

Fund Review The TSX Venture index returned (3.0%) during the month of March. This compared to a return of (0.2%) for the TSX Total Return index. The Fund returned (2.9%) in March outperforming the TSX Venture for the 6th consecutive month in what has been a very challenging market environment for Canadian small cap equities.


During various times, fundamentals are disregarded by investors as fear and liquidity dominate. We believe we are currently in the final stages of one of those periods. We have experienced a couple of these periods before, notably in the last few months of 2008. During these challenging times we have always stuck with our strategy of identifying companies with compelling reward vs risk characteristics. Not deviating from our long term strategy during these times has proven to be rewarding and has been a key component of our long term success. For example, 2009 and 2010 were stellar years for the Fund. We are confident that company fundamentals will prevail over the long term as has been the case historically. Our core holdings are well funded and positioned to execute strong returns.

The Fund remains diversified across a variety of sectors. It is interesting to note that many investors and fund managers have recently been communicating about a new focus on technology and reduced positions in gold. We attempt to be ahead of the curve as we have averaged less than 50% resource exposure for the past year while reducing our gold exposure below 10% a couple years ago. These decisions have placed us ahead of the pack and have contributed to our strong relative performance. The current sector allocation is comprised of 50% in technology, 14% in life sciences, 9% in energy, 22% in metals and 5% in precious metals.

Outlook It has been our call since the fall of 2011 that equities would outperform and achieve new all-time highs. Major equity indices in the U.S., Germany and Mexico have been the first to achieve this with several other countries not far behind. When we first made this prediction in October 2011, our position was an outlier from the consensus. Although this macro call has been correct, it has resulted in some near-term frustration for us in that Canadian small cap equities have diverged from this result. We believe the underperformance of Canadian small cap equities is liquidity driven rather than as a result of any negative fundamentals and this underperformance is unsustainable. The general theme for the past two quarters has been "The Great Rotation" into the stock market. However, Canadian small caps have yet to see this theory come to fruition. Rather, there seems to be a great rotation from the Canadian materials sector into the technology sector. We began the shift into technology names in order to mitigate some commodity exposure risk approximately two years ago. However, we remain confident that the fundamentals are in place for a favourable shift back into commodity equities and small cap names in the near future and we have allocated our assets accordingly. We continue to see investors watching from the sidelines, acknowledging that small cap equities are severely undervalued but still waiting for the right moment and catalyst to get back into these markets. We believe that the small cap equities are in the final stages of capitulation and we have positioned our funds to be ahead of the curve in order to reap the benefits of this move when it does occur.



Regards,



Steven Palmer, CFA

Performance (as of March 31, 2013)

	Mar	YTD	1 Year	3 Year	5 Year	Inception	Cumulative
AlphaNorth Partners	(2.9%)	(6.5%)	(17.1%)	21.6%	17.4%	18.3%	149.0%
S&P/TSX Venture	(3.0%)	(10.0%)	(29.8%)	(11.3%)	(15.3%)	(15.5%)	(59.8%)
S&P/TSX Composite TRI	(0.2%)	3.3%	6.1%	4.9%	2.1%	1.6%	9.0%

Key Reasons to Own This Fund

PROVEN LONG TERM PERFORMANCE:

- Management team has a 15 year track record of generating industry leading returns (30%+ annualized)*

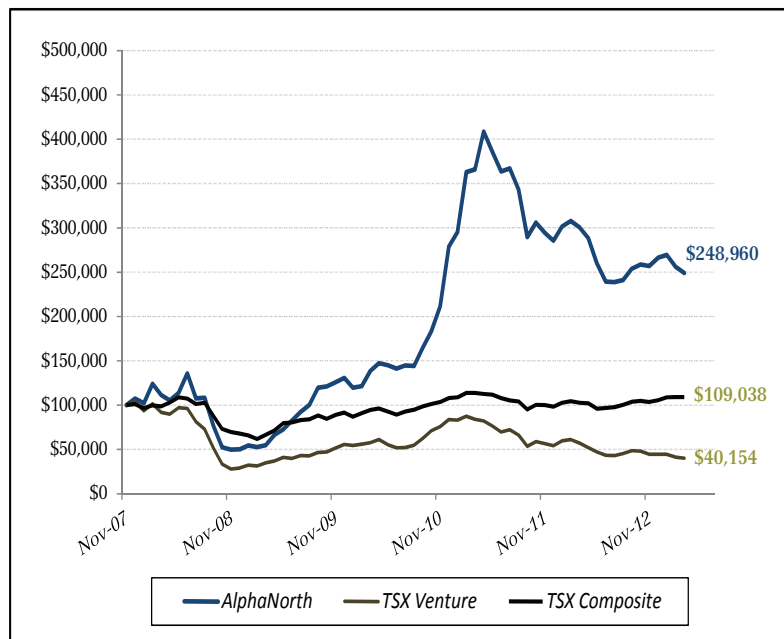
DIVERSIFICATION THROUGH SMALL CAP:

- AlphaNorth Partners Fund is well diversified across the resource, technology and life sciences sectors.
- One of the best performing asset classes over the long term which compliments any investment portfolio and greatly enhances wealth accumulation.

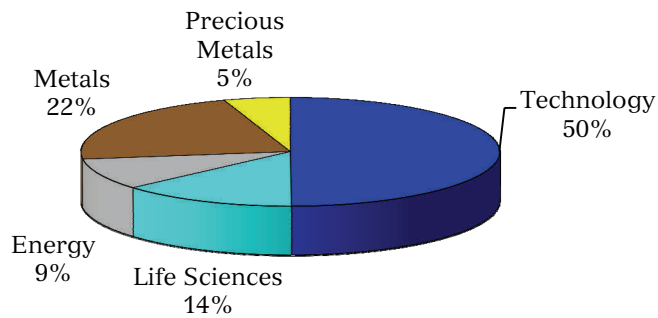
UNIQUE STRUCTURE:

- Efficient tax structure dramatically increases after-tax returns over the long term.
- All performance fees are reinvested in fund. Management and employees own a significant portion of fund assets.

Growth of Initial Investment \$100,000



Current Sector Allocation



Fund Information

Lead Manager	Steven Palmer
Inception	December 1, 2007
Fund Type	Alternative Strategies (Long biased small cap)
Fund Codes	Class A: AAM100, Class D: AAM200
Assets	~75\$ million
Eligibility	Accredited Investors only
Fund Details	Management Fee Class A- 2%, Class D- 2.5% 20% Performance Fee RRSP eligible High water mark (no reset) Monthly valuation
Sub/Redemption	Monthly, 90 day notice
Lock-up	None
Redemption Fee	Class A: none; Class D: 3% yr 1, 1.5% yr 2
Beta Compared to	S&P/TSX Venture: 0.94 S&P/TSX Composite TRI: 1.71
Sales Contact	Skye Collyer 416.506.0776 ext.227 skye@alphanorthasset.com

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%	(5.7%)	(5.7%)	1.0%	(6.5%)	(15.6%)	5.6%	(3.8%)	(2.9%)	2.4%
2012	5.6%	2.0%	(2.4%)	(3.9%)	(9.9%)	(7.9%)	(0.1%)	0.9%	5.3%	1.8%	(0.7%)	3.6%	(6.8%)
2013	1.3%	(4.9%)	(2.9%)										(6.5%)

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 2012 Flow-Through LP, the AlphaNorth Resource Fund and the AlphaNorth Growth Fund.

Key Personnel:

Steven Palmer is the President and CEO 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% annualized 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 and Secretary 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 2012 are unaudited. The inception date is December 1, 2007. Based on growth of investment in institutional small cap pooled fund from inception August 1, 1998, to August 1, 2007, and growth of investment in AlphaNorth Partners Fund from inception December 1, 2007 to the current NAV.