



AlphaNorth  
Asset Management

# AlphaNorth Partners Fund

April 2011

NAV

Class A (AAM100) \$40.8666  
Class D (AAM200) \$33.2297

## Fund Review

The Fund performed well in April returning 11.7% despite negative returns of (1.9%) and (1.0%) for the TSX Venture Index and the TSX Composite respectively. **Initial investors in the Fund have now more than quadrupled their money in less than 3.5 years.**

Several positions performed quite well during the month which contributed to the strong returns despite the negative backdrop of the broader market. The non-resource component of the portfolio stood out as the best performing area. We remain focused on adding non-resource exposure. We have added several new names in this area over the past several weeks which have exciting potential and attractive risk/reward. These investments have already shown strong gains from our cost. The Fund is currently invested approximately one third in technology including biotech/pharma, 27% energy, 26% metals and 10% precious metals. The Fund maintained a cash balance of approximately 6% at month-end.

**The Fund has now surpassed \$100 million in assets. In order to preserve the integrity of the investment strategy and limit new assets, the Class A and D shares will not be available to new investors after June 30, 2011.**

**Outlook:** We believe the general market weakness over the past two months provides a favourable entry point for Canadian equities. We remain optimistic for strong equity returns over the balance of 2011. As a result of the recent market setback, conditions have improved considerably for Canadian equities as commodity prices have moderated, investor risk aversion has increased (as reflected by the higher volatility indicators) and the divergence of fixed income alternatives have made equities more attractive. Fund flows continue to be supportive for Canadian equities. We remain optimistic and have structured the portfolio to capitalize on our macro views.

Regards,

Steven Palmer, CFA  
President and CEO

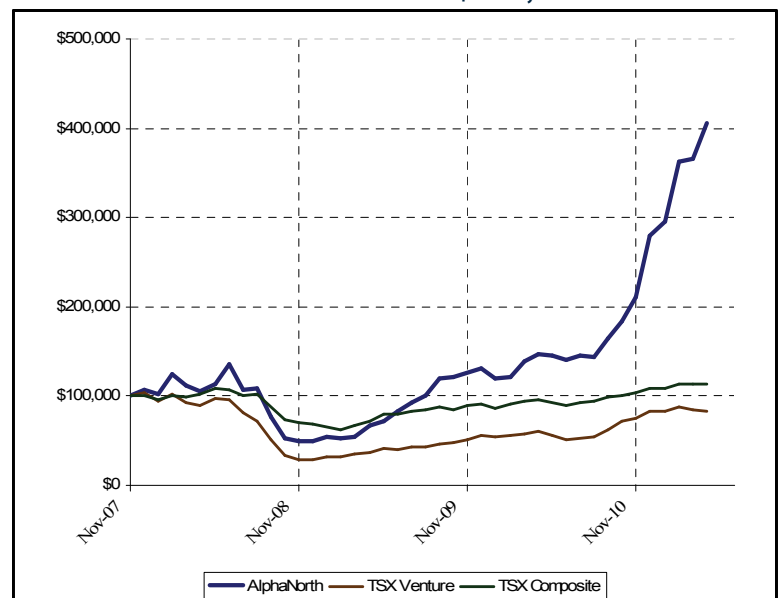
## Monthly Performance\*

	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%	11.7%									46.5%

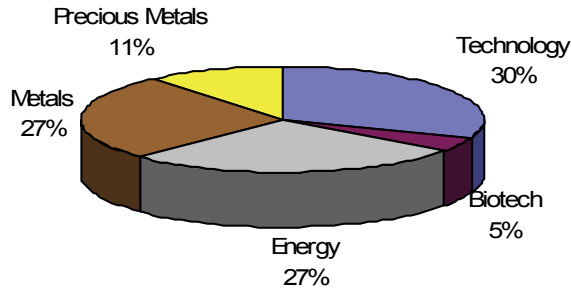
## Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
<b>Returns *</b>			
1 Month	11.7%	(1.9%)	(1.0%)
YTD	46.5%	(1.6%)	4.5%
1 Year	177.3%	34.6%	17.2%
2 Year	147.9%	49.4%	25.7%
3 Year	57.2%	(2.8%)	3.1%
Since Inception (annualized)	51.0%	(5.5%)	3.6%
Since Inception (cumulative)	308.7%	(17.7%)	12.7%
Best Month	31.9%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	70.7%	56.1%	61.0%
Standard Deviation	44.9%	37.0%	19.0%
Sharpe Ratio	1.12	0.14	(0.17)
Beta		0.97	1.74

## Growth of Initial Investment \$100,000



## Sector Allocation



## Fund Information

<b>Lead Manager:</b>	Steven Palmer
<b>Inception:</b>	December 1, 2007
<b>Fund Codes:</b>	AAM100/AAM200
<b>Eligibility:</b>	Accredited
<b>Fund Details:</b>	2% Management Fee 20% Performance Fee RRSP eligible High water mark (no reset) Monthly valuation \$150k minimum investment
<b>Sub/Redemption:</b>	Monthly, 90 day notice
<b>Lock-up:</b>	None
<b>Redemption Fee:</b>	Class A – none Class D – 3% in yr 1, 1.5% in yr 2
<b>Management Fee:</b>	Class A 2%, Class D 2.5%
<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 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, 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 an annualized basis except where noted and stated net of all fees. Returns subsequent to 2010 are unaudited. The inception date is December 1, 2007.*