

Fund Review The Fund returned (1.6%) in May. In comparison, the TSX Venture index and TSX Total Return index returned (0.5%) and (1.2%) respectively during the month.

The largest positive contributor to returns in May was Eurocontrol Technics Group (TSXV:EUC) which increased by 83%. The catalyst was a strong earnings report of \$546k profit in the quarter with revenue growth of 36% over the same quarter last year. The company also has cash of \$2.6m, which relative to the market cap of \$5.4m at April 30, provided strong support for the valuation for a company that is already earnings positive. This is a good example of the deep value that currently exists throughout the majority of the Canadian small cap market.

Offsetting the positive results was a decline in our Health Care investments. There were no fundamental changes to our positions but investors in those stocks have become frustrated that there have been delays in several situations. This is not uncommon in the health care space as milestones generally take longer to achieve than initial estimates. We are confident that the long term value remains intact.

In general, we continue to be more focused on the technology sector in the short term where we have had several small wins recently. The warrant portfolio has increased to nearly 70% coverage. The Fund holds well over 100m warrants. We are excited about the prospects for these warrant values in a rising market. Current sector allocations are as follows: 47% technology, 20% life sciences, 9% consumer products, 4% energy, 2% precious metals and 18% metals.

Outlook The spring is typically a weaker time of year for Canadian small cap equities. However, we believe there is minimal downside from current levels as the TSX Venture index remains spitting distance from its all-time low reached in December which is making valuations compressed. The TSXV remains one of the few indices worldwide that is in negative territory on a year to date basis. However, this can change quickly as we have seen recently in China. The Shanghai Composite has exploded to the upside with a 150%+ gain since last June. The Shanghai Composite had previously been stuck in a downtrend since 2009, declining by nearly 50%.

This month, we have included a couple of charts from Canaccord Genuity that depict the past four bull and bear market cycles for the Canadian junior market. In our view, there are two significant observations which investors should note from these charts. First, for both a bear and bull cycle, there needs to be a significant amount of **time** (two years or more) for the major bull/bear trends to exhaust themselves. Secondly, the **magnitude** of the declines is typically in the 70-80% range while the upside recoveries are 150% or more. We have been early in our call for a recovery in the Canadian small caps. However, **the current 4 year bear market which has declined by 74% since 2011** amply fits the criteria marking previous significant market lows!



Regards,

Steven Palmer, CFA
President and CEO

Performance* (as of May 31, 2015)

	May	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	(1.6%)	(9.8%)	(35.1%)	(19.3%)	(1.2%)	4.2%	36.5%
S&P/TSX Venture	(0.5%)	(0.4%)	(29.6%)	(18.7%)	(14.5%)	(16.7%)	(74.7%)
S&P/TSX Composite TRI	(1.2%)	3.8%	5.8%	12.6%	8.1%	4.3%	36.8%

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)**

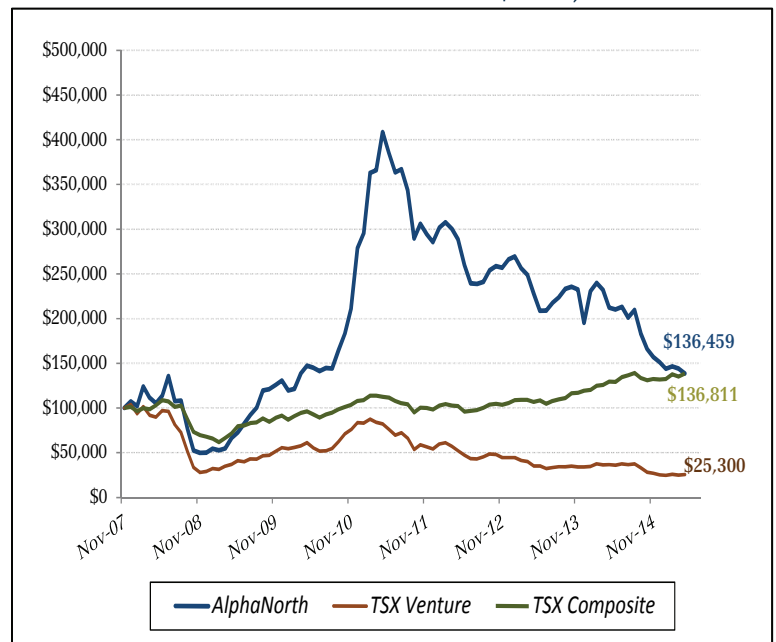
DIVERSIFICATION THROUGH SMALL CAP:

- 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

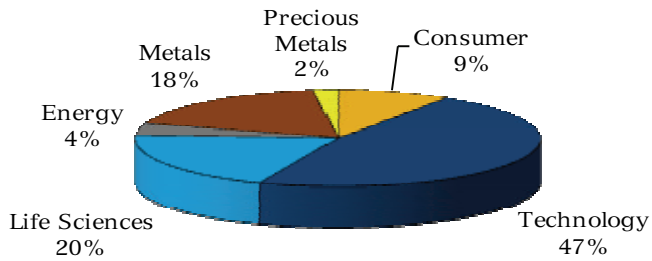
UNIQUE ASPECTS:

- 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%)								(9.8%)

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

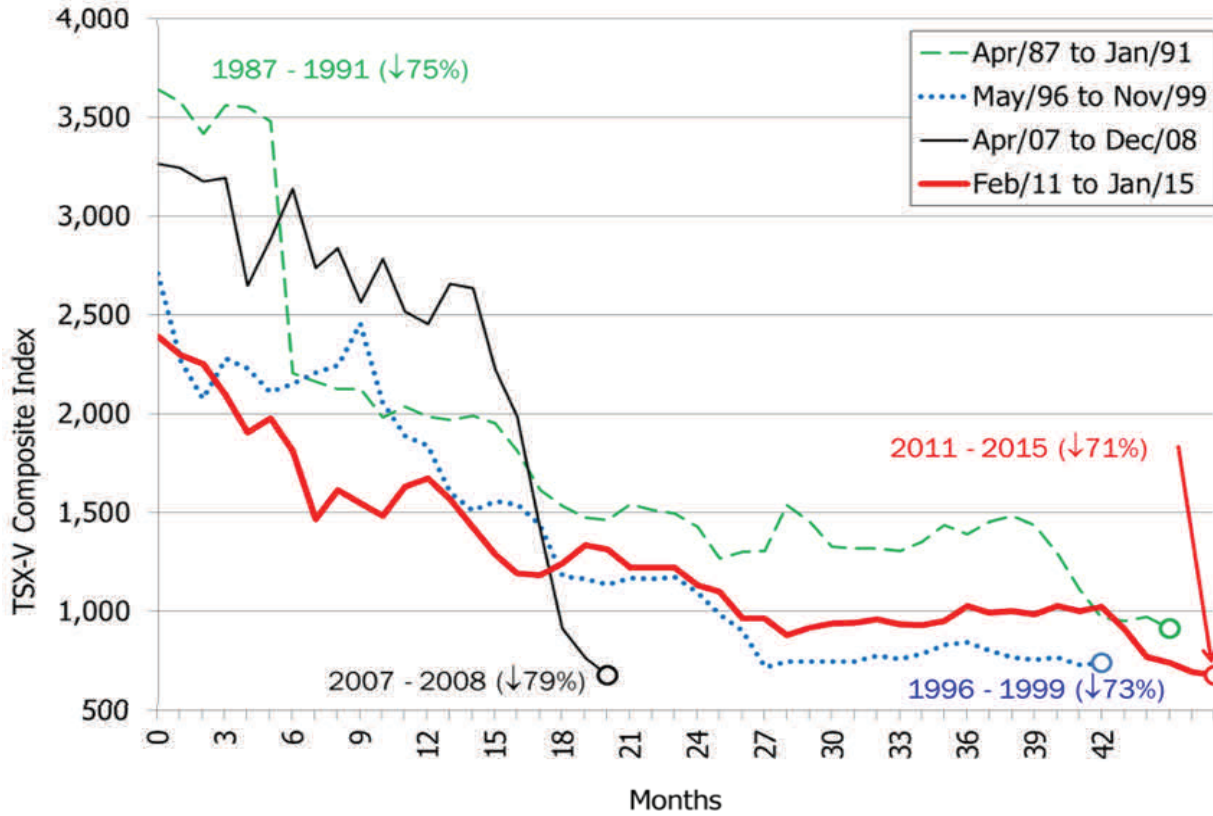
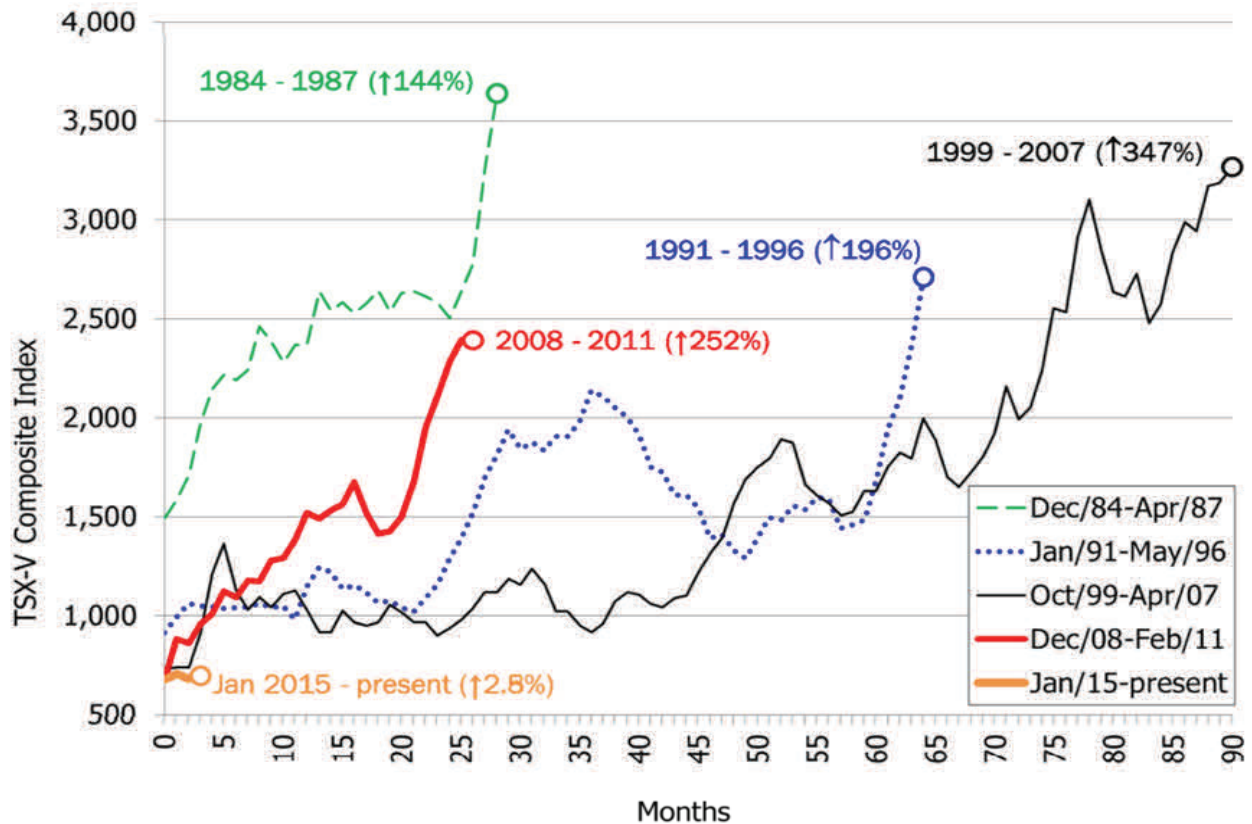
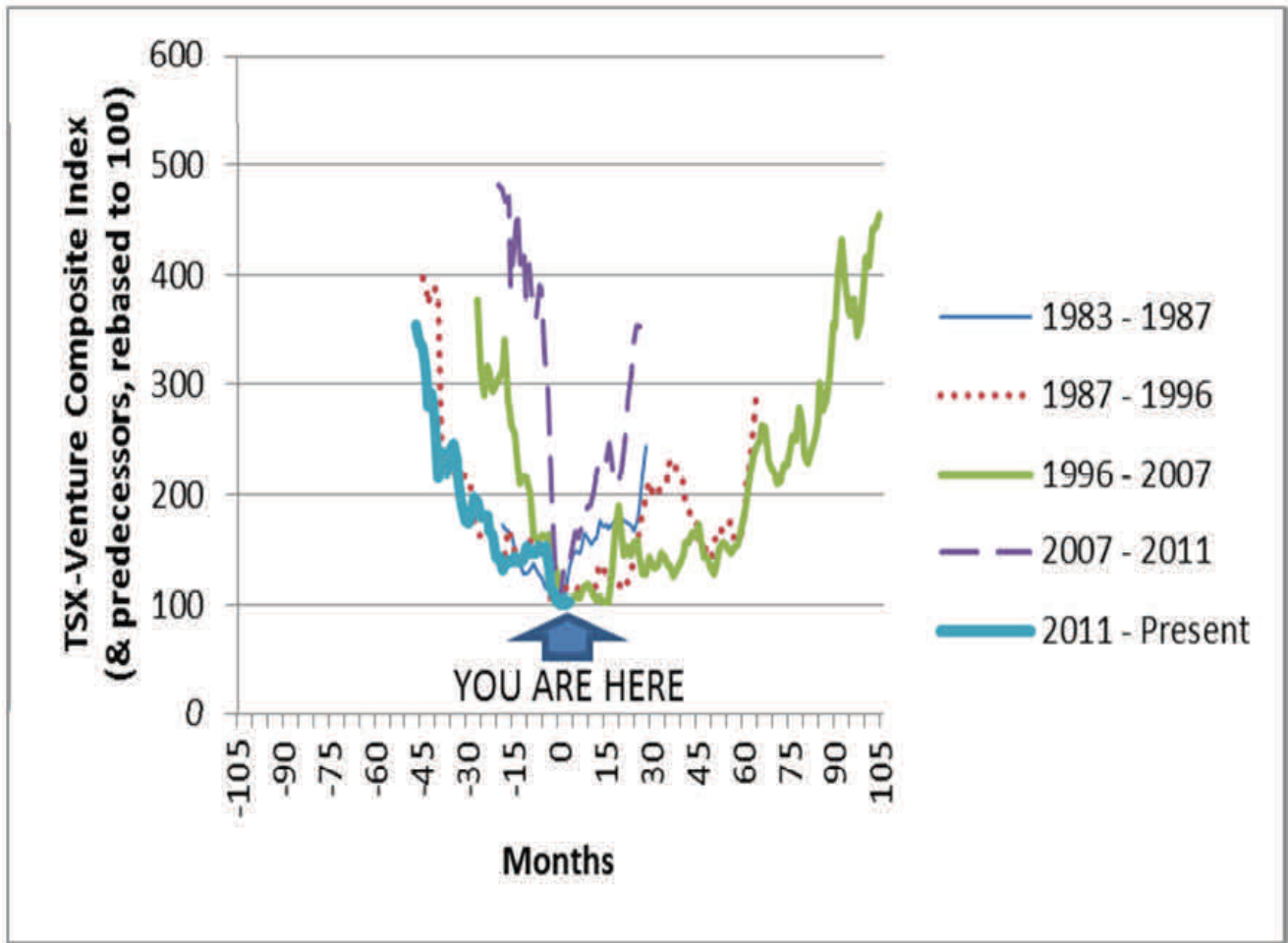


Figure 2



Source: TSX DataGroup and Canaccord Genuity



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