Rival North American Growth Fund LP
Rival North American RRSP Growth Fund

Rival Capital Management Inc.

Monthly Summary for December 2012

Monthly Performance (%) Net of All Fees

Year	Fund	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	Rival North American Growth Fund	-0.22	0.20	-2.52	-0.36	-5.80	0.67	-0.35	0.12	3.57	-0.57	0.45	2.93	**-2.17%**
2011	Rival North American Growth Fund	-5.65	1.63	-3.84	-6.36	-1.06	-3.82	3.20	-7.68	-5.69	0.53	-5.16	-4.64	**-32.87%**
2010	Rival North American Growth Fund	0.34	1.73	0.57	0.94	-4.09	1.10	-2.94	0.63	9.70	2.98	5.93	7.68	**26.47%**
2009	Rival North American Growth Fund	-3.51	-1.03	1.94	3.40	7.65	-1.89	-2.24	1.06	8.94	-1.39	0.97	3.75	**18.19%**
2008	Rival North American Growth Fund	-5.56	6.15	-5.99	1.83	9.10	-0.17	-6.67	-2.03	-5.39	-0.27	0.68	-0.71	**-9.85%**
2007	Rival North American Growth Fund				3.83	-0.17	-0.46	2.52	-2.16	2.99	3.40	-3.55	1.76	**8.18%**

Note: inception of the Rival North American RRSP Growth Fund was July 1, 2008; returns match those of the Rival North American Growth Fund since that date.

Company - Longs

Canfor Pulp Products Incorporated
JB Hunt Transport Services
Ainsworth Lumber Company Limted
Manitoba Telecom Services

Alphabetical order

Company - Shorts

iShares S&P/TSX GL Global Index
iShares S&P/TSX Capped Energy Fund
SPDR SER TR S&P MTLS & MNG ETF
SPDR S&P 500 ETF Trust

Net Asset Value (Rival North American Growth Fund)	**$9.57**
Net Asset Value (Rival North American RRSP Growth Fund)	**$8.47**
Annualized return since inception (April 1, 2007)	**-0.76%**
Performance since inception (April 1, 2007)	**-4.27%**
Highest monthly return	**9.70%**
Lowest monthly return	**-7.68%**

Your fund was up 2.93% in December.

Could December be a prelude to Canadian small cap out-performance in 2013?

Last month, we talked about lowering our exposure to US equities given the looming and unresolved fiscal cliff. We also stated that "we are coming out of a two year period of underperformance for equities versus most other asset classes". Small cap stocks have lagged the broader large cap market and it is our belief that after two years of underperformance, we are on the cusp of small cap out-performance. Our position on North American equity markets is straight forward and unchanged. On a fundamental basis, leading global indicators have been turning positive; European macro issues are stabilizing while their markets hit new highs; China continues to improve; and the increasing supply of reserves into the world's banking system continues to be very bullish for overall markets. From a technical perspective, many small cap equities have built attractive bases (support levels) over the last several months. If the broader markets breakout of their current trading ranges, it is our belief that because of these support levels, and attractive valuations, many North American small cap stocks would follow and significantly outperform the broader markets. That said, we will not get more bullish (above 75% net long) with your portfolio until the key resistance levels that we have talked about in the past are broken by the major indices. Any sustained break above the well noted 12500 level on the S&P/TSX Composite would leave us targeting 14200 or a 14% upside from current levels.

December saw strong out-performance not only from Canadian markets, but also from small cap stocks in North America. The S&P 500, DJIA and NASDAQ were up 0.91%, 0.60% and 0.31% respectively. North of the border we saw the S&P/TSX Composite up 1.95%, the S&P/TSX SmallCap Index up 2.40% and S&P/TSX Venture up 0.03%. In the US, all of the gains for the month came on the last trading day of the year. Had there not been a 1% rally, the US markets would have all finished in negative territory versus Canada's positive returns for December. Canada saw good strength from the financial sector both in December and for 2012 with the banks leading the way. Overall the financial sector accounted for 94% of the TSX gains in 2012. Being a small cap manager there were very few names that we could own to allow us to participate in that concentrated of a large cap rally. On the flip side, resource stocks were hardest hit in 2012 and our call to avoid this area, aside from a trading rally early in the year, helped us, especially in the latter part of 2012. As we stated last month, "near the end of November we began lowering our overall and US equity exposure given increasing volatility". We continued selling our US holdings in December and used the proceeds to purchase companies in the hardest hit areas (materials and energy) in anticipation of a Q1 rally. It is our belief that these sectors have lagged significantly and we are expecting a catch up rally. As a result, your fund exited 2012 with a 14.62% weighting in the energy sector and a 23.63% weighting in the materials sector, up significantly from last month. Our net position in US equities is now essentially neutral as we feel Canadian equities represent a much better opportunity over the next few months.

Although we are not satisfied with our overall returns this year we are very encouraged with how the latter half of 2012 has gone for your fund. We have managed to perform in-line with the TSX/S&P SmallCap Index while keeping a higher than normal cash level throughout the same period. Since July, we have been anywhere from 60% to 80% net long in your fund. This conservative stance was taken due to the macro headwinds that we have been discussing over the course of 2012. Nothing will give us more confidence in North American equities than less "breaking" European debt and US fiscal news. As we have stated previously, "as these global macro issues subside, investors will become more positive on equity markets as a whole and will be rewarded for owning good quality growth companies". It is our belief that reduced headline risk could be the catalyst for markets breaking out to the upside of their current trading ranges.

There are many reasons to be optimistic going into 2013. We expect that we are either in or entering a period of small cap outperformance. History shows that when small cap stocks are in favour, they tend to out-perform their larger cap peers for a significant period of time. Supporting our confidence and our goals for your fund is the performance of your fund over the last several months. In the last 7 months, your fund has out-performed its benchmarks and delivered a 6.93% absolute return. This has largely been due to our process which has put us in the right sectors but more importantly kept us out of underperforming ones for most of 2012.

We look towards 2013 with a sense of optimism and wish all of our clients and friends a very happy and prosperous New Year. As always, we thank you for your continued support.

Tony and Jim

Performance	1 month	3 month	6 month	1 year	YTD	3 YR CAGR	5 YR CAGR	Inception
Rival North American Growth Fund	2.93%	2.81%	6.23%	-2.17%	-2.17%	-6.00%	-2.42%	-4.27%
S&P/TSX SmallCap (Total Return)	2.40%	-2.00%	6.16%	-2.23%	-2.23%	3.35%	-0.46%	-6.48%
S&P/TSX Composite (Total Return)	1.95%	1.72%	8.86%	7.19%	7.19%	4.79%	0.81%	11.46%
Rival North American RRSP Growth Fund	2.93%	2.81%	6.23%	-2.17%	-2.17%	-6.00%	NA	-15.34%
S&P/TSX SmallCap (Total Return)	2.40%	-2.00%	6.16%	-2.23%	-2.23%	3.35%	-0.46%	-1.90%
S&P/TSX Composite (Total Return)	1.95%	1.72%	8.86%	7.19%	7.19%	4.79%	0.81%	-1.75%

Please Note: Comparisons to benchmark returns are for informational purposes only. Fund results may vary significantly. All fund returns are net of fees.

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