

Fund Review

The AlphaNorth Partners Fund increased by 9.0% in May while the TSX Venture index increased by 11.4%. This was the best performing month for the TSX Venture Index since the Fund was launched. The TSX Composite Index increased by 11.5%. Equity markets have continued to surprise many on the upside and Canadian equities are among the top performers worldwide. The high beta, low market cap stocks (aka "small cap") have led the market rebound. This is the focus of the Fund. It is usually difficult for fund managers to outperform strongly rising markets (as evidenced by YTD performance of many funds) so we are pleased that the Fund remains ahead of the TSX Venture index on a year to date basis.

As we became more bullish in late 2008, we eliminated all short positions. We are now actively reviewing opportunities to short as risk/reward has shifted dramatically in the past few months. During the last week of May, we have added small short exposure. Our technical analysis work has yet to indicate that the time is optimal to add further short exposure. We will wait for technical confirmation before becoming aggressive on the short side.

May was a successful month for short term trading positions. The Fund has recently been taking profits in winning positions and redeploying funds in new private placements which are determined to have a more favourable risk/reward outlook.

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								44.6

Performance Analysis

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
Returns			
1 Month	9.0%	11.4%	11.5%
3 Month	37.5%	30.5%	28.9%
YTD	44.6%	41.0%	17.2%
1 Year	(36.3%)	(57.7%)	(27.0%)
Since Inception	(27.5%)	(58.9%)	(20.5%)
Avg. Monthly Return (Since Inception)	(0.5%)	(3.8%)	(1.2%)
Best Month	21.6%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	55.6%	44.4%	38.9%
Current NNAV	7.2488		

Outlook

What happened to the depression of the century? All the talk about the worst depression since the 1930's seems to have quickly subsided. We have reiterated in our past monthly commentaries that extremes in sentiment present tremendous investment opportunities. The fourth quarter of 2008 was one of these occasions as the consensus view appeared to be that a worldwide depression similar or worse to that experienced in the 1930's was upon us.

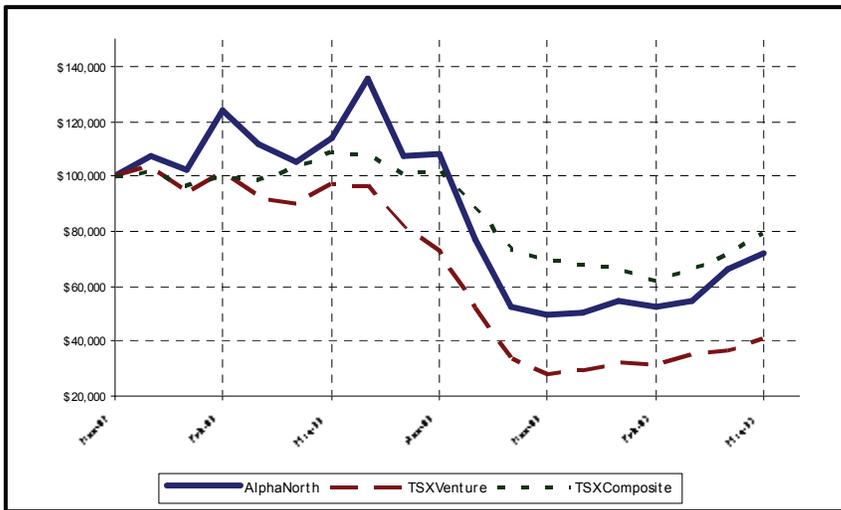
Extreme pessimistic views continue to vie for media attention. This will diminish in the coming months as media begins to ignore these outlandish predictions and perception shifts away from the fear mongering of the past several quarters. Many financial advisors have been caught offside by the strength of the rally since March and they are feeling compelled to add equity exposure. This will continue to fuel the market rally. Having said this, optimism will likely overshoot in the short term and there will be a correction. Although we do not expect a dramatic market decline, we acknowledge that the road to economic recovery will not be an entirely smooth ride.

Regards,



Steven Palmer, CFA
President and CEO

Growth of Initial Investment (\$100,000)



Terms

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