

### Fund Review

The AlphaNorth Partners Fund decreased by 3.5% in February while the TSX Venture index declined by 2.4%. The TSX Composite declined by 6.3%. Canadian small cap securities, as measured by the TSX Venture index, remain in positive territory year to date and remain well off the lows of 2008. Much of this outperformance can be attributed to precious metal stocks which have been some of the strongest performers over the past couple of months.

The portfolio's investments in precious metal companies also performed well during the month. Colossus Minerals continued its string of stellar drill results which provided a strong boost to the share price early in the month. However, this was ultimately muted by an equity financing. Since the Phase II drill program is ongoing and the company is now well financed, we expect further positive results throughout the year.

The volatility in equity markets remains very high and shorting is very precarious at a time when we think a meaningful rally is near. Recently, Nova Chemicals (NCX) was purchased for cash at a 350% premium by Abu Dhabi Corp. Those with short positions on NCX were instantly hit with a 300% loss overnight. It is one thing to find out that an investment has gone bankrupt, but to lose three times your money is much worse. This highlights the asymmetric result of shorting at this time which is why we are cautious with our short positions, preferring to target smaller short term wins. We had no position in NCX.

The private placement market for small caps remains quite challenging outside of the precious metal sector. However, it is encouraging that copper and oil have performed strongly in recent weeks indicating that small cap equities with exposure to those resources may not be far behind. Corporate activity on the M&A front has been active in the mid to large cap equities. This should ultimately filter down to quality small caps which would provide further positive catalysts for share prices.

### 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)											5.2

### Performance Analysis

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
<b>Returns</b>			
1 Month	(3.5%)	(2.4%)	(6.3%)
3 Month	5.9%	12.4%	(11.5%)
YTD	5.2%	8.1%	(9.1%)
1 Year	(57.5%)	(69.0%)	(38.2%)
Since Inception	(47.3%)	(68.5%)	(38.3%)
Avg. Monthly Return (Since Inception)	(2.9%)	(6.4%)	(3.0%)
Best Month	21.6%	10.7%	5.2%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	46.7%	33.3%	33.3%
Current NNAV	5.2714		

### Outlook

Generally speaking, the safest market call to make is to align yourself with the momentum and the masses which in the short term has been negative. Many strategists have jumped on the doom and gloom bandwagon, leapfrogging each other with ever more bearish outlooks in order to attract media attention. Although the TSX has modestly breached the low made last November, there are many data points that suggest a meaningful rally in the short term is possible. All sentiment indicators are once again at a negative extreme. The timing of a sustained rally is uncertain but it is encouraging that small caps have been the best performers year to date. It should be noted that small caps were the first to peak in 2007 while the TSX did not reach its highs until May 2008.

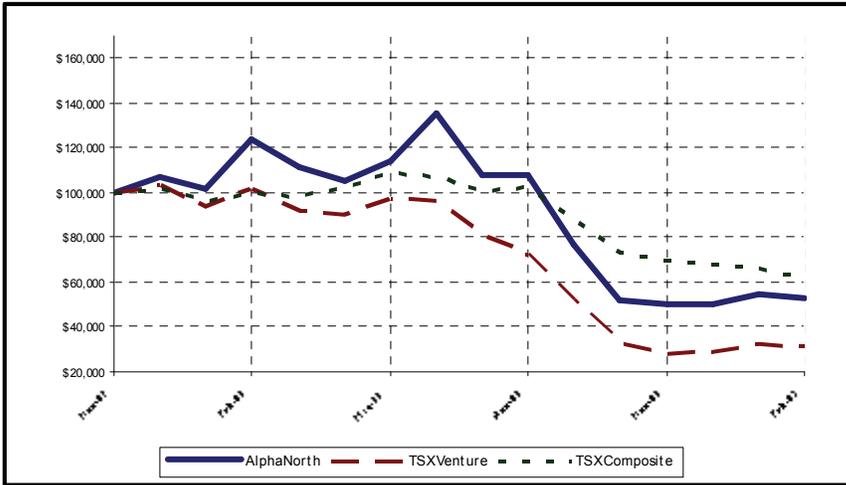
What is more certain is the likelihood that once the market does bottom, the return over the subsequent few years could be quite dramatic. As an example, during the last two market bottoms after a 75% or more retracement, Canadian small caps outperformed large cap stocks. The one year return for small caps from the 1991 and 2002 lows were 27% and 59% respectively which outperformed large caps by 25% and 35% respectively. So far in 2009, this has proven to be the case.

Regards,



Steven Palmer, CFA  
President and CEO

## Growth of Initial Investment (\$100,000)



## Terms

<b>Lead Manager:</b>	Steven Palmer
<b>Inception:</b>	December 1, 2007
<b>Minimum Investment:</b>	\$150,000
<b>Subsequent Investments:</b>	\$25,000
<b>Sub/Redemption:</b>	Monthly, 90 day notice
<b>Valuation:</b>	Monthly
<b>Lock-up:</b>	None
<b>Redemption Fee:</b>	None
<b>High Water Mark:</b>	Yes (no reset)
<b>Management Fee:</b>	2%
<b>Performance fee:</b>	20%
<b>Auditor:</b>	Deloitte
<b>Administration:</b>	Harmonic Fund Services
<b>Prime Broker:</b>	Scotia Capital
<b>Legal:</b>	Stikeman/Maples & Calder

## Investment Strategy

The AlphaNorth Partners Fund (the "Fund") is a long biased small cap hedge fund focusing primarily on Canadian companies. The Fund's investment objective is to achieve industry leading long term capital growth 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. The firm combines both a bottom-up and top-down strategy in the selection of investments offering the best risk/reward characteristics. AlphaNorth employs various technical analysis techniques, which have proven to be successful, to assist in the timing of buy/sell decisions.

## 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. Steve and Joey together have over 25 years experience in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund.

### Key Personnel:

**Steven Palmer** is the President, CEO and Director 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% 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, Secretary and a Director 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 on a compound annual basis, unaudited and stated net of all fees. The inception date is December 1, 2007.*