



Northern Rivers Funds
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August 9, 2010

Dear Partners and Friends:

July was a positive month for the funds. The Northern Rivers Global Energy Fund LP (“Energy Fund”) rose 3.64% in July, while the Northern Rivers Conservative Growth Fund LP (“Growth Fund”) rose 3.44% last month.

	Average Annual Returns to July 31, 2010*						
	2010 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	3 Yr.	Inception**
Northern Rivers Global Energy Fund LP	0.58%	3.64%	-10.35%	-0.92%	29.47%	-13.45%	0.70%
Northern Rivers Conservative Growth Fund LP	-0.28%	3.44%	-7.30%	2.11%	18.38%	-11.08%	4.66%

**Inception date: Nov. 1, 2005

What happened in July?

July saw the commencement of 2nd quarter reporting season for companies. As we expected, corporate earnings are coming through strongly, causing short-term investors to switch from their selling frenzy in June and return to focusing on the inexpensive valuations among some parts of the market

Outlook for balance of 2010?

Our outlook is unchanged from last month, the global economy will continue to recover and with it corporate profits and the markets. The risk of a double dip recession in Europe has increased, but globally current expansion will continue. The economy is expanding, unemployment is slowly declining, and valuations of many stocks are attractive. 2010 will see markets rise moderately, but security selection will be much more important than last year in order to attain attractive returns.

We will likely see an ongoing see-saw in the near-term between the economic recovery that is occurring and the government debt problems. With the May-June correction in stocks, the return outlook for our portfolios for the balance of the year is even more attractive at this time.

Northern Rivers Global Energy Fund LP

The energy fund had a solid month, rising 3.64%. Fund performance was driven by positive performance from 60% of our portfolio and more specifically, by a big gain from our top 10 holding in Canadian Spirit Resources.

The highlight of the month was the 58% gain in the stock of Canadian Spirit Resources. Spirit is likely a stock many have never heard of, but we expect more people will become aware of this

company over the coming year. Canadian Spirit is a small cap natural gas exploration company that possesses some very valuable land in the growing Montney natural gas resource play. Spirit has been quietly starting to drill up some of its resource laden land in northeast British Columbia, and the market is just now starting to notice the large discount to intrinsic value that this name presents. We expect Spirit will continue to prove up its large resource base over the coming year, which will help to narrow its discount valuation in the market.

Canadian Spirit is a good example of the type of natural gas company that we are willing to invest in, in this period of low natural gas prices. This well-managed company has always maintained a clean balance sheet and is very picky about allocating shareholders capital. It will only deploy capital where it sees high returns on capital even in times of weak gas prices. The company has continued to move forward over the last 3 years in a “big company” play like the Montney through very carefully selected partnerships and picky allocation of capital. We look forward to good results over the coming year.

Natural Gas continued to hover in the \$4-5 range, closing the month at \$4.92. We continue to see natural gas in a relatively weak range for the near to medium term. In view of this pricing outlook and the fact most investors are factoring in higher price expectations in their valuation of most gas producers, we continue to have a very low weighting in gas producers. The few gas holdings we do own have been overlooked in the market, but have some of the best low-cost gas development costs available (Canadian Spirit is a good example of this).

The oil market rose 4% in July to the high \$70's. Continued evidence that global oil consumption has resumed its growth trajectory even with a muted economic recovery is keeping oil well supported at the \$65-70 level, and we expect oil market stability to continue, allowing western producers with attractive oil plays to continue to allocate capital profitably for shareholders. We continue to invest in companies with good oil projects.

We remain fully invested with the focus on identifying overlooked situations like Canadian Spirit. We have increased our weighting in select oil service companies that the market has overlooked. 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 solid month rising 3.44%. Fund performance was driven by positive performance from 70% of the portfolio and most specifically from Canadian Spirit and our #1 holding Philip Morris International, which rose over 10% in July on the back of an excellent quarter, which is driving new investors to buy this undervalued free cash flow machine.

The portfolio retains its balanced approach. No one sector represents more than 26% of the portfolio with the top sector weightings being energy at 21%, followed by technology and consumer staples. The current volatility is providing us with opportunities to add to positions at compelling valuation

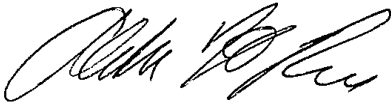
and we are adding some new positions. We remain fully invested and look for good performance to come from the portfolio.

August 31st 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 August 31st, 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 James Wanstall at 416-985-6897 or Christine Bates at 416-597-3257 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.