

Fund Review The Fund returned (5.3%) in July. In comparison, the TSX Venture index and TSX Total Return index returned (11.5%) and (0.3%) respectively during the month.

Indiscriminate selling of Canadian small cap equities in recent weeks continued to negatively impact the portfolio. In several cases, companies have recently raised money in oversubscribed financings only to see their share prices plummet to new lows shortly thereafter. This has nothing to do with fundamentals and we have found it very frustrating. Our bottom-up analysis is based on company fundamentals and it is frustrating at these times when there is a disconnect between fundamentals and share prices. Fortunately, we have learned over the years that fundamentals prevail over the longer term and we have confidence this will prove to be the case for our holdings.

Financing activity has dried up over the past several weeks. This is a function of the poor market conditions and summer holiday schedules. Despite the lack of general market activity, we participated in two private placements, both of which included full warrants. Our warrant coverage in the portfolio is over 70%.

Current sector allocations are as follows: 50% technology, 16% life sciences, 7% consumer products, 2% energy, 1% precious metals and 24% base metals.

Outlook China's devaluing of the Yuan has created considerable distress in the global markets which has exacerbated the view that the world's second largest economy is at risk of a significant slowdown. While a slowdown in the Chinese economy is inevitable, it is unrealistic to expect 10% growth indefinitely. China is in a period of transition and has begun employing monetary and fiscal initiatives in order to maintain growth in the 7% range. It is important to note that this growth is on a much higher base. Although the Chinese economy may be slowing, other major economies are showing improving growth and are projecting improved outlooks. With the Greece debt crisis abating, Euro zone activity is gaining momentum. India is posting strong growth rates. The U.S. economy started slow, but it has been showing signs of momentum. Canada has faced challenges all year especially to its resource and energy sectors, but it is also demonstrating signs of growth and optimism. The weaker Canadian dollar should help balance the negative effects of the energy sector and positively impact Canadian exports. Borrowing costs remain at record lows which are supportive for the economy and improve consumer purchasing power. In light of these facts, we see encouraging signs for Canada and the global economy.

In terms of AlphaNorth's strategy, it is important to understand that the Canadian junior market goes through volatile cycles. Identifying the peaks and troughs before they happen cannot be done with precision. We have experienced a morbid decline in the TSX Venture index since 2011, however, this downturn/bear market is part of the cycle. The current bear cycle has been unprecedented in time (4.5 years) and magnitude (-75%) that we admit we did not anticipate. Typically, bear market cycles last 2 years or more and result in declines of 70-80%, which is where we are today. These bear markets are always followed by bull markets lasting 2 years or more and have historically returned 150-350% (see accompanying Canaccord chart). AlphaNorth's strategy is well positioned to benefit when the cycle changes. We invite anyone to discuss in detail our outlook and the reasons for our conviction, so please feel free to contact any member of our team.



Regards,
Steven Palmer, CFA

Performance* (as of July 31, 2015)

	July	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	(5.3%)	(24.9%)	(43.5%)	(21.9%)	(4.7%)	1.7%	13.6%
S&P/TSX Venture	(11.5%)	(14.6%)	(40.7%)	(20.5%)	(16.1%)	(18.1%)	(78.3%)
S&P/TSX Composite TRI	(0.3%)	0.6%	(2.9%)	10.7%	7.4%	3.7%	32.6%

Key Reasons to Own This Fund:

PROVEN LONG TERM PERFORMANCE:

- Management team has a 16.6 year track record of generating industry leading returns (20%+ annualized)**

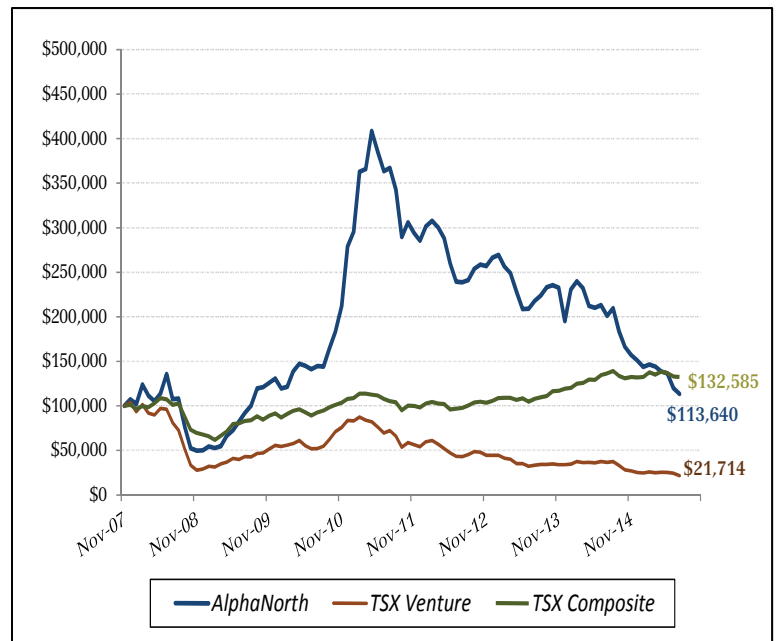
DIVERSIFICATION THROUGH SMALL CAP:

- 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

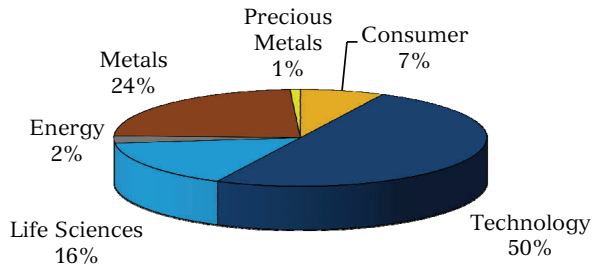
UNIQUE ASPECTS:

- 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 RRSP eligible High water mark (no reset)
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%)						(24.9%)

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 2013 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.

Peak to trough corrections for the S&P/TSX Venture composite and predecessor indices over the past several decades (Figure 1) followed by trough to peak resurrections (Figure 2)

Figure 1

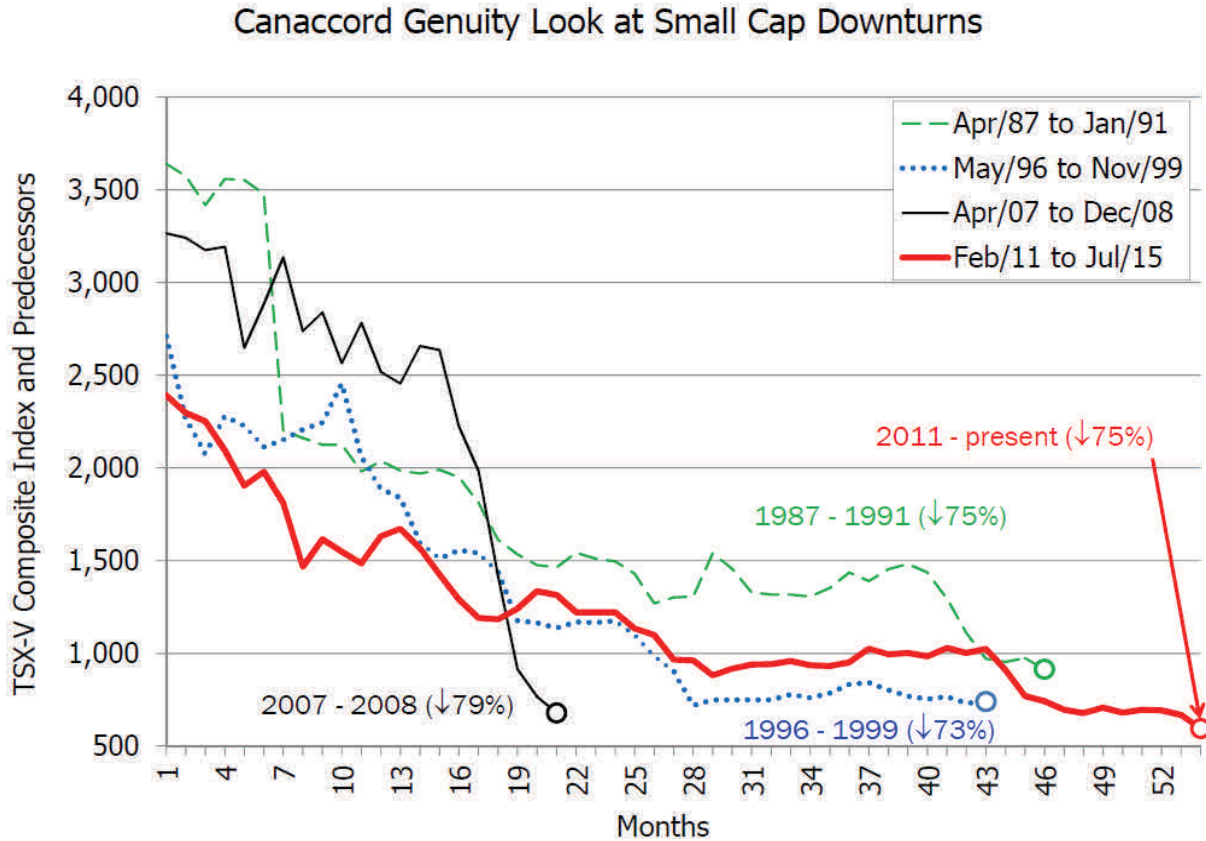


Figure 2

