

**CRESTSTREET 2011 FLOW-THROUGH LIMITED PARTNERSHIP
QUÉBEC PORTFOLIO UPDATE – JUNE 2011**

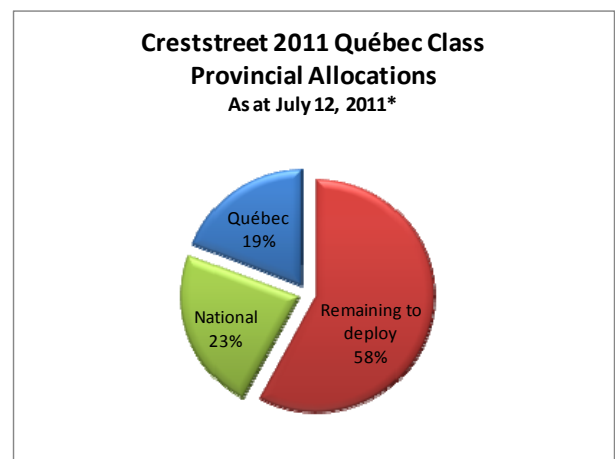
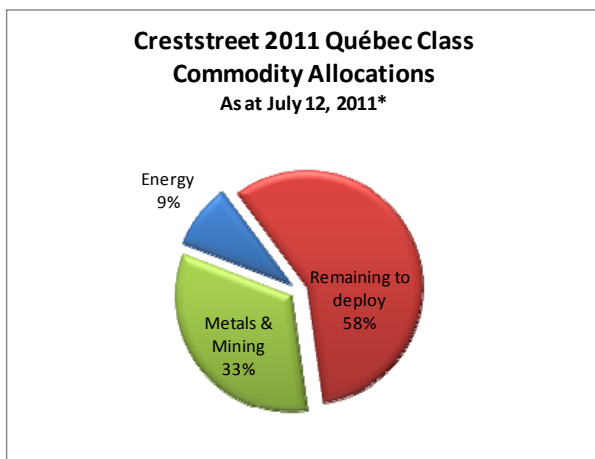
We are pleased to provide advisors with the second quarter update for the 2011 Québec Class portfolio.

It was a challenging month and quarter for most global equity markets, in particular for the natural resource sectors as global macro head-winds have overshadowed underlying fundamentals, both in the commodity complexes and the resource equities. In the base metals complex, copper was actually up 2.5% for the month of June, with profit margins and net asset values for producers and developers at current prices remaining very attractive. It is a similar situation for our positive oil outlook, with producers generating very strong rates of return in the current commodity price environment.

Despite the strong commodity prices, the underlying equities have underperformed over the short-term, witnessed by quarterly returns of -8.6% for the S&P TSX Materials Index, -8.2% for the S&P TSX Global Gold Index and -11.5% for the S&P TSX Capped Energy Index. These indices have returned -10.0%, -13.1% and -2.2%, respectively, year to date. Of particular note during the quarter was the broad based sell-off in the smaller capitalization equities, as witnessed by the -17.1% quarterly return for the resource heavy S&P TSX Venture Index. Despite the aggressive sell-off in the underlying equities, the underlying commodities prices have been relatively resilient resulting in equities trading at very attractive valuations.

Although we had anticipated a correction in the market, we were unaware of the timing and, as such, we opted and guided to have the proceeds systematically invested over time into flow-through issuers over the past several months. Currently, approximately 42% of the gross proceeds were invested with approximately 19% invested in Québec issuers with a target of 50%-75% invested in Québec issuers remaining on track. Our sub-sector guidance also remains on track, with a bias towards metals and mining with several quality mid cap mining deals completed during the second quarter.

The average size of issuer in the portfolio has come in larger than expected, skewed by positions in Tourmaline Oil Corp. and Labrador Iron Mines Holdings while premiums thus far have come in below our expectations at approximately 17.1% with our average guidance remaining at 20%. We have deployed slightly less capital than we had anticipated by the end of the quarter, however we still anticipate being 80% invested by the early fall with several deals currently in the pipeline and the we anticipate the remaining 20% being deployed later in the year.



*Based on book value and gross proceeds, estimated and unaudited

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Your Flow-through Portfolio Managers

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