

**Fund Review** In July, the Fund returned 4.9%. In comparison, the TSX Venture index and TSX Total Return index returned 9.0% and 3.9% respectively during the month.

Now that the junior resource sectors have bottomed, we are allocating more time to these sectors. We intend to increase exposure to the resource sectors over the remainder of the year. However, in recent months we have taken profits on our holdings in the energy sector, as many shares rallied strongly along with oil and natural gas prices this past spring. The one position that we have continued to hold is **Blackbird Energy (TSXV:BBI)**. BBI recently announced that it is acquiring a minority interest in Stage Completions, a private company that owns a proprietary technology for oil and gas well completions. Management believes that the new technology is a vast improvement over current technology, which results in significant cost savings for oil and gas producers. The stock price has increased significantly over the past two months, and we expect this strong performance to continue, leading up to the next two wells and updates from Stage Completions. We believe that the investment in Stage Completions adds significant value to the company. In this low pricing environment, Blackbird management has hit all milestones and has been able to cut capital costs more than its competitors, without sacrificing well quality or performance. We expect there will be approval to commence infrastructure build out in the near term, which will allow the company to transition to cash flow.

Current sector allocations are as follows: 39% technology, 25% life sciences, 8% consumer, 1% energy, 1% precious metals and 26% base metals.

**Outlook** North American equity markets are 'climbing the wall of worry'. The usual group of bearish newsletter writers have resurfaced in the financial press with forecasts of doom, as indices have advanced to new highs. Despite the negative commentary in the media, North American equity markets have continued to push higher.

Although there are reasons to have a negative outlook, we continue to believe that there are more relevant positive drivers for equities at the present time. We have highlighted some of these in previous commentaries. These include various sentiment indicators, and the lack of cheaper alternatives in the current low yield environment. An example which reflects the negative sentiment, is a recent survey which showed that since 2001, global fund managers have cash levels at the highest level. High cash levels are a characteristic near market lows. We believe equities remain cheap compared to other asset classes, and will continue to perform strongly. For Canadian small cap equities which is the focus of our portfolios, the opportunity is even more substantial. **It is increasingly apparent that the Canadian junior market bottomed in January 2016, at which time investor sentiment indicators were at negative extremes. The TSX Venture hit an all-time low, but has since rallied dramatically over the past 7 months. We believe Canadian small cap equities are just beginning a powerful bull market cycle. We urge investors to take immediate action, to gain exposure at this time, to what we believe will be among the best performing asset classes over the next few years.**



Regards,

Steven Palmer, CFA  
President and CEO

### Performance\* (as of July 31, 2016)

	July	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	4.9%	6.7%	(18.0%)	(24.6%)	(24.0%)	(0.8%)	(6.8%)
S&P/TSX Venture	9.0%	51.5%	34.0%	(4.6%)	(16.6%)	(13.3%)	(70.9%)
S&P/TSX Composite TRI	3.9%	13.9%	3.8%	8.4%	5.5%	3.8%	37.6%

### Key Reasons to Own This Fund:

#### PROVEN LONG TERM PERFORMANCE:

- Management team has a 18 year track record of generating industry leading returns (16% annualized)\*\*

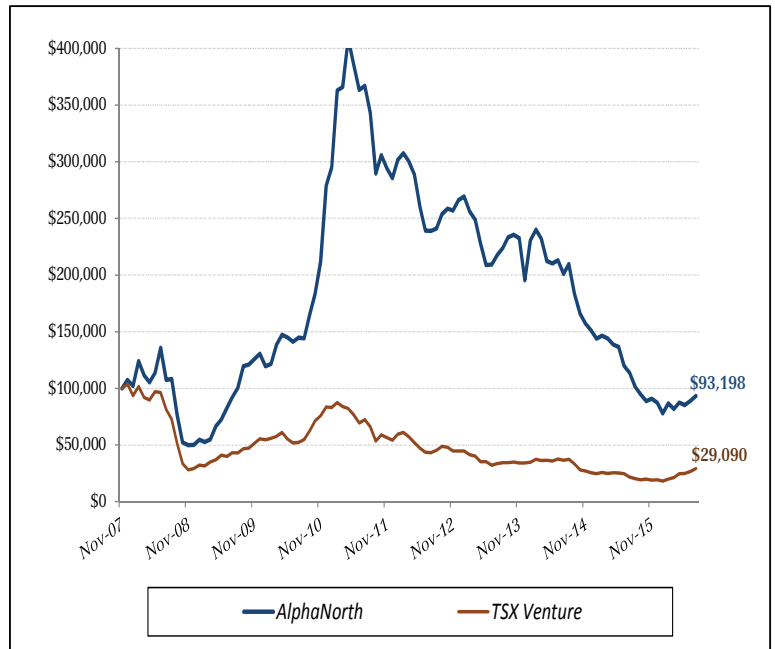
#### DIVERSIFICATION THROUGH SMALL CAP:

- 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

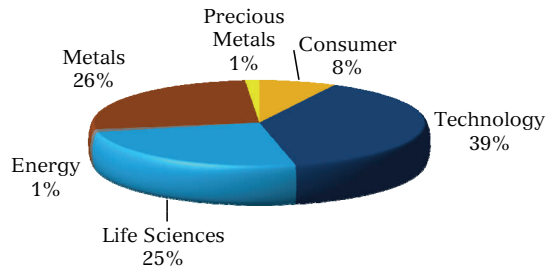
#### UNIQUE ASPECTS:

- 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 Perpetual High water mark
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: 0.87
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%)	(10.7%)	(6.9%)	(6.1%)	2.5%	(3.95)	(42.3%)
2016	(10.8%)	11.4%	(5.8%)	7.0%	(2.6%)	4.4%	4.9%						6.7%

## 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 2015 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.