

## Fund Review

The AlphaNorth Partners Fund increased by 21.2% in April while the TSX Venture index returned 5.5% and the TSX Composite increased by 7.3%. Both Canadian and U.S. small cap equities continue to outperform the larger cap indices by a wide margin. In April, U.S. small cap indices had their best monthly return in years.

Strong monthly performance numbers are not uncommon with our investment strategy, particularly following the substantial declines that we experienced in 2008. After the market bottom in late 2002, we experienced several months of substantial returns. At that time, we managed a small cap fund at our previous employer. Many of our investments have the potential to double or triple within a short period of time in view of our investment strategy.

It is refreshing that fundamentals matter again. However, in small cap equities we find that investors remain skittish. Many funds have altered their strategies to focus on more liquid mid cap companies. We have recently been evaluating several small financing opportunities that we believe have quite exciting prospects. We may highlight some of these in future commentaries. We did not enter any short positions in April as risk/reward continued to greatly favour opportunities from the long side.

The Fund was fully invested in April. Our philosophy has never been to sit on cash. We believe it is our mandate to have a market view at all times and to use our resources to make investment decisions from both a long and short perspective. We believe that investors pay us to make investment decisions rather than throw up our hands in apparent indecision like many managers do in difficult times.

## 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									32.7

## Performance Analysis

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
<b>Returns</b>			
1 Month	21.2%	5.5%	7.3%
3 Month	21.8%	14.3%	8.3%
YTD	32.7%	26.6%	5.1%
1 Year	(36.8%)	(58.9%)	(30.7%)
Since Inception	(33.5%)	(63.1%)	(28.6%)
Avg. Monthly Return (Since Inception)	(1.1%)	(4.7%)	(1.9%)
Best Month	21.6%	10.7%	7.3%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	52.9%	41.2%	35.3%
Current NNAV	6.6485		

## Outlook

There seems to be a strong consensus for a pullback in equity markets in the short term. Strong consensus views are usually wrong as has been consistently demonstrated. For example, at the beginning of 2008, many high profile analysts held expectations for the S&P 500 Index to reach 1650 by December. The actual result was 903. Over the past several weeks, we have received many commentaries indicating that equity markets were "overbought" and the next leg down is imminent. The TSX Composite has continued to rally in the face of these predictions, putting many of these calls significantly offside in a matter of weeks. The old adage "sell in May in go away", a theory that we believe has merit, is another timely reason or justification for these short term bearish views.

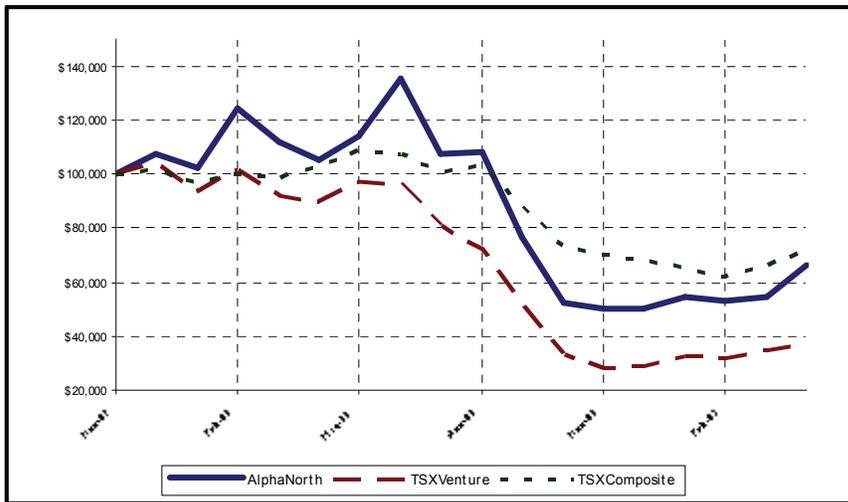
We do not deny that equity markets will pull back and we fully expect them to do so at some point. However, this usually occurs when consensus believes otherwise. The technicals do not indicate to us that a significant correction in equities is likely in the short term. We believe that any pull back will be much less severe than consensus expectations or that the market will continue to rally higher in the short term than many people believe possible. One thing that does appear clear to us is that markets are no longer in freefall and fundamentals again matter.

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.*