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Dear Investor,

As 2008 draws to a close we look back upon a year of unprecedented volatility in financial markets. The causes of this turmoil have been well documented: the collapse of the sub-prime loan market, the spectacular end to the U.S. real estate bubble, the ripple effect in derivative and structured products markets, and the ensuing global credit crisis and financial market meltdown. The impact on our economy and the personal wealth of Canadians is still not fully known. As we are in the midst of the most severe global economic slowdowns in decades, we do know that more dour economic news will follow in the weeks and months ahead.

Our portfolios, as you know, have reacted severely to these developments. As co-investors with you in the Northern Rivers Funds, we share your disappointment in this year's returns and our inability to better shield investors from the financial impact of recent market events. We take the stewardship of your assets very seriously and endeavour to do better going forward.

In this environment, it is understandably difficult to remain optimistic. We remain confident, however, in the strength of our firm, its people and our managers, and would like to share our vision of the future and its opportunities with you.

I'll begin by thanking you once again for the patience you have demonstrated. One of the strengths of our firm is the stability of its unitholder base. We are gratified that nearly all of our unitholders remain with us. Some who know the firm well have taken this opportunity to add capital to the funds in recent months. As the largest unitholder in the Innovation mandate and an investor in all our funds, rest assured that I am committed to our investments. Further, our employees and portfolio managers have significant capital in the funds as well, providing a core of stable assets alongside your own going forward.

For the portfolios to be successful in the future, they must be invested in quality issuers that will survive the economic downturn and outperform going forward. We have strong conviction in our holdings, more details of which may be found each month in our portfolio managers' letters. In time, we expect the market to reflect the true value of these businesses, many of which, we firmly believe, are worth several times their current valuations.

While the economic outlook remains bleak for 2009, there are a number of reasons for investors to feel more confident about investment markets going forward:

- Valuations do not currently reflect intrinsic value.

In the short term, financial markets are a poor barometer of economic reality. Current index levels reflect fear, pessimism, forced selling and a lack of liquidity. Those with the expertise and leadership to invest wisely at these levels will reap the benefits long term. We are in a moment where quality companies represent incredible value and believe it to be an inflection point.

- The market is a leading indicator.

Markets began reacting more than a year ago to the possibility of a global economic slowdown. Fear and uncertainty have driven valuations far below their fundamental values. With the harsh economic facts now becoming known, the market can look ahead to economic recovery and will react positively well in advance of it.

- Tax loss season is almost over.

Unfortunately for financial markets, many investors (including ourselves) sell a portion of their holdings this time of year as part of a tax management strategy. This puts artificial downward pressure on already depressed prices. As December draws to a close, this technical phenomenon will abate, allowing a returned focus on fundamentals.

- The U.S. inauguration in January.

While no silver bullet, the transition to power of the new administration will end a period of uncertainty and ineffectual government in the United States. Markets are likely to react positively to the new leadership and the ability of Congress to move forward with an agenda.

- Global financial stimulus will begin to take effect.

It takes time, but we are beginning to see the effects of massive amounts of global financial stimulus on the system. As its benefits are felt, liquidity will return, facilitating a return to normalcy in our global financial system.

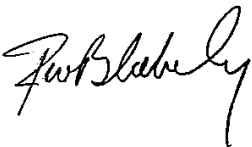
As investment managers, we have a leadership role to play. As we apply our professional skills and experience to the current situation, we believe that cool heads, independent thinking and a disciplined investment strategy will allow us to prevail.

As investors, we now rise together to the greatest challenge of our generation: rebuilding both our personal financial health and that of our global economy. We will do so by staying calm and staying invested. We will be brave enough to recognize and take advantage of new opportunities. We will look forward, not back. Above all, we will maintain our confidence in the future, and invest accordingly.

We thank you for your support in this difficult year.

Best wishes to you and your family this holiday season.

Sincerely,



Robert W. Blakely
President