



AlphaNorth Asset Management
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AlphaNorth Partners Fund stands apart!

AlphaNorth was one of the few managers with the conviction to make the call to buy stocks in Q4/08 at which time we added to our long positions. Since that time (December), the AlphaNorth Partners Fund has returned 44.6%. As is often the case, the market segment that declined the most, has rallied the most from the lows. It is still early and as the economic recovery takes hold, we expect Canadian small cap stocks to continue being the outperformers. Our focus in this area should allow us to achieve significant returns as it has in the past under similar circumstances.

The AlphaNorth Partners Fund, now with an 18 month track record, is one of the few Canadian hedge funds that survived the 2008 meltdown intact. Many other funds have either closed down or imposed lock-ups on investor money. The Fund has returned (27.5%) since launching in one of the most difficult periods for equity investors in the past century. The Fund, although focussed on one of the most volatile market segments, long biased small cap, has handily outperformed the TSX Venture index by 31.4% over this period. This extends our track record of superior performance. Prior to launching AlphaNorth we managed a long only small cap fund which achieved a compound annual return of 35.8% over its 9 year existence.

The objective of the AlphaNorth Partners Fund is not to avoid losses, but to maximize long term returns. It also has the added benefit of employing a unique structure which has the effect of deferring all tax until investors redeem. The performance fees for the Fund are reinvested to align our interests further with investors.

Given that the markets have clearly stabilized as we predicted and the Fund has earned top quartile positive returns for several months, we encourage you to re-evaluate the opportunity to invest in the AlphaNorth Partners Fund.

I would be very interested in talking with you about AlphaNorth or any questions you may have so I will be contacting you in the near future. In the meantime, I have attached my latest commentary for your review.

Kindest regards,

Steven Palmer
President and CEO
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