NR CONSERVATIVE GROWTH FUND LP

FEBRUARY 2022

February was another good month for the conservative growth LP. The fund rose 2.68% during February, bringing the return over the last 1 year to 39.64%. February was much stronger than the general markets which saw most of the world's markets down and stronger than the broader Canadian market which saw a relatively flat TSX index. Strong returns in February were attained thanks to our positive returns from the vast majority positions with only a very few holdings falling during the month. Strongest returns came from our holdings in Baytex Energy and Vermillion Resources, both of which gained over 20% during the month.

RUSSIA INVADES UKRAINE

The biggest development during February was clearly the invasion of Ukraine by Russia. This shocking and alarming event understandably caused a pullback in most financial markets in the latter parts of the month. While we are in the early days of Russia's aggression and the Western World's response, the initial implications for the broader economy are negative and likely to add significant volatility to the financial markets over the year to come.

The West's initial response has been to start with economic sanctions against Russia & Putin's thugs and starting to supply weapons to the Ukrainians. The west has stopped short of active intervention in the conflict in order to avoid broadening the conflict into a broader European war. Mr. Putin so far seems undeterred by this response, but the stronger than expected resistance by the Ukrainians and broad-based economic sanctions seems to have taken him somewhat by surprise. We will be watching developments closely in coming days.

RUSSIA IS THE WORLD'S 2ND LARGEST EXPORTER OF OIL

While this invasion is likely to affect most everyone to some extent, the largest economic effect will likely be seen in the energy sector, where Russia produces 11% of global oil supply and is the 2nd largest exporter to the world markets. Despite our efforts to green the economy and wean ourselves off dependence on this vital engine of the modern economy the fact is the global economy and our high standard of living continues to run primarily on oil.

The global demand curve for oil is very inelastic in the short term (less than 2-3 years) as there are very few alternatives for industry and consumers to switch away from oil consumption. If industry wants to produce goods it needs energy to do so, for goods to move energy must be used to move it, if consumers want to move they need energy to do so. Historically, small shortfalls in supply of oil have caused rapid upward moves in oil prices as we witnessed during a series of oil shortages in the 1970s that caused not only rapidly rising prices, but also lineups just to secure supply for consumers (something that only people over 60 can remember).

Thanks to a historically long period of peace and technology development over the last 50 years we have experienced an unparalleled period of prosperity and security of supply. This invasion by Russia threatens that stability. While there is discussion of cutting off Russian exports of oil, the reality of such a move in the short term is disturbing. Russia produces 11% of global supply, but only consumes 4% itself, meaning 7% (about 7 million barrels per day) of global consumption by other countries comes from Russia.

In order to continue to power the modern economies, the energy must continue to flow to feed their thirst. Should Russian exports disappear from markets, other producers would have to discover a way to find, develop, and bring to market an additional 7 million barrels per day of oil production. While a very few countries (Saudi Arabia, Iraq, UAE, Iran) may have as much as 3-4 million barrels per day of deliverability capability which could be returned to market in relatively short order (3-6 months), historic global political frictions may make securing these barrels harder than the average person may realize. So even if these reserves are brought back into production in short order, the world would still be faced with a substantial 3-4 million barrel per day shortfall in oil supply.

Additionally, bringing new production to market takes many years and $100's of Billion of dollars to develop and must be done in the face of an environmental movement that has become increasingly violent towards the development of any reserves in most western democracies. To practically ban Russian oil imports will require a massive coordinated effort by the rest of the world in order to restart the oil exploration efforts of the oil industry. Oil exploration has been hugely scaled back over the last 10 years as low prices, supply complacency, and environmental activism dictated reduced exploration and development by oil and gas companies.

It is just this realization that is starting to creep into the market as we move into March. Oil prices finished 2021 around $75 per barrel, but were already climbing as the investors were starting to realize that consumption was outpacing supply before the Russian invasion commenced. By late February, oil prices had climbed to $95 per barrel. As of March 4th, the oil price has now climbed to $115 per barrel as investors start to realize that we are likely into a period of incredibly tight supply relative to demand and that the possibility exists that for the first time since the 1970's some oil importers could be facing rationing.

HOW IS THE FUND POSITIONED FOR THIS LATEST DEVELOPMENT?

Fortunately, the growth fund is well positioned to do well in this rapidly changing environment we are seeing today. The fund's largest single sector exposure is energy, where we own a number of very profitable quality oil and gas producers with record strong balance sheets and that are currently reporting 4th quarter results that are excellent, with better results coming in 2022. With current oil and gas prices, that could go even higher, these companies are set to produce record revenues, cash flows, profits, dividends, and share buybacks for their shareholders in 2022. Yet, these very stocks continue to be undervalued by the market as many investors continue to avoid the sector after a decade of tough returns that the industry faced before 2021 and they don't realize just how much money many of these companies are going to make in the coming years.

Outside of energy, the fund is also well placed by owning stocks that are generally not as sensitive to movements in the general economy, that have specific competitive advantages that enable the companies to take advantage of any weakness that may occur in the economy. The fund's disciplined strategy of only holding superior companies that trade at discounts to their intrinsic values is now paying off as we did not chase the go-go profitless growth companies that inspired so much media attention in the last few year and now populate many investors portfolios.

We look for the general markets to experience increasing volatility this year as a result of the Russian attack. We too may experience a bit of volatility, but given the fundamental outlook for the companies we own, even after considering Russia's moves, we are posed to profit in the coming periods.

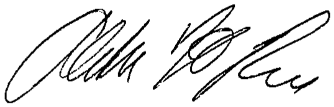
ADDITIONAL INSIDER BUYING IN FEBRUARY

February continued to see insider buying at a number of our portfolio holdings. During the month, we saw corporate insiders at ECN Capital, Whitecap Resources, Tamarack Valley, and Capital Power buying stock in their own companies as they see the same substantial upside opportunity that we do. Buying of stock by insiders at our companies is just one more point of support for the value opportunity of our holdings, as these are the very people that know their businesses best.

March 31st… Next LP Closing

The next closing for the NR Conservative Growth Fund LP is March 31st, 2022. Please feel free to contact Daria Krikun at 416-364-8591 or Aaron Sniderman at 416-847-3979 for more information or to set up an appointment, or call 416-323-0477 to speak with any one of us directly concerning the Conservative Growth LP. Our toll free number is 1-877-327-6048.

Warmest regards,



Alex Ruus, CFA, MBA, P. Eng

Portfolio Manager
Arrow Capital Management Inc.

Commissions, trailing commissions, management fees, performance fees, and expenses all may be associated with investment funds. Please read the offering memorandum before investing. Any 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 Northern Rivers Global Energy Fund LP and the Northern Rivers Conservative Growth Fund LP 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.

This document is not to be construed as a public offering of securities in any jurisdiction in Canada. Offering of units in the L.P. are made pursuant to the Confidential Offering Memorandum (offering memorandum) only to those investors in all jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about the L.P. including the L.P.'s fundamental investment objective, is contained in the offering memorandum, a copy of which may be obtained from Arrow Capital Management Inc. Please read the offering memorandum carefully before investing. The information and materials in this document are for informational purposes only. They are not intended as investment, financial or other advice. The information included in this document is not an offer to sell. While the information and material in this document are believed to be accurate at the time they are prepared, Arrow Capital Management Inc. (and its affiliates, subsidiaries or sub-advisors) cannot give any assurance that they are accurate, complete or current at all times. Past returns are not necessarily indicative of future performance. Actual results will vary. This document is confidential and is intended solely for the information of the person to which it has been delivered.