



AlphaNorth
Asset Management

AlphaNorth Partners Fund

May 2011

NAV

Class A (AAM100) \$38.5345
Class D (AAM200) \$31.3213

Fund Review

With a decline of 5.7%, the month of May proved to be the first negative month for the Fund since August of 2010. The Fund's performance still performed favourably in comparison to the TSX Venture and TSX Composite which declined by 7.0% and 0.9% respectively. We are pleased that the year to date return remains extremely strong, returning a positive 38.1%. This significantly outperforms both the TSX Venture and TSX Composite which returned (8.5%) and 3.6% respectively.

Our strategy to reduce resource exposure has served the Fund well. The current resource weighting of 56% is down from 75% in January. Over the past several months, it has been the resource sectors which have suffered the most in the general market weakness. We remain focused on adding non-resource exposure and are currently evaluating several companies with unique products and growth opportunities. The Fund had a cash balance exceeding 10% at month-end which gives us the means to take advantage of these attractive early stage opportunities. Sector mix in the Fund is comprised of 36% in technology including biotech/pharma, 28% energy, 25% metals and 11% precious metals.

As a reminder, June will be the last month in which the Fund will accept new investors into the Class A and D shares. This initiative was implemented to help preserve investor's interests to prudently manage the liquidity constraints of the Fund.

Outlook: We believe that the general market weakness over the past several months is setting the stage for a powerful rally similar to what occurred in 2010. In recent weeks, equities have become cheaper with the TSX trading at approximately 13 times 2012 earnings or an earnings yield of 7.7%. Bonds have become more expensive as 10 year yields have declined to the 3% range. In our opinion, risk/reward currently favours equities and we expect future fund flows to contribute to strength in equities.

Regards,

Steven Palmer, CFA
President and CEO

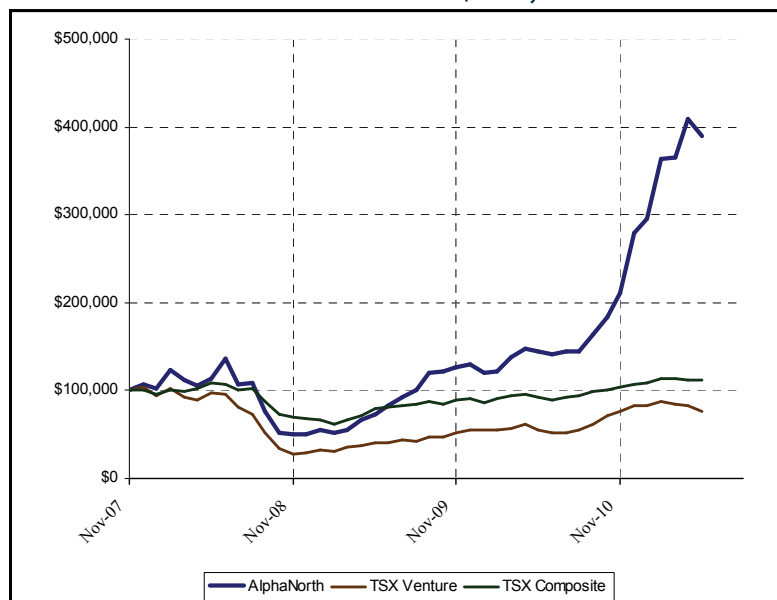
Monthly Performance*

	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%)								38.1%

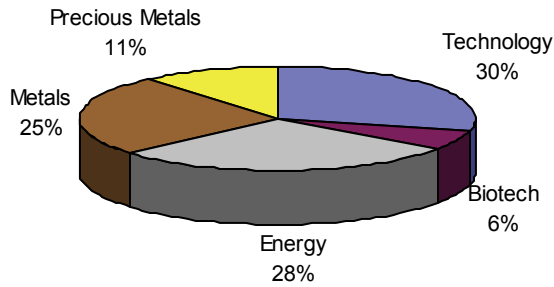
Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
Returns *			
1 Month	(5.7%)	(7.0%)	(0.9%)
YTD	38.1%	(8.5%)	3.6%
1 Year	165.6%	38.3%	20.4%
2 Year	130.6%	36.5%	18.5%
3 Year	50.2%	(7.6%)	0.8%
Since Inception (annualized)	47.0%	(7.4%)	3.2%
Since Inception (cumulative)	285.4%	(23.5%)	11.7%
Best Month	31.9%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	69.0%	54.8%	59.5%
Standard Deviation	44.6%	36.7%	18.8%
Sharpe Ratio	1.03	0.12	(0.22)
Beta		0.97	1.75

Growth of Initial Investment \$100,000



Sector Allocation



Fund Information

Lead Manager:	Steven Palmer
Inception:	December 1, 2007
Fund Codes:	AAM100/AAM200
Eligibility:	Accredited
Fund Details:	2% Management Fee 20% Performance Fee RRSP eligible High water mark (no reset) Monthly valuation \$150k minimum investment
Sub/Redemption:	Monthly, 90 day notice
Lock-up:	None
Redemption Fee:	Class A – none Class D – 3% in yr 1, 1.5% in yr 2
Management Fee:	Class A 2%, Class D 2.5%
Auditor:	Deloitte
Administration:	Harmonic Fund Services
Prime Broker:	Scotia Capital
Legal:	Stikeman/Maples & Calder

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 2010 Flow-Through LP and the AlphaNorth 2011 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, 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 an annualized basis except where noted and stated net of all fees. Returns subsequent to 2010 are unaudited. The inception date is December 1, 2007.*