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Dear Partners and Friends:

September was an excellent month for both funds, with the Northern Rivers Global Energy Fund LP (the Energy Fund) up 3.08% and the Northern Rivers Conservative Growth Fund LP (the Growth Fund) up 7.40%.

**Average Annual Returns\* to September 30, 2007**

	2007 YTD	1 mo.	3 mo.	6 mo.	1 Yr.	Inception**
<b>Northern Rivers Global Energy Fund LP</b>	<b>24.71%</b>	<b>3.08%</b>	<b>1.28%</b>	<b>7.87%</b>	<b>37.93%</b>	<b>25.02%</b>
<b>Northern Rivers Conservative Growth Fund LP</b>	<b>8.91%</b>	<b>7.40%</b>	<b>-3.00%</b>	<b>-0.46%</b>	<b>31.44%</b>	<b>32.47%</b>

\*\*Inception date: November 1, 2005

**Northern Rivers Global Energy Fund LP**

The Energy Fund had a good month led by its oil weighted holdings and a rebound from a number of stocks that had been unnecessarily discounted in August. This was offset somewhat by a continued pullback in most of the gas weighted holdings.

Recently, the most interesting aspect of energy markets has been the specter of crude oil prices hitting new all time high levels. Mid-way into October, crude has hit a new all time high of \$86 per barrel. This is up some 70% from the level of just mid-January. Clearly, new all time highs for crude oil are a good thing for producers of black gold. This fact seems to be occurring with very little attention by the general public and underlies just why we think the Northern Rivers Global Energy Fund LP is an essential holding for all our partners. While the general US economy is weakening with the real estate slowdown, many oil skeptics have been afraid to invest in energy markets under the belief that they would melt down with weakening demand. These skeptics are missing the fact that the long-term global oil supply situation is as tight as it ever has been in history. We continue to recommend a strong allocation to the Energy Fund as a great way to get exposure to this important revaluation occurring in the global energy markets.

Given what I believe are great future prospects for the Energy Fund, I personally increased my investment at the fund's September closing. We believe insider buying in both companies and funds is an excellent way for investors to take signals from the people that are running these entities as to opportune times to invest in the funds and we hope you interpret our actions similarly. The overall portfolio continues to be fully invested, as we see many good investment opportunities and are very comfortable with adding to our core positions.

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

The Growth Fund had an excellent month in September due primarily to a big rebound in many of the small cap names that were marked down in August. This was offset somewhat by a pullback in the value in Canadian dollars of our foreign holdings.

The biggest story of the month was that the world economy and financial markets were indeed not coming to an end as some investors had feared in August. The general markets rebounded strongly in September, which was rewarding for Northern Rivers unit holders as we believed that August was indeed a correction and not the beginning of a bear market. This has been re-affirmed in October, with some market indices hitting new all time highs. While the US economy remains a continuing concern for us, it is just that at this point, i.e. a concern and not a panic. The US Federal Reserve's recent 50 basis point cut has reassured investors that new fed governor Bernanke is indeed on top of the situation and will take appropriate action when he sees fit. We continue to monitor economic developments closely to ensure we have the proper macro overlay for our portfolios.

The biggest impact during the month was the continued rapid ascent of the Canadian dollar and the rapid descent of the US dollar. While the fundamentals of both countries' current account situations (Canada running a big surplus, while the US runs a big deficit) definitely supports the direction of the currency moves, the size of the moves has been breathtaking. In September alone, the Canadian dollar rose some 6%, bringing the year-to-date appreciation of the Canadian dollar relative to the US dollar to 17%. This brings the total appreciation of the Canadian dollar to 62% since its all time low of just 62 cents in January 2002.

This ascent of the Canadian dollar has been mostly great for investors in Canadian equities over the last five years and bad for investors in US dollar denominated securities. In fact, despite an excellent one year return in the Growth Fund of over 31%, our investment in US denominated securities has actually reduced our returns by over 3%. Fortunately, we have been running the portfolio at the low end of our foreign weighting with a little less than 20% of the portfolio outside of Canadian securities, which has mitigated the downside effect for the Growth Fund. Going forward, however, despite a continuing bullish story for Canada as a whole, we think the largest part of the Canadian dollar appreciation is behind us and that we are likely to see the currency effect on Canada at least stabilize, if not

reverse somewhat in coming years. We are now actively looking for more foreign exposure for the Growth Fund's portfolio.

As with the Energy Fund, I have recently increased my investment in the strategy by making a substantial purchase of our recently launched Northern Rivers Conservative Growth mutual fund. Again, we think insider buying is a good indicator of when to invest and would urge you to join us in investing in the strategy. The portfolio continues to be fully invested and we continue to find more good investment opportunities.

### **October 31st Next LP Closing**

The next closing for the Northern Rivers Conservative Growth Fund LP and Northern Rivers Global Energy Fund LP is October 31, 2007. The Innovation RSP Fund also remains open to both registered and non-registered investment. Please also ask us about our two new mutual funds, information on which will be sent to you under a separate communication.

As always, my colleagues and I will make ourselves available for meetings with interested parties. Please contact Robyn Graham, Vice President Sales & Marketing or Saree Ghosh, Sales & Marketing 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 (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.