



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Partners Fund

July 2025

NAV
Class A \$24.800
Class D \$18.779

Fund Review In July, the Fund returned 2.5%, as compared to the TSX Venture index and TSX Total Return index, which returned 5.1% and 1.7% respectively during the month.


Our strongest performer during the month of July was **Hydrograph Clean Power (CSE:HG)** which appreciated by 418%. The company has a proprietary process for making graphene, a very thin layer of carbon atoms which have unique properties of strength, conductivity, transparency and flexibility. We first invested in Hydrograph in 2021. Over the past few years, the stock price had modest returns until recently when it experienced extraordinary gains in a very short time frame. Hydrograph provides a good case study which highlights our long term investment strategy where we aim to identify unique companies with considerable upside, often involving technology which greatly improves everyday products or quality of life. This also demonstrates the importance of patience in knowing which companies to support over the long term, whether a promising technology or resource company. Historically, our investments have often played out in this manner, doing little in terms of share price movement for many months, then a particular catalyst sparks investor interest and dramatic gains are realized in a short period of time.

Our warrant exposure remains at approximately 55% relative to our common share holdings despite our recent exercise of several in-the-money warrant positions.

Current sector allocations are as follows: 26% technology, 30% life sciences, 8% consumer, 6% precious metals, 25% metals, 2% energy and 3% warrants.

Outlook Equities have continued to perform well, hitting fresh all-time highs in recent weeks despite all the macro uncertainty. This optimism can likely be attributed to the prospect for declining interest rates which have historically been supportive for equity valuations. Lower interest rates reduce borrowing costs and make equities more attractive relative to fixed income investments. Strong Q2 corporate earnings have also been supportive of equities with over 80% of companies exceeding analyst estimates which is higher than historical norms. This marks the third consecutive quarter of double digit earnings growth for large cap equities.

The AAI investor sentiment survey of percentage 'bullish' has declined to 30.8% most recently after being in the 40-50% range for the majority of the past year. It is unusual for the major equity indices to be trading at all-time highs while bullish sentiment is at a modest level. This implies that we could see continued strength in equities. The TSXV has outperformed in 2025 largely as a result of the precious metal stocks which dominate the index. Small cap equities remain cheap by historical metrics and therefore have lots of room to appreciate particularly relative to large cap equities. Strong commodity prices and the expectation of declining interest rates provide a favourable macro backdrop for continued outperformance of Canadian small caps.

Regards,

Steve Palmer, CFA
President and CIO

Performance* (Class A)

	July	YTD	1 Year	3 Year	5 Year	10 Year	Inception	Cumulative
AlphaNorth Partners	2.5%	(0.9%)	(0.7%)	(3.6%)	1.1%	8.1%	5.3%	148.0%
S&P/TSX Venture	5.1%	28.9%	32.3%	6.1%	1.3%	2.6%	(6.9%)	(71.8%)
S&P/TSX Composite TRI	1.7%	12.0%	21.4%	15.0%	14.4%	9.8%	7.1%	238.5%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 26+ year track record of generating industry leading returns of 14.8% annualized compared to -1.4% for the BMO Small Cap/TSXV**

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

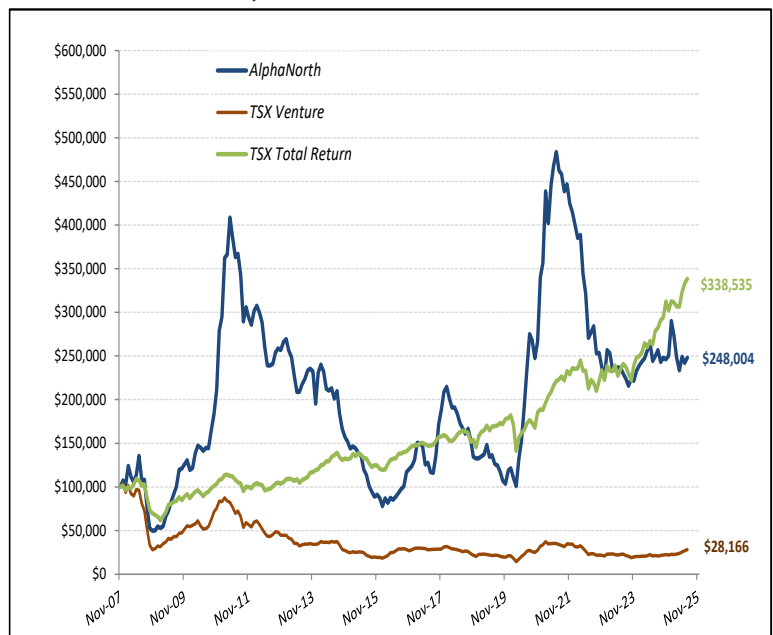
UNIQUE ASPECTS:

- Management owns a significant portion of fund assets
- All performance fees are reinvested into the fund

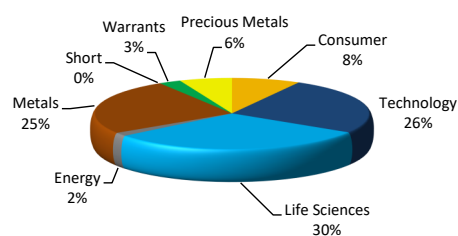
LEVERAGE WITH WARRANTS:

- Participate in numerous private placements to accumulate warrants for upside leverage

Growth of \$100,000 Initial Investment



Current Sector Allocation



Fund Information

Fund Type	Alternative Strategies (Long biased small cap)
Fund Codes	Class A: AAM100/101, Class D: AAM200/201
Eligibility	Accredited Investors only; RRSP eligible
Fund Details	Management Fee Class A- 2%, Class D- 2.5%
Sub/Redemption	Monthly, 90 day notice
Lock-up	None
Redemption Fee	Class A: none; Class D: 3% yr 1, 1.5% yr 2
Beta vs. TSXV/TSX	0.91/1.37

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%	4.6%	3.0%	16.6%	2.8%	2.8%	41.6%
2017	5.8%	15%	(0.3%)	(2.3%)	(14.2%)	1.5%	(8.4%)	(0.6%)	17.6%	25.8%	9.3%	11.4%	69.0%
2018	2.7%	(6.3%)	(5.1%)	0.0%	(3.9%)	(5.9%)	(3.2%)	(3.7%)	3.5%	(7.7%)	(12.5%)	(1.6%)	(36.7%)
2019	0.4%	1.5%	1.7%	7.9%	(9.1%)	1.4%	(7.5%)	(1.4%)	(5.8%)	(8.7%)	(3.3%)	14.3%	(10.5%)
2020	2.5%	(9.2%)	(8.5%)	31.8%	14.7%	25.3%	23.1%	17.1%	(2.7%)	(7.7%)	7.7%	27.7%	187.3%
2021	4.8%	23.1%	(8.4%)	10.9%	5.0%	3.4%	(4.4%)	(0.9%)	(4.3%)	1.9%	(5.0%)	(2.2%)	22.0%
2022	(3.5%)	(3.8%)	0.9%	(11.4%)	(6.7%)	(16.8%)	2.4%	2.5%	(11.0%)	0.2%	(6.6%)	(5.1%)	(45.9%)
2023	14.3%	(1.4%)	(6.9%)	(0.7%)	1.1%	(0.2%)	(2.6%)	(2.7%)	(3.6%)	3.6%	(0.9%)	5.2%	3.8%
2024	2.5%	2.0%	1.4%	3.7%	3.6%	(8.1%)	2.3%	2.8%	(5.3%)	2.0%	(0.8%)	1.7%	7.4%
2025	15.9%	(5.7%)	(9.5%)	(5.7%)	6.7%	(2.9%)	2.5%						(0.9%)

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 managing small cap portfolios. AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund.

Prior to founding AlphaNorth, Steve and Joey managed an award winning small cap equity fund at one of the largest investment firms in North America for 9 years that had an annualized return of 35.8% over their term significantly beating all relevant benchmarks. Founding AlphaNorth Asset Management in 2007, Steve and Joey launched the AlphaNorth Partner Fund which is a two-time winner for best 3 year return at the Canadian Hedge Fund Awards. The Fund recently won 2nd place for best one year return at the 2020 Canadian Hedge Fund Awards. Steve Palmer is President and CIO and a Chartered Financial Analyst (CFA). Joey is the trader and is a Chartered Investment Manager (CIM).

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 2024 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.