

Fund Review

The Fund's strong record of 11 positive consecutive months ended in January. The Fund declined by 8.5% during the month as compared to declines of 1.9% for the TSX Venture index and 5.4% for the TSX Composite. The Fund's long biased investment style and the nature of small cap investments typically result in sporadic gains. Pull-backs like this one are good buying opportunities for long term investors.

We added several new names to the portfolio during the month which offer very compelling scenarios of risk/reward which is one of our primary evaluation criteria. We continue to evaluate new opportunities with a bias towards non-resource companies. The resource component of the portfolio has been reduced modestly to approximately 57%. Unlike many small cap focused funds, we are not predominantly resource based. We prefer to take a balanced approach between resource and other sectors such as technology, biotech and special situations. We expect to target a 50/50 balance between resource/non-resource for 2010. We believe that this balanced approach helped limit the downside of the Fund in 2008 as compared to many small cap funds which were heavily weighted in resource stocks. That being said, it has become increasingly difficult to keep up with the resource funds in the short term which have been enjoying the strong outperformance of the resource sector in recent months. Although, we have benefited greatly from many of our resource holdings, we believe that our balanced approach will benefit the Fund in the longer term when the resource sector inevitably loses momentum and other sectors start to outperform.

We are often asked by investors for our portfolio of investments. Although, we do not release this information, we have occasionally highlighted some of the investments in the press. A recent Financial Post article highlighted a couple of our favourite technology names, these being Aeromechanical Services (real-time data communications for airplanes) and Entertainment Media (social media platform). The TSX Venture has recently published their TSX Venture 50, "a ranking of strong performers on the TSX Venture Exchange". We note that the Fund has investments in 7 of the companies on that list.

We closed out our short position in gold in early February, capturing a roughly \$150 move to the downside. An analysis of the risk/reward for a gold short position leads us to prefer other investment opportunities.

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)												(8.5)

Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
Returns **			
1 Month	(8.5%)	(1.9%)	(5.4%)
3 Month	(1.2%)	15.5%	2.4%
YTD	(8.5%)	(1.9%)	(5.4%)
1 Year	118.9%	69.1%	31.7%
2 Year	8.2%	(23.7%)	(5.2%)
Since Inception	19.5%	(45.5%)	(13.2%)
Avg. Monthly Return (Since Inception)	1.7%	(1.1%)	(0.1%)
Best Month	21.6%	10.7%	5.2%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	65.4%	50.0%	50.0%
Current NNAV (Class A)	11.9502		

Outlook

The recent equity market correction has scared many investors but it should not have been unexpected. Markets have staged quite a rally since bottoming in March 2009. We expect to see multiple pull-backs in the TSX Composite over the next year as investors remain skittish and continue to debate the general health of economic growth. The current pull-back erased roughly 1,000 points or 8.3% from the TSX Composite's recent high before finding support. There has been a rapid sentiment shift to bearishness in recent weeks. This factor, combined with high cash levels that remain in retail brokerage accounts supports our theory that a significant decline in equities is unlikely in the short term. However, we do not expect a repeat of last year's gains. The summer months are likely to be quiet and uneventful.

We do not believe that there is reason for concern in the short term and hold the view that the recent weakness presents a good buying opportunity.

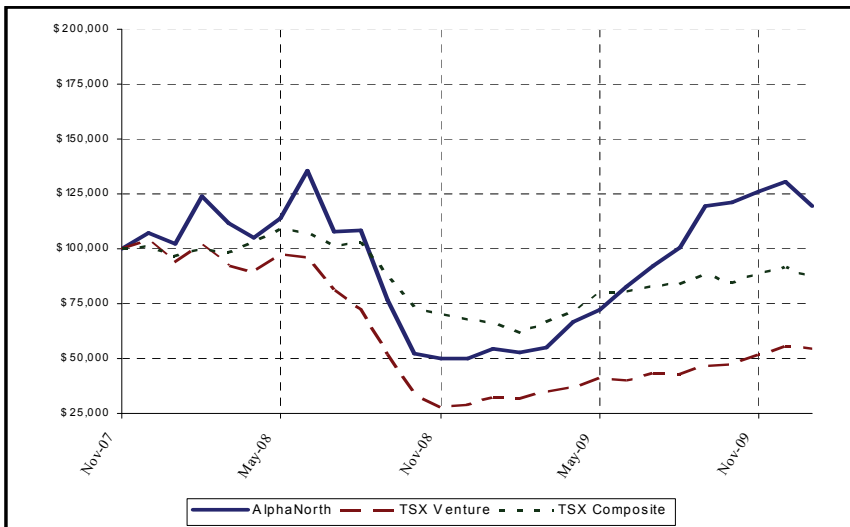
Regards,



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

Lead Manager:	Steven Palmer
Inception:	December 1, 2007
Minimum Investment:	\$150,000
Subsequent Investments:	\$25,000
Sub/Redemption:	Monthly, 90 day notice
Valuation:	Monthly
Lock-up:	None
Redemption Fee:	Class A – none Class D – 3% in yr 1, 1.5% in yr 2
High Water Mark:	Yes (no reset)
Management Fee:	Class A 2%, Class D 2.5%
Performance fee:	20%
Auditor:	Deloitte
Administration:	Harmonic Fund Services
Prime Broker:	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

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