Capital Management Inc.

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

Monthly Summary for July 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						**-8.23%**
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

Agrium Incoporated
BB&T Corporation
Canadian REIT
Franco-Nevada Corporation

Alphabetical order

Company - Shorts

HSBC Holdings PLC
Imperial Oil Limited
Powershares QQQ Trust
West Fraser Timber Limited

Net Asset Value (Rival North American Growth Fund)	**$8.97**
Net Asset Value (Rival North American RRSP Growth Fund)	**$7.94**
Annualized return since inception (April 1, 2007)	**-2.00%**
Performance since inception (April 1, 2007)	**-10.21%**
Highest monthly return	**9.70%**
Lowest monthly return	**-7.68%**

Your fund was down 0.35% in July.

The global macroeconomic issues that we have been talking about all year (Europe and slowing Asian growth) continue to be the main headwinds and drivers in the markets today. However, periods of macroeconomic turbulence are the times when the patient investor gets rewarded. Although we do not know when the market will turn, what we do know from history is that when it does turn it will be faster than many expect. Before most investors begin to participate, the market could be up substantially and therefore, to be rewarded, investors need to remain invested in these times of macroeconomic uncertainty.

It is important to note that our views at Rival have not changed: 1) we still believe that Europe is a binary event that will eventually get resolved. Europe will continue to exist in the future as does the US financial system post 2008; 2) stocks represent good value on a fundamental basis; 3) current markets are range-bound and until we see more positive technical signs with a break and follow through above 12,500 on the TSX and above 13,200 on the Dow, we will not get more bullish; 4) the commodity cycle we have been in for the past ten years may be over for longer than most investors expect (aside from the occasional bounce); and 5) market multiples continue to remain very low given macro issues but this bodes well for stock appreciation in the intermediate to long term. That said, we continue to be rewarded on a relative basis for the defensive/low beta positioning of your portfolio. Over the last several months we have picked up significant ground versus the S&P/TSX SmallCap Index and outpaced the TSX Venture Index by 12.08% year to date.

Given the continued, elevated level of macro uncertainty, we have maintained a relatively defensive positioning in your portfolio. We continue to be predominantly focused on dividend payers and the US market (mainly domestic exposure including homebuilders, consumer discretionary and health care) over Canada's resourced based market. In Canada our exposure remains predominantly in the REITs space which continues to show good fundamental and technical strength, with several of our names hitting 52 week highs. Although your portfolio is sitting at an 81% net long position, approximately 30% of that total is in REITs and more defensive dividend payers. For fear of sounding like a broken record, we do not see adding more beta to your portfolio until we see the market break out of the current trading range (TSX 11,500 to 12,500) that we have been talking about since late last year. Once this happens and we do feel we are very close to this, we could see shifting your portfolio at the margin to slightly higher beta sectors.

Overall in July, the S&P/TSX SmallCap Index posted a total return of 2.48% which came predominately from the energy sector (in which we had limited exposure). Given the significant decline in small cap oil and gas shares the last few months, even July's significant rally in these shares, did very little to repair these stocks and they are in many cases, still showing significant loses year to date. We do not want to chase these bounces and do not see ourselves redeploying much capital until both our technical and fundamental indicators turn positive. From a fundamental stand point we are going into earnings season in Canada with energy and materials looking to have some of the weakest results of all of the S&P/TSX sectors. Technically speaking, underlying commodities are still not trading well and until they do so, we will, for the most part, be avoiding the commodity sectors. For us to change our view we would need to see better technical action from underlying commodities and a return to earnings growth in the associated equities. For the foreseeable future, we expect commodity stocks to be trading vehicles only. Outside of the oil and gas sector, the aggregate return of all the other sectors in the TSX was essentially flat which was in line with your fund.

In summary, although we continue to be in a difficult macro environment we still believe that good companies, with strong management, in good sectors will reward the patient investor. We see many opportunities in the current marketplace that we feel will lead to strong returns over time. The current bearish consensus leads us to believe that we may be approaching at least a short term inflection point. In all our years, we cannot recall such a negative view towards stocks as we are currently experiencing. In the past, this has been a great contrarian indicator. By the time investor sentiment changes, the market will be up strong and investors will be wondering if they missed the rally in equities. The markets over the last few months seems to be acting better, trading in a tight, yet volatile range which is providing support to the macro uncertainty. As this volatility subsides from the market and the unknown becomes known, investors applying the age old adage "Patience is a virtue" will be rewarded.

As always, we thank our clients and friends for their 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	-0.35%	-5.50%	-8.03%	-27.36%	-8.23%	-3.95%	-3.22%	-10.21%
S&P/TSX SmallCap (Total Return)	2.48%	-7.45%	-13.30%	-17.96%	-5.62%	12.14%	-3.05%	-9.72%
S&P/TSX Composite (Total Return)	0.80%	-4.35%	-4.90%	-7.22%	-0.74%	5.51%	-0.56%	3.21%
Rival North American RRSP Growth Fund	-0.35%	-5.50%	-8.03%	-27.36%	-8.23%	-3.95%	n/a	-20.58%
S&P/TSX SmallCap (Total Return)	2.48%	-7.45%	-13.30%	-17.96%	-5.62%	12.14%	-3.05%	-5.30%
S&P/TSX Composite (Total Return)	0.80%	-4.35%	-4.90%	-7.22%	-0.74%	5.51%	-0.56%	-9.02%

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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