



January 19, 2010

Dear Partners and Friends:

December saw a strong finish to a good year for the funds. The Northern Rivers Global Energy Fund LP (Energy Fund) was up 9.80% in December and 37.73% for the year. The Northern Rivers Conservative Growth Fund LP (Growth Fund) was up 6.02% for the month and 25.76% for the year.

Average Annual Returns to December 31, 2009*

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	2009 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	3 Yr.	Inception**
Northern Rivers Global Energy Fund LP	37.73%	9.80%	11.18%	29.70%	37.73%	-5.81%	0.66%
Northern Rivers Conservative Growth Fund LP	25.76%	6.02%	8.04%	19.06%	25.76%	-7.50%	5.40%

**Inception date: Nov. 1, 2005

What happened in December and 2009?

December was a positive finish to a turbulent year in both the broader economy and markets. Markets rose modestly in December to finish an overall strong year. What the strong one-year numbers in both the funds and the markets disguise is a turbulent year that started out looking like a disaster with the economy and markets in free fall until mid March. The equity markets finally turned in mid-March and proceeded to appreciate rapidly for much of the balance of the year. The turn of the equity markets was confirmed by stabilization in the economy mid year and a return to a positive economy as we exit 2009 and start 2010.

The concerted effort by central banks and governments to stem the all-out panic that was gaining momentum at the end of 2008 was successful. After some disastrous meddling by the US government early in the crisis, the TARP and other programs that began in late 2008 were finally the right formula to stabilize the financial panic in the US and globally. While many financial institutions were damaged irreparably by the crisis, the overall financial system came through the turmoil and is now stabilizing, providing another needed piece of the backdrop for a resumption of global economic growth.

What to look for in 2010?

Entering 2010, the outlook is much more promising than a year ago. The key question today is how much will we grow in 2010, and not will we grow. Financial markets look to have a solid year, although security selection is likely to become a much more important differentiator of performance than in 2009 (when the most important decision was to be short the markets in the first month and a half and then long for the balance of the year).

Even after the substantial gains over the last part of 2009, there are numerous attractive investment opportunities available in the markets. While the general market is not likely to rise as swiftly in 2010 as it did in the last three-quarters of 2009, we believe the underpinnings are in place for a solid year owning long positions in stocks, especially if you find many of the hidden gems that we have found.

We expect the general global economy to have a solid bounce after the recent pullback. However, just as in prior pullbacks, leadership coming out of a recession is likely to be different. The US consumer and US government spending is likely to be under stricter mid-term restraint as both groups repair their overstretched balance sheets. Similarly, global financial markets are likely to see a mix of winners and losers as bankruptcies in the poorer run financials in many markets will continue, allowing the stronger players to continue to build their businesses at the expense of the weak.

China was the global economic growth leader in 2009 and its growing importance in the global economy will continue going forward. The rapid recovery of global resource pricing in 2009 is the most apparent example of its impact. While the developed world economies continue to suffer commodity consumption at relatively depressed levels, Chinese and emerging market consumption combined with output cutbacks resulted in resource prices rebounding much more rapidly than many expected. Chinese internal consumption of goods is becoming an increasingly important driver of the global economy, which will help wean the world away from its high dependence on the US for growth. 2010 will be a positive year for the global economy.

Northern Rivers Global Energy Fund LP

The energy fund had an excellent month, rising 9.80% to finish a strong year with a return of 37.73%. The strength in the month was due to all our top holdings rising as well as double digit increases by 7 of our top 10 holdings. We finally saw a rebound from a number of our smaller cap stocks that had been under a bit of tax-loss selling pressure. The highlights of the month were West Energy and Southern Pacific Resources, which both rose in excess of 30% during December. We talked about West Energy last month, which is benefiting from a revaluation of its stock from the depressed values of earlier this year due to its new Pembina Warburgh Belly River and Cardium opportunities. West rose 40% in December.

Southern Pacific Resources was a new addition to the portfolio that we made last fall. Southern Pacific made a transformational acquisition last year, when it purchased the Senlac SAGD heavy oil property from Encana. This acquisition of a profitable, producing heavy oil property has transformed the company from an interesting early-stage oil sands explorer to a cash-flowing heavy oil producer, with the means to move development of its properties forward even during periods of restricted access to capital markets. Southern Pacific was able to buy the property at an extremely attractive price as part of Encana's corporate restructuring in 2009. While the stock saw strong appreciation in December, we still believe the company is substantially undervalued to both its underlying Net Asset Value and relative to other assets in the space. We look forward to more solid portfolio contributions from Southern Pacific in the coming year.

Oil finished the year at \$79 per barrel, a large 78% gain from its 2008 year-end level. As with the equity markets, the oil market saw even larger intra-year volatility as the oil price dove as low as \$33 in February, before recovering as high as \$83 in October. The price has now been relatively stable in a \$65-\$85 range since August, which we expect to continue for most of 2010. Substantial excess capacity still exists in the world, however OPEC's discipline through the last year has been impressive, allowing the oil market to stabilize higher in the short-term than many expected a year ago. We expect OPEC's supply discipline to continue in 2010.

The natural gas markets on the other hand saw a small fall in 2009, as the gas price finished the year at \$5.57, down 1% from its 2008 closing price. As with oil, intra-year volatility was huge with the price dropping as low as \$2.50 in September, before staging a strong recovery at the end of the year. The natural gas markets continues to be held back by the over-supply situation in North America caused by the strong exploitation of new shale gas discoveries with market leading horizontal drilling and multi-stage fracturing.

While September likely marked a multi-year low in the natural gas price, we do expect the natural gas market to average substantially lower prices for the next several years than those in the 2004 to 2008 time period. The size and pace of shale and other tight gas development is moving the cost structure of the industry lower than it has been in several years. 2009 saw the lowest average natural gas price since 2003.

We remain fully invested with the focus on identifying overlooked situations like Southern Pacific and West Energy. The near term market is tricky as unknowledgeable investors are now chasing some overvalued stocks higher on speculation, but many undervalued situations remain. 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 had a strong month, rising 6.02% to finish the year up a solid 25.76%. Strong portfolio performance was driven by rising prices in 90% of our top holdings, with 30% of them rising by double-digit rates during December. The highlights of the month were gains in the portfolio from West Energy and Southern Pacific (as discussed above) and a solid 20% increase from Algonquin Power & Utilities

We discussed Algonquin earlier this year after we established our initial position and the recovery in the stock continues as investors begin to see the undervaluation present in this attractive company. Algonquin spent most of 2009 transitioning from a high-payout trust to a high growth corporation. Traditional holders of the company dumped their stock following the October, 2008 distribution cut, when the company announced its new strategy for the post 2010 income trust deadline. It was following the share price meltdown that we established the initial position and we still hold it as it continues to trade substantially below its intrinsic value. Shares have narrowed a small part of the value gap but still do not represent anything close to fair value. Recently the company made some accretive power asset acquisitions and will soon be closing an acquisition of an attractive NE

California electric utility. While we wait for the market to recognize the value, we receive over a 5% dividend yield. Look for more appreciation to come in the next year.

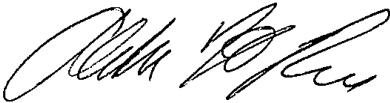
The fund maintains its balanced approach. No one sector represents more than 23% of the portfolio with the top sector weightings being energy at 23%, followed by technology at 19% and healthcare at 11%. We remain fully invested, with many undervalued situations that we believe have substantial appreciation potential.

January 31 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 January 31, 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 Jeffrey Zicherman, Sales Associate at 416-597-8508 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.