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Dear Partners and Friends:

In January the market gave up all of its December gains and then some. Both the Northern Rivers Global Energy Fund LP (Energy Fund) and the Northern Rivers Conservative Growth Fund LP (Growth Fund) were down during the month. The Energy Fund was down 7.13% and the Growth Fund was down 10.32%.

Average Annual Returns to January 31, 2008*

	2008 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	2 Yr.	Inception**
Northern Rivers Global Energy Fund LP	-7.13%	-7.13%	-10.01%	-6.57%	14.23%	13.31%	19.36%
Northern Rivers Conservative Growth Fund LP	-10.32%	-10.32%	-9.24%	-9.22%	-2.83%	17.17%	23.81%

**Inception date: Nov. 1, 2005

Northern Rivers Global Energy Fund LP

Both the fund and broader energy markets dropped comparable amounts in January as the market panic over a weakening US economy turned to fear that this would translate into plummeting commodity prices and erode energy share values. In this difficult market environment, nine of the fund's top ten holdings were flat or down in January. Our top holding in the fund, ZCL Composites declined 15% during the month. Despite the panic, oil, gas, and uranium prices remained at very attractive levels for investment in the sector.

January's results reflect the general market panic rather than any meaningful fundamental developments for our holdings and as such, the structure of the portfolio has not changed significantly. The monthly results, while volatile, hide even more violent intra-month moves by many of the positions in the portfolio as market panic caused many small cap holdings with less liquidity to move by as much as 50% intra-month. This fact demonstrates the irrationality of the market during January, as people made poor trading decisions based on emotion, rather than understanding the intrinsic values of the companies they hold. It is in just this type of market that we are excited by the opportunity to add to core positions that have been beaten up by emotional traders.

A good example of this was our top holding in the fund, ZCL Composites. ZCL started the year trading at \$10.80 per share. As the January correction progressed into the 3rd week of the month, the stock traded down as low as \$6.65 (a stunning 38.5% correction in our largest holding in the fund in only three weeks). This was despite the lack of any news outside of a

weakening US economy which although likely in recession, is clearly setting up to leave 2008 on a positive note as the central banks and governments intervene with both fiscal and monetary stimulus. As this is a core holding in a company that has a sustainable competitive advantage (ZCL is the low cost provider in its industry due to a patented technology), we took advantage of the weakness to add to our position. As the market panic subsided towards the end of January, we saw a solid rebound of the stock back up to \$9.20 per share (still down 15% on the month, but up 30% from the \$7.00 point where we added to our position.)

ZCL's price movement certainly affected the fund's performance for the month, but it illustrates a much more important point in equity investing. Equity markets can be extremely inefficient in pricing securities for the short term (periods of less than one year), while they tend to be very efficient over the very long term (greater than five years). Too many investors and portfolio managers believe that they can generate superior investment returns over the long-term, while completely avoiding short-term pullbacks. This is a delusional belief. Northern Rivers' managers understand that investing is just that, investing and not speculating. By taking this view, and taking advantage of the panics that occur from time to time, we can continue to build long-term value for our investors. This is what we have done by adding to our ZCL position this month when other speculators decided that the risk of holding a company that is growing in excess of 20% per year and trading at a single digit multiple of earnings three years out was too much for them. Knowing this company well, I believe the sellers have made a very large mistake and I was more than happy to exchange your cash for a larger ownership position in the company. I believe this move will bear fruit for our portfolios over the next three years.

In my comments, I have zeroed in on our largest holding, but this is typical of the behaviour we saw during January, especially among small cap stocks. The overall portfolio continues to show very attractive fundamentals and we expect to see good returns coming from our holdings over the coming years. We continue to be relatively fully invested as the fundamentals in the energy industry continue to look excellent and we continue to find undervalued securities.

Northern Rivers Conservative Growth Fund LP

The fund dropped in January in sympathy with the broader equity markets as continuing weak economic results emanating from the US caused a substantial correction in the markets. The portfolio showed frustratingly weak performance as every one of our top ten holdings declined during the month. This reflects the irrationality of the market during January, especially with respect to many smaller capitalization issues with lesser liquidity. Of particular interest was how some compellingly undervalued mid cap stocks were unfairly penalized during January despite continued excellent results coming from many of these companies.

As in the Energy Fund, our top Growth Fund holding continues to be ZCL composites and I have taken advantage of panic on the part of undisciplined investors to add to this compelling position in this portfolio as well. Our second largest holding in the fund, Westjet, also experienced similar volatility, despite continuing to report outstanding results and trading at a substantial discount to intrinsic value. I have had some investors question why I would invest in an industry that in 95% of circumstances destroys shareholder value and it is an excellent question. Our investment approach on Westjet is the same as we use on any investment. We

look for companies that do something better or are the best at what they do in any industry that translates into building of shareholder value over the long-term.

Westjet was a company started in Calgary in the mid 1990's that took the only proven shareholder value building model in the airline industry (Southwest Airlines) and improved upon it. There are presently only three airline companies in the world that I would consider investing in, and all employ similar shareholder value-building strategies; Westjet, Southwest Airlines in the US, and Ryanair in Europe. These are what I consider growth cyclical companies, companies that will not grow their earnings each and every year, but which consistently build value for shareholders. Every other airline I have looked at has some flaw in their strategy that dooms them to bankruptcy or near bankruptcy at some point in a downturn. The three airlines I mention above are positioned to take advantage of their competitors' difficulties over time due to their low-cost provider position. It is just this positioning that has allowed Westjet to return investors in its 1999 IPO a return of over 400%.

So with the mass media hysteria in January over the fact that the US is likely already in a mild recession, undisciplined investors not understanding the intrinsic value of Westjet, chose to push the sell button on the stock during the month, driving the stock down some 18% from its December 31st close. As with ZCL, the intra-month volatility was even larger, showing a 27% decline at one point, allowing us to take advantage of another panic to add to a compellingly undervalued company. At the end of January, Westjet was trading at under 10X 2009 expected earnings, a significant discount to comparables: Southwest at 16X 09 eps and Ryanair at 13X 09eps. This is despite superior competitive dynamics in Canada, where Westjet has only one competitor compared to the multiple combatants in the US and Europe. This has added significant unitholder value for our fund over the last two years (up 73%) and we expect to see additional gains added in future years. As with ZCL, knowing our companies well and taking advantage of other market participants' panicked decisions will allow us to continue to build value for unitholders. This stance has been substantiated so far in February, with the stock rising more than 10% as continued outstanding results come from the company.

I have taken up most of this letter discussing two key holdings in the fund and not talking much about the macro picture. I will address it very briefly now and add more in next month's letter. We continue to monitor the developments in the US economy very closely. We believe the US economy is already in a shallow recession, but that the building blocks for a recovery are now being put in place. The most important of these was the decisive Federal Reserve action in the last half of January to cut rates significantly. The media and markets were starting to build up a bit of hysteria over the weakening economic conditions in the US. The strong Fed action, followed by what we think will be further interest rate cuts over the first half of 2008, will put the economy back on a solid footing to exit the year. As financial markets look forward and not backward, we expect the general markets to continue to move in a sideways fashion for the first half of the year and then start to move forward in the latter part of the year.

We believe the strategy we have mapped out for the Growth Fund, along with continued strong progress from many of our existing holdings provides a very positive outlook for continued good returns from the fund. We believe present market weakness is creating great long-term investment opportunities in a number of specific situations. As I have strong conviction for the appreciation potential of the portfolio, I will be adding to my holdings in the mandate this month. I encourage all of you to join us in investing in the fund.

February 29th Next LP Closing

The next closing for the Northern Rivers Global Energy Fund LP and the Northern Rivers Conservative Growth Fund LP is February 29, 2008. The Innovation RSP Fund also remains open to both registered and non-registered investment. Please also ask us about our two new mutual funds, managed by my colleague, Hugh Cleland and me.

As always, my colleagues and I will make ourselves available for meetings with interested parties. Please contact Robyn Graham, Vice President Sales & Marketing or Jeffrey Zicherman, Sales Associate for more information or to set up an appointment, or call 416-597-1226 to speak with any one of us concerning the specific funds we manage.

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 returns are the simple rates of return (YTD, 1 month, 3 month, 6 month, and 1 year) or the historical annual compounded total returns (2 year and since inception). All returns are net of fees. Rates of return shown 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.