

No securities regulatory authority has expressed an opinion about these Units and it is an offence to claim otherwise.



SIMPLIFIED PROSPECTUS

DATED AUGUST 21, 2009

OFFERING SERIES A, F, O AND P UNITS

OF

NORTHERN RIVERS CONSERVATIVE GROWTH FUND
(the "Fund")

The Fund and Units of the Fund offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

TABLE OF CONTENTS

INTRODUCTION	1
WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?.....	2
What is a Mutual Fund?.....	2
How is the Fund Structured?.....	2
Risks	2
How do you reduce risk?	2
SPECIFIC INFORMATION ABOUT THE NORTHERN RIVERS CONSERVATIVE GROWTH FUND	4
Organization and Management of the Fund.....	4
Fund Details	5
What does the Fund invest in?	5
What are the Risks of Investing in the Fund?	6
Who Should Invest in this Fund?.....	12
Distribution Policy	12
FUND EXPENSES INDIRECTLY BORNE BY INVESTORS.....	13
PURCHASES, SWITCHES AND REDEMPTIONS	13
Net Asset Value of Units - How We Price the Fund's Units	14
How to Purchase Units.....	14
Purchase Options	15
Changing Sales Charge Options	15
Minimum Investments	15
Switches between Series of the Fund.....	16
Redemptions	16
Short-Term Trading	17
Optional Services	18
FEES AND EXPENSES	18
Fees and Expenses Payable by the Fund.....	18
Fees and Expenses Payable Directly by You.....	21
Impact of Sales Charges.....	22
DEALER COMPENSATION	23
Sales Commissions	23
Trailing Commissions.....	23
Other Kinds of Dealer Compensation.....	24
Dealer Compensation from Management Fees	24
INCOME TAX CONSIDERATIONS FOR INVESTORS.....	24
Units Held in a Registered Plan	24
Units Held in a Non-Registered Plan.....	24
Distributions by the Fund.....	24
Purchasing Units	25
Disposition of Units	25
Buying Units Late in the Year	26
WHAT ARE YOUR LEGAL RIGHTS?.....	26
ADDITIONAL INFORMATION	26

INTRODUCTION

This Simplified Prospectus contains selected important information to help you make an informed investment decision and understand your rights as an investor in the Fund. Throughout this document:

- “we”, “us”, “our”, “NRC” or “Manager” refers to Northern Rivers Capital Management Inc., the trustee and manager of the Fund;
- “you” refers to an investor in the Fund;
- “Dealer” refers to both the dealer and the representative registered in your jurisdiction who advises you on your investments;
- “Fund” refers to the Northern Rivers Conservative Growth Fund offered by NRC under this Simplified Prospectus;
- “Unitholder” refers to a purchaser of one or more of Units of the Fund;
- “Units” refers to Series A, Series F, Series O and/or Series P units of the Fund; and
- all references to \$ are Canadian \$ unless otherwise noted.

This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.

Additional information about the Fund is available in the following documents:

- the Fund’s annual information form (“AIF”);
- the Fund’s most recently filed annual financial statements;
- any interim financial statements of the Fund filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request and at no cost, by calling us toll free at 1-866-902-7060 or from your Dealer. These documents are available on the Manager’s website at www.northernriversfunds.com or by contacting us via e-mail at info@northernriversfunds.com.

These documents and other information about the Fund are available on the Internet at www.sedar.com.

Unless otherwise indicated herein, information about the Fund which may be obtained on the Manager’s website is not, and shall not be deemed to be, incorporated by reference in this Simplified Prospectus.

WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a Mutual Fund?

A mutual fund is a pool of money contributed by investors with similar investment objectives. Investors in the mutual fund share the income, expenses, gains and losses that the mutual fund makes on its investments according to the number of securities of the mutual fund they own.

There are several benefits to investing in a mutual fund as opposed to investing by yourself. An investment in a mutual fund gives you the opportunity to participate with other investors with similar investment objectives in professionally managed investment portfolios. Professional portfolio advisers or investment managers make the investment decisions for the mutual fund in accordance with its investment objectives. Mutual funds also enable you to diversify your investment portfolio, which may be difficult for most individual investors to achieve.

How is the Fund Structured?

The Fund is an open-end unit trust established under the laws of Ontario by a declaration of trust. The property of the Fund is held in trust by Northern Rivers Capital Management Inc. as trustee of the Fund. There is no limit to the number of Units of the Fund you can buy.

Risks

Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's securities may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

Securities held by the Fund that are traded on a public exchange are generally valued at their closing price. If the price is not available, we will use another method to determine the value.

The full amount of your investment in the Fund is not guaranteed. Unlike bank accounts or GICs, mutual fund securities are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. Please see *Purchases, Switches and Redemptions* for more information.

All investments, including mutual funds, carry the risk that you will lose money or not make money. The degree of risk from one mutual fund to another varies considerably. Generally speaking, investments with the highest potential return carry the greatest risk.

How do you reduce risk?

One way to reduce risk is to diversify your investments across the three main asset classes: money market investments for safety, bonds for income and equity investments for growth. Since different types of investments tend to move independently from one another, positive performance in one asset class can help offset negative performance in another, thereby reducing volatility and risk in the

long term. When deciding how much risk is right for you, think about how much time you have until you need the money.

- If you are investing for less than a year, you should not take undue risk. There may not be enough time to recover the full amount of your investment if the mutual fund falls in value. If you have a short investment time horizon, it may not be appropriate for you to invest in equity mutual funds.
- A longer investment time horizon allows you to take on more risk. Although the value of your investments may drop in the short term, longer investment time horizons will help to lessen the effects of short-term market volatility. Short investment time horizons may result in you having to sell your investments in adverse conditions. Ideally, investors in growth funds have an investment time horizon of five years or more, which should provide enough time for their investments to overcome any short-term decreases in value.

Money market funds are considered the least risky. The riskiest funds tend to be single sector funds. In deciding how much risk you are prepared to take, you should consider how soon you will need the money you are investing. The longer you can leave your money invested, the more time there is for short-term market declines to be reversed. As well, you will need to consider your investment goals and what types of other investments you already have in your overall portfolio.

A description of the specific risks associated with investing in the Fund begins on page 6 of this Simplified Prospectus.

SPECIFIC INFORMATION ABOUT THE NORTHERN RIVERS CONSERVATIVE GROWTH FUND

Organization and Management of the Fund

The table below shows the companies responsible for providing important services to the Fund.

<i>Title</i>	<i>Services provided</i>
<p>Manager, Trustee and Portfolio Adviser Northern Rivers Capital Management Inc. Royal Bank Plaza, North Tower Suite 2000 200 Bay Street Toronto, Ontario M5J 2J2</p>	<p>We manage the day-to-day operations of the Fund, including providing portfolio management services. We also hold legal title to the assets of the Fund and act as Trustee of the Fund.</p>
<p>Auditor Ernst & Young LLP (Toronto, Ontario)</p>	<p>The Auditor is responsible for examining the annual financial statements of the Fund to determine if they are fairly presented in accordance with Canadian Generally Accepted Accounting Principles.</p>
<p>Custodian CIBC Mellon Trust Company (Toronto, Ontario)</p>	<p>The custodian (or its sub-custodians) is responsible for the safekeeping of the Fund's assets.</p>
<p>Registrar and Transfer Agent CIBC Mellon Global Securities Services Company (Toronto, Ontario)</p>	<p>The registrar and transfer agent keeps a record of all of the unitholders of the Fund, process orders, and issues account statements and tax slips to unitholders.</p>
<p>Independent Review Committee</p>	<p>The Manager has established an independent review committee ("IRC") in respect of each of the investment funds managed by it, including the Fund, to which <i>National Instrument 81-107 Independent Review Committee for Investment Funds</i> ("NI 81-107") applies. The IRC acts as an impartial and independent committee to review and, if appropriate, provide approvals or positive recommendations respecting any conflict of interest matters referred to it by the Manager. The committee consists of three independent members, whose terms range from two to three years. The IRC prepares, at least annually, a report of its activities for unitholders. The report is available on our website at www.northernriversfunds.com or at the unitholder's request at no cost by contacting us by email at info@northernriversfunds.com. Additional information about the IRC, including the names of the members, is available in the AIF.</p>

Fund Details

Type of Fund	Growth Fund
Start Date	August 27, 2007
Securities Offered	Series A units Series F units Series O units Series P units
Eligibility for Registered Plans?	Yes
Short-term Trading Fees	The Fund may charge a short term trading fee of up to 3 percent of the value of the Units redeemed or switched within 180 days of purchase.

What does the Fund invest in?

Investment Objectives

The investment objective of Northern Rivers Conservative Growth 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.

Any change to the investment objective must be approved by a majority of votes cast at a meeting of Unitholders held for that reason.

Investment Strategies

To achieve the investment objectives of the Fund, the Manager:

- makes long term investments of securities of issuers which the Manager believes present the greatest opportunity for capital appreciation; and
- manages the portfolio's sector allocation, increasing and decreasing exposure to different sectors of the market as appropriate.

In selecting investments for the Fund, the Manager primarily focuses on the securities (equity and equity derivatives) of companies which the 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 Manager to those investment strategies that balance risk, return and liquidity. The portfolio will be positioned in accordance with the Manager's 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, over weight certain geographic regions, including North America, and industry sectors such as the energy or financial sectors when deemed appropriate by the Manager. This may result in the Fund's portfolio weightings being substantially different from the weightings of the S&P/TSX Composite Total Return Index (or its successor index).

The Fund may use specified derivatives, such as calls and puts, warrants, index futures, exchange traded funds to:

- gain exposure to individual securities and markets instead of buying the securities directly; and
- 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. While short selling will be used by the Fund as a complement to its primary investment strategy (discussed above), the Manager will utilize the same fundamental analysis in determining whether securities of a particular issuer should be sold short. When the analysis produces a favourable outlook, the investment opportunity is considered for purchase. When the analysis produces an unfavourable outlook, the investment opportunity is considered for a short sale. The Fund will engage in short selling only within certain limits and conditions including: (i) the Fund will short sell only liquid securities that are traded on a stock exchange or certain government bonds, (ii) the Fund will limit its short sale exposure to any single issuer to 5% of the Fund's net assets and its aggregate short exposure to 20% of its net assets, (iii) the Fund will hold cash cover in an amount (including the Fund's assets deposited with lenders) that is at least 150% of the aggregate market value of all securities sold short, and (iv) the Fund will deposit collateral only with lenders which are regulated financial institutions or registered dealers in Canada.

The Fund may hold all or a portion of its assets in cash or money market securities while seeking investment opportunities or for defensive purposes.

We may change the Fund's investment strategies at our discretion without notice or approval.

What are the Risks of Investing in the Fund?

Set forth below are certain particular risks that are especially relevant to an investment in the Fund.

Capital Depreciation Risk

Some mutual funds aim to distribute a high level of income. In certain situations, such as periods of declining markets or increases in interest rates, a fund may make distributions that include a return of capital. Where the total distributions by a fund in a year exceed the fund's net income and net realized capital gains for the year, the net asset value of the fund may be reduced, which could reduce the fund's ability to generate future income.

Changes in Legislation Risk

There can be no assurance that certain laws applicable to income funds or mutual funds, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the *Income Tax Act* (Canada) (the “Tax Act”) will not be changed in a manner which adversely affects the funds. Certain issuers of securities held by a mutual fund have operations outside of Canada and may be adversely affected by changes in legislation or administrative practices in such jurisdictions.

Commodity Risk

The market value of a mutual fund’s investments will likely be affected by adverse movements in commodity prices. When commodity prices decline, this has a negative impact on the earnings of companies whose businesses are based in commodities, such as oil and gold.

Concentration Risk

Some mutual funds concentrate their investment holdings in specialized industries, market sectors, asset classes or in a limited number of issuers. Investments in these mutual funds involve greater risk and volatility than broadly based investment portfolios since the performance of one particular industry, market, asset class or issuer could significantly and adversely affect the overall performance of the entire mutual fund.

In the 12 month period immediately preceding this Simplified Prospectus, more than 10% of the net assets of the Fund were invested in ZCL Composites Inc. The maximum percentage of net assets of the Fund invested in that issuer during the period was 10.36%. The Fund may have experienced concentration risk as a result of this investment.

Credit Risk

Credit risk is the risk that the government or company issuing a fixed income security will be unable to make interest payments or pay back the original investment. Securities that have a low credit rating have high credit risk. Lower-rated debt securities issued by companies or governments in emerging markets often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. Mutual funds that invest in companies or markets with high credit risk tend to be more volatile in the short-term, but may offer the potential of higher returns over the long-term.

Defaulting Bonds Risk

A mutual fund may invest from time to time in high yield bonds. Issuers of high yield bonds may default or otherwise be unable to honour a financial obligation. These securities are considered to be speculative with respect to an issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligation.

Derivatives Risk

The use of derivatives is subject to certain risks:

- There is no assurance that liquid markets will exist for a mutual fund to close out its derivative positions. Derivative instruments in foreign markets may be less liquid and more risky than comparable instruments traded in North American markets.

- Exchange-imposed trading limits could affect the ability of a fund to close out its positions in derivatives. These events could prevent a fund from making a profit or limiting its losses.
- Prices of options and futures on a stock index may be distorted if trading of certain stocks in the index is interrupted or trading of a large number of stocks in the index is halted. Such price distortions could make it difficult to close out a position.
- A fund that uses derivatives is subject to credit risk associated with the ability of counterparties to meet their obligations. In addition, a fund could lose its margin deposits if a dealer with whom a fund has an open derivatives position goes bankrupt.
- There is no assurance that a fund's hedging strategies will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the investment being hedged. Any historical correlation may not continue for the period during which the hedge is in place.
- Using futures and forward contracts to hedge against changes in currencies, stock markets or interest rates cannot eliminate fluctuations in the prices of securities in the portfolio or prevent losses if the prices of these securities decline.
- Hedging may also limit the opportunity for gains if the value of the hedged currency or stock market rises or if the hedged interest rate falls. The inability to close out options, futures, forwards and other derivative positions could prevent a fund from using derivatives to effectively hedge its portfolio or implement its strategy.

Equity Risk

Mutual funds that invest in equities — also called stocks or shares — are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of funds that own these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. Equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the overall stock market because of changes in the outlook for those individual companies or the particular industry.

Foreign Currency Risk

Changes in foreign currency exchange rates or the imposition of foreign exchange controls will affect the value of securities in some mutual fund portfolios. For example, if the U.S. dollar rises in value relative to the Canadian dollar, a fund's U.S. stocks will be worth more Canadian dollars. On the other hand, if the U.S. dollar falls, a fund's U.S. holdings will be worth fewer Canadian dollars.

Income Trust and Limited Partnership Risk

Income trusts generally hold securities in or are entitled to receive payments from an underlying active business or investment in property. To the extent that an underlying business or investment in property is susceptible to industry risks, stock market conditions, interest rate fluctuations, commodity prices and other economic factors, investment returns from an income trust may be similarly affected.

Although their returns are neither fixed nor guaranteed, income trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an income trust may be subject to interest rate risk. There is also a remote risk that where claims against an income trust are not satisfied by that trust, investors in that trust could be held liable for any outstanding obligations.

The businesses and investments in property underlying income trusts may focus on a few industries and geographic areas. If those industries or geographic areas prosper the outlook for those income trusts will generally increase as will the value of the mutual fund. Conversely, if such industries and geographic regions experience a downturn, the outlook for those income trusts will generally decline, as will the value of the fund. In addition, the fund will suffer because income trusts may not be focused on investments in other industries or geographic areas to offset the downturn.

Recently enacted amendments to the Tax Act significantly change the income tax treatment of most publicly traded trusts and partnerships (other than certain real estate investment trusts) and distributions or allocations, as the case may be, from these entities to their investors. In particular, certain income earned by these entities will be taxed in a manner similar to income earned by a taxable Canadian corporation, and distributions or allocations of such income made by these entities to investors will be taxed in a manner similar to dividends from taxable Canadian corporations. These distributions or allocations will be deemed to be eligible dividends for the enhanced dividend tax credit if paid or allocated to a resident of Canada. These rules are effective commencing for the 2007 taxation year for trusts and partnerships that commenced public trading after October 31, 2006, but will not commence until the 2011 taxation year for such trusts and partnerships that were publicly traded prior to November 1, 2006, provided there is no “undue expansion” of the trust or partnership in the intervening period. The new rules could affect the return on investment in respect of publicly traded trusts and partnerships held through the Fund. In addition, the rules have had, and may continue to have, an adverse effect on the trading price of such trusts and partnerships, which may affect the net asset value of the Fund.

Inflation Risk

Mutual funds are investment vehicles which generally have a long-term horizon. Many investors use them for retirement purposes. As a result of the long-term outlook for a mutual fund investment, the effects of inflation could significantly erode the value of an investor’s money over time. Managing inflation risks involves a diversified mix of investments with emphasis on equity securities, which have historically out-performed all other types of investments over the long-term.

Installment Receipt Risk

A mutual fund may purchase certain portfolio securities as installment receipts representing ownership interests in trust units, the original issue price of which is payable on an installment basis. A fund may be required to pay subsequent installments despite a decline in the value of the securities of an issuer in which the fund invests.

Interest Rate Risk

The value of mutual funds that invest in bonds, mortgages and other income-producing securities is primarily affected by changes in the general level of interest rates. Bonds generally pay interest based on the level of rates when the bonds were issued. When interest rates fall, the price of bonds generally rises. That is because existing bonds pay higher rates than new ones, and are therefore in greater demand and worth more. On the other hand, when interest rates rise, bond prices generally fall, reducing the unit value of funds that hold them.

International Market Risk

Investing in foreign securities involves additional risks:

- Certain foreign countries have different accounting, auditing and financial reporting standards for issuers of securities, making their securities more difficult to evaluate.
- There may be less information publicly available about a foreign firm than about a North American company, and the quality of the information may be less reliable.
- Volume and liquidity in some foreign stock and bond markets are less than in Canada and the U.S. and at times price volatility can be greater than in Canada and the U.S.
- Stock exchanges, listed companies and investment dealers in foreign countries may be less regulated than in Canada and the U.S.
- Political and social instability, restrictions on the movement of capital and the threat of expropriation can affect the value of investments in less developed countries.

Liquidity Risk

Liquidity describes how quickly a security can be sold at a fair price and converted to cash. Mutual fund values will be affected by those securities that are difficult to sell because they may be small companies with limited outstanding shares or they may be unknown to investors and are not traded regularly. Difficulty in selling securities may result in a loss or a costly delay.

Real Estate Investments Risk

Investments in real estate investment trusts (“REITs”) and other issuers operating in the real estate industry are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long-term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A real estate issuer’s income and funds available for distribution to its unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to it or if the issuer were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Securities Lending Risk

Mutual funds may engage in securities lending transactions. In a securities lending transaction, the fund lends portfolio securities that it owns to a third party borrower. The borrower promises to return to the fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities.

Over time, the value of the securities loaned in a securities lending transaction might exceed the value of the collateral held by the fund. If the third party defaults on its obligation to return the securities

to the fund, the collateral may be insufficient to enable the fund to purchase replacement securities and the fund may suffer a loss for the difference.

Those risks are reduced by requiring the other party to provide collateral to the fund. The value of the collateral must be at least 102% of the market value of the securities loaned. Securities lending transactions, together with repurchase transactions are limited to 50% of a fund's assets, excluding collateral or sales proceeds received in a securities lending transaction and cash held by the fund for securities sold in a repurchase transaction.

In engaging in securities lending, a fund will bear the risk of loss of any collateral it invests, as well as the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

If securities are on loan on the record date established for a particular voting matter the lender is generally not entitled to exercise the voting right of such loaned securities.

Series Risk

Mutual funds may have more than one series of units. If so, each series has its own fees and certain expenses, which the fund tracks separately. If a fund cannot pay the expenses of one series using that series' proportionate share of the fund's assets, such fund could have to pay those expenses out of the other series' proportionate share of the assets, which would lower the investment return of the other series.

Short Selling Risk

A short sale by a mutual fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the mutual fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities to the lender, the mutual fund makes a profit on the difference (less any interest the mutual fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for a mutual fund. Securities sold short may instead appreciate in value creating a loss for a mutual fund. A mutual fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom a mutual fund has borrowed securities may go bankrupt and a mutual fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that are intended to offset these risks by short selling only liquid securities and by limiting the amount of exposure for short sales. The Fund will also deposit collateral only with Canadian lenders that are regulated financial institutions or regulated dealers and only up to certain limits.

Small Capitalization Natural Resource Company Risk

A portion of a mutual fund's portfolio may be invested in securities of small capitalization natural resource companies. The business models for these companies involve significant risks including the entire loss of the investment in the company. These companies can also provide significant returns if their exploration properties hold reserves which can be brought into production. Small capitalization natural resource companies typically have limited production, markets and financial resources. They are less able to sustain adverse competitive and market changes. Other risk factors include changes in resource prices, environmental regulations and possible claims on their resource properties.

Small Company Risk

Investing in securities of smaller companies may be riskier than investing in larger, more established companies. Smaller companies may have limited financial resources, a less established market for their shares and fewer shares issued. This can cause the share prices of smaller companies to fluctuate more than those of larger companies. The market for the shares of small companies may be less liquid.

Substantial Unitholder Risk

A single investor may buy or sell large amounts of units of a fund. As a result, a fund may have to alter its portfolio significantly to accommodate large fluctuations in assets (as at August 6, 2009, an investor held 13.9% Units of the Fund).

Who Should Invest in this Fund?

An investment in the Fund is suitable for investors who:

- seek long-term capital appreciation;
- have a medium to high risk tolerance; and
- are comfortable with high investment risk, short selling, and have a long-term investment time horizon.

Distribution Policy

Series A, F and P: the Fund will distribute net realized capital gains and net income annually in December. If you own Units, we will automatically invest Fund distributions in additional Units of the same Series of the Fund.

Series O: the Fund will make a quarterly distribution consisting primarily of net income and return of capital so long as there is sufficient capital attributable to the Series. The Manager determines, from time to time, the rate at which distributions will be made. Distributions that are a return of capital will adjust the cost base of your Units. Distributions on Series O units are not guaranteed to occur on a specific date and the Series is not responsible for any fees or charges incurred by you because the Series did not make a distribution on a particular day.

Distributions on Series O units held in registered plans are always reinvested in additional Units of the Series. Distributions on Series O units held in non-registered accounts are reinvested in additional Units of the Series, unless you tell us that you want cash payments instead.

In the case of Series O units, if the Series' share of net income and net realized capital gains of the Fund for a year is higher than the total distributions made during the year at the quarterly rate to such series, a second distribution will be made in December of such excess net income or net realized capital gains. The second distribution in December, if necessary, will be reinvested or paid in cash to the Series O unitholder in the same manner as the quarterly distributions.

For more information about distributions, see *Income Tax Considerations for Investors* on page 24.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

The information below is intended to help investors compare the cost of investing in the Fund with the cost of investing in other mutual funds. Mutual funds pay certain expenses out of fund assets. Although investors do not pay these expenses directly, in actuality, they have the effect of lowering the Fund's returns.

This table outlines a hypothetical example of the investor's cumulative proportional share of the fees and expenses paid by the Fund, in dollars, over the time periods indicated and assuming: 1) an initial investment of \$1,000 in the Fund; 2) a total annual 5% return of the Fund in each period; 3) the same management expense ratio and operating expense in all periods as were paid by the Fund in its last financial year; and 4) an incentive fee based on a total annual 5% return of the Fund in its last financial year.

Fees and Expenses payable over (\$)	1 Year	3 Years	5 Years	10 Years
Series A	40.95	129.08	226.25	515.01
Series F	30.28	95.44	167.29	380.80
Series P	32.98	103.97	182.24	414.82

See *Fees and Expenses* on page 18 for more information about the costs of investing in the Fund.

PURCHASES, SWITCHES AND REDEMPTIONS

When you invest in the Fund, you are buying units of an open-ended mutual fund established as a trust. The Fund currently has Series A units, Series F units, Series O units and Series P units.

The Units are categorized as follows:

Series A: Available to all investors via their dealer.

Series F: Available to investors who participate in fee-based programs through their Dealer and whose Dealer has signed a Series F agreement with us or to investors who have signed a Series F subscription agreement and are purchasing directly from us.

Series O: Available to investors who make the required minimum investments as determined by the Manager and whose Dealer has signed a Series O agreement with us or to investors who have signed a Series O subscription agreement and are purchasing directly from us. Series O unitholders should consult their own tax advisors regarding the tax treatment of management fees or incentive fees paid directly by them.

Series P: Available to investors who make the required minimum investments as determined by the Manager, via the discount division of their Dealer and whose Dealer has signed a Series P agreement with us.

There is no limit to the number of series of units the Fund may offer. Other series of units may be offered by the Fund under a separate simplified prospectus, confidential offering memorandum or otherwise.

Net Asset Value of Units - How We Price the Fund's Units

All transactions are based on the price of the Fund's units or series net asset value per unit. The series net asset value per unit is calculated at the close of trading on each valuation day. A "valuation day" is any day that the Toronto Stock Exchange ("TSX") is open for business. On each valuation day, we calculate a separate net asset value for each series of units of the Fund. The net asset value per unit for each series is determined by dividing the total net asset value of each series by the total number of units outstanding of that series. Expenses directly attributable to a series are charged to that series. Fund operating expenses, income, and realized and unrealized capital gains and losses are allocated proportionately to each series based on the relative net assets of each series. The series net asset value per unit will fluctuate with the value of a Fund's investments.

If CIBC Mellon Global Securities Services Company receives your order for the purchase or redemption of Units on or before 4:00 p.m. Eastern Time on a valuation day or before the TSX closes for the day, whichever is earlier, the order will be processed at the series net asset value per unit on that day. If we receive the order after that time, the order will be processed at the series net asset value per unit on the next valuation day.

On each valuation day, we calculate a separate net asset value for each series of units of the Fund, based on the fair value of the assets in the Fund.

How to Purchase Units

You may purchase Units of the Fund through your Dealer.

Once you have given a purchase order to your Dealer, the Dealer must send your order to us on the same day it is received. Generally, your Dealer will transmit purchase orders by courier, priority post or telecommunications facilities. It is the responsibility of your Dealer to transmit orders to us in a timely manner and to assume all associated costs. Certificates will not be issued for Units purchased.

We have the right to accept or reject any purchase order within one business day of receiving the order. If an order is rejected, any amounts received will be returned to your Dealer immediately. If your cheque for the purchase of Units is not honored, we may reverse the purchase order and hold you responsible for any costs involved.

We must receive payment for all purchases within three business days. If the payment and all necessary documents are not received within three business days, securities regulations require us to redeem the Units on the next business day. The proceeds of the redemption will be used to reduce any amount owing to the Fund. Any excess will belong to the Fund. Any shortfall will initially be paid to the Fund by us, but we may collect such amount, together with the charges or expenses incurred, with interest, from the Dealer who placed the order. Your Dealer has the right to collect these amounts from you.

If you purchase Units of the Fund during a period when the net asset value is suspended, you may either withdraw your purchase order prior to the end of the suspension period or receive the Units based on the series net asset value per unit first calculated following the end of the suspension period.

The Units of the Fund are available for purchase in Canadian dollars only.

Purchase Options

Series A units of the Fund may be purchased under the initial sales charge option. Series A units of the Fund may also be purchased under the low load option. Upon redemption, you may have to pay a short-term trading fee, if applicable.

You do not pay a sales charge when you purchase Series F units, Series O units or Series P units. Upon redemption, you may have to pay a short-term trading fee, if applicable.

Initial Sales Charge Option

The initial sales charge option is available when purchasing Series A units of the Fund. Under the initial sales charge option, you may have to pay a sales charge to your Dealer when you buy Series A units. You negotiate this charge with your Dealer. The sales charge can be between 0% and 5% of the purchase price, payable to your Dealer at the time of purchase. The sales charge you negotiate is deducted from the amount you invest, at the time of purchase, and paid to your Dealer. Only the net amount is invested. Upon redemption, you do not pay a deferred sales charge, but you may have to pay a short-term trading fee, if applicable.

Low Load Option

The low load option is available when purchasing Series A units of the Fund. Under the low load option, you do not pay a sales charge, but you may have to pay a deferred sales charge if you redeem your Series A units within 3 years of purchasing them. In addition, you may have to pay a short-term trading fee, if applicable.

The fees which you will pay and the time at which you will pay them will vary depending upon the purchase option selected by you. See *Fees and Expenses* for more information. Your Dealer will receive different compensation depending upon the purchase option selected by you. See *Dealer Compensation* for more information.

If you do not choose a purchase option when you buy Series A units, you will be automatically deemed to have chosen the Initial Sales Charge Option.

Changing Sales Charge Options

If after buying your Units, you agree with your Dealer to change your sales charge option from low load to initial sales charge, whether or not you also switch from one series of units to another within the Fund, you will have to pay a deferred sales charge that applies at the time of such change if any.

Minimum Investments

The minimum initial investment amount in Series A units and Series F units is \$5,000. The minimum initial investment in Series P units is \$100,000. The minimum initial investment in Series O units will be agreed upon between the investor and the Manager. We reserve the right to accept a lower minimum investment amount in certain circumstances. The minimum subsequent investment amount for all series of Units is \$1,000.

Switches between Series of the Fund

Switching between series of the Fund is called a reclassification. You can reclassify Units of one series of the Fund into units of another series of the Fund if you are eligible for that series. When you reclassify Units of the Fund, the value of your investment won't change (except for any fees you pay to reclassify), but the number of units you hold will change. This is because each series has a different unit price. In general, a reclassification is not considered a disposition for tax purposes. No capital gain or loss will result solely as a result of the reclassification. Any redemption of Units to pay for a switch fee charged by your Dealer, however, will be considered a disposition for tax purposes and may result in a capital gain or loss, which may result in a tax liability. For a further discussion of the tax consequences, see *Income Tax Considerations for Investors*. If you bought Series A units under the low load option and you convert or reclassify them to another series, you'll have to pay any deferred sales charge that applies. See *Fees and Expenses Payable Directly by You – Reclassification Fees*. If you convert or reclassify from another series to Series A, you will be automatically deemed to have chosen the Initial Sales Charge option. See *Fees and Expenses Payable Directly by You – Reclassification Fees*.

Redemptions

You may redeem your Units at any time, so long as redemption rights have not been suspended. A short-term trading fee may apply. See *Purchases, Switches and Redemptions – Short-Term Trading Fees* for additional information. A redemption is a disposition for tax purposes and may result in a capital gain or capital loss, which may result in a tax liability. For a further discussion of the tax consequences, see *Income Tax Considerations for Investors*.

If you are redeeming Series A units of the Fund purchased under the low load option, a deferred sales charge may apply.

Your redemption request must be in writing. To protect you from fraud, for redemptions above certain dollar thresholds your signature on your redemption request must be guaranteed by a bank, trust company, member of a recognized stock exchange or other organization satisfactory to the Manager.

Your Dealer must forward your redemption request on the same day it is received. Whenever possible, a Dealer is required to transmit redemption requests by courier, priority post or telecommunications facilities. It is the responsibility of your Dealer to transmit orders to us in a timely manner and to assume all associated costs. For security reasons, we may refuse to accept a redemption request sent by you directly through telecommunication facilities.

Redemption requests will be processed in the order in which they are received. The Fund will not process redemption requests specifying a forward date or specific price.

The unit price which you will receive for your redemption order is based on the Fund's series net asset value per unit next calculated after your redemption order has been received in good order.

We will pay the redemption proceeds within three business days of receiving all necessary documentation. If all necessary documents are not received by us within ten business days of receiving a redemption request, you will be deemed to repurchase the Units on the tenth business day at the series net asset value per Unit calculated that day. The redemption proceeds will be applied to the payment of the issue price of the Units. If the cost to repurchase the Units is less than the redemption proceeds, the difference will belong to the Fund. Any shortfall will initially be paid to the Fund by us. We will be entitled to collect such amount, together with the charges and expenses incurred, with interest, from the Dealer who placed the redemption request. Your Dealer has the right to collect these amounts from you.

Given the high cost of maintaining accounts of less than \$5,000, the Fund has the right to redeem your Units if the book value of your investment is less than \$5,000. You may be notified that the book value of your Units in the Fund is less than \$5,000 and given 30 days to make an additional investment to increase your investment in the Fund to \$5,000 or more before the redemption is processed.

We may suspend the right to redeem Units of the Fund or postpone the date of payment upon redemption:

- during any period when normal trading is suspended on any exchange on which securities or specified derivatives are listed or traded which, in the aggregate, represent more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or
- with the prior permission of the Canadian securities regulatory authorities.

During any period of suspension there will be no calculation of series net asset value and no Units will be issued or redeemed by the Fund. The calculation of the series net asset value per unit will resume when trading resumes on the exchange or with the permission of the Canadian securities regulatory authorities.

If the right to redeem Units of the Fund is suspended and you make a redemption request during that period, you may either withdraw your redemption request prior to the end of the suspension period or your Units will be redeemed by the Fund in accordance with the redemption request at the series net asset value per unit first calculated following the end of the suspension period.

Short-Term Trading

An investment in Units is generally designed to be a longer term investment. Trading often is generally not a good idea. Frequent trading can also negatively impact the performance of the Fund, affecting all of the investors in the Fund. We have policies and procedures in place to actively monitor, detect and deter inappropriate short-term trading of Units. A short-term trade will be determined to be inappropriate where there is a purchase and redemption within a short period of time that we believe is harmful to investors in the Fund.

If you redeem Units of the Fund within 180 days of purchase, you may be charged a short-term trading fee of up to 3 percent of the value of the Units redeemed. We may waive this fee at our discretion in special circumstances.

For purposes of the short-term trading fee, Units will be considered to be redeemed on a first-in first-out basis.

Short-term trading fees are payable in addition to any other redemption fees or switch fees that may be payable by you. The short-term trading fees will not be charged for a redemption of Units: (i) acquired through automatic reinvestment of all distributions of net income or capital gains by the Fund; (ii) through the exercise of statutory redemption rights; or (iii) in the absolute discretion of the Manager.

In addition to any applicable short-term trading fees, we may, in our sole discretion, refuse future purchase orders if we determine that your trading activities may be detrimental to the Fund.

While these restrictions and our monitoring attempt to deter short-term trading, we cannot ensure that such trading will be completely eliminated.

Optional Services

Pre-authorized Chequing Plan

The Fund offers an automatic investment plan to allow investors to make regular monthly, quarterly, semi-annual or annual purchases of Units. The minimum initial investment for the Fund is \$5,000 and the minimum amount of each subsequent monthly, quarterly, semi-annual or annual purchase for the Fund is \$100. An investor may change the dollar amount of his or her investment, the frequency of payment or discontinue the plan by giving prior written notice to their Dealer.

Registered Tax Plans

The Fund is eligible for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, "Registered Plans"). NRC offers registered retirement savings plans (RRSPs) and registered retirement income funds (RRIFs). You should consult your own tax advisor for advice with respect to holding Units of the Fund in a Registered Plan.

FEES AND EXPENSES

The tables below list the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses which will reduce the value of your investment in the Fund. **We may waive all or a portion of the Fund's management fee and/or absorb all or a portion of the Fund's operating expenses.**

The consent of Unitholders will be obtained if:

- any change is made in the basis of calculation of a fee or expense charged to the Fund or directly to you by us or the Fund in connection with the holding of Units of the Fund, in a way that could result in an increase in charges to the Fund or you; or
- a fee or expense is introduced which is charged to the Fund or directly to you by us or the Fund in connection with the holding of Units of the Fund, that would result in an increase in charges to the Fund or you.

Unless the change is a result of a change made by a third party at arm's length to the Fund and you are sent a written notice at least 60 days (or such shorter period as is permitted by Canadian securities regulatory authorities) before the effective date of the change.

Fees and Expenses Payable by the Fund

Management Fees	Series A units, Series F units and Series P units of the Fund each pay us an annual management fee for providing general management and administrative services as follows: Series A units: 2.50% per annum Series F units: 1.50% per annum Series P units: 1.75% per annum
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	<p>The fee is calculated and credited daily and payable monthly. The Fund is required to pay goods and services tax (“GST”) (and any other applicable sales taxes) on the management fees payable to us.</p> <p>The management fee for Series O units is negotiable by the investor and payable directly to us. The maximum will not exceed 1.5% per annum.</p> <p>When the Fund invests in another mutual fund (referred to in this context as “an underlying mutual fund”), there are fees and expenses payable by the underlying mutual fund in addition to the fees and expenses payable by the Fund. However, no management fees or incentive fees are payable by the Fund that would duplicate a fee payable by the underlying mutual fund for the same service. In addition, no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the underlying mutual fund if the underlying mutual fund is managed by us or by one of our affiliates or associates. Finally, no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the underlying mutual fund that would duplicate a fee payable by a Unitholder.</p>
Incentive Fees	<p>The Fund will pay the Manager annually an incentive fee, subject to GST (and any other applicable sales taxes), equal to a percentage of the average net asset value¹ of Series A units, Series F units and Series P units 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 the Fund from January 1 to December 31 exceeds the greater of</p> <ul style="list-style-type: none">i) 0%; orii) the percentage return of the S&P/TSX Composite Total Return Index² (or its successor indices, as applicable) for the same period. The S&P/TSX Composite Total Return Index is based on stocks that make up the S&P/TSX Composite Index, with the assumption that all dividends paid are reinvested in the stocks in proportion to their index weights. <p>No incentive fees are paid on Series O units unless negotiated with the Series O investor.</p> <p>If the performance of a Series of the 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 the applicable Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency.</p> <p>¹ The net asset value includes all expenses and is calculated prior to the distribution of income and capital gains. The incentive fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to GST (and any other applicable sales taxes).</p> <p>² The S&P/TSX Composite Total Return Index is based on stocks that make up the S&P/TSX Composite Index, with the assumption that all dividends paid are reinvested in the stocks in proportion to their index weights. If the performance of a Series of the Fund in any year is less than the performance of the applicable index described above (the</p>

	<p>“Deficiency”), then no incentive fee will be payable in any subsequent year until the performance of the applicable Series of the Fund, on a cumulative basis calculated from the first of such subsequent years has exceeded the amount of the Deficiency. The net asset value includes all expenses and is calculated prior to the distribution of income and capital gains. The incentive fee is calculated and accrued daily and paid annually on a calendar year basis and is subject to GST (and any other applicable sales taxes).</p>
<p>Operating Expenses</p>	<p>Operating expenses incurred by the Fund may include but are not limited to:</p> <ul style="list-style-type: none"> • Brokerage commissions and fees* • Taxes, including GST (and any other applicable sales taxes), income* and foreign withholding taxes* • Regulatory fees (including the portion of the regulatory fees paid by us that are attributable to the Fund) • The costs of the IRC including an annual fee of \$1,500 per member (with an additional \$200 to the Chairman), plus a per meeting fee of \$500 per member, and the reimbursement of reasonable expenses incurred by the members of the IRC (such as meals at meetings), and the costs of educational programs and liability insurance for the members of the IRC. The compensation paid to members of the IRC, and expenses of the IRC charged to the Fund, for the period ended December 31, 2008 were \$3,067 and \$2,092, respectively. • Registrar and transfer agency fees • Bookkeeping, accounting, audit, valuation and legal fees and expenses • Interest, operating and administrative costs
	<ul style="list-style-type: none"> • Safekeeping and custodial fees • Investor servicing costs and costs of Unitholder reports, financial statements, prospectuses and other reports • 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 the Fund <p>* <i>These operating expenses are not included in the calculation of the Fund's management expense ratio ("MER").</i></p>
<p>Management and/or Incentive Fee Distributions</p>	<p>If you make a large investment in the Fund, we may reduce our usual management and/or incentive fees charged to the Fund that would apply to your investment. In such circumstances we will negotiate a separate agreement with you setting out the basis (such as the size of the investment, the expected level of account activity, your total investment with us, and the competitive rates charged by the industry). The difference in the amount of the management and/or incentive fee will be distributed by the Fund to applicable investors as a distribution of additional Units. These are called management and/or incentive fee distributions. The amount of management and/or incentive fee</p>

	distributions to certain investors may be increased or decreased from time to time.
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Fees and Expenses Payable Directly by You

Sales Charges	<p><u>Series A</u></p> <p>Under the initial sales charge option, you may have to pay a sales charge to your Dealer when you buy Series A units. You negotiate this charge with your Dealer. The sales charge can be between 0% and 5% of the purchase price, payable to your Dealer at the time of purchase. The sales charge you negotiate is deducted from the amount you invest, at the time of purchase, and paid to your Dealer. Only the net amount is invested. No fee is payable when you redeem Series A units purchased under the Initial Sales Charge Option (subject to a short-term trading fee, where applicable).</p> <p><u>Series F</u></p> <p>You do not pay a sales charge when you purchase Series F units.</p> <p><u>Series O</u></p> <p>You do not pay a sales charge when you purchase Series O units.</p> <p><u>Series P</u></p> <p>You do not pay a sales charge when you purchase Series P units.</p>								
Reclassification Fees	<p>If you reclassify Series A units of the Fund you bought under the low load option to another series of units, you will also have to</p>								
	<p>pay any deferred sales charges that apply. See below for details about the deferred sales charge. In addition, the Fund may charge a short-term trading fee, if applicable. See <i>Purchases, Switches and Redemptions – Switches Between Series of the Fund</i> for more information.</p>								
	<p>If you reclassify Series F, P or T units of the Fund to Series A units of the Fund, you may pay a fee to your Dealer of 0-2% of the net asset value being reclassified. In addition, the Fund may charge a short-term trading fee, if applicable. See <i>Purchases, Switches and Redemptions – Switches Between Series of the Fund</i> for more information.</p>								
Redemption Charges	<p><u>Low Load Option</u></p> <p>You will pay us a deferred sales charge if you sell Series A units of the Fund purchased under the low load option within three years from the date of their purchase as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">1</td> <td style="text-align: right;">3%</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: right;">2.5%</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: right;">2%</td> </tr> <tr> <td style="text-align: center;">after the 3rd</td> <td style="text-align: right;">Nil</td> </tr> </table>	1	3%	2	2.5%	3	2%	after the 3rd	Nil
1	3%								
2	2.5%								
3	2%								
after the 3rd	Nil								

Short-Term Trading Fees	The Fund may charge a short-term trading fee of up to 3 percent of the value of the Units redeemed within 180 days of purchase. See <i>Purchases, Switches and Redemptions — Short-Term Trading Fees</i> for additional information. All short-term trading fees will be deducted from the redemption proceeds and paid to the Fund. Short-term trading fees are in addition to any applicable sales charges that may apply.
Pre-Authorized Chequing Plan	No fee is charged to open, close or administer an account.
Registered Plan Fees	No fee is charged to open, close or administer an account.
NSF Charge	Bank NSF Charge up to \$50 may be charged
Fee For Wiring or Couriering Redemption Proceeds to Your Account	In addition to the bank wire costs, we charge an administrative handling fee of up to \$100 if redemption proceeds are wired to a designated account.

Impact of Sales Charges

The following table shows the maximum sales charge you would pay under the different sales charge options if you made an investment of \$1,000 in the Fund, held that investment for one, three, five or ten years and redeemed immediately before the end of the period. See *Fees and Expenses — Fees and Expenses Payable Directly by You* for details.

Please note that:

- Redemption charges apply only if you redeem or switch your Units in a particular year. We have assumed that there are no distributions, in the table below.
- The table assumes the maximum possible sales charge under the Initial Sales Charge Option, although you may negotiate a lower initial sales charge with your Dealer.

Option	At Purchase	1 st Year	3 rd Year	5 th Year	10 th Year
Series A units					
Initial Sales Charge Option	\$50.00	Nil	Nil	Nil	Nil
Low Load Option	Nil	\$30.00	\$20.00	Nil	Nil
Series F units	Nil	Nil	Nil	Nil	Nil
Series O units	Nil	Nil	Nil	Nil	Nil
Series P units	Nil	Nil	Nil	Nil	Nil

DEALER COMPENSATION

When you purchase Series A units, your Dealer receives two primary types of compensation — sales commissions and trailing commissions.

Initially, your Dealer is paid a sales commission. The amount of this commission and who pays this commission depends upon the purchase option selected by you. See *Dealer Compensation — Sales Commissions*.

Thereafter, a trailing commission is accrued daily and paid monthly by us and is based upon the percentage of the net asset value of all Units of the Fund held in your account with your Dealer. The amount of the trailing commission also depends upon the purchase option selected by you. (see *Dealer Compensation — Trailing Commissions*).

No sales or trailing commissions are paid to your Dealer when you purchase Series F or Series O units.

When you purchase Series P units, your Dealer only receives trailing commissions. (see *Dealer Compensation — Trailing Commissions*).

Sales Commissions

If you purchase Series A units, under the Initial Sales Charge Option, your Dealer will be entitled to receive from you a negotiable fee of up to 5 percent (\$50 per \$1,000) of the net asset value of the Series A units, purchased, as described above.

If you purchase Series A units, under the Low Load Option, we, or a distribution agent retained by us, will pay to your Dealer a sales commission of up to 2 percent (\$20 per \$1,000) of the purchase amount at the time you make your purchase.

No sales commissions are payable to your Dealer upon purchasing Series F, Series O and Series P units.

Trailing Commissions

We may pay your Dealer a portion of our management fee to assist your Dealer in providing you with continuing advice and service. This fee is determined by us and may be changed at any time.

Trailing commissions related to Series A units held in a Dealer's client account are as follows:

If you purchase Series A units, under the Initial Sales Charge Option, we will pay your Dealer a trailing commission of up to 1% (\$10 per \$1,000) of the net asset value of Series A units, held in your Dealer account.

If you purchase Series A units, under the Low Load Option, we will pay your Dealer a trailing commission of up to 0.5% (\$5 per \$1,000) for the first three years and 1% (\$10 per \$1,000) thereafter, of the net asset value of Series A units, held in your Dealer account.

No trailing commissions are paid to your Dealer in respect of Series F and Series O units.

Trailing commissions related to Series P units held in a Dealer's client account are as follows:

If you purchase Series P units, we will pay your Dealer a trailing commission of up to 0.25% (\$2.50 per \$1,000) of the net asset value of Series P units, held in your Dealer account.

Other Kinds of Dealer Compensation

We may assist Dealers with certain of their direct costs associated with marketing the Fund and providing educational investor conferences and seminars about the Fund. We may also pay Dealers a portion of the costs of educational conferences, seminars or courses that provide information about financial planning, investing in securities, mutual fund industry matters or mutual funds generally. We may provide Dealers with marketing materials about the Fund and other investment literature. We may provide Dealers with non-monetary benefits of a promotional nature and of minimal value and we may engage in business promotion activities that result in Dealers receiving non-monetary benefits. We review the assistance we will provide under these programs on a case-by-case basis.

Subject to compliance with securities regulatory authorities' mutual fund sales practice rules, we may change the terms and conditions of these trailing commissions and programs, or may stop them, at any time.

Dealer Compensation from Management Fees

The Manager paid Dealers compensation of approximately 29.8% of the total management and incentive fees that the Manager received from the Fund during the financial year that ended December 31, 2008. This includes amounts the Manager paid to Dealers for sales commissions, trailing commissions and other kinds of dealer compensation.

INCOME TAX CONSIDERATIONS FOR INVESTORS

This information is a general summary of Canadian federal income tax rules. It assumes you are a Canadian resident individual (other than a trust) and that you hold your Units as capital property. More detailed information is available in the AIF. This summary is not exhaustive of all tax considerations, therefore you should consult your tax advisor before investing.

Units Held in a Registered Plan

If you hold Units of the Fund in a Registered Plan, you do not have to pay taxes on distributions or on selling, switching or redeeming your units within the Registered Plan. Generally, taxes must be paid when you take money out of a Registered Plan. However, withdrawals from a tax-free savings account are not taxable and withdrawals from registered disability savings plans and registered education savings plans are subject to special rules.

Units Held in a Non-Registered Plan

If you hold Units of the Fund in a non-Registered Plan, you must take into account distributions paid by the Fund in calculating your taxable income whether or not they are re-invested in additional Units of the Fund. You must also include capital gains from redeeming, switching or otherwise disposing of your Units.

Distributions by the Fund

Distributions from the Fund, including management fee distributions, are generally taxable in your hands. To the extent the Fund makes appropriate designations under the Tax Act, distributions of

net realized capital gains, interest income, foreign source income or taxable dividends from taxable Canadian corporations, will effectively be taxed to you just as if you had received the same type of income directly. Dividends from taxable Canadian corporations are eligible for the dividend tax credit.

Distributions, including management fee distributions, may include a return of capital. When the net income and net realized capital gains available for distribution of the Fund is less than the amount distributed, the difference may be a return of capital. A return of capital is generally not taxable, but will reduce the adjusted cost base of your Units of the Fund. We explain how to calculate adjusted cost base below.

The Fund may make interim distributions (quarterly) on Series O units during the year and may make a final distribution on such series in December. Net income for tax purposes will not be allocated amongst the different series until December and will be based on the proportionate share of the Fund of each series at the relevant time in December. This means that the amount of net income for tax purposes allocated to Series O units may not be in proportion to and may be less than the interim distributions made to that series during the year. Thus, there is increased likelihood that distributions on the Series O units will include a return of capital.

Purchasing Units

When you purchase Units of the Fund, a portion of the price you pay may reflect accrued but unrealized capital gains and realized income and capital gains of the Fund that have not been distributed. These amounts must be included in your income when paid to you, even though the Fund earned these amounts before you owned Units.

Disposition of Units

If your Units are redeemed or are otherwise disposed of, a capital gain or capital loss may be realized. The capital gain (capital loss) will be equal to the difference between the amount you receive for the redemption or other disposition net of any reasonable costs of redeeming or otherwise disposing of the Units and the adjusted cost base of the Units. The reclassification of your Units from one Series to Units of another Series of the Fund is not a disposition for tax purposes and no gain or loss will be realized solely as a result of the reclassification.

Generally, one-half of a capital gain (a “taxable capital gain”) is included in computing your income. One-half of a capital loss (an “allowable capital loss”), may be deducted against your taxable capital gains in the year of disposition. Subject to certain limitations imposed under the Tax Act, allowable capital losses in excess of taxable capital gains realized in a year may be carried back three years or forward indefinitely for deduction against net taxable capital gains realized in those years. Special rules apply to match the inclusion rate where a net capital loss is carried back or forward to reduce the taxable capital gain of another period for which the inclusion rate is different.

We will provide you with details on the proceeds from a redemption. In order to calculate your gain or loss, you need to calculate the adjusted cost base of your Units before disposition.

How to calculate the adjusted cost base (“ACB”) of your total investment in units of the Fund:

ACB	=	the cost of your initial investment, including any initial sales charges
	<i>Plus</i>	the cost of any additional investments, including any initial sales charges
	<i>Plus</i>	reinvested distributions, including management fee distributions
	<i>Minus</i>	the capital returned in any distributions
	<i>Minus</i>	the ACB of any previous redemptions

Any distribution of net income or net capital gains paid by the Fund to you, in a non-Registered Plan, must be included in your income for tax purposes for that year.

The higher the Fund’s turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the likelihood that gains or losses will be realized by the Fund.

Buying Units Late in the Year

Series A, Series F and Series P make their only or largest distribution in December. If you buy Units of the Fund just before it makes such a distribution you will be taxed on the entire distribution even though the Fund may have earned the income or realized the gain giving rise to the distribution before you owned the Units. That means you may have to pay tax on your proportionate share of the net income or net realized capital gains the Fund earned for the whole year, even though you were not invested in the Fund during the whole year.

WHAT ARE YOUR LEGAL RIGHTS?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund securities and get your money back, or to make a claim for damages, if the Simplified Prospectus, AIF or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

ADDITIONAL INFORMATION

NRC may waive any term or condition, including the minimum initial investment, minimum account balance and other requirements relating to the offering of Units of the Fund at any time, at its discretion.

The Fund may seek approval from the IRC for certain matters include changing the Auditors of the Fund or reorganizing a Fund by merging it with another mutual fund managed by us, in each case without the approval of Unitholders of the Fund, provided Unitholders of the Fund have been given written notice at least 60 days before the effective date of the change or reorganization.



NORTHERN RIVERS CONSERVATIVE GROWTH FUND
(the "Fund")

ADDITIONAL INFORMATION

Additional information about the Fund is available in the Fund's AIF, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents, at your request and at no cost, by calling us toll free at 1-866-902-7060 or by e-mail to info@northernriversfunds.com or from your Dealer.

These documents and other information about the Fund such as information circulars and material contracts are also available on the Manager's website at www.northernriversfunds.com or at www.sedar.com.

Unless otherwise indicated herein, information about the Fund which may be obtained on the Manager's website is not, and shall not be deemed to be, incorporated by reference in this Simplified Prospectus.

MANAGER OF THE FUND

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