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Dear Partners and Friends:

The year 2009 started poorly for the stock market with most major stock market averages off mid to high single digits amidst continuing news of a recessionary economy. Despite these difficult market conditions Northern Rivers' funds held up relatively well, with the Northern Rivers Global Energy Fund LP (Energy Fund) up 0.48% during the month, and the Northern Rivers Conservative Growth Fund LP (Growth Fund) down 2.18%.

**Average Annual Returns to January 31, 2009\***

	2009 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	3 Yr.	Inception**
<b>Northern Rivers Global Energy Fund LP</b>	0.48%	0.48%	-17.88%	-52.00%	-49.67%	-13.54%	-8.47%
<b>Northern Rivers Conservative Growth Fund LP</b>	-2.18%	-2.18%	-4.26%	-35.10%	-40.13%	-6.33%	-0.98%

\*\*Inception date: Nov. 1, 2005

**What happened in January?**

Global stock markets fell during January as economic news continued to be gloomy with shrinking GDP, falling sales, and increasing unemployment. In response, central banks around the world continued to loosen monetary supply while governments announced increased spending measures. The new U.S. administration came into office amidst considerable optimism and with plans for significant economic stimulus. Some signs of a credit thaw started to appear in the markets – new bond issues were done, and LIBOR and TED spreads fell.

**Northern Rivers Global Energy Fund LP**

The Energy Fund was up 0.48% in January despite the general decline in energy markets during the month. Performance was helped as a number of stocks that had been under extreme tax loss selling pressure in December rebounded nicely, which offset the general downdraft in energy markets. As previously mentioned, Niko, one of our top holdings, had fallen in sympathy with energy prices despite having relatively constant sales prices for a majority of their production. Finally, in January we saw the market start to recognize this fact and the stock rebounded almost 20%.

Oil finished down 7% on the month at \$41, but the first signs of some stability seem to be appearing as the market has rebounded off its low of \$33 in early December. That being said, we do expect another drop to the \$30 range as oil inventories continue to climb and the combination of declines and OPEC shut-ins is not yet at the point of stabilizing the short-term supply-demand

balance. Since OPEC started cutting production last summer, the compliance with cuts has been better than most pundits had expected and it is becoming more believable that OPEC will continue to cut until the market is in balance later this year. This is driving a steep contango (oil futures prices are higher than spot prices) in the oil futures market, which is a good indicator of where the medium-term price is headed (higher).

On the natural gas side of the market, things continued to look very difficult. Natural gas prices fell another 22% in January to \$4.41 as evidence emerged that industrial demand had fallen in North America adding a new concern to the supply-demand balance. Natural gas is now trading at its lowest level since 2002 (except for a few days in September 2006 when it dropped to \$4.20) and we are seeing signs that the inevitable supply correction will soon be underway. Drilling rigs, which have been very active over the last several years, are now being idled at a record pace as the economics for drilling for new gas wells is no longer positive in many areas. Once we see enough slowdown in drilling it is only a matter of time before we start to see an upturn in North American gas prices. North American gas wells generally have very high decline rates, so that overall gas supply is quite dependent on a high drilling rate to maintain or grow gas production. We believe we will start to see the first signs of supply starting to fall behind demand in the fall of 2009, which will trigger a reversal in gas prices.

January was a relatively quiet month on the portfolio front. We took advantage of share price strength to trim some positions and raise cash. We also added a number of short positions where we saw good opportunities to profit from overvalued situations. Cash was the largest position at the end of the month, representing 34% of the portfolio.

To summarize, very bullish long-term drivers for the energy sector continue to be in place. Short-term, we are continuing to see choppy conditions as a result of short-term oversupply situations. We think the outlook for the fund is compelling and look forward to good results to come in our energy squeezed world.

### **Northern Rivers Conservative Growth Fund LP**

The Growth Fund was held back by generally poor markets in January and saw a slight drop of 2.18%. While it was satisfying to beat the general markets, it was frustrating to see any loss at all, particularly as a number of holdings meandered slightly downward on the general market gloom despite no company specific issues. On the positive side, we were happy to see a third consecutive month of relative outperformance versus North American markets and we believe the portfolio is now well positioned for continued good returns going forward. As with the Energy Fund, the most rewarding stock for the month was Niko Resources, which rose almost 20% and helped offset much of the general downdraft.

A new holding was added to the portfolio during the month, Energy Savings Income Fund. Energy Savings is North America's leading independent marketer of long-term natural gas and electricity contracts to the residential and small and medium business sectors. Energy Savings was started in the 1990's in Ontario and grew to be Ontario's largest independent marketer and they are now expanding every year into new geographic regions. This is a great free cash flow generating business that pays a nice dividend (over 13% at the time of purchase) and is trading at under eight times earnings. Energy Savings should continue to grow in future years as they roll into new geographical areas and consolidate weaker competitors that are struggling in this tough economy.

The portfolio maintains its balanced approach. No one sector represents more than 20% of the portfolio with the top sector weightings being technology at 17%, followed by healthcare at 12% and industrials at 10%. Cash has risen to 32% of the portfolio as a result of a number of sales. We are taking our time redeploying the cash into the market as the quarterly reporting season has been weak and we expect continued volatility and even better buying opportunities over the next several months.

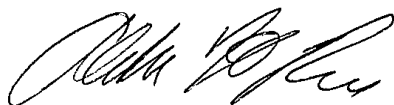
We believe the relative outperformance we have seen by the portfolio over the last three months is a good indicator that the market is finally starting to recognize the undervaluation in our holdings. So, while we expect the economy to struggle in the year ahead, we believe we will make good returns with our portfolio investments.

### **February 27th 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 February 27, 2009. The Northern Rivers Conservative Growth 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 or Robyn Graham, Vice President Sales & Marketing 416-597-3890 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.