

## Fund Review

We are very pleased to report another strong monthly performance number. The Fund gained 9.0% in August, again outperforming both the TSX Venture and TSX Total Return index which returned (0.4%) and 1.0% respectively. We are especially pleased to report that we have now generated positive returns since the inception of the fund despite the difficult period for equity markets over the past year. This accomplishment is even more pronounced when noting that the TSX Venture index is down 57% over the same time period.

The current environment remains challenging to generate significant gains from shorting stocks. In August, we covered a short position which contributed nicely to overall performance while several other short positions have yet to play out.

Looking ahead, several of the Fund's private company holdings have near terms catalysts which, in each case, should result in near term gains. We participated in a range of deals in August and anticipate contributions from these investments to be generated by them 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	11.5	9.0					100.4

## Performance Data

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
<b>Returns</b>			
1 Month	9.0%	(0.4%)	1.0%
3 Month	38.6%	4.6%	5.6%
YTD	100.4%	47.5%	23.7%
1 Year	(7.3%)	(40.8%)	(18.2%)
Since Inception	0.4%	(57.1%)	(16.0%)
Avg. Monthly Return (Since Inception)	1.2%	(3.0%)	(0.7%)
Best Month	21.6%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	61.9%	42.9%	47.6%
Current NNAV	10.0404		

## Outlook

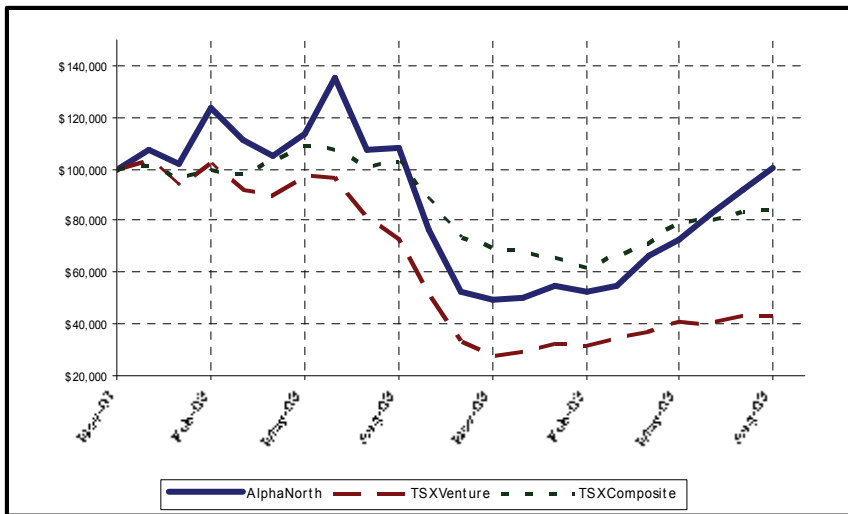
Investors have been eager to put the troubling times of 2008 behind them and are continuing to bid up share prices. The TSX has recently closed above 11,000, which is much higher than the 7,500 level it hit only 5 months ago. The high cash levels in many investor accounts are contributing to this strength in equities as investors are now scrambling to get back into the market. We remain cautious on equities given the strong rally over the past 5 months but acknowledge that there has been a huge sentiment shift. These high cash levels could continue to fuel further gains 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

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