



Annual Report
December 31, 2008

Offered by
Northern Rivers Capital Management Inc.

TABLE OF CONTENTS

	Pages
Auditors' Report	
Northern Rivers Conservative Growth Fund	1-7
Northern Rivers Evolution Fund	8-13
Northern Rivers Monthly Income and Capital Appreciation Fund	14-20
Northern Rivers Monthly Income and Capital Appreciation Trust Pool	21-28
Notes to the Financial Statements	29-41

AUDITORS' REPORT

To the Unitholders and Trustee of
Northern Rivers Conservative Growth Fund
Northern Rivers Evolution Fund
Northern Rivers Monthly Income and Capital Appreciation Fund
Northern Rivers Monthly Income and Capital Appreciation Trust Pool
(collectively, the "Funds")

We have audited the schedule of investments of each of the Funds as at December 31, 2008 and the statements of net assets, operations and changes in net assets as at the dates and for the periods indicated in note 1 of the accompanying notes to financial statements. These financial statements are the responsibility of the Manager of the Funds. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager of the Funds, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Funds, the results of each of their operations and the changes in each of their net assets as at and for the periods indicated in note 1 of the notes to accompanying financial statements, in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
March 5, 2009.

Ernst + Young LLP

Chartered Accountants
Licensed Public Accountants

Northern Rivers Conservative Growth Fund

Formed under the laws of Ontario

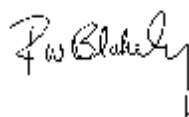
STATEMENT OF NET ASSETS

As at December 31

	2008	2007
	\$	\$
ASSETS		
Investments, at fair value	1,483,411	2,075,671
Cash and short-term investments	753,618	417,069
Accrued interest and dividends receivable	6,122	1,875
Receivable for portfolio securities sold	2,652	—
Receivable for units issued	10,500	33,002
Total assets	2,256,303	2,527,617
LIABILITIES		
Payable for portfolio securities purchased	75,638	105,102
Management fees payable [note 5]	3,372	7,723
Incentive fees payable [note 5]	—	80,303
Other accrued expenses [note 6]	7,316	1,347
Total liabilities	86,326	194,475
Total net assets	2,169,977	2,333,142
Total net assets per Series		
Series A	662,558	328,873
Series F	1,279,349	1,754,654
Series P	228,070	249,615
Number of units outstanding [note 4]		
Series A units	33,576	10,364
Series F units	64,979	56,009
Series P units	11,547	7,922
Net assets per unit		
Series A	19.73	31.73
Series F	19.69	31.33
Series P	19.75	31.51

See accompanying notes

On behalf of the Manager:



Director



Director

Northern Rivers Conservative Growth Fund

STATEMENT OF OPERATIONS

	Year ended December 31, 2008 \$	Period ended December 31, 2007 \$
REVENUE		
Dividend income	22,743	2,758
Interest income	18,896	3,255
	41,639	6,013
EXPENSES <i>[note 6]</i>		
Management fees <i>[note 5]</i>	49,485	7,723
Incentive fees <i>[note 5]</i>	—	80,303
Audit fees	24,700	16,391
Unitholder reporting costs	12,586	2,690
Custody	6,229	508
Fund accounting	42,000	10,953
Other expenses	32,485	2,381
	167,485	120,949
Expenses absorbed by the Manager <i>[note 6]</i>	(109,528)	(31,576)
	57,957	89,373
Net investment loss	(16,318)	(83,360)
Net realized and unrealized (loss) gain on investments		
Net realized (loss) gain on sale of investments	(180,602)	12,516
Net realized gain (loss) on foreign currency	1,678	(538)
Transaction costs on purchase and sale of investments <i>[notes 2 and 7]</i>	(13,436)	(5,602)
Change in unrealized (depreciation) appreciation of investments	(978,103)	289,309
Net realized and unrealized (loss) gain on investments	(1,170,463)	295,685
(Decrease) increase in net assets from operations	(1,186,781)	212,325
(Decrease) increase in net assets from operations per Series		
Series A	(345,647)	21,983
Series F	(714,893)	155,615
Series P	(126,241)	34,727
(Decrease) increase in net assets from operations per unit		
Series A	(11.85)	5.61
Series F	(11.81)	4.41
Series P	(12.99)	6.06

See accompanying notes

Northern Rivers Conservative Growth Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31

	2008			
	Series A	Series F	Series P	Total
	\$	\$	\$	\$
Decrease in net assets from operations	(345,647)	(714,893)	(126,241)	(1,186,781)
Capital unit transactions <i>[note 4]</i>				
Proceeds from units issued	772,433	279,737	104,696	1,156,866
Cost of units redeemed	(93,101)	(40,149)	—	(133,250)
	679,332	239,588	104,696	1,023,616
Increase (decrease) in net assets for the period	333,685	(475,305)	(21,545)	(163,165)
Net assets, beginning of period	328,873	1,754,654	249,615	2,333,142
Net assets, end of period	662,558	1,279,349	228,070	2,169,977

For the period ended December 31

	2007			
	Series A	Series F	Series P	Total
	\$	\$	\$	\$
Increase in net assets from operations	21,983	155,615	34,727	212,325
Distributions to unitholders <i>[note 4]</i>				
Net investment income	(328)	(2,878)	(470)	(3,676)
Net realized capital gains	(1,054)	(9,232)	(1,514)	(11,800)
	(1,382)	(12,110)	(1,984)	(15,476)
Capital unit transactions <i>[note 4]</i>				
Proceeds from units issued	308,023	1,599,039	216,024	2,123,086
Reinvestment of distributions	1,382	12,110	1,984	15,476
Cost of units redeemed	(1,133)	—	(1,136)	(2,269)
	308,272	1,611,149	216,872	2,136,293
Increase in net assets for the period	328,873	1,754,654	249,615	2,333,142
Net assets, beginning of period	—	—	—	—
Net assets, end of period	328,873	1,754,654	249,615	2,333,142

See accompanying notes

Northern Rivers Conservative Growth Fund

SCHEDULE OF INVESTMENTS

As at December 31, 2008

Number of shares		Average cost \$	Market value \$
Canadian equities			
7,800	Absolute Software Corp.	22,725	25,818
11,950	Acasti Pharma Inc., Class 'A' *	12	120
11,950	Acasti Pharma Inc., Series '2', Warrants, 2010/11/17 *	—	—
14,000	Advanced Explorations Inc., Warrants, 2009/10/16	—	—
99,000	Aeromechanical Services Ltd.	75,000	16,830
19,500	AeroMechanical Services Ltd., Warrants, 2010/03/13	—	—
4,000	Aeroquest International Ltd.	12,000	1,400
2,900	Alaris Royalty Corp.	34,800	26,100
5,000	Aqua-Pure Ventures Inc.	2,265	1,500
44,000	Cadiscor Resources Inc.	26,972	10,560
8,500	Canadian Spirit Resources	—	—
20,000	Cymat Technologies Ltd.	5,000	1,200
20,000	Cymat Technologies Ltd., Warrants, 2009/05/02	—	—
5,600	Franco-Nevada Corp.	87,172	118,720
28,500	Gastem Inc.	26,584	14,250
17,000	Gastem Inc., Warrants, 2009/12/14	—	170
14,850	Gold Wheaton Gold Corp., Warrants, 2013/07/08	—	1,262
78,200	Grey Island Systems International Inc.	23,554	14,858
68,200	Horizon North Logistics Inc.	155,924	54,560
1,600	Indigo Books & Music Inc.	19,114	18,816
13,600	Jazz Air Income Fund	54,024	43,656
8,700	Kodiak Oil & Gas Corp.	30,919	3,115
18,000	MKS Inc.	18,468	19,260
47,800	Neptune Technologies & Bioresources Inc.	170,059	29,636
1,100	Niko Resources Ltd.	93,181	46,629
20,800	Northstar Healthcare Inc.	73,137	60,112
30,000	OPE Holdings Ltd.	17,542	2,250
500	Petro Andina Resources Inc., Class 'A'	4,312	2,910
300	Petrobank Energy & Resources Ltd.	11,291	6,030
500	Phoenix Technology Income Fund	8,075	4,430
18,300	ProMetic Life Sciences Inc.	6,792	2,379
900	Questerre Energy Corp., Class 'A'	4,230	1,818
120,000	Red Maple Energy Inc. *	55,000	25,200
1,400	Rogers Communications Inc., Class 'B'	42,154	51,212
25,000	Shanghai Songrui Forestry Products Inc. *	27,500	27,500
5,200	SXC Health Solutions Corp.	78,191	117,832
2,600	Talisman Energy Inc.	46,592	31,564
25,000	Thunderbird Energy Corp., Warrants, 2009/06/26	—	—
200	Toronto-Dominion Bank (The)	7,900	8,684
1,500	Toumaline Oil Corp. *	10,500	12,000
2,600	TransCanada Corp.	86,500	86,008
89,450	VendTek Systems Inc.	88,295	82,294
51,400	Webtech Wireless Inc.	153,867	46,774
57,500	Western Goldfields Inc.	142,912	110,400
700	WestJet Airlines Ltd.	12,530	9,163
24,000	ZCL Composites Inc.	201,693	102,240
45,000	Zedi Inc.	22,567	19,125
Total of Canadian equities - 57.99%		1,959,353	1,258,385

Northern Rivers Conservative Growth Fund

SCHEDULE OF INVESTMENTS cont'd

As at December 31, 2008

Number of shares		Average cost \$	Market value \$
International equities			
1,100	Altria Group Inc.	43,541	20,315
1,100	Legg Mason Inc.	27,530	29,617
26,000	Pacific Energy Resources Ltd., Warrants, 2009/04/18	—	—
3,300	Philip Morris International Inc.	156,695	175,094
Total of international equities - 10.37%		227,766	225,026
Total of investments before short-term investments - 68.36%		2,187,119	1,483,411
Short-term investments			
700,505	CIBC Mellon Trust Demand Deposit, variable rate	700,505	700,505
Short-term investments - CDN \$		700,505	700,505
43,024	BNY Mellon Deposit, variable rate	43,707	53,112
Short-term investments - US \$		43,707	53,112
Total of short-term investments - 34.73%		744,212	753,617
Less transaction costs [note 2]		(5,508)	—
Total of investments - 103.09%		2,925,823	2,237,028
Liabilities less other assets (3.09%)			(67,051)
Total net assets - 100.00%			2,169,977

* Private

See accompanying notes

Northern Rivers Conservative Growth Fund

NOTES TO SCHEDULE OF INVESTMENTS

Risk management

The investment objective of Northern Rivers Conservative Growth Fund (the "Fund") is to maximize absolute returns on investments through securities selection and asset allocation. The Fund focuses on achieving growth of capital through superior securities selection and pursues a long-term investment program with the aim of generating capital gains. The Fund attempts to reduce volatility through diversifying the portfolio across both economic sectors as well as across market capitalizations (company size and liquidity). The Fund invests primarily in equity and equity-related securities of North American companies. The Fund may also invest in international companies.

In selecting investments for the Fund, the portfolio manager primarily focuses on the securities (equity and equity derivatives) of companies which the portfolio manager believes trade at a discount to their intrinsic value. The Fund is invested according to the following guidelines: the assets of the Fund are allocated at the discretion of the portfolio manager to those investment strategies that balance risk, return and liquidity. The portfolio is positioned in accordance with the portfolio manager's current market view. Geographic and sector allocations will vary significantly over time.

The Fund may follow a more concentrated investment approach and, from time to time, overweight certain geographic regions, including North America, and industry sectors such as the energy or financial sectors when deemed appropriate by the portfolio manager. The Fund may use specified derivatives, such as calls and puts, warrants, index futures, exchange traded funds to manage risk due to changes in prices of the Fund's investments and from exposure to foreign currencies. The Fund may also engage in short-selling as a result of relief it obtained from the Canadian securities regulatory authorities. Generally speaking, short-selling can provide the Fund with opportunities for gains when markets are volatile or declining.

Credit risk

As at December 31, 2008, the Fund had no significant investments in debt instruments (other than overnight demand deposits).

Interest rate risk

As at December 31, 2008, the majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Currency risk

The table below indicates the currencies to which the Fund had significant direct exposure as at December 31, 2008, on its monetary and non-monetary assets and liabilities as well as the underlying principle amount of forward currency contracts, if any:

	Financial instruments* (\$)	Foreign exchange contracts (\$)	Total (\$)	Percent of total Net Assets (%)
U.S. Dollar	283,100	—	283,100	13.1

*Amounts include monetary and non-monetary items.

Northern Rivers Conservative Growth Fund

NOTES TO SCHEDULE OF INVESTMENTS cont'd

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of forward exchange contracts, if any. Other financial assets (including dividends and interest receivables and receivables for investments sold) and financial liabilities (including payables for investments purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at December 31, 2008, had the Canadian Dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$14,000 (approximately 0.6% of total Net Assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Market risk

If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2008, with all other factors remaining constant, Net Assets of the Fund could possibly have increased or decreased by approximately \$74,000 (approximately 3.4% of total Net Assets), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Northern Rivers Evolution Fund

Formed under the laws of Ontario

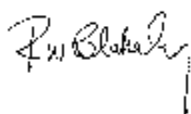
STATEMENT OF NET ASSETS

As at December 31

	2008	2007
	\$	\$
ASSETS		
Investments, at fair value	1,553,557	1,503,043
Short-term investments	369,325	473,620
Accrued interest receivable	5,746	1,181
Receivable for securities sold	50,255	83,287
Receivable for units issued	11,000	30,000
Total assets	1,989,883	2,091,131
LIABILITIES		
Payable for portfolio securities purchased	94,274	53,462
Management fees payable <i>[note 5]</i>	3,088	6,652
Incentive fees payable <i>[note 5]</i>	—	79,215
Other accrued expenses <i>[note 6]</i>	7,068	1,115
Total liabilities	104,430	140,444
Total net assets	1,885,453	1,950,687
Total net assets per Series		
Series A	616,024	387,194
Series F	1,029,102	1,179,873
Series P	240,327	383,620
Number of units outstanding <i>[note 4]</i>		
Series A units	30,046	12,135
Series F units	50,552	37,629
Series P units	11,736	12,125
Net assets per unit		
Series A	20.50	31.91
Series F	20.36	31.35
Series P	20.48	31.64

See accompanying notes

On behalf of the Manager:



Director



Director

Northern Rivers Evolution Fund

STATEMENT OF OPERATIONS

	Year ended December 31, 2008	Period ended December 31, 2007
	\$	\$
REVENUE		
Dividend income	8,776	—
Interest income	10,342	2,887
	19,118	2,887
EXPENSES [note 6]		
Management fees [note 5]	47,599	6,652
Incentive fees [note 5]	—	79,215
Audit fees	23,831	16,390
Unitholder reporting costs	16,030	3,279
Custody	8,781	430
Fund accounting	42,000	10,953
Other expenses	32,805	2,384
	171,046	119,303
Expenses absorbed by the Manager [note 6]	(115,286)	(32,320)
	55,760	86,983
Net investment loss	(36,642)	(84,096)
Net realized and unrealized (loss) gain on investments		
Net realized gain (loss) on sale of investments	(327,756)	48,958
Net realized gain on foreign currency	18,870	783
Transaction costs on purchase and sale of investments [notes 2 and 7]	(57,763)	(8,938)
Change in unrealized (depreciation) appreciation of investments	(665,514)	234,753
Net realized and unrealized (loss) gain on investments	(1,032,163)	275,556
(Decrease) increase in net assets from operations	(1,068,805)	191,460
(Decrease) increase in net assets from operations per Series		
Series A	(329,914)	26,516
Series F	(596,735)	131,689
Series P	(142,156)	33,255
(Decrease) increase in net assets from operations per unit		
Series A	(12.88)	4.90
Series F	(11.01)	5.19
Series P	(11.07)	5.68

See accompanying notes

Northern Rivers Evolution Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended December 31

	2008			
	Series A	Series F	Series P	Total
	\$	\$	\$	\$
Decrease in net assets from operations	(329,914)	(596,735)	(142,156)	(1,068,805)
Capital unit transactions <i>[note 4]</i>				
Proceeds from units issued	766,171	758,481	100,000	1,624,652
Cost of units redeemed	(207,427)	(312,517)	(101,137)	(621,081)
	558,744	445,964	(1,137)	1,003,571
Increase (decrease) in net assets for the period	228,830	(150,771)	(143,293)	(65,234)
Net assets, beginning of period	387,194	1,179,873	383,620	1,950,687
Net assets, end of period	616,024	1,029,102	240,327	1,885,453

For the period ended December 31

	2007			
	Series A	Series F	Series P	Total
	\$	\$	\$	\$
Increase in net assets from operations	26,516	131,689	33,255	191,460
Distributions to unitholders <i>[note 4]</i>				
Net investment income	(260)	(1,230)	(281)	(1,771)
Net realized capital gains	(6,018)	(28,296)	(6,500)	(40,814)
	(6,278)	(29,526)	(6,781)	(42,585)
Capital unit transactions <i>[note 4]</i>				
Proceeds from units issued	361,864	1,048,184	351,525	1,761,573
Reinvestment of distributions	6,278	29,526	6,781	42,585
Cost of units redeemed	(1,186)	—	(1,160)	(2,346)
	366,956	1,077,710	357,146	1,801,812
Increase in net assets for the period	387,194	1,179,873	383,620	1,950,687
Net assets, beginning of period	—	—	—	—
Net assets, end of period	387,194	1,179,873	383,620	1,950,687

See accompanying notes

Northern Rivers Evolution Fund

SCHEDULE OF INVESTMENTS

As at December 31, 2008

Number of shares		Average cost \$	Fair value \$
Canadian equities			
10,000	Absolute Software Corp.	42,724	33,100
13,975	Acasti Pharma Inc., Class 'A' *	14	140
13,975	Acasti Pharma Inc., Series '2', Warrants, 2010/11/17 *	—	—
14,000	Advanced Explorations Inc., Warrants, 2009/10/16	—	—
13,000	AeroMechanical Services Ltd., Warrants, 2010/03/13	—	—
25,000	AXIA NetMedia Corp.	49,784	41,000
4,700	BCE Inc.	102,305	117,735
10,000	Digifonica International Inc., Warrants, 2010/02/07	—	—
15,000	Energy Savings Income Fund	103,694	130,050
2,500	Franco-Nevada Corp., Warrants, 2012/03/13	—	9,250
75,300	Neptune Technologies & Bioresources Inc.	228,849	46,686
800	Niko Resources Ltd.	42,825	33,912
1,600	Petrobank Energy & Resources Ltd.	35,674	32,160
30,000	Questerre Energy Corp., Class 'A'	60,399	60,600
120,000	Red Maple Energy Inc. *	55,000	25,200
1,000	Research In Motion Ltd.	50,920	49,460
7,000	SXC Health Solutions Corp.	105,257	158,620
163,500	VendTek Systems Inc.	160,587	150,420
79,000	Webtech Wireless Inc.	231,195	71,890
50,000	Western Goldfields Inc.	97,116	96,000
5,500	Western Wind Energy Corp., Warrants 2010/06/20	—	—
23,300	ZCL Composites Inc.	206,838	99,258
Total of Canadian equities - 61.28%		1,573,181	1,155,481
International equities			
18,000	Brocade Communications Systems Inc.	74,651	62,885
4,000	Ciena Corp.	33,609	32,986
5,000	General Electric Co.	109,188	99,130
6,000	Intel Corp.	97,136	107,772
4,000	Microsoft Corp.	103,567	95,303
22,500	Pacific Energy Resources Ltd., Warrants, 2009/04/18	—	—
Total of international equities - 21.11%		418,151	398,076
Total of investments before short-term investments - 82.40%		1,991,332	1,553,557
Short-term investments			
369,070	CIBC Mellon Trust Demand Deposit, variable rate	369,070	369,070
Short-term investments - CDN \$		369,070	369,070
207	BNY Mellon Deposit, variable rate	252	255
Short-term investments - US \$		252	255
Total of short-term investments - 19.59%		369,322	369,325
Less transaction costs [note 2]		(7,009)	—
Total of investments - 101.99%		2,353,645	1,922,882
Liabilities less other assets (1.99%)			(37,429)
Total net assets - 100.00%			1,885,453

* Private

See accompanying notes

Northern Rivers Evolution Fund

NOTES TO SCHEDULE OF INVESTMENTS

Risk management

The investment objective of Northern Rivers Evolution Fund (the "Fund") is to maximize absolute returns on investments through securities selection and asset allocation. The Fund focuses on achieving growth of capital through superior securities selection and pursues a long-term investment program with the aim of generating capital gains.

In selecting investments for the Fund, the portfolio manager primarily focuses on the securities (equity and equity derivatives) of companies which the portfolio manager believes trade at a discount to their intrinsic value. The Fund is invested according to the following guidelines: the assets of the Fund are allocated at the discretion of the portfolio manager to those investment strategies that balance risk, return and liquidity. The portfolio is positioned in accordance with the portfolio manager's current market view. Geographic and sector allocations will vary significantly over time.

The Fund may follow a more concentrated investment approach and, from time to time, overweight certain geographic regions, including North America, and industry sectors such as technology, healthcare and resource sectors when deemed appropriate by the portfolio manager. In addition, the Fund's investment focus is mid-to-large capitalization companies with innovative products and services. The Fund's exposure to securities having a capitalization of less than \$200 million will not exceed approximately 33% (on a cost basis) of its assets.

The Fund may use specified derivatives, such as calls and puts, warrants, index futures, exchange traded funds to manage risk due to changes in prices of the Fund's investments and from exposure to foreign currencies. The Fund may also engage in short-selling as a result of relief it obtained from the Canadian securities regulatory authorities. Generally speaking, short-selling can provide the Fund with opportunities for gains when markets are volatile or declining.

Credit risk

As at December 31, 2008, the Fund had no significant investments in debt instruments (other than over night demand deposits).

Interest rate risk

As at December 31, 2008, the majority of the Fund's financial assets and liabilities are non-interest bearing, accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Currency risk

The table below indicates the currencies to which the Fund had significant direct exposure as at December 31, 2008, on its monetary and non-monetary assets and liabilities as well as the underlying principle amount of forward currency contracts, if any:

	Financial instruments* (\$)	Foreign exchange contracts (\$)	Total (\$)	Percent of total Net Assets (%)
U.S. Dollar	399,961	—	399,961	21.2

*Amounts include monetary and non-monetary items.

Northern Rivers Evolution Fund

NOTES TO SCHEDULE OF INVESTMENTS cont'd

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of forward exchange contracts, if any. Other financial assets (including dividends and interest receivables and receivables for investments sold) and financial liabilities (including payables for investments purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at December 31, 2008, had the Canadian Dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$20,000 (approximately 1.1% of total Net Assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Market risk

If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2008, with all other factors remaining constant, Net Assets of the Fund could possibly have increased or decreased by approximately \$78,000 (approximately 4.1% of total Net Assets), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Northern Rivers Monthly Income and Capital Appreciation Fund

Formed under the laws of Ontario

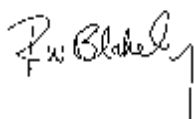
STATEMENTS OF NET ASSETS

As at December 31

	2008	2007
	\$	\$
ASSETS		
Investments, at fair value	9,044,358	21,100,290
Short-term investments	120,404	6,979
Forward agreement, at fair value	2,962,079	—
Accrued interest and dividends receivable	10,148	283
Receivable for units issued	—	98,428
Total assets	12,136,989	21,205,980
LIABILITIES		
Management fees payable <i>[note 5]</i>	15,841	76,715
Other accrued expenses <i>[note 6]</i>	29,997	62,224
Distributions payable to unitholders	61,541	52,968
Forward fees payable <i>[note 2]</i>	4,648	8,430
Forward agreement, at fair value	—	1,416,119
Total liabilities	112,027	1,616,456
Total net assets	12,024,962	19,589,524
Total net assets per Series		
Series A	4,878,931	5,566,075
Series F	7,146,031	14,023,449
Number of units outstanding <i>[note 4]</i>		
Series A units	371,050	251,860
Series F units	530,981	627,423
Net assets per unit		
Series A	13.15	22.10
Series F	13.46	22.35

See accompanying notes

On behalf of the Manager:



Director



Director

Northern Rivers Monthly Income and Capital Appreciation Fund

STATEMENTS OF OPERATIONS

For the periods ended December 31

	2008	2007
	\$	\$
REVENUE		
Dividend income	1,250	—
Interest income	53,222	30,968
	54,472	30,968
EXPENSES [note 6]		
Management fees [note 5]	260,224	299,413
Audit fees	26,436	26,000
Forward agreement fees [note 2]	82,815	100,800
Unitholder reporting costs	27,942	36,648
Fund accounting	36,750	39,326
Other expenses	42,884	16,150
	477,051	518,337
Expenses absorbed by the Manager [note 6]	(78,555)	(55,900)
	398,496	462,437
Net investment loss	(344,024)	(431,469)
Net realized and unrealized loss on investments		
Net realized loss on sale of investments	(2,118,230)	(116,205)
Net realized gain (loss) on foreign currency translation	18,609	(9,094)
Transaction costs on purchase and sale of investments [notes 2 and 7]	(673)	—
Change in unrealized appreciation (depreciation) of forward agreement	4,378,198	(935,307)
Change in unrealized depreciation of investments	(8,924,529)	(473,371)
Net realized and unrealized loss on investments	(6,646,625)	(1,533,977)
Decrease in net assets from operations	(6,990,649)	(1,965,446)
Decrease in net assets from operations per Series		
Series A	(2,549,783)	(618,030)
Series F	(4,440,866)	(1,347,416)
Decrease in net assets from operations per unit		
Series A	(8.10)	(2.75)
Series F	(7.55)	(2.15)

See accompanying notes

Northern Rivers Monthly Income and Capital Appreciation Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2008		
	Series A	Series F	Total
	\$	\$	\$
Decrease in net assets from operations	(2,549,783)	(4,440,866)	(6,990,649)
Distribution paid or payable to Unitholders			
Distributions paid or payable	(502,837)	(913,758)	(1,416,595)
Changes due to Unitholder transactions			
Amount received from the issuance of units	3,831,410	1,396,234	5,227,644
Amount received from reinvestment of distributions	324,716	402,947	727,663
Amount paid on redemption of units	(1,790,650)	(3,321,975)	(5,112,625)
	2,365,476	(1,522,794)	842,682
Net decrease in net assets for the year	(687,144)	(6,877,418)	(7,564,562)
Net assets, beginning of year	5,566,075	14,023,449	19,589,524
Net assets, end of year	4,878,931	7,146,031	12,024,962
	2007		
	Series A	Series F	Total
	\$	\$	\$
Decrease in net assets from operations	(618,030)	(1,347,416)	(1,965,446)
Distribution paid or payable to Unitholders			
Distributions paid or payable	(353,077)	(966,138)	(1,319,215)
Changes due to Unitholder transactions			
Amount received from the issuance of units	5,492,654	9,938,359	15,431,013
Amount received from reinvestment of distributions	248,358	563,669	812,027
Amount paid on redemption of units	(1,345,407)	(3,146,935)	(4,492,342)
	4,395,605	7,355,093	11,750,698
Net increase in net assets for the year	3,424,498	5,041,539	8,466,037
Net assets, beginning of year	2,141,577	8,981,910	11,123,487
Net assets, end of year	5,566,075	14,023,449	19,589,524

See accompanying notes

Northern Rivers Monthly Income and Capital Appreciation Fund

SCHEDULE OF INVESTMENTS

As at December 31, 2008

Number of shares		Average cost \$	Fair value \$
Canadian equities [Note 2]			
208,916	Celestica Inc.	1,772,138	1,153,216
166,894	CGI Group Inc., Class 'A'	1,404,567	1,585,493
12,797	FNX Mining Co. Inc.	304,568	38,647
52,006	Gildan Activewear Inc.	1,571,898	736,925
75,152	Hudbay Minerals Inc.	1,640,248	229,965
193,416	Lundin Mining Corp.	1,063,788	224,363
75,276	Nortel Networks Corp.	2,037,164	24,088
9,578	Real Resources Inc.	110,722	108,231
14,362	Research In Motion Ltd.	1,171,828	710,345
77,134	RONA Inc.	1,734,309	924,837
70,626	Sino-Forest Corp., Class 'A'	1,368,026	680,835
152,173	Viterra Inc.	1,830,641	1,442,600
71,829	WestJet Airlines Ltd.	941,450	940,242
Total of Canadian equities - 73.18%		16,951,347	8,799,787
Royalty/Income Trusts			
14,000	CML Healthcare Income Fund	201,802	179,760
Total of royalty/income trusts - 1.49%		201,802	179,760
International Bonds			
	Idearc Inc.		
700,000	Callable, 8.00%, 2016/11/15	460,972	64,811
Total of international bonds - 0.54%		460,972	64,811
Total of investments before short-term investments - 75.21%		17,614,121	9,044,358
Short-term investments			
186,078	CIBC Mellon Trust Demand Deposit, variable rate	120,404	120,404
Total of short-term investments - 1.00%		120,404	120,404
Total of investments - 76.21%		17,734,525	9,164,762
Fair value, forward agreement - 24.63%			2,962,079
Liabilities less other assets (0.85%)			(101,879)
Total net assets - 100.00%			12,024,962

See accompanying notes

Northern Rivers Monthly Income and Capital Appreciation Fund

NOTES TO SCHEDULE OF INVESTMENTS

Risk management

The investment objective of the Northern Rivers Monthly Income and Capital Appreciation Fund (the "Fund") is to provide investors with a tax efficient stream of monthly cash distributions consisting mostly of capital return and capital gains; and to preserve and enhance the net asset value of the Fund against inflation through capital appreciation, primarily through the purchase of a specified portfolio consisting of equity securities of Canadian public issuers ("Canadian Securities") and entering into forward contracts (the "Forward Contract") under which it will forward sell the Canadian Securities in return for the total return of an investment in a diversified pool of global large capitalization dividend-yielding equity securities, income trusts and fixed income securities (collectively, the "Reference Securities") held by the Northern Rivers Monthly Income and Appreciation Trust Pool (the "Pool"). The result of the Forward Contract is the Fund is indirectly exposed to the risks and returns of the underlying Reference Securities held by the Pool and hedged from the risks and returns of the Canadian Securities held directly - see pages 21 to 28 for the financial statements of the Pool.

The Manager has hired Cassels Investment Management Inc. ("Investment Manager") to act as investment manager for the Fund and the Pool. The Investment Manager has hired Brookfield Investment Funds Management Inc. ("Sub-Advisor") to manage the high-yield fixed income portion of the Fund and the Pool's investment portfolio. Within the equities class of the Pool's portfolio, the Investment Manager seeks investments in large capitalization dividend-paying equities globally, having regard to solid business and financial fundamentals and a history of and prospect for increasing dividends and growth. Within the income trusts class of the Pool, the Investment Manager analyzes the quality of an issuer's distributions and its prospects for maintaining and increasing distributions. The Sub-Advisor invests the fixed income securities class of the Fund and the Pool primarily in high yield corporate bonds. Security selection consists of top-down industry analysis, often on industries in transition, to identify key drivers. Analysis includes industries where the Sub-Advisor, and its related funds and affiliated companies have a depth of knowledge and understanding. Security selection also includes detailed bottom-up company-specific analysis to identify a company's strengths, weaknesses, and potential catalysts for price impact.

The Fund may use other derivatives for hedging and non-hedging purposes that are consistent with its investment objectives. Each of the Fund and the Pool may use specified derivatives, such as options, swaps, futures and forward contracts, to hedge against losses associated with rising interest rates; hedge against the default of particular issuers of a security; reduce the risk of currency fluctuations; and provide downside risk protection against one or more securities.

Credit risk

In entering into the Forward Contract, the Fund is fully exposed to the credit risk associated with the counterparty which exposure will be determined by reference to the total assets of the Pool less liabilities. The counterparty is a Canadian chartered bank with a credit rating of A+ as at December 31, 2008. Unitholders of the Fund have no recourse or rights against the counterparty, the Pool or any affiliate thereof in respect of payments due to unitholders.

The Fund is also exposed to credit risk in the debt securities it holds directly or has exposure to via the Forward Contract. As of December 31, 2008, direct and indirect exposure to debt securities by credit rating is as follows:

Northern Rivers Monthly Income and Capital Appreciation Fund

NOTES TO SCHEDULE OF INVESTMENTS cont'd

Debt securities by credit rating*	Percent of total bonds (%)	Percent of total Net Assets (%)
A	9.2	2.6
BB	12.3	3.5
B	12.2	3.4
CCC	54.9	15.5
C	11.4	3.2

* Excludes cash and cash equivalents. Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where one or more ratings are obtained for a security, the lowest rating has been used.

Interest rate risk

The table below summarizes the Fund's direct and indirect exposure to interest rate risks categorized by the earlier of contractual re-pricing or maturity dates:

(\$)	Less than 1 year	1-3 years	3-5 years	>5 years	Total
Bonds	—	1,382,968	588,008	1,421,804	3,392,780

As at December 31, 2008, had the prevailing interest rates increased or decreased by 1%, with all other variables held constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$67,000 (approximately 0.6% of total net assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

The table below indicates the currencies to which the Fund had significant direct and indirect exposure as at December 31, 2008, on its monetary and non-monetary assets and liabilities as well as the underlying principle amount of forward currency contracts, if any:

	Financial instruments* (\$)	Foreign exchange contracts (\$)	Total (\$)	Percent of total Net Assets (%)
U.S. Dollar	8,183,363	—	8,183,363	68.1

*Amounts include monetary and non-monetary items.

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of forward exchange contracts, if any. Other financial assets (including dividends and interest receivables and receivables for investments sold) and financial liabilities (including payables for investments purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at December 31, 2008, had the Canadian Dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$409,000 (approximately 3.4% of total Net Assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Northern Rivers Monthly Income and Capital Appreciation Fund

NOTES TO SCHEDULE OF INVESTMENTS cont'd

Liquidity risk

There is no assurance that an adequate market will exist for the Reference Securities to permit the acquisition of the requisite quantities of Reference Securities in a short time frame. As a result, distributions paid on the Forward Contract immediately following the initial offering of units of the Fund may differ from the amount that would have been paid had the entire portfolio of Reference Securities been acquired at that time.

Under the terms of the agreement, the Forward Contract may be partially pre-settled at any time. If the Pool is unable to dispose of some or all of the Reference Securities upon receipt of a redemption request, the Fund may experience a delay in the receipt of cash on the sale of Canadian Securities to be delivered to the counterparty under the forward contract until such time as the Pool is able to dispose of such securities.

Market risk

The exposure to market risk arising from its investment in the Canadian Securities is offset by the forward contract to sell those securities. The Fund is indirectly exposed to market risk in the Reference Securities held in the Pool.

If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2008, with all other factors remaining constant, Net Assets of the Fund could possibly have increased or decreased approximately by \$367,000 (approximately 3.1% of total Net Assets), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Northern Rivers Monthly Income and Capital Appreciation Trust Pool
Formed under the laws of Ontario

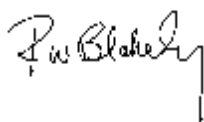
STATEMENTS OF NET ASSETS

As at December 31

	2008	2007
	\$	\$
ASSETS		
Investments, at fair value	10,676,748	19,347,625
Cash and short-term investments	850,829	89,081
Accrued interest and dividends receivable	234,149	247,464
Total assets	11,761,726	19,684,170
LIABILITIES		
Payable for portfolio assets purchased	—	—
Total liabilities	—	—
Total net assets	11,761,726	19,684,170
Number of units outstanding [note 4]	951,762	883,506
Net assets per unit	12.36	22.28

See accompanying notes

On behalf of the Manager:



Director



Director

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

STATEMENTS OF OPERATIONS

For the periods ended December 31

	2008	2007
	\$	\$
REVENUE		
Interest income	1,062,690	1,061,239
Dividend income	1,043,385	264,872
	2,106,075	1,326,111
EXPENSES [note 6]		
Audit fees	23,743	26,000
Custodial fees	20,717	22,382
Other fees	13,212	11,494
	57,672	59,876
Expenses absorbed by the Manager [note 6]	(57,672)	(59,876)
Net expenses	—	—
Net investment income	2,106,075	1,326,111
Net realized and unrealized loss on investments		
Net realized loss on sale of investments	(1,335,533)	(626,618)
Net realized gain (loss) on foreign currency translation	112,941	(25,073)
Transaction costs on purchase and sale of investments [notes 2 and 7]	(5,971)	(16,814)
Change in unrealized depreciation of investments	(6,799,956)	(2,119,559)
Net realized and unrealized loss on investments	(8,028,519)	(2,788,064)
Decrease in net assets from operations	(5,922,444)	(1,461,953)
Decrease in net assets from operations per unit		
Series O	(7.16)	(1.82)

See accompanying notes

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2008	2007
	\$	\$
Decrease in net assets from operations	(5,922,444)	(1,461,953)
Distribution paid to unitholders		
Net investment income	(2,137,444)	(1,332,130)
Changes due to capital unit transactions		
Amount received from the issuance of units	—	12,099,027
Amount received from reinvestment of distributions	2,137,444	1,332,130
Amount paid on redemption of units	(2,000,000)	(2,000,000)
	137,444	11,431,157
(Decrease) increase in net assets for the period	(7,922,444)	8,637,074
Net assets, beginning of period	19,684,170	11,047,096
Net assets, end of period	11,761,726	19,684,170

See accompanying notes

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

SCHEDULE OF INVESTMENTS

As at December 31, 2008

Number of shares/units		Average cost \$	Fair value \$
ROYALTY/INCOME TRUSTS			
11,500	Bonavista Energy Trust	346,010	194,005
62,430	Fort Chicago Energy Partners L.P.	583,844	444,502
32,600	GMP Capital Trust	690,669	164,304
65,358	Home Equity Income Trust	793,639	235,289
31,011	Newalta Income Fund	699,935	197,230
25,419	Penn West Energy Trust	842,075	343,665
17,000	RioCan REIT	345,154	232,050
80,500	SFK Pulp Fund	218,060	46,690
34,600	TimberWest Forest Corp.	476,379	121,100
25,500	Westshore Terminals Income Fund	270,023	243,270
45,700	Yellow Pages Income Fund	621,707	302,991
Total of royalty/income trusts - 21.46%		5,887,495	2,525,096
EQUITIES			
Canadian equities			
18,000	Alaris Royalty Corp.	216,000	162,000
9,000	Royal Bank of Canada	449,560	324,000
6,780	Toronto-Dominion Bank (The)	445,419	294,388
25,600	ZCL Composites Inc.	327,100	109,056
Total of Canadian equities - 7.56%		1,438,079	889,444
International equities			
6,800	Air Liquide SA, ADR	166,097	152,746
1,000	Burlington Northern Santa Fe Corp.	87,963	93,439
14,600	Consolidated Edison Inc.	774,468	700,942
7,000	Diageo PLC, ADR	631,742	490,319
8,000	France Telecom SA, ADR	260,846	274,948
6,800	General Electric Co.	201,249	134,817
2,000	HDFC Bank Ltd., ADR	166,920	175,694
4,200	ICICI Bank Ltd., ADR	174,554	98,254
4,400	Lafarge SA ADR	190,865	82,020
8,500	Nestle SA, ADR, Registered	354,501	408,922
2,700	Newell Rubbermaid Inc.	86,449	32,332
34,200	Northstar Healthcare Inc.	349,319	98,838
3,600	Praxair Inc.	263,042	259,586
2,000	Roche Holding AG, ADR	210,268	180,336
12,900	Seaspan Corp.	389,474	140,937

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

SCHEDULE OF INVESTMENTS cont'd

As at December 31, 2008

Number of shares/units		Average cost \$	Fair value \$
1,900	Siemens AG, ADR	230,201	177,441
11,700	Telecom Italia SPA	399,781	232,254
11,600	Tomkins PLC, ADR	261,880	104,108
1,200	Toyota Motor Corp.	174,611	96,306
Total of international equities - 33.45%		5,374,230	3,934,239
Total equities - 41.01%		6,812,309	4,823,683

BONDS

Par Value \$		Average cost \$	Fair value \$
International bonds			
450,000	Beazer Homes USA Inc. Series 'B', Callable, 8.38%, 2012/04/15 (USD)	374,787	222,210
250,000	CCH I Holdings LLC Callable, 11.00%, 2015/10/01 (USD)	253,920	54,009
200,000	Callable, 11.00%, 2015/10/01 (USD)	249,154	38,270
240,000	D.R. Horton Inc. Callable, 4.88%, 2010/01/15 (USD)	274,076	268,874
500,000	Ford Motor Credit Co. LLC 7.25%, 2011/10/25 (USD)	527,712	450,907
400,000	General Motors Corp. 7.20%, 2011/01/15 (USD)	198,784	103,698
280,000	Harvest Operations Corp. 7.88%, 2011/10/15 (USD)	317,822	248,875
155,000	Innophos Holdings Inc. Callable, 9.50%, 2012/04/15 (USD)	176,367	141,119
310,000	International Lease Finance Corp. 5.00%, 2010/04/15 (USD)	312,984	310,614
385,000	IPCS Inc. Variable Rate, Callable, 6.44%, 2014/05/01 (USD)	433,159	289,922
500,000	Kar Holdings Inc. Callable, 8.75%, 2014/05/01 (USD)	568,325	271,590
500,000	Masonite Corp. Callable, 11.00%, 2015/04/06 (USD)	537,134	61,725
625,000	Masonite International Corp. Callable, 11.00%, 2015/04/06 (USD)	738,852	73,298

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

SCHEDULE OF INVESTMENTS cont'd

As at December 31, 2008

Par Value		Average cost	Fair value
\$		\$	\$
	Metals USA Holdings Corp.		
650,000	Variable Rate, Callable, 7.44%, 2012/07/01 (USD)	508,666	224,679
	Noranda Aluminum Acquisition Corp.		
350,000	Floating Rate, Callable, 6.60%, 2015/05/15 (USD)	318,218	146,906
	Realogy Corp.		
700,000	Callable, 10.50%, 2014/04/15 (USD)	579,905	149,066
	Rite Aid Corp.		
300,000	Callable, 10.38%, 2016/07/15 (USD)	309,435	272,207
Total of international bonds - 28.29%		6,679,300	3,327,969
Total of investments before short-term investments - 90.78%		19,379,104	10,676,748
Short-term investments			
84,311	CIBC Mellon Trust Demand Deposit, variable rate	84,311	84,311
Short-term investments - Cdn \$		84,311	84,311
441,155	Mellon Bank NA Deposit Trust Reserve, variable rate	529,668	544,606
Short-term investments - U.S. \$		529,668	544,606
Total of short-term investments - 5.35%		613,979	628,917
	Less transaction costs [note 2]	(8,619)	—
Total of investments - 96.12%		19,984,464	11,305,665
Other assets, less liabilities - 3.88%			456,061
Total net assets - 100.00%			11,761,726

See accompanying notes

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

NOTES TO SCHEDULE OF INVESTMENTS

Risk management

The investment objective of the Northern Rivers Monthly Income and Capital Appreciation Trust Pool (the "Fund") is to provide investors with monthly cash distributions and to preserve and enhance the net asset value of the Fund against inflation through capital appreciation, primarily through the purchase of a diversified pool of global large capitalization dividend-yielding equity securities, income trusts and fixed income securities.

The Manager has hired Cassels Investment Management Inc. ("Investment Manager") to act as investment manager for the Fund. The Investment Manager has hired Brookfield Investment Funds Management Inc. ("Sub-Advisor") to manage the high-yield fixed income portion of the Fund's investment portfolio. Within the equities class of the Fund's portfolio, the Investment Manager seeks investments in large capitalization dividend-paying equities globally, having regard to solid business and financial fundamentals and a history of and prospect for increasing dividends and growth. Within the income trusts class of the Fund, the Investment Manager analyzes the quality of an issuer's distributions and its prospects for maintaining and increasing distributions. The Sub-Advisor invests the fixed income securities class of the Fund primarily in high yield corporate bonds. Security selection consists of top-down industry analysis, often on industries in transition, to identify key drivers. Analysis includes industries where the Sub-Advisor, and its related funds and affiliated companies have a depth of knowledge and understanding. Security selection also includes detailed bottom-up company-specific analysis to identify a company's strengths, weaknesses, and potential catalysts for price impact.

The Fund may use other derivatives for hedging and non-hedging purposes that are consistent with its investment objectives. The Fund may use specified derivatives, such as options, swaps, futures and forward contracts, to hedge against losses associated with rising interest rates; hedge against the default of particular issuers of a security; reduce the risk of currency fluctuations; and provide downside risk protection against one or more securities.

Credit risk

As of December 31, 2008, direct exposure to debt securities by credit rating is as follows:

Debt securities by credit rating*	Percent of total bonds (%)	Percent of total Net Assets (%)
A	9.3	2.6
BB	12.5	3.5
B	12.4	3.5
CCC	54.1	15.3
C	11.7	3.3

* Excludes cash and cash equivalents. Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where one or more ratings are obtained for a security, the lowest rating has been used.

Northern Rivers Monthly Income and Capital Appreciation Trust Pool

NOTES TO SCHEDULE OF INVESTMENTS cont'd

Interest rate risk

The table below summarizes the Fund's direct exposure to interest rate risks categorized by the earlier of contractual re-pricing or maturity dates:

(\$)	Less than 1 year	1-3 years	3-5 years	>5 years	Total
Bonds	—	1,382,968	588,008	1,356,993	3,327,969

As at December 31, 2008, had the prevailing interest rates raised or lowered by 1%, with all other variables held constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$66,000 (approximately 0.6% of total Net Assets). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

The table below indicates the currencies to which the Fund had significant direct exposure as at December 31, 2008, on its monetary and non-monetary assets and liabilities as well as the underlying principle amount of forward currency contracts, if any:

	Financial instruments* (\$)	Foreign exchange contracts (\$)	Total (\$)	Percent of total Net Assets (%)
U.S. Dollar	8,109,718	—	8,109,718	69.0

*Amounts include monetary and non-monetary items.

The amounts in the above table are based on the market value of the Fund's financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of forward exchange contracts, if any. Other financial assets (including dividends and interest receivables and receivables for investments sold) and financial liabilities (including payables for investments purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

As at December 31, 2008, had the Canadian Dollar strengthened or weakened by 5% in relation to all currencies, with all other variables held constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$405,000 (approximately 3.4% of total Net Assets). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Market risk

If equity prices on the respective stock exchanges for these securities had increased or decreased by 5% as at December 31, 2008, with all other factors remaining constant, Net Assets of the Fund could possibly have increased or decreased approximately by \$367,000 (approximately 3.1% of total Net Assets), respectively. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

1. THE FUNDS

All of the funds presented in these financial statements (the "Funds") were established as open-ended unit trusts by Declaration of Trusts under the laws of Ontario.

The Funds were established on the following dates:

Name of Fund	Series Issued	Date Established
Northern Rivers Conservative Growth Fund	A,F and P	August 27, 2007
Northern Rivers Evolution Fund	A,F and P	August 27, 2007
Northern Rivers Monthly Income and Capital Appreciation Fund	A and F	September 7, 2006
Northern Rivers Monthly Income and Capital Appreciation Trust Pool	O	September 7, 2006

Northern Rivers Capital Management Inc. (the "Manager") is the manager, Trustee and promoter of the Funds.

Each of the Funds is authorized to issue an unlimited number of units and in an unlimited number of series. Series A units are offered to investors through registered brokers and dealers, with either a front-end or back-end load option. Series F units are offered to investors either directly through the Manager, or through fee-based brokers or financial planners and others who pay an annual fee to their dealer or financial advisor instead of transactional sales charges. Series P units are offered to investors through "discount" brokers. Series O units are offered to eligible institutional investors.

The financial statements for the Northern Rivers Conservative Growth Fund (the "Conservative Growth Fund") and the Northern Rivers Evolution Fund (the "Evolution Fund") are prepared as at December 31, 2008 and December 31, 2007, and for the year ended December 31, 2008 and the period from the commencement of operations of the funds on August 27, 2007 to December 31, 2007.

The financial statements of the Northern Rivers Monthly Income and Capital Appreciation Fund (the "Monthly Income Fund") and the Northern Rivers Monthly Income and Capital Appreciation Trust Pool (the "Pool") are prepared as at December 31, 2008 and December 31, 2007, and for the years ended December 31, 2008 and December 31, 2007.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions by management that affect the reported amounts of assets (including the fair valuation of private companies), liabilities, income, expenses and realized and unrealized gains and losses during the reporting period. Actual results may differ from these estimates. The following is a summary of significant accounting policies followed by the Funds.

Investment valuation

The Canadian Institute of Chartered Accountants ("CICA") issued Section 3855 of the CICA Handbook, "Financial Instruments – Recognition and Measurement," which established standards for the fair valuation and recording of portfolio investments effective for fiscal years beginning on or after October 1, 2006. Section 3855 requires that securities be valued at fair value, which in an active market will commonly be measured based on the last bid price for the security. Prior to October 1, 2006, fair value was most commonly based on the last traded price of a security for the day.

Investments traded on a public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at the last traded price. The value of any investment that is listed or traded on more than one stock exchange or that is actively traded on the over-the-counter market while being listed or traded on any stock exchange may be the market quotation which most accurately reflects the fair market value of the investment in question, as determined by the Manager. The value of investments which are traded on a public stock exchange, for which restrictions on marketability exist, will be valued at the Manager's estimate of fair market value which will not exceed the quoted market value. Investments which are not publicly traded or other assets for which no public market exists will be valued using valuation techniques as determined by the Manager.

For financial reporting purposes, on January 1, 2007, the Funds adopted Section 3855 on a retrospective basis without restatement of the prior period's financial statements. National Instrument 81-106 ("NI 81-106"), Investment Fund Continuous Disclosure, previously required the daily net asset value of an investment fund to be calculated in accordance with Canadian GAAP. The Canadian Securities Administrators ("CSA") have issued amendments to NI 81-106 to replace the previous requirements to calculate the daily net asset value for the purpose of processing Unitholder transactions ("Net Asset Value") in accordance with Canadian GAAP and allow investment funds to value their investments using fair value measures as defined in NI 81-106.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

The interim relief granted by the CSA to investment funds from complying with Section 3855 remained in place until amendments to NI 81-106 became effective on September 8, 2008. The net assets of an investment fund for financial reporting purposes ("Net Assets") are calculated in accordance with Section 3855.

In accordance with NI 81-106, the Net Asset Value per unit compared to the Net Assets per unit, are required in the notes to the financial statements and presented in the following table:

Comparison of Net Assets and Net Asset Value

	As at December 31, 2008		As at December 31, 2007	
	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)	Net Assets Per Unit (\$)	Net Asset Value Per Unit (\$)
Northern Rivers Conservative Growth Fund				
Series A	19.73	20.00	31.73	31.90
Series F	19.69	19.96	31.33	31.49
Series P	19.75	20.02	31.51	31.68
Northern Rivers Evolution Fund				
Series A	20.50	20.72	31.91	32.46
Series F	20.36	20.57	31.35	31.89
Series P	20.48	20.70	31.64	32.18
Northern Rivers Monthly Income and Capital Appreciation Fund				
Series A	13.15	13.25	22.10	22.16
Series F	13.46	13.56	22.35	22.41
Northern Rivers Monthly Income and Capital Appreciation Trust Pool				
Series O	12.36	12.45	22.28	22.34

The investments in the Funds valued based on valuation techniques as at December 31, 2008 and December 31, 2007 as a percentage of the total investments of each Fund, are shown in the table below:

	Investments valued based on valuation techniques as a percentage of total investments as at	
	December 31, 2008	December 31, 2007
Northern Rivers Conservative Growth Fund	2.90%	17.87%
Northern Rivers Evolution Fund	1.32%	13.03%
Northern Rivers Monthly Income and Capital Appreciation Fund	—	—
Northern Rivers Monthly Income and Capital Appreciation Trust Pool	—	—

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Bonds and debentures are valued at the latest bid price received from a recognized market pricing vendor.

Short-term investments that consist only of over night demand deposits are deemed to be held-for-trading and carried at fair value.

The net excess (shortfall) of the market value of investments over (under) the total average cost or amortized cost of the investments are included in unitholders' equity as unrealized appreciation/(depreciation) on investments.

Investment transactions, income and expenses

Investment transactions are accounted for as of the trade date. Interest income and expenses are accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated with reference to the average cost of the related investments, which exclude brokerage commissions and other trading expenses. Expenses are accrued on a daily basis, and are accrued separately to each series, while income, gains and losses are allocated to each series based on the respective Net Asset Values.

Transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds are included in "Transaction costs on the purchase and sale of investments" in the statement of operations for the current period. Prior to January 1, 2007, the Funds' policy was to add these expenses to the cost of the securities purchased or deducted from the proceeds of sale. The transitional adjustment for prior periods has been charged against the immediate prior period's realized gains and losses from the sale of investments with a corresponding direct offset to unrealized appreciation/(depreciation) in value of investments. Adoption of this policy did not impact the daily price of the Funds' securities for subscription and redemption purposes, nor for the calculation of Net Assets.

Forward agreement on the underlying Pool

The Monthly Income Fund has entered into a forward purchase and sale agreement (the "Forward Agreement") with a Canadian chartered bank (the "Counterparty"). Under the terms of the Forward Agreement, the Counterparty has agreed to pay the Monthly Income Fund an amount equal to the redemption proceeds of the number of Series O units of the Pool specified in the Forward Agreement, in exchange for the Monthly Income Fund's common share portfolio. The common share portfolio subject to the Forward Agreement is agreed to between the Monthly Income Fund and the forward counterparty and may be pledged to the forward counterparty as security for the Monthly Income Fund's obligations under the Forward Agreement. In order to permit the Monthly Income Fund to pay monthly distributions, redemptions of units, operating

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

expenses or other liabilities of the Fund, the terms of the Forward Agreement provide that the forward contract may be settled in whole or in part at any time prior to the settlement date by the fund at its discretion. The Forward Agreement is valued at an amount equal to the gain or loss that would be realized if the position was to be closed out. On cash settlement, the fair value of the Forward Agreement would equal the difference between the market value of the Monthly Income Fund's common share portfolio and the net asset value of the Pool. The Monthly Income Fund pays the Counterparty a fee under the Forward Agreement of 0.5% on the Net Asset Value of the Pool, calculated and payable monthly in arrears.

Foreign currency translation

The market value of investments and other assets and liabilities denominated in a foreign currency is translated into Canadian dollars at the rate of exchange prevailing on each valuation date. Foreign exchange gains and losses on the sale of foreign currencies are included in "Net realized loss on foreign currency translation". Unrealized foreign exchange gains and losses on investments held are included in "Change in unrealized appreciation (depreciation) of investments".

The Funds' investment portfolios may consist of securities that are traded in foreign markets. The proceeds on the sale of such securities will be realized in the respective currency. Unhedged foreign currency positions are subject to gains and losses due to fluctuations in the respective exchange rates.

Foreign currency purchases and sales of investments and foreign currency dividend and interest income and expenses are translated into the reporting currency at the rate of exchange prevailing on the respective date of the transaction.

Other assets and liabilities

Other financial assets and financial liabilities recorded at cost are short-term in nature and therefore their carrying value approximates fair value.

Increase (decrease) in net assets from investment operations per unit

The increase (decrease) in net assets from operations per unit reported in the statement of operations is calculated as the increase (decrease) in net assets from operations divided by the average number of units outstanding during the period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Adoption of new accounting standards

Financial Instruments Disclosure and Presentation

On January 1, 2008, the Funds adopted CICA Handbook Section 3862, "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Presentation". The new standards replaced Section 3861, "Financial Instruments - Disclosure and Presentation". The new disclosure standards increase the emphasis on the disclosure of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward unchanged. Adoption of the new standards does not impact the daily price of the Funds' securities for subscription and redemption purposes, nor for the calculation of Net Assets. The detailed risks of investing in the Funds are disclosed in the Funds' Simplified Prospectuses. Refer to note 3 for new disclosure relating to adoption of the new requirements.

CICA Handbook Section 1535 - Capital Disclosure

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The adoption of this standard results in additional disclosures relating to the redeemable units of the Funds but does not affect the Funds' results or financial positions. Refer to note 4 for a discussion of the Funds' capital and how it is managed.

3. MANAGEMENT OF FINANCIAL RISKS

The Funds may be exposed to a variety of financial risks (market risk, credit risk and liquidity risk). The Funds' exposures to financial risks are concentrated in their investment holdings, including derivative instruments. The Schedules of Investments group securities by asset type, geographic region and/or market segment.

The Funds' risk management practices include the monitoring of compliance to investment guidelines. The Manager manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions and market events, diversify investment portfolios within the constraints of the investment guidelines and periodically may use derivatives to hedge certain risk exposures.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to honour its financial obligations that it has entered into with a Fund.

The fair value of debt securities and derivatives includes consideration of the credit worthiness of the issuer. The carrying amount of debt securities and derivatives, if any, as presented in each Fund's Schedule of Investments, represents each Fund's maximum credit risk exposure as at December 31, 2008.

Liquidity risk

Liquidity risk is defined as the risk that a Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The units of each Fund are issued and redeemed on demand at the then current Net Asset Value per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In accordance with securities regulations, each Fund must maintain at least 90% of assets in liquid investments (i.e. investments that are traded in an active market and can be readily disposed of). In addition, each Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

Each Fund may, from time to time, invest in securities that are not traded in an active market and may be illiquid. Such investments are identified as private and restricted securities in the applicable Schedule of Investments.

Certain Funds may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

Interest rate risk

Interest rate risk refers to the effect on the market value of the Fund's assets and liabilities due to fluctuations in interest rates. The Funds are exposed to the risk that the value of interest-bearing financial instruments (such as bonds and money market instruments) will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents, invested at short-term market interest rates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market conditions (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. All securities outlined in each Fund's Schedule of Investments present a risk of loss of capital.

The portfolio manager of each Fund moderates his risk through a careful selection and diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy. The maximum risk resulting from financial instruments is determined by the market value of the financial instruments. The Fund's overall market positions are monitored on a daily basis by the portfolio manager. Financial instruments held by each Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Funds. Each Fund may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

Refer to Notes to Schedule of Investments for Fund specific risk disclosure.

4. UNITHOLDERS' EQUITY

Units issued and outstanding represent the capital of each Fund. They are entitled to distributions, if any, and to payment of a proportionate share based on the Funds' net asset value per unit upon redemption. The Funds have no restrictions or specific capital requirements on the subscriptions and redemptions of units. The Statements of Changes in Net Assets identify changes in each Fund's capital during the period. In accordance with their investment objectives and strategies, and the risk management practices outlined in note 3, the Funds endeavor to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Periods ended December 31	Units Outstanding at Beginning of Period		Units Issued, including Reinvested Distributions		Units Redeemed		Units Outstanding at End of Period	
	2008	2007	2008	2007	2008	2007	2008	2007
Northern Rivers Conservative Growth Fund								
Series A	10,364	—	27,235	10,403	(4,023)	(39)	33,576	10,364
Series F	56,009	—	10,570	56,009	(1,600)	—	64,979	56,009
Series P	7,922	—	3,625	7,961	—	(39)	11,547	7,922
Northern Rivers Evolution Fund								
Series A	12,135	—	25,723	12,174	(7,812)	(39)	30,046	12,135
Series F	37,629	—	25,722	37,629	(12,799)	—	50,552	37,629
Series P	12,125	—	3,123	12,164	(3,512)	(39)	11,736	12,125
Northern Rivers Monthly Income and Capital Appreciation Fund								
Series A	251,860	83,996	225,550	224,796	(106,360)	(56,932)	371,050	251,860
Series F	627,423	352,069	90,310	410,516	(186,752)	(135,162)	530,981	627,423
Northern Rivers Monthly Income and Capital Appreciation Trust Pool								
Series O	883,506	440,257	171,663	527,518	(103,407)	(84,269)	951,762	883,506

5. MANAGEMENT OF THE FUNDS

The Conservative Growth Fund and the Evolution Fund pay annual management fees for general management and administrative services at a rate of 2.5% per annum to the Manager in respect of the Series A units, 1.5% per annum in respect of the Series F units and 1.75% per annum in respect to Series P units. The fee is calculated and accrued daily and payable monthly.

The Monthly Income Fund pays annual management fees for general management and administrative services at a rate of 2.1% per annum to the Manager in respect of the Series A units and 1.1% per annum in respect of the Series F units. The fee is calculated and accrued daily and payable monthly.

The Pool pays no management fees to the Manager in respect of the Series O units.

The Conservative Growth Fund and the Evolution Fund pay an incentive fee to the Manager equal to a percentage of the average net asset value of the applicable series of the Fund. Such percentage will be equal to 20% of the difference by which the return in the net asset value per unit of the applicable series of a Fund from January 1 to December 31 exceeds the greater of 0% or the percentage return of the S&P/TSX Composite Total Return Index for the same period. If the performance of a series of a Fund in any year is less than the performance of the applicable index described above (the "Deficiency"), then no incentive fee will be payable in any subsequent year until the performance of the applicable series of a Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Management fees and incentive fees paid by the Funds during the year ended December 31, 2008 and the periods ended December 31, 2007 and payable by the Funds as at December 31, 2008 and December 31, 2007 are shown in the table below:

	Management fees paid during the periods ended December 31 (\$)		Incentive fees paid during the periods ended December 31 (\$)		Management fees payable as at December 31 (\$)		Incentive fees payable as at December 31 (\$)	
	2008	2007	2008	2007	2008	2007	2008	2007
Northern Rivers Conservative Growth Fund								
Series A	19,986	1,069	—	6,837	1,387	1,069	—	6,837
Series F	24,893	5,580	—	62,394	1,642	5,580	—	62,394
Series P	4,606	1,074	—	11,072	343	1,074	—	11,072
Northern Rivers Evolution Fund								
Series A	17,943	1,463	—	11,180	1,348	1,463	—	11,180
Series F	23,138	4,083	—	55,993	1,377	4,083	—	55,993
Series P	6,518	1,106	—	12,042	363	1,106	—	12,042
Northern Rivers Monthly Income and Capital Appreciation Fund								
Series A	128,902	120,898	—	—	9,096	32,201	—	—
Series F	131,322	178,515	—	—	6,745	44,514	—	—
Northern Rivers Monthly Income and Capital Appreciation Trust Pool								
Series O	—	—	—	—	—	—	—	—

6. EXPENSES

Operating expenses incurred by a Fund may include, but are not limited to, brokerage commissions and fees; taxes, including GST, income and foreign withholding taxes; regulatory fees (including the portion of the regulatory fees paid by the Manager that is attributable to a Fund); the fees paid to members of an independent review committee; registrar and transfer agency fees; bookkeeping, accounting, audit, valuation and legal fees and expenses; interest, operating and administrative costs; safekeeping and custodial fees; investor servicing costs and costs of Unitholder reports, financial statements, prospectuses and other reports; forward contract costs; and any new fee that may be introduced by a securities regulator or other governmental authority in the future that is calculated based on the assets or other criteria of a Fund.

The Manager, at its discretion, may waive or absorb a portion of operating expenses otherwise payable by the Funds. These waivers or absorptions may be terminated at any time by the Manager, and at the Manager's discretion, may be continued indefinitely.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Operating costs payable by the Funds to the Manager as at December 31 2008 and December 31, 2007, and total expenses absorbed by the Manager on behalf of the Funds during the year ended December 31, 2008 and the periods ended December 31, 2007 are shown in the table below:

	Operating costs payable to the Manager as at December 31		Expenses absorbed by the Manager during the periods ended December 31	
	(\$)		(\$)	
	2008	2007	2008	2007
Northern Rivers Conservative Growth Fund	7,316	1,347	109,528	31,576
Northern Rivers Evolution Fund	7,068	1,115	115,286	32,320
Northern Rivers Monthly Income and Capital Appreciation Fund	29,997	62,224	78,555	55,900
Northern Rivers Monthly Income and Capital Appreciation Trust Pool	—	—	57,672	59,876

7. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

Brokerage commissions paid by the Funds during the year ended December 31, 2008 and the periods ended December 31, 2007 are shown in the table below:

	Brokerage commissions paid during the periods ended December 31	
	(\$)	
	2008	2007
Northern Rivers Conservative Growth Fund	13,436	5,602
Northern Rivers Evolution Fund	57,763	8,938
Northern Rivers Monthly Income and Capital Appreciation Fund	673	—
Northern Rivers Monthly Income and Capital Appreciation Trust Pool	5,971	16,814

The Manager may receive goods and services other than order execution from brokers in exchange for the commissions paid by the Funds to execute securities transactions ("soft dollars"). There were no third party services that were paid for by brokers during the periods ended December 31, 2008 and 2007. The value of certain proprietary services provided by brokers is not considered to be reasonably estimable.

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

8. INCOME TAX STATUS

The Conservative Growth Fund, the Evolution Fund and the Pool qualify as unit trusts under the Income Tax Act (Canada). The Monthly Income Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All or substantially all of the net income for tax purposes and sufficient capital gains realized in any year are distributed to unitholders such that no income tax is payable by the Funds.

As at the Funds most recent tax year ended December 31, 2008, the available tax losses were as noted:

Capital losses (\$)	Non-capital losses (\$)	Non-capital losses that expire in:		
		2009 (\$)	2010 (\$)	2011 and thereafter (\$)
Northern Rivers Monthly Income and Capital Appreciation Fund				
1,109,037	700,080	—	—	700,080
Northern Rivers Monthly Income and Capital Appreciation Trust Pool				
952,307	—	—	—	—
Northern Rivers Conservative Growth Fund				
84,772	102,723	—	—	102,723
Northern Rivers Evolution Fund				
82,164	122,156	—	—	122,156

9. RELATED PARTY TRANSACTIONS

Likrilyn Capital Corporation ("Likrilyn"), the majority shareholder of the Manager, has invested capital in the Funds as shown in the table below.

	Amount invested by Likrilyn (\$)	
	as at December 31, 2008	as at December 31, 2007
Northern Rivers Conservative Growth Fund	271,306	150,000
Northern Rivers Evolution Fund	354,826	150,000
Northern Rivers Monthly Income and Capital Appreciation Fund	1,692,912	3,000,000
Northern Rivers Monthly Income and Capital Appreciation Trust Pool	—	—

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

10. FUTURE ACCOUNTING CHANGES

The Funds will be required to adopt the Canadian equivalents to International Financial Reporting Standards ("IFRS") beginning in its fiscal 2011 year.

In preparation to meet the requirements, the Manager has taken the following steps in managing the transition to IFRS:

- Commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS;
- Communicated with CIBC Mellon, the Funds' fund accountant to determine the steps they are taking to manage the transition to IFRS; and
- Commenced training of key staff

The Manager is still in the early planning stages of these activities. The key elements of the plan will include disclosure of the qualitative impact in the 2009 annual financial statements, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS.

11. SUBSEQUENT EVENTS

On February 19, 2009, the Manager announced a plan to seek unitholder and regulatory approval to change the manager of the Monthly Income Fund and the Pool to Mavrix Fund Management Inc. ("Mavrix"). The Manager made this decision because it believes that Mavrix will be able to achieve greater economies of scale for the Monthly Income Fund to the benefit of all unitholders.

On February 19, 2009, the Manager announced its intention to seek unitholder and regulatory approval to effect a merger of the assets of the Evolution Fund into the Conservative Growth Fund. The Manager is proposing the merger due to the small size of the Evolution Fund and the associated costs of maintaining smaller funds. The funds share similar growth objectives, with the Conservative Growth Fund offering greater diversification by sector and capitalization to help dampen volatility. Merging the assets of the two Funds should result in a lower management expense ratio for the Conservative Growth Fund post merger.

12. COMPARATIVE FIGURES

Certain comparative amounts in these financial statements have been reclassified to conform to the current year's presentation.

Northern Rivers Capital Management Inc.
Royal Bank Plaza, North Tower, 200 Bay Street, Suite 2000,
Toronto ON M5J 2J2
[Tel: 416-597-1226](tel:416-597-1226) [Canada Toll Free: 1-866-902-7060](tel:1-866-902-7060)
[Fax: 416-597-8926](tel:416-597-8926)
www.NorthernRiversFunds.com

