

## Fund Review

The AlphaNorth Partners Fund increased by 4.0% in March while the TSX Venture index increased by 11.0% and the TSX Composite increased by 7.8%. Canadian small cap securities extended their outperformance year to date as they outpaced large caps by 22.1%. Many commodity prices have formed bottoms and rebounded significantly from their lows leading to an improvement in investor sentiment.

Our shift into several new energy names in recent weeks has proven to be quite timely. We expect substantial moves by several of these investments in the short term due to company specific catalysts. A couple of our favourite names in the energy space are Petrolifera Petroleum and Quetzal Energy (currently trading as TSXV: SV).

The Fund's private company holdings were a drag on performance during the month as the valuations remained unchanged during the month. However, there is some potential in the near term for liquidity events on this component of the portfolio. Two of these investments are currently doing financings which are higher than our current portfolio cost.

Market sentiment has improved over the past few weeks as equity markets have performed well. The window appears to be opening for private placements in selective small cap companies. Fortunately, it seems that fundamentals are starting to matter again.

Trading positions returned a modest positive contribution to performance for the month as 67% were closed out at a profit. The portfolio remained fully invested in March.

## 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										9.4

## Performance Analysis

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
<b>Returns</b>			
1 Month	4.0%	11.0%	7.8%
YTD	9.4%	20.1%	(2.0%)
6 Month	(28.6%)	(32.4%)	(24.3%)
1 Year	(50.8%)	(62.0%)	(32.4%)
Since Inception	(45.2%)	(65.0%)	(33.5%)
Avg. Monthly Return (Since Inception)	(2.5%)	(5.3%)	(2.3%)
Best Month	21.6%	11.0%	5.2%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	50.0%	37.5%	31.3%
Current NNAV	5.4836		

## Outlook

As we noted in our October 2008 commentary, "the markets formed a classic panic low in October". If it were not for tax loss selling issues, Canadian small cap stocks would likely have held their October lows, but as it turned out the final low was made on December 5th for the TSX Venture index. Since that time, Canadian small caps have appreciated by more than 40% in just four months, outperforming the large cap equity indices by a wide margin. As history has demonstrated once again, it is generally unwise to sell equities at times of extreme fear and panic.

We believe that investors are generally still cautious about the recent strength that we have seen in equities. However, significant gains in small caps remain likely in the short term. The majority of investors will likewise continue to sit on cash and "miss the boat on the early gains" as noted in previous commentaries. Although 2008 was a very difficult and depressing year for small cap equities, when the pendulum swings the other way, significant gains can be quick and euphoric.

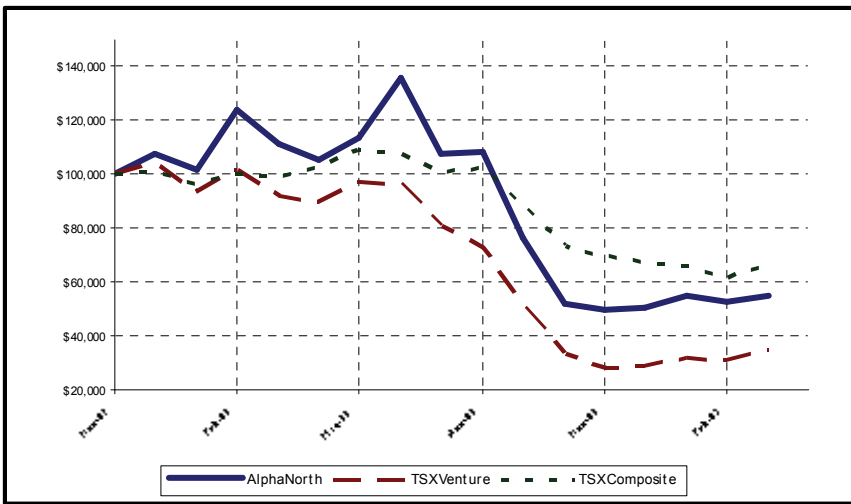
We believe markets will continue to rally in the short term.

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.*