Northern Rivers Capital Management Inc.
Royal Bank Plaza
North Tower, Suite 2000
200 Bay Street, PO Box 66
Toronto, Ontario
M5J 2J2 Canada

Tel: 416.597.1226
Fax: 416.597.8926

April 17, 2009

Dear Partners and Friends:

March finally saw the first signs that the stock market was not headed to zero, with a strong rally off the March 6, 2009 thirteen year lows. After a brutal drop during the first week of March, markets rebounded to finish up on the month. Reflecting our defensive positioning in the funds, the Northern Rivers Global Energy Fund LP (Energy Fund) down 1.81% during the month, and the Northern Rivers Conservative Growth Fund LP (Growth Fund) finished basically flat (-0.01%).

	Average Annual Returns to March 31, 2009*						
	2009 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	3 Yr.	Inception**
Northern Rivers Global Energy Fund LP	-6.68%	-1.81%	-6.68%	-40.72%	-53.51%	-15.94%	-10.05%
Northern Rivers Conservative Growth Fund LP	-5.78%	-0.01%	-5.78%	-26.69%	-40.89%	-9.52%	-2.01%

**Inception date: Nov. 1, 2005

What happened in March?

March was a month of extreme contrast. The S&P 500 hit a low of 666, down some 57% from its peak just 17 months ago! Following this panic sell off, we saw a major rebound, with markets rallying strongly for the remainder of the month and the S&P 500 finishing up 8% on the month, but still down 11% for the first quarter of 2009.

Very early signs of some economic stabilization are starting to appear. Governments and central banks around the world are continuing to flood economies with both monetary and fiscal stimulus with a determination that seems to be disarming the promoters of depression scenarios. The rate of contraction in the economy appears to be decelerating. The ISM (Institute of Supply Chain Manufacturers) index was up in March for the third month in a row, a positive signal. Indications from several major U.S. financial institutions that the first quarter of 2009 was looking to be more profitable than expectations seemed to ignite the rally. These early signs of potential stabilization are starting to offset the gloom surrounding the first quarter’s falling GDP, profitability, and unemployment.

Northern Rivers Global Energy Fund LP

The Energy Fund was down 1.81% on the month reflecting a split in performance in our portfolio holdings during the month. We saw losses on our short positions and several non-core positions, which offset some solid gains from a few of our core positions such as Corrridor and Niko. We sold off one of our privates, Tourmaline Energy, during the month, realizing a nice 21% profit in the six months we held this position. Our cautious positioning, which had been beneficial over the previous four months, penalized relative performance as the equity markets rewarded riskier investments during the month.

Oil prices climbed 11% during March to $49 per barrel, despite continuing builds in oil inventories globally. Traders during the month seemed to start to focus on the relatively good OPEC quota compliance and strong long-term oil market fundamentals, even though demand has continued to drop and inventories are continuing to build. The upside move this month just underlies how tricky it is to play the commodity markets short term. Short-term drivers indicate oil should be going back under $40, while long-term drivers indicate oil should be heading higher.

Natural gas prices dropped yet again to a new seven year low of $3.63 per mmBtu. Unlike the oil market where there is the potential for substantial production cuts from OPEC solving the short-term supply problem, low gas prices will only be solved by a sustained period of low gas prices. The early elements of a solution to a gas rebound are beginning to form, with gas-directed drilling in North America dropping quickly now. It will, however, take a bit of time for the short-term supply glut to be solved by production declines after the boom in U.S. gas drilling last year. Expect gas prices to drop further this spring and summer, before starting to rebound next winter.

Recently, we received a number of questions from investors regarding our investment in Gastem Inc., which was a major position in the Energy Fund and Northern Rivers Innovation Fund LP and a smaller position in the other funds. As both Hugh and I discussed in a number of our letters last year, our due diligence indicates that Gastem, along with partner Forest Oil, have discovered North America’s next producing natural gas basin in the St. Lawrence lowlands of Quebec. The Utica shale has shown all the necessary exploration results so far typical of a major new tight gas resource play. All wells drilled by Gastem, Forest, and others in the last two years have shown natural gas production of varying amounts on well tests.

Recently, Gastem shares fell all the way to $0.20 per share. The drop from last summer’s highs is due to a number of factors. First and foremost, almost all equities have been hammered in the last year especially those of early stage natural gas companies with no current production. Secondly, natural gas companies in general have been hammered as the price of natural gas has fallen by over 70% from last July’s $13 price to today’s price around $3.60. Even gas giant, Encana, fell by over 50% despite their massive cash flows. Thirdly, recent results from wells announced by Forest at the end of February were not as good as expected, but both companies continue to believe this will be a major producing basin generating superior returns for shareholders.

Our investment in Gastem has resulted in added value for our unit holders over the last two years. While, the investment hurt our returns in the last ten months, it substantially boosted our returns in the first year of our investment and now in the last month has again started to contribute positively again. Cumulatively over the last two years, even factoring in recent losses on the investment, Gastem has boosted the Energy Fund’s returns significantly due to the profits we took last spring when the stock rose to over $3.00 per share. Going forward, we believe future exploration and development activity in Quebec, New York State, and the Magdalen islands will surface the unrealized value in this company and generate more value for our unit holders.

Going into April, the Energy Fund is fairly defensively positioned as a result of our very negative outlook for the natural gas markets and stocks over the next six months and with a somewhat mixed outlook for oil prices and oil stocks. The fund is carrying a substantial cash position and a fairly significant mix of short positions. We are looking for continuing choppy energy markets until at least the fourth quarter and believe we are appropriately positioned. Longer-term, the energy markets are setting themselves up for a strong rally to occur at some point in the next year. We think the outlook for the fund is compelling and look forward to good results to come.

Northern Rivers Conservative Growth Fund LP

The Growth Fund was flat in March as solid gains from seven of our top ten holdings were held back by some losses on a few short positions and some non-core positions. The Fund has been relatively defensively positioned which had benefited us over the last four months, but this month meant we lagged the market rebound. The biggest win for the Fund during the month came from top ten holding, Descartes Systems, which gained over 30% on the back of solid results in 2008 and a good balance sheet.

During March we welcomed a new top ten holding to the portfolio, Coca Cola. Coke is a company we have always admired, having one of the most valuable consumer franchises in the world with a global reach. Until March, however, we had never owned the stock always finding the valuation to be too much and factoring in too many years of future value creation. Recently, the stock dipped to the lowest valuation levels in twenty years and is now trading at just thirteen times earnings, and almost a 4% dividend yield. We believe at these levels, this world class franchise is substantially undervalued! Meanwhile a solid dividend yield and share repurchase program pay us to wait.

The addition of Coke and a few other portfolio changes have now changed the sector composition of the portfolio significantly, with the top three sectors now being Technology at 16%, Healthcare at 13%, and Consumer Staples at 10%. After the large run in the gold sector over the last five months and with a negative outlook for the next six months, we have sold down our gold position to less than 1%. As of March 31 we had a 33% net cash position, positioning us to take advantage of the choppy equity markets we expect over the coming six months. We look forward to some good returns from the portfolio over the coming year.

April 30 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 April 30, 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.