



AlphaNorth
Asset Management

AlphaNorth Partners Fund

March 2011

NAV

Class A (AAM100) \$36.6023
Class D (AAM200) \$29.7751

Fund Review

March was a challenging month for equity investors. However, the Fund managed to achieve a positive return for the seventh straight month with a return of 0.9%. This compares to a negative return of 4.0% for the TSX Venture Index and a positive return of 0.1% for the TSX Composite. **Initial investors in the Fund have now returned over 266% despite a negative return for the TSX Venture Index over this 3.5 year period.**

Exploration Orbite (TSXV:ORT.A), which has become the Fund's largest holding, increased 36% during the month of March. Other holdings such as Intertainment Media (TSXV:INT) also performed well, gaining 20% during the month despite the negative return for the TSX Venture. The company continued to gain traction with its language translation platform which recently had its active monthly unique users increase to over 9 million. We remain focused on adding exposure to non-resource opportunities. We have added several new investments over the past several weeks which have exciting potential. We continue to take profits in the resource sector on some of our biggest winners. The Fund was slightly overinvested at month-end.

The Fund has now surpassed \$100 million in assets. In order to preserve the integrity of the investment strategy, we will shortly be implementing a mechanism to limit new purchases.

Outlook: We believe the environment remains favourable for strong equity returns. The market reaction to the Japanese earthquake and tsunami was particularly extreme. It seems that this event was the impetus for a 7.6% correction for the TSX which bottomed at the midpoint of the month. We believe that this healthy correction has set the stage for a powerful rally into the spring as conditions remain favourable for equities. As noted in our previous commentaries, we have been expecting a shift in fund flows which could be a strong catalyst for positive equity returns. We note that this occurred in February as inflows into domestic equity funds surged to \$944 million. This compares to net sales of \$367 million in February 2010 while every month since has experienced outflows from Canadian equities. February's net sales represent the highest inflows for Canadian equities since February 2000. This is a very powerful catalyst that has been absent in the market for the past several years. We remain optimistic and have structured the portfolio to capitalize on our macro views.

Regards,

Steven Palmer, CFA
President and CEO

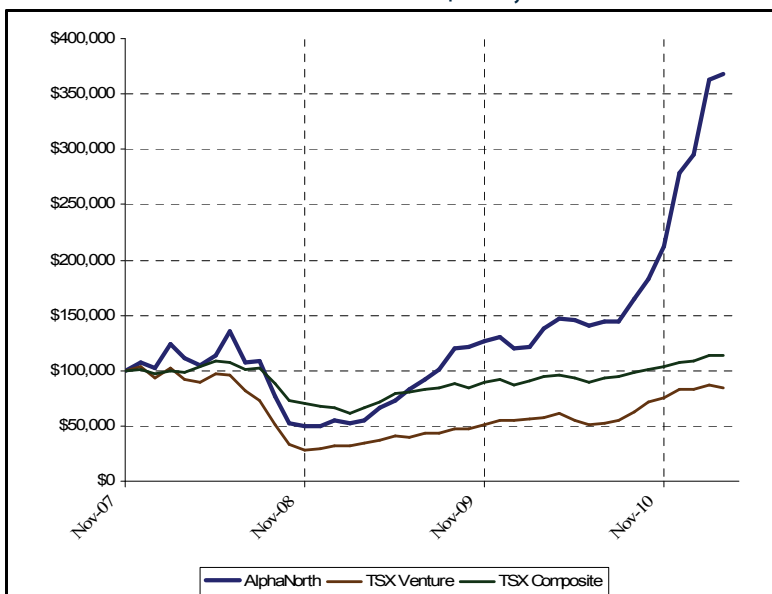
Monthly Performance*

	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%	14.0%	6.4%	(1.6%)	(2.7%)	2.6%	(0.4%)	14.2%	11.3%	15.4%	31.9%	113.6%
2011	5.8%	23.0%	0.9%										31.2%

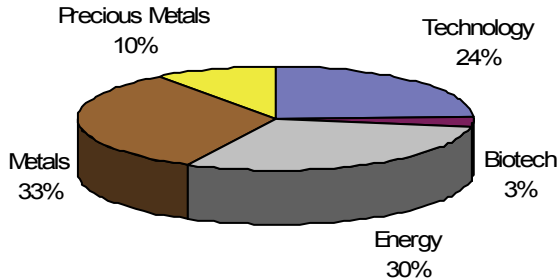
Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
Returns *			
1 Month	0.9%	(4.0%)	0.1%
YTD	31.2%	0.4%	5.6%
1 Year	164.3%	45.6%	20.4%
2 Year	158.4%	54.9%	30.8%
3 Year	48.6%	(3.0%)	5.0%
Since Inception (annualized)	47.6%	(5.1%)	4.0%
Since Inception (cumulative)	266.0%	(16.1%)	13.9%
Best Month	31.9%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	70.0%	57.5%	62.5%
Standard Deviation	45.8%	37.8%	19.5%
Sharpe Ratio	1.04	0.16	(0.16)
Beta		0.97	1.75

Growth of Initial Investment \$100,000



Sector Allocation



Fund Information

Lead Manager:	Steven Palmer
Inception:	December 1, 2007
Fund Codes:	AAM100/AAM200
Eligibility:	Accredited
Fund Details:	2% Management Fee 20% Performance Fee RRSP eligible High water mark (no reset) Monthly valuation \$150k minimum investment
Sub/Redemption:	Monthly, 90 day notice
Lock-up:	None
Redemption Fee:	Class A – none Class D – 3% in yr 1, 1.5% in yr 2
Management Fee:	Class A 2%, Class D 2.5%
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 maximize returns over the long term 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. Fundamental analysis of companies is used in combination with technical analysis techniques, which has proven to be successful, to assist in the timing of buy/sell decisions. The firm combines both a bottom-up and top-down strategy in the selection of investments offering the best risk/reward characteristics.

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 in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund, the AlphaNorth 2010 Flow-Through LP and the AlphaNorth 2011 Flow-Through LP.

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, 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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