

## Fund Review

The Fund returned 1.7% in February as compared to 2.6% for the TSX Venture and 5.0% for the TSX Composite. As outlined in our commentary last month, the recent weakness in equity markets has so far proven to be a good buying opportunity. Recent economic data has remained positively biased and has contributed to the strong performance for equities.

Deal flow has been very strong in recent weeks as can be expected with the strong equity market. Investor appetite for junior gold and base metal deals continues to be strong as there seem to be several new companies popping up on a daily basis looking to raise money. We are critically scrutinizing these for the most part, as we remain very sceptical of their viability in the longer term. We have tightened the criteria for adding new names to the portfolio in recent weeks.

We believe that several of our core holdings are poised to make further gains over the coming weeks as they have consolidated at current levels and upcoming fundamental catalysts should drive share appreciation.

## 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	3.7	160.6
2010	(8.5)	1.7											(7.0)

## Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
<b>Returns **</b>			
1 Month	1.7%	2.6%	5.0%
YTD	(7.0%)	0.7%	(0.6%)
1 Year	130.4%	77.7%	47.6%
2 Year	(1.0%)	(25.8%)	(4.5%)
Since Inception	21.5%	(44.1%)	(8.9%)
Avg. Monthly Return (Since Inception)	1.7%	(1.3%)	(0.2%)
Best Month	21.6%	10.7%	5.2%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	66.7%	51.9%	51.9%
Current NNAV (Class A)	12.1469		

## Outlook

The recent weakness in equity markets has created some good buying opportunities. However, we expect that it will be difficult for equities to experience continued gains over the summer months. Our technical work indicates a "best case" scenario of the TSX hitting 13,000 in 2010 but it is unlikely that such levels can be exceeded or sustained. Seasonality for small caps leads to typically poorer performance over the summer months. Although there are many positive indicators supporting strong equity markets, the risk/reward is becoming less favourable for equities. High cash levels in both investor accounts and on company balance sheets (It was recently reported that US S&P 500 companies are holding \$1.2 trillion in cash.) should moderate any corrections in equity markets in the shorter term. Investors continue to have pent up buying power to buy on dips.

We are more actively researching short opportunities and have tightened the criteria for long investments in anticipation of a less favourable equity market environment over the summer months. Notwithstanding this, we are still finding attractive opportunities on the long side.

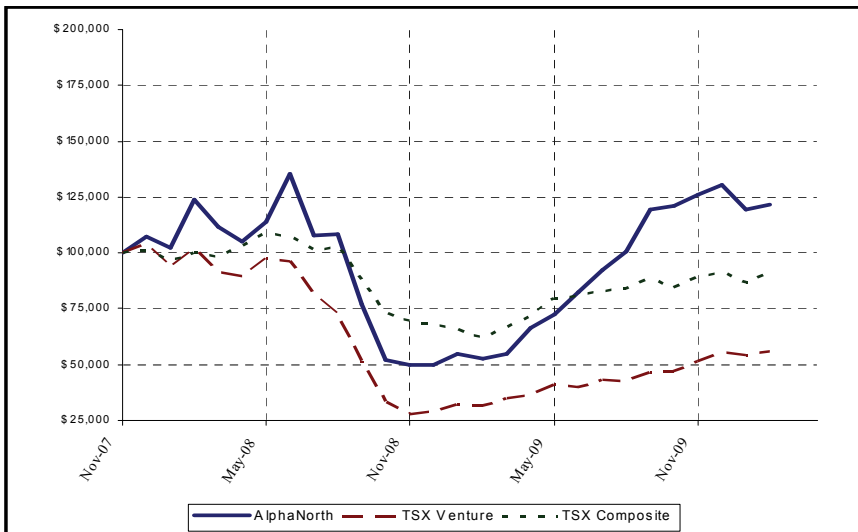
Regards,



Steven Palmer, CFA  
President and CEO

\*\*Returns are presented are for Class A shares on a compound annual return basis stated net of all fees except for since inception returns which are cumulative.

## 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.*