

## Fund Review

The Fund had a strong month gaining 14.0% in March. This compares very favourably to a 3.0% return for the TSX Venture index and 3.8% for the TSX Composite. The Fund's long biased investment style and the nature of small cap investments typically result in sporadic gains. The fund has quickly snapped back from the loss in January and has now returned 6.1% year to date, surpassing both benchmarks. We are pleased that the Fund has continued to extend its positive gains since inception while returns for both the TSX Venture and the TSX Composite remain negative over the period. As time passes, the performance history of 2008 shown in the proceeding graph will likely seem more like a pothole versus a cavern.

A couple of our top holdings performed very well in March. Colossus Minerals (TSX:CSI), which we have held since its IPO at \$1.25 in early 2008, surged 32% in March to \$6.97. Also, one of our recent additions in 2010, Cline Mining (TSX:CMK), appreciated 242% during the month. These were the largest contributors to the Fund's strong performance in March.

We have recently identified a company that we believe is extremely mispriced and over-hyped. Accordingly, we have been actively shorting this small cap technology company's shares. The shares have been strongly promoted to retail investors and they have risen 10 fold over the past 4 months, despite the company having minimal revenue and having released little in the way of positive fundamental news over the period. We are excited that this prospect has the potential for significant gains in the short term.

In recent weeks, we have committed to several new deals which we assess as having minimal downside in the short term while offering very attractive longer term prospects. A couple of these deals are already trading substantially above our entry price. Optimising the risk versus reward is one of our primary goals when selecting new investments.

## 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										6.1

## Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
<b>Returns **</b>			
1 Month	14.0%	3.0%	3.8%
6 Month	15.8%	23.4%	7.1%
YTD	6.1%	3.7%	3.1%
1 Year	152.6%	64.8%	42.1%
2 Year	11.5%	(20.9%)	(2.0%)
Since Inception	38.5%	(42.4%)	(5.4%)
Avg. Monthly Return (Since Inception)	2.1%	(1.2%)	(0.1%)
Best Month	21.6%	10.7%	5.2%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	67.9%	53.6%	53.6%
Current NNAV (Class A)	13.8476		

## Outlook

The overall strong economic data continued this month. One of the positive readings was the ISM Manufacturing index which came in well above consensus as it registered the highest reading since July of 2004. U.S. consumer sentiment also came in ahead of expectations while home prices continued to stabilize. This data has continued to improve investor confidence in the recovery and has driven equity markets higher.

Despite these positive headline indicators, one has to start contemplating a contrarian view as there is bound to be some disappointments over the summer months. We believe that it is quite likely that the equity markets will experience a 10% set-back during 2010. However, the timing of this is uncertain. We will employ our technical analysis work to assist us in identifying possible turning points in equities so that we can add negative market exposure to limit the Fund's downside if a correction were to occur. That being said, we prefer to focus on companies which are less economically sensitive and have their own company specific catalysts which should drive valuations higher.

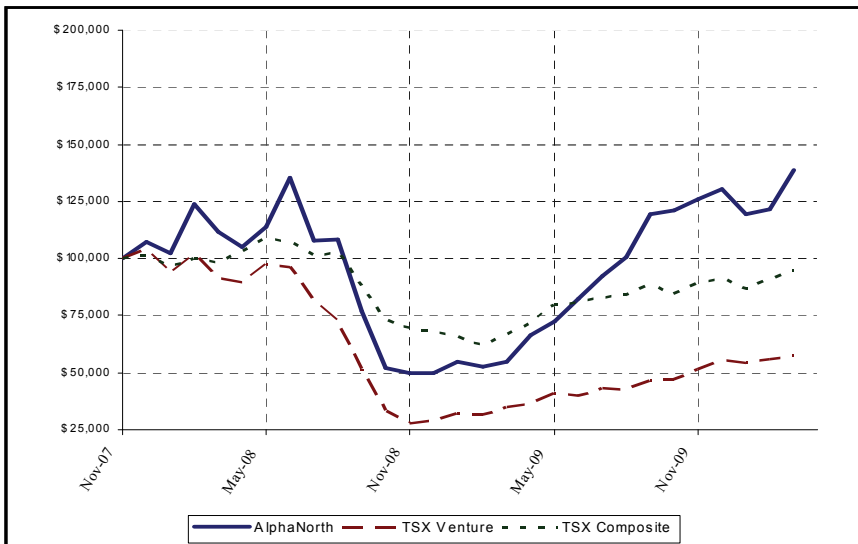
Regards,



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

<b>Lead Manager:</b>	Steven Palmer
<b>Inception:</b>	December 1, 2007
<b>Minimum Investment:</b>	\$150,000
<b>Subsequent Investments:</b>	\$25,000
<b>Sub/Redemption:</b>	Monthly, 90 day notice
<b>Valuation:</b>	Monthly
<b>Lock-up:</b>	None
<b>Redemption Fee:</b>	Class A – none Class D – 3% in yr 1, 1.5% in yr 2
<b>High Water Mark:</b>	Yes (no reset)
<b>Management Fee:</b>	Class A 2%, Class D 2.5%
<b>Performance fee:</b>	20%
<b>Auditor:</b>	Deloitte
<b>Administration:</b>	Harmonic Fund Services
<b>Prime Broker:</b>	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 in the investment industry. Presently, AlphaNorth manages the AlphaNorth Partners Fund, a long biased small cap focused hedge fund and the AlphaNorth 2010 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 a compound annual basis and stated net of all fees. Returns subsequent to 2009 are unaudited. The inception date is December 1, 2007.*