



AlphaNorth
Asset Management

FUND COMMENTARY

AlphaNorth Partners Fund

April 2012

NAV

Class A (AAM100) \$28.8529
Class D (AAM200) \$23.3573

Fund Review The consolidation which we predicted in our January commentary continued in April resulting in declines for both the TSX Composite and TSX Venture indices of 0.6% and 9.1% respectively. We are pleased that the Fund has outperformed the TSX Venture, returning (3.9%) in April and that the year to date return remains positive. This compares very favourably to the TSX Venture index which is negative on a year to date basis. We believe that the Fund is well positioned to capture significant upside gains once equity markets resume their uptrend.

The portfolio remained fully invested throughout April with the sector allocations much the same as in previous months with 34% invested in technology, 13% in biotech, 28% in metals, 19% in energy and 6% in precious metals. At the present time, we do not have any sector biases from a new investment point of view other than our continued avoidance of new investments in the precious metal sector.

Outlook It is our view that the consolidation which began in March is nearing completion. Equities have retraced much of the strong gains achieved from the lows of 2011. We believe it is likely that in the coming weeks, equities will resume their strong uptrend which began last Fall. Canadian equities, and particularly, Canadian small cap equities, have lagged the broader rally in equities which has been experienced in the U.S. and Europe. In our view, this is largely a result of the high resource weighting of the Canadian indices. Concerns for commodity demand have prompted this underperformance. Resource equities have recently underperformed commodity prices by a wide margin. We believe that equities already reflect a very pessimistic outlook which does not correlate with current commodity prices. We expect this to reverse as investors gain confidence that commodity demand is healthy. Our technical work indicates that it is likely the TSX Venture index made a significant low in mid April. Since bottoming on April 24th, the TSX Venture has shown encouraging early signs that this theory may hold true as it has begun to outperform the broader market. This has positive implications for small cap equities. This is reflected by a review of the performance since April 24th where the TSX Venture has returned 2.9% while the TSX Composite and S&P 500 index have returned (0.9%) and (0.2%) respectively. We note that changes in trend for the TSX Venture, particularly after prolonged downtrends, typically result in dramatic gains.



Regards,

Steven Palmer, CFA
President and CEO

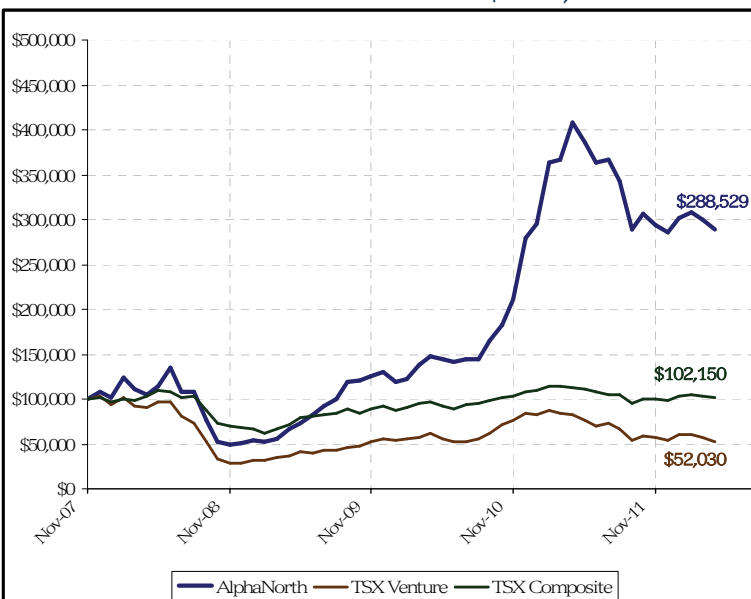
Monthly Performance*

	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%)	(5.7%)	1.0%	(6.5%)	(15.6%)	5.6%	(3.8%)	(2.9%)	2.4%
2012	5.6%	2.0%	(2.4%)	(3.9%)									1.0%

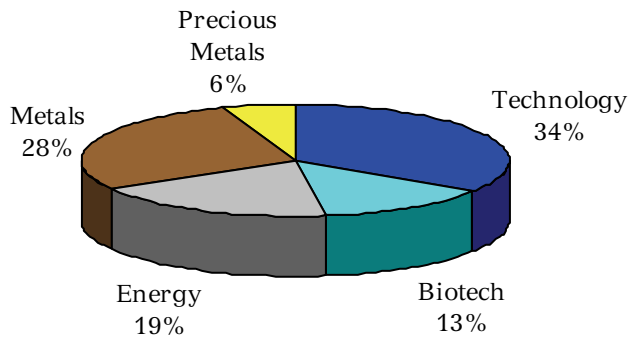
Performance Analysis

	AlphaNorth Partners Fund	S&P/TSX Venture	S&P/TSX Composite
Returns *			
1 Month	(3.9%)	(9.1%)	(0.6%)
YTD	1.0%	(4.1%)	3.8%
1 Year	(29.4%)	(36.8%)	(9.4%)
2 Year	39.9%	(7.8%)	3.1%
3 Year	63.1%	14.2%	15.4%
Since Inception (annualized)	27.1%	(13.8%)	0.5%
Since Inception (cumulative)	188.5%	(48.0%)	2.2%
Best Month	31.9%	11.4%	11.5%
Worst Month	(31.9%)	(35.3%)	(16.7%)
Advancing Months	62.3%	50%	52.8%
Standard Deviation	42.0%	35.7%	17.9%
Sharpe Ratio	0.62	(0.41)	(0.03)
Beta		0.94	1.75

Growth of Initial Investment \$100,000



Sector Allocation



Fund Information

Lead Manager	Steven Palmer
Inception	December 1, 2007
Fund Type	Alternative Strategies (Long biased small cap)
Fund Status	Closed to new investors
Fund Codes	Class A— AAM100 Class D— AAM200
Assets	~\$90 million
Eligibility	Accredited Investors only
Fund Details	Management Fee Class A- 2%, Class D- 2.5% 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% yr 1, 1.5% yr 2
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 2011 Flow-Through LP, the AlphaNorth 2012 Flow-Through LP, the AlphaNorth Rollover Fund and the AlphaNorth Growth Fund.

Key Personnel:

Steven Palmer is the President and CEO 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% annualized 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 and Secretary 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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