

## Fund Review

We are very pleased to report another strong monthly performance number. The Fund gained 11.5% in July, outperforming both the TSX Venture and TSX Total Return index which returned 8.0% and 3.2% respectively. The year to date performance for the Fund now ranks it among the top funds in Canada across all asset classes and the Fund remains one of the few funds that have earned back the majority of 2008 losses. Small cap stocks which are the focus of the Fund, continue to outperform in 2009.

Our core positions were a major contributor to the July performance. Recent short sales have yet to contribute positively to performance but have lowered our correlation to the TSX Venture index. We anticipate adding to our short exposure in light of the increased expectations of market corrections in the short term. It should be noted that since inception, the Fund has generated positive returns in 3 of the 7 months where the TSX Venture index declined between 0 and 15%.

The Fund currently has a small cash balance and is thus using no leverage.

## 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	11.5						83.9

## Performance Data

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
<b>Returns</b>			
1 Month	11.5%	8.0%	3.2%
3 Month	38.6%	16.9%	16.6%
YTD	83.9%	48.0%	22.5%
1 Year	(14.3%)	(47.0%)	(17.7%)
Since Inception	(7.8%)	(56.4%)	(16.8%)
Avg. Monthly Return (Since Inception)	0.8%	(3.2%)	(0.8%)
Best Month	21.6%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	60%	45%	45%
Current NNAV	9.2157		

## Outlook

The positive data points continue to accumulate. For example, the US investment banks have recently posted strong earnings as have many Fortune 100 companies such as IBM, Google, MSFT, GE and Wells Fargo. Many of the U.S. financials which received TARP funds from the U.S. government have now paid these funds back. Not only has this money been paid back, but several have repurchased the warrants from the U.S. government that were issued as part of the bailout less than a year ago. Recent economic growth in China has exceeded expectations. This has provided the foundation for the outperformance of resource stocks and Canadian equity markets.

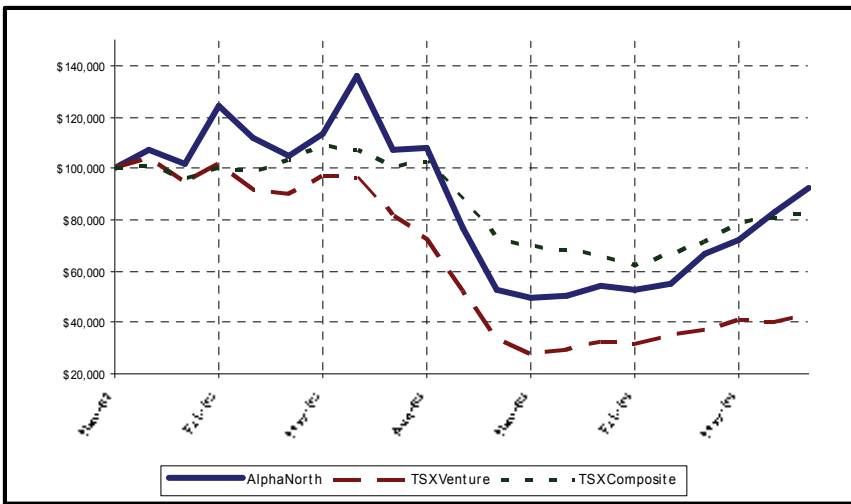
We have recently positioned the portfolio in several highly attractive new positions which are already well above cost. We are optimistic that these positions will result in significant gains in the coming months.

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.*