

Fund Review

The AlphaNorth Partners Fund experienced another great month, increasing by 14.1% in June. The TSX Venture index declined by 2.9%. Since inception, this has been one of our best performing months in comparison to the TSX Venture Index. The TSX Total Return Composite Index increased by 1.3%.

On a YTD basis, long term U.S Treasury bonds declined by 16.2%, high grade corporate bonds declined by 4.2% while gold and TBills increased by 8.0 and 0.1% respectively. Investors who are still committed to the perceived "safety" of fixed income and gold are missing out on the rally in equity markets and they are quickly giving back any outperformance they may have achieved in 2008.

Following a major market low, it is not uncommon for the most beaten down areas to offer the best returns going forward. When U.S. equities bottomed in 2002, it was the NASDAQ tech stocks that were hit the hardest, but it was also these same stocks that outperformed for the first 15 months of the new bull market.

The high beta, low market cap stocks (aka "small cap") were the group hardest hit in the carnage of 2008, but they have led the market rebound in 2009 and they continue to be the market leaders. Small Cap stocks are the focus of the AlphaNorth Partners Fund. While it is usually difficult for fund managers to outperform the indices in strongly rising markets (as evidenced by YTD performance of many funds), we are pleased that the AlphaNorth Partners Fund has significantly outperformed the TSX Venture index in 2009.

We continue to take profits in winning positions and redeploy money primarily into attractive private placements which we consider to have a more favourable risk/reward outlook. Many of our positions continue to present attractive opportunities over the remainder of the year.

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							65.0

Performance Data

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
Returns			
1 Month	14.1%	(2.9%)	1.3%
3 Month	50.8%	14.1%	21.1%
YTD	65.0%	37.0%	18.7%
1 Year	(39.0%)	(58.6%)	(25.0%)
Since Inception	(17.3%)	(60.1%)	(19.4%)
Avg. Monthly Return (Since Inception)	(0.2%)	(3.8%)	(1.0%)
Best Month	21.6%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	57.9%	42.1%	42.1%
Current NNAV	8.2676		

Outlook

There are definite signs of better times ahead. For example, home affordability in the U.S. is at a 40 year high, sales have picked up and inventories of homes for sale have fallen. This is significant because the collapse in U.S. housing was the main catalyst for the implosion of the U.S. financial system and subsequently, the world economies and equity markets. The broader measure of economic health, the ISM Manufacturing Index has risen for six straight months in the U.S. Expectations are that the ISM index will turn positive over the next three months.

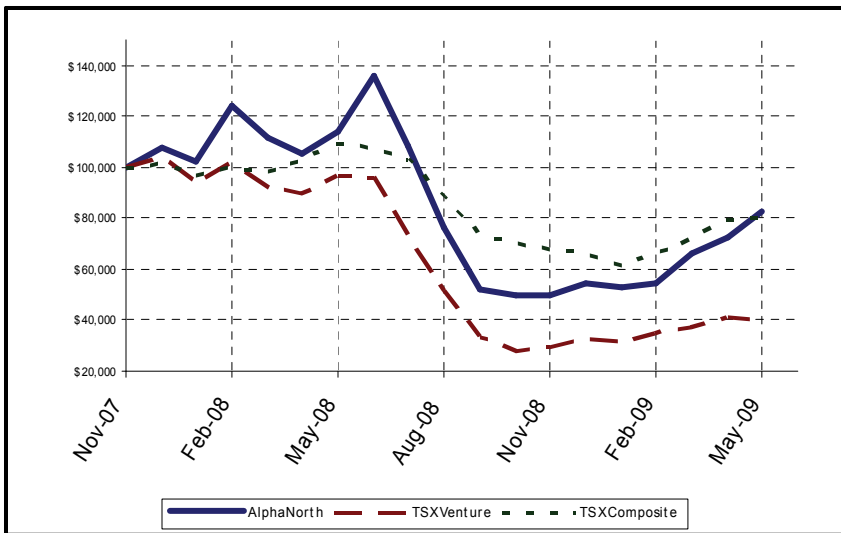
We believe that the rebound in equity markets has largely reflected the early signs of economic stabilization. We expect that equity markets will trade in a sideways pattern over the remainder of the summer before turning higher in the Fall as improving fundamentals for the economy and earnings build. The continued bearishness as exhibited by recent investor sentiment surveys and our conversations with industry professionals provides evidence that the market will not move significantly lower over the short term.

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

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