaNorth Partners Fund and the AlphaNorth Partners Fund LP. Performance will be reported on a consolidated basis in the future.

Outlook Contrary to popular opinion, the main driver of global growth is no longer China. Global growth over the next couple of years is expected to transition to the European Union and North America as they become the primary drivers. Although a Chinese slowdown was inevitable and expected, investors seem overly concerned about it. We believe that near term global growth will be dominated by significant improvements in the U.S. and the EU which will outweigh the lower growth expectations in China. The growth rate target for 2013 set by the Chinese government is 7.5% and analyst estimates have generally declined from 8%+ at the beginning of the year to the 7-7.5% range which recently prompted weakness in resource equities. We believe 7% will be the floor for growth in China this year as suggested by recent press comments by Chinese politicians. China has ample means to stimulate the economy to prevent growth rates from deteriorating further. IMF forecasts predict the U.S. and EU economies will grow by 2.7% and 0.9% respectively in 2014 as compared to growth of 1.7% and (0.6%) in 2013. These are the two largest components of global GDP representing almost 40% relative to China at a 15% weighting.

Although the broader equity markets have performed well more recently, we believe substantial upside remains. We expect the small and mid cap Canadian equity indices, which have lagged in terms of performance to this point, will soon participate in the bull market.

Regards,



Steven Palmer
Steven Palmer, CFA
President and CEO

Performance* (as of July 31, 2013)

| | July | YTD | 1 Year | 3 Year | 5 Year | Inception | Cumulative |
|-----------------------|------|---------|---------|---------|---------|-----------|------------|
| AlphaNorth Partners | 4.1% | (18.2%) | (8.9%) | 14.6% | 15.1% | 14.5% | 117.7% |
| S&P/TSX Venture | 4.1% | (24.9%) | (22.5%) | (13.7%) | (16.2%) | (17.3%) | (66.5%) |
| S&P/TSX Composite TRI | 3.2% | 2.3% | 10.5% | 5.1% | 1.3% | 1.3% | 7.9% |

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)**

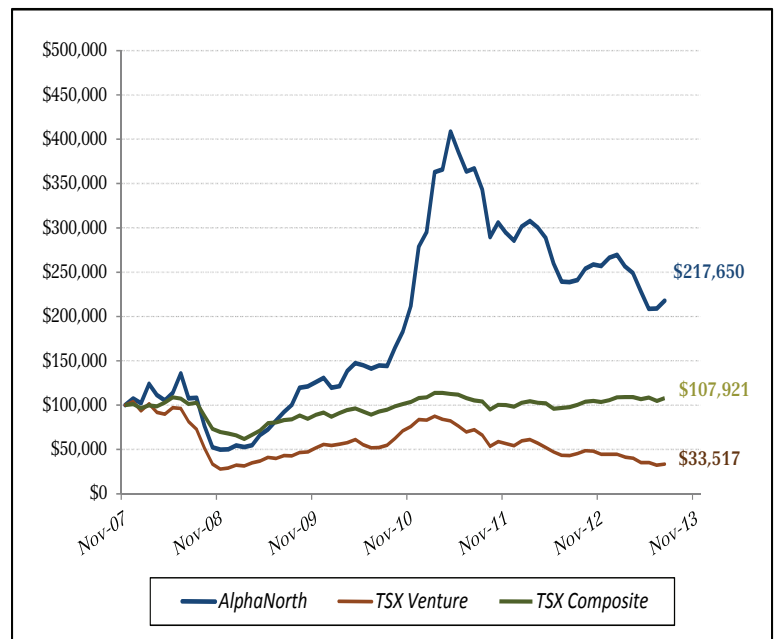
DIVERSIFICATION THROUGH SMALL CAP:

- 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

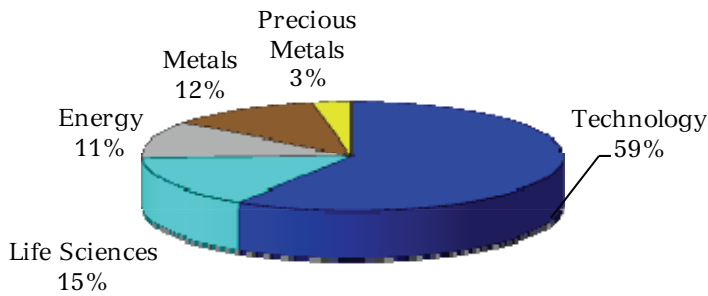
UNIQUE STRUCTURE:

- 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 | Management Fee Class A- 2%, Class D- 2.5% 20% Performance Fee High water mark (no reset) Monthly valuation \$150k minimum investment |
| 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: 0.94 S&P/TSX Composite TRI: 1.71 |
| Sales Contact | Skye Collyer 416.506.0776 ext.227 skye@alphanorthasset.com |

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% | | | | | | (18.2%) |

Investment Strategy

The AlphaNorth Partners Fund Inc. (the "Fund") is a long biased small cap hedge fund focusing 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 2012 Flow-Through LP, 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.

Fund Review The Fund performed well in July returning 8.9%. In comparison, the TSX Venture index and TSX Total Return index returned 4.1% and 3.2% respectively.

It was the non-resource side of the portfolio which provided the positive highlights for the month. Notable strong performers included Merus Labs (TSX:MSL) and BSM Technologies (TSX:GPS) which returned 22% and 14% respectively. The resource component of the portfolio, which currently represents a 26% weighting, continued to underperform. Despite the poor performance for junior resource stocks over the past couple of years, we realized a couple of highly profitable resource winners. One of the best performing resource stocks in the Canadian market over the past year has been Zenyatta Ventures (TSXV:ZEN) which had another strong month returning 39%. The Fund's initial investment in Zenyatta was at \$0.10 in 2010. Zenyatta's discovery of a high value graphite deposit in northern Ontario has propelled the shares to as high as \$5.00 in July.

The current sector allocation is comprised of 62% in technology, 5% in life sciences, 7% in energy, 13% in metals and 2% in precious metals. The Fund held a 11% cash position at month end.

Outlook Contrary to popular opinion, the main driver of global growth is no longer China. Global growth over the next couple of years is expected to transition to the European Union and North America as they become the primary drivers. Although a Chinese slowdown was inevitable and expected, investors seem overly concerned about it. We believe that near term global growth will be dominated by significant improvements in the U.S. and the EU which will outweigh the lower growth expectations in China. The growth rate target for 2013 set by the Chinese government is 7.5% and analyst estimates have generally declined from 8%+ at the beginning of the year to the 7-7.5% range which recently prompted weakness in resource equities. We believe 7% will be the floor for growth in China this year as suggested by recent press comments by Chinese politicians. China has ample means to stimulate the economy to prevent growth rates from deteriorating further. IMF forecasts predict the U.S. and EU economies will grow by 2.7% and 0.9% respectively in 2014 as compared to growth of 1.7% and (0.6%) in 2013. These are the two largest components of global GDP representing almost 40% relative to China at a 15% weighting.

Although the broader equity markets have performed well more recently, we believe substantial upside remains. We expect the small and mid cap Canadian equity indices, which have lagged in terms of performance to this point, will soon participate in the bull market.



Regards,



Steven Palmer, CFA
President and CEO

Performance* (as of July 31, 2013)

| | July | YTD | 1 Year | 3 Year | 5 Year | Inception | Cumulative |
|-----------------------|------|---------|---------|---------|---------|-----------|------------|
| AlphaNorth Partners | 8.9% | (14.0%) | (4.2%) | 16.5% | 16.3% | 15.5% | 128.9% |
| S&P/TSX Venture | 4.1% | (24.9%) | (22.5%) | (13.7%) | (16.2%) | (17.3%) | (66.5%) |
| S&P/TSX Composite TRI | 3.2% | (2.3%) | 10.5% | 5.1% | 1.3% | 1.3% | 7.9% |

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)**

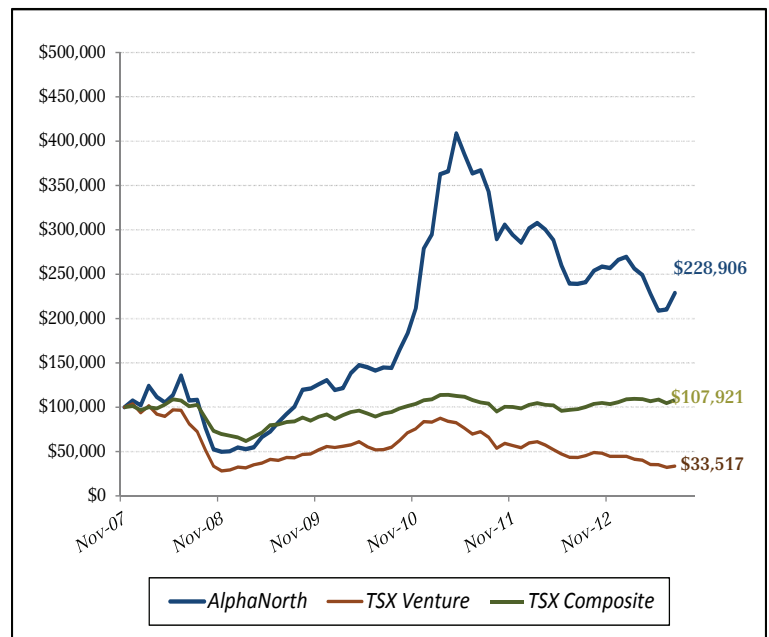
DIVERSIFICATION THROUGH SMALL CAP:

- 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

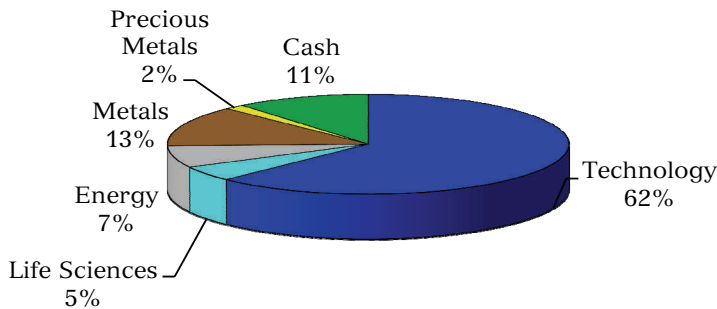
UNIQUE ASPECTS:

- 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) Monthly valuation |
| 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 S&P/TSX Composite TRI: 1.71 |
| Sales Contact | Skye Collyer 416.506.0776 ext.227 skye@alphanorthasset.com |

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%) | 0.6% | 8.9% | | | | | | (14.0%) |

Investment Strategy

The AlphaNorth Partners Fund Inc. (the "Fund") is a long biased small cap hedge fund focusing 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 2012 Flow-Through LP, 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 F shares on an annualized basis except where noted and stated net of all fees. Returns shown on or prior to Reorganization May 31, 2013 are for Class A. The inception date is December 1, 2013 for the fund and June 1, 2013 for Classes F & G. Returns subsequent to 2012 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.