

## Fund Review

The AlphaNorth Partners Fund achieved another milestone by completing its first two years in November. It has been an unusually volatile period but we are very delighted to report that we have returned 25.9% to our initial investors. This compares to a return of (48.3%) for the TSX Venture index and (10.9%) for the TSX Composite over the same period. **This is particularly gratifying since the Fund has achieved this return during extremely poor market conditions and with a long bias focus.**

Resources continued to be the primary driver for the TSX Venture index during the month with golds being the major contributor. The Fund maintained a 60% weighting in resource stocks, but it has been reducing gold exposure of late. As noted in previous commentaries, we view gold as extended. It is our view that resources offer poorer risk/reward as compared to other opportunities. We recently increased our hedge against gold by increasing our position in the Comex gold bear ETF as gold lunged through the \$1200 mark.

The rotation of assets have been into attractive opportunities outside of the resource sector which do not have the associated risks of commodity prices and their related forecasts.

The Fund was fully invested during the month.

## 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	19.1	1.2	4.1		151.2

## Performance Analysis

	AlphaNorth Partners Fund	TSX Venture	TSX Composite
<b>Returns*</b>			
1 Month	4.1%	9.6%	5.2%
3 Month	25.4%	20.4%	6.1%
YTD	151.2%	77.5%	31.2%
2 Year	12.2%	(28.1%)	(5.8%)
Since Inception	25.9%	(48.3%)	(10.9%)
Avg. Monthly Return (Since Inception)	2.0%	(1.8%)	(0.4%)
Best Month	21.6%	10.7%	5.2%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	66.7%	50.0%	50.0%
Current NNAV (Class A)	12.5895		

\* cumulative returns for Class A shares except for 2 year returns which are annualized

## Outlook

Recent economic data continues to be supportive of an improving economy. We are finally seeing signs of an improving labour market with the most recent U.S. unemployment number actually falling to 10.0% combined with a huge improvement in non-farm payrolls which were significantly better than expectations. These improvements in the U.S. labour market further strengthen our conviction that a U.S. dollar rally is imminent which does not bode well for gold in the short term. It remains unclear how much further the gold bubble will inflate before the gold bugs are silenced yet again. That being said, we own several junior gold stocks which are less reliant on the commodity price level and we have hedged some of our exposure with short positions on Comex gold and the S&P/TSX Global Gold index.

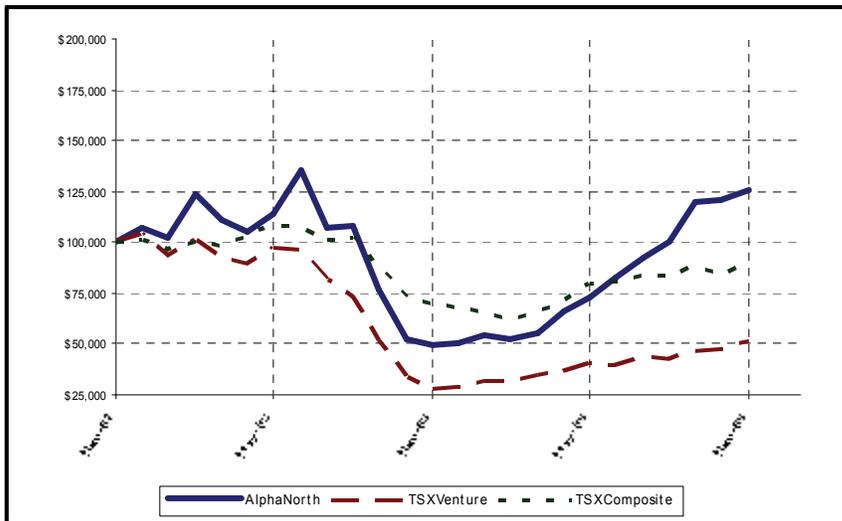
Remaining investors who are still sitting on cash positions are finding it harder and harder to justify their positions given the continually improving economic data and the massive bull run we have witnessed in equities over recent months. Given this, we believe markets are unlikely to have a significant correction over the short term. Small caps are typically strong into year end.

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>	Class A – none Class D – 3% in yr 1, 1.5% in yr 2
<b>High Water Mark:</b>	Yes (no reset)
<b>Management Fee:</b>	Class A 2%, Class D 2.5%
<b>Performance fee:</b>	20%
<b>Auditor:</b>	Deloitte
<b>Administration:</b>	Harmonic Fund Services
<b>Prime Broker:</b>	Scotia Capital

## 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 for Class A shares on a compound annual basis and stated net of all fees. Returns subsequent to 2008 are unaudited. The inception date is December 1, 2007.*