Northern Rivers Funds
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Dear Partners and Friends:

June saw a correction in both the broader markets as well as our funds. The Northern Rivers Global Energy Fund LP (Energy Fund) fell 4.25% in June but is up 25.87% in the last year, while the Northern Rivers Conservative Growth Fund LP (Growth Fund) fell 4.33% in June but is up 14.79% in the last year.

	Average Annual Returns to June 30, 2010*						
	2010 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	3 Yr.	Inception**
Northern Rivers Global Energy Fund LP	-2.95%	-4.25%	-10.56%	-2.95%	25.87%	-12.99%	-0.06%
Northern Rivers Conservative Growth Fund LP	-3.59%	-4.33%	-9.39%	-3.59%	14.79%	-12.08%	3.99%

**Inception date: Nov. 1, 2005

What happened in June?

June experienced weak US housing and consumer markets and continuing concern over the fiscal status of several European countries. These concerns dominated discussions and drove investors to sell equities at the margin and increase their cash holdings. These concerns are more than offsetting the good corporate results that are coming through.

Outlook for balance of 2010?

Our outlook is unchanged from last month; the global economy will continue to recover and with it corporate profits and the markets. The risk of a double dip recession in Europe has increased, but global expansion will continue. The economy is expanding, unemployment is slowly declining, and valuations of many stocks are attractive. 2010 will see markets rise moderately, but security selection will be much more important than last year in order to attain attractive returns.

We will likely see an ongoing see-saw in the near-term between the economic recovery that is occurring and the government debt problems. With the May-June correction in stocks, the return outlook for our portfolios for the balance of the year is even more attractive now.

Northern Rivers Global Energy Fund LP

The energy fund had a down month, falling 4.25% amid weak equity markets generally. This was in spite of oil prices stabilizing in June and Natural Gas continuing to remain stable in the mid $4 range. Fund performance was driven by the general pullback in equity markets and most specifically by drops in the small cap holdings in the portfolio. This offset the decent gains we saw from some of our energy infrastructure holdings.

The highlight of the month was the takeover of our top 5 holding in Iteration Energy, which was bought by the newly created public company Chinook Energy for a combination of cash and shares. The buyout of Iteration validates our view that this recent addition to the portfolio was undervalued and underlines the opportunities available in today's markets for good security selection. We received a combination of cash and Chinook shares in the takeover and view Chinook as an attractive investment going forward as it is trading at a deep discount to its Intrinsic Value, has an excellent management team, and has a solid senior shareholder that has invested capital at higher values to where the stock is trading today.

Natural Gas continued to hover in the mid $4 range during June. We see natural gas continuing to trade in the $4-6 range for the short term. In view of this pricing outlook and the fact most investors are factoring in higher price expectations in their valuation of most gas producers, we continue to have a very low weighting in gas producers. The few gas holdings we do have, which have been overlooked by the market, have some of the best low-cost gas development costs available.

The oil market stabilized in the mid $70's during June, after its fall in May. The market came to the realization that while the economic rebound may not be as strong as it was forecasting two months ago, the economy is still recovering and oil consumption is increasing. The blowout in the Gulf of Mexico is truly emphasizing how strong modern mans' dependency is on this cheap and wonderful source of energy. While oil is down from its peak prices of 2008, it has recovered substantially from the lows of early 2009. Look for oil to maintain its $65 to $90 trading range.

We remain relatively fully invested with the focus on identifying overlooked situations like Iteration Energy. We have increased our weighting in select oil service companies that the market has overlooked. The near-term market continues to be tricky as unknowledgeable investors are continuing to let momentum drive their speculation and with the current market correction some of these investors are being ruled by their emotions providing increased volatility. The upside is disciplined investors, like ourselves, are being presented with some compelling opportunities for new investments, which we are taking advantage of. We are positioned very differently from the energy index, with relatively low natural gas exposure as most natural gas companies are overvalued today. Long positions are focused in oil, power and energy infrastructure areas or in special situations. Short positions are focused primarily in the debt-levered high cost gas producers. We look forward to good returns to come as the market recognizes the value in the portfolio.

Northern Rivers Conservative Growth Fund LP

The growth fund was down 4.33% in June alongside the weak general equity markets. As with the energy fund, growth fund performance was held back by some short-term downside volatility among our small cap holdings. This offset some decent gains from the larger cap holdings during the month. As with the energy fund, the highlight of the month came from the takeover of top 10 holding, Iteration Energy.

Another highlight in the month was a 4% rise from long-time top 10 holding, Lincare Holdings, the leading US provider of oxygen and other respiratory therapy services to home patients. While a 4%

rise doesn't sound very impressive, it capped 12 months during which the stock doubled and has been a solid contributor to the portfolio. The share price appreciation was due to the market finally appreciating this company's sustainable competitive advantage, solid balance sheet (which culminated in June with the company announcing the commencement of a dividend payout), and discount to intrinsic value. In early July, we sold the position as a result of the appreciation of the stock over the last year and to use the proceeds to invest in another compelling opportunity that we will discuss next month. But don't be surprised to see the stock reappear in portfolios should it have a correction.

The May-June market pullback is presenting us with some excellent opportunities for fine tuning the portfolios, by adding to some core positions and adding some new holdings, similar to Iteration Energy. In particular, a number of our small cap holdings, such as Horizon North Logistics have retreated significantly in the correction and we have been using this weakness to continue to add to the positions as unknowledgeable investors sell these undervalued securities on emotions.

The portfolio retains its balanced approach. No one sector represents more than 22% of the portfolio with the top sector weightings being energy at 22%, followed by technology and consumer staples. The current volatility is providing us with opportunities to add to positions at compelling valuation and we are close to adding some new positions. We remain fully invested and look for good performance to come from the portfolio.

July 31st Next LP Closing

The next closing for the Northern Rivers Global Energy Fund LP, the Northern Rivers Conservative Growth Fund LP, the Northern Rivers Innovation Fund LP and the Northern Rivers Innovation RSP Fund is July 31st, 2010. The Northern Rivers Conservative Growth Fund (mutual fund) offers daily valuations and is both RRSP and TFSA eligible.

As always, my colleagues and I are available for meetings with clients and interested parties. Please contact James Wanstall at 416-985-6897 or Christine Bates at 416-597-3257 for more information or to set up an appointment, or call 416-597-1226 to speak with any one of us directly concerning the specific funds we manage. Our toll free number is 1-866-902-7060.

Warmest regards,

Alex Ruus, CFA, MBA, P.Eng.
Portfolio Manager

*Commissions, trailing commissions, management fees, performance fees, and expenses all may be associated with investment funds. Please read the offering memorandum before investing. The indicated rates of return are the simple returns (YTD, 1 mo, 3 mo, 6 mo) or the historical annual compounded total returns (1 yr, 3 yr and since inception). All returns are net of fees but do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

The Energy Fund and the Growth Fund invest primarily in North American equities. Geographic and sector allocations may vary significantly over time. The funds tend to follow a relatively concentrated investment approach where the manager may overweight selected core holdings and industry sectors such as energy or financial services in which the manager has particular conviction and/or specialized expertise. The funds may engage in short selling and may also use specified derivatives, such as calls and puts, warrants, index futures and exchange traded funds. This may result in portfolio weightings and investment performance being substantially different from that of the S&P/TSX Composite, S&P 500 or other market indices.