



AlphaOne Partners Fund Inc.

Performance

During the month of March, AlphaOne Partners Fund Inc. (the “Fund”) declined 10.1%. In comparison, the S&P/TSX Venture Composite Index declined 9.5% and the S&P/TSX Composite Total Return Index declined 1.4%. Although we are disappointed that the Fund gave back some of its gains from February, we are pleased that it has held a nearly 20% lead over the S&P/TSX Venture Composite Index over its first four months.

	March	YTD	Since Inception
AlphaOne Partners Fund⁽¹⁾	(10.1%)	3.8%	11.5%
S&P/TSX Composite Total Return Index	(1.4%)	(2.8%)	(1.5%)
S&P/TSX Venture Composite Index	(9.5%)	(11.3%)	(8.0%)

1. Returns are unaudited and stated net of all fees. Past returns are not indicative of future performance. Inception Dec. 1, 2007

Review

Although significant market milestones were achieved in March, with \$1000 gold and oil surpassing \$100, both of which were hyped by the media, prices collapsed mid month. As we speculated in our commentary last month, markets did sell off sharply during March, primarily led by declines in commodity prices. However, what was surprising to us was the strong rally in the second half of the month. It appears that a common belief amongst the investing public is that the worst of the credit crisis is behind us and the market has successfully retested the January lows. However, we maintained our cautious view and adhered to a large short exposure. The TSX rally of over 1000 points from the lows in March negatively impacted our performance.

The present market conditions seem unprecedented. In an environment where the Chinese government is trying to slow growth, a credit crisis has hit the U.S. and a recession looms, it is highly unusual for commodities to be hitting all time highs and for the TSX to be declining by only 2.8% as of March 31.

During the month, we covered our single stock short positions. The Fund purchased a significant position in Intelgenx Technologies (NASDAQ BB: IGXT) in a private placement which included a full warrant which provides the Fund substantial upside leverage. Intelgenx Technologies is a biotech company specializing in drug delivery. Unfortunately, a large hit to the Fund this month was its investment in 01Communicue. It declined by 80% after the judge in the company's patent infringement case (which was scheduled to go to trial in March) initiated a re-examination of the company's patent, thus causing an indefinite delay in the patent infringement case. Also, several of the big winners from last month gave up some ground in March, which contributed to the Fund's negative performance. The TSX Venture listed stocks were generally much weaker than the broader market. The portfolio employed leverage of approximately 125% and was 66% net long through the month.

Outlook

We continue to hold a bearish view on equity markets, particularly in view of the recent powerful rally. We believe that equity investors continue to be overly optimistic about the economy and the severity of credit conditions in the U.S. which we believe will ultimately have a negative impact on Canadian markets. We are maintaining our cautious positioning in the near term in anticipation of deteriorating equity markets.

Regards,

Steven Palmer, CFA
President and CEO