

August 2013

	Class A	Class D
AlphaNorth Partners Fund Inc. (AAM101/201)	\$17.827	\$14.318
AlphaNorth Partners Fund LP (AAM102/202)	\$4.560	\$3.662
Consolidated NAV*	\$22.386	\$17.979

Fund Review The Fund performed well in August returning 2.9%. In comparison, the TSX Venture index and TSX Total Return index returned 2.4% and 1.6% respectively. This marks the third consecutive positive return month.

We have recently added several new technology positions to the portfolio by way of private placement. We are pleased that all are currently trading at a premium to our purchase price. The majority of these also included warrants which will increase our returns if these securities increase as anticipated.

As the Canadian small cap equity market recovers, the Fund's extensive warrant portfolio has the potential to contribute to returns. We conservatively value warrants at intrinsic value. The Fund holds over 50 warrant positions, the majority of which are valued at zero. In the past couple of months, we have already had several warrant positions revalued higher.

Current sector allocations are comprised of 56% in technology, 16% in life sciences, 11% in energy, 13% in metals and 4% in precious metals.

Outlook Investor risk tolerance is beginning to return to the higher beta areas of the equity markets. The strong performance of virtually every investment product with a yield has rewarded investors in recent years. However, outperformance of specific investment products and sectors does not last indefinitely. These yield based investments are no different and are beginning to face the headwind of rising interest rates. It is notable that both non-dividend paying and growth names outperformed dividend paying and value names respectively in August. This indicates a shift in sentiment toward higher beta asset classes. Historically, growth stocks have typically outperformed value stocks in periods of rising yields. As this sentiment continues to shift, it will provide a better environment for our investment strategies.

We have observed that over the past two months, the TSX Composite has outperformed the S&P 500 index. We have previously noted in our commentaries that this was likely to begin in 2013. In addition, the small cap indices notably, the TSX Venture index, have begun to outperform the TSX Composite. Although this outperformance has been modest to date, we expect that this will accelerate over the balance of 2013. We believe that as the economy rebounds and interest rates increase, investors will reallocate funds toward growth equities and smaller cap names will outperform.



Regards,



Steven Palmer, CFA
President and CEO

Performance* (as of August 31, 2013)

	August	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	2.9%	(15.9%)	(7.1%)	15.8%	15.6%	14.8%	123.9%
S&P/TSX Venture	2.4%	(23.1%)	(24.3%)	(14.4%)	(13.9%)	(16.8%)	(65.7%)
S&P/TSX Composite TRI	1.6%	3.9%	9.3%	5.0%	1.3%	1.6%	9.6%

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)**

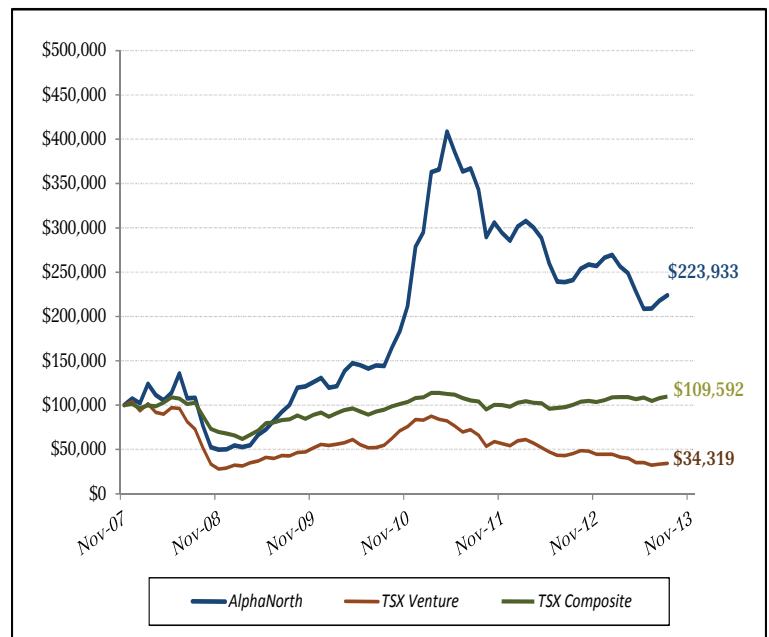
DIVERSIFICATION THROUGH SMALL CAP:

- 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

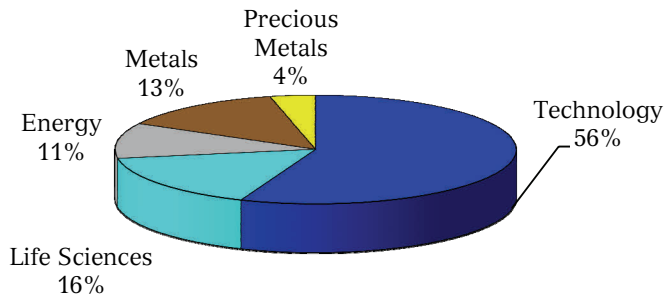
UNIQUE STRUCTURE:

- 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%	2.9%					(15.9%)

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

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Fund Review The Fund performed well in August returning 4.7%. In comparison, the TSX Venture index and TSX Total Return index returned 2.4% and 1.6% respectively. This marks the third consecutive positive return month.

We have recently added several new technology positions to the portfolio by way of private placement during August. We are pleased that all are currently trading at a premium to our purchase price. The majority of these also included warrants which will increase our returns if these securities increase as we anticipate. We have added a small weighting in a couple of junior gold companies as we believe valuations have declined excessively. From a macro point of view, we continue to believe better opportunities exist in other sectors. However, company specifics are always the primary factor and we believed that adding a couple of small positions was warranted by the risk/reward outlook.

The current sector allocation is comprised of 64% in technology, 5% in life sciences, 7% in energy, 15% in metals and 2% in precious metals. The Fund held a 7% cash position at month end.

Outlook Investor risk tolerance is beginning to return to the higher beta areas of the equity markets. The strong performance of virtually every investment product with a yield has rewarded investors in recent years. However, outperformance of specific investment products and sectors does not last indefinitely. These yield based investments are no different and are beginning to face the headwind of rising interest rates. It is notable that both non-dividend paying and growth names outperformed dividend paying and value names respectively in August. This indicates a shift in sentiment toward higher beta asset classes. Historically, growth stocks have typically outperformed value stocks in periods of rising yields. As this sentiment continues to shift, it will provide a better environment for our investment strategies.

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Regards,

Steven Palmer, CFA
President and CEO

Performance* (as of August 31, 2013)

	August	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	4.7%	(10.0%)	(0.6%)	18.5%	17.2%	16.2%	139.7%
S&P/TSX Venture	2.4%	(23.1%)	(24.3%)	(14.4%)	(13.9%)	(16.8%)	(65.7%)
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Key Reasons to Own This Fund

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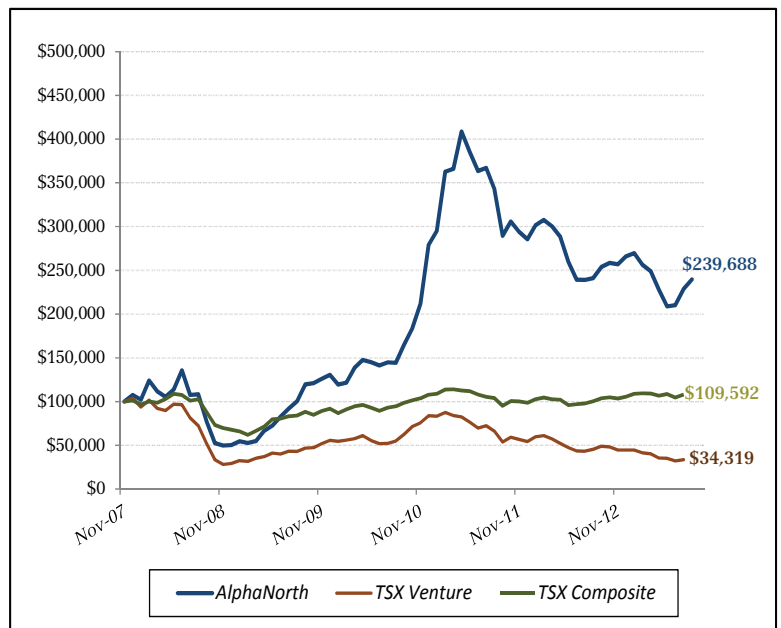
DIVERSIFICATION THROUGH SMALL CAP:

- 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

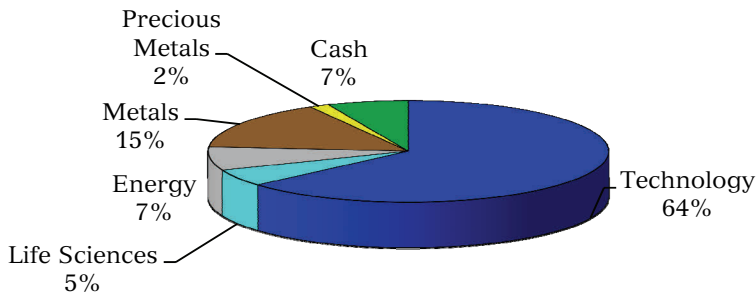
UNIQUE ASPECTS:

- 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

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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%)
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