



Creststreet Energy Opportunities Fund

October 2008 Newsletter

Net Asset Value Per Share

October 31, 2008

Series A: \$13.38

Series F: \$13.39

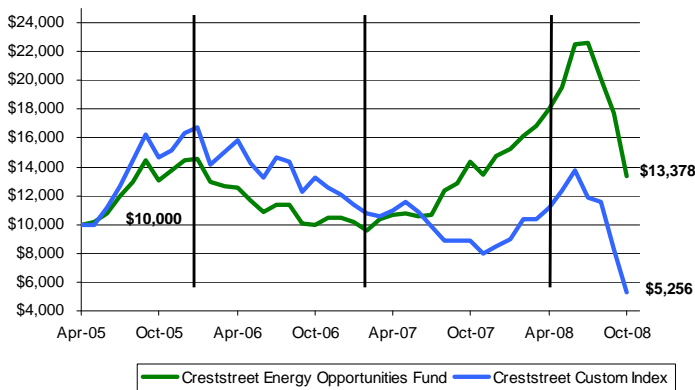
Fund Description

On September 24, 2008, Creststreet Energy Hedge Fund LP ("CEHFLP") was rolled into Creststreet Energy Opportunities Fund (The "Fund" or "CEOF"), which has the identical investment mandate and strategies as CEHFLP. The Fund seeks to provide shareholders with long-term capital growth by employing fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic trading. The Fund's portfolio will consist primarily of securities of issuers engaged in the global, albeit primarily North American, energy sector.

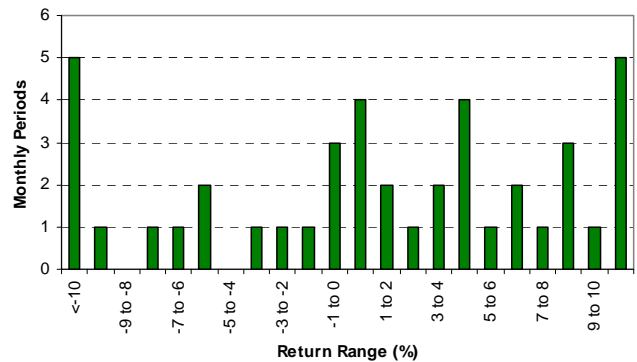
Historical Performance ⁽¹⁾⁽²⁾

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005					1.3%	6.6%	10.3%	8.4%	11.7%	-9.3%	4.8%	5.4%	44.5%
2006	0.4%	-10.5%	-2.5%	-0.6%	-7.2%	-6.9%	5.0%	-0.8%	-11.5%	-0.5%	4.9%	0.2%	-27.5%
2007	-3.4%	-5.1%	8.1%	3.0%	1.0%	-1.9%	0.4%	16.4%	3.9%	11.4%	-6.0%	9.6%	41.2%
2008	2.9%	6.0%	4.2%	7.4%	8.3%	15.3%	0.2%	-11.0%	-12.0%	-24.4%			-9.5%

Performance ⁽¹⁾⁽²⁾



Distribution of Returns ⁽¹⁾



⁽¹⁾ The indicated historical performance and rate of return of the Creststreet Energy Opportunities Fund (the "Fund"), includes the historical performance of its predecessor fund, the Creststreet Energy Hedge Fund L.P. ("CEHFLP") for the period of May 5, 2005 to Sept. 24, 2008. CEHFLP, which has the identical investment mandate and strategies as the Fund, was rolled into and established the Fund on September 24, 2008. The performance and other statistics presented in this document may not be indicative of the performance or statistics of the specific series of shares held by a particular investor. ⁽²⁾ See "Use of Benchmarks" on page 2.

Statistics ⁽¹⁾⁽²⁾

	CEOF Custom Index	Creststreet Capped Energy Index	S&P/TSX Index	S&P/TSX Composite Index
Compounded Annual Return (since inception)	8.7%	-16.8%	3.6%	1.2%
1 Year Return	-6.8%	-40.6%	-29.7%	-33.2%
Since Inception (simple return)	33.8%	-47.4%	13.4%	4.2%
Standard Deviation	8.3%	11.1%	8.3%	4.9%
R-Squared		0.56	0.39	0.40
Correlation		0.75	0.63	0.63
Beta		0.55	0.62	1.07
Alpha		1.5%	0.6%	0.8%
Largest Month Gain	16.4%	15.6%	13.6%	6.0%
Largest Month Loss	-24.4%	-36.7%	-21.4%	-16.9%

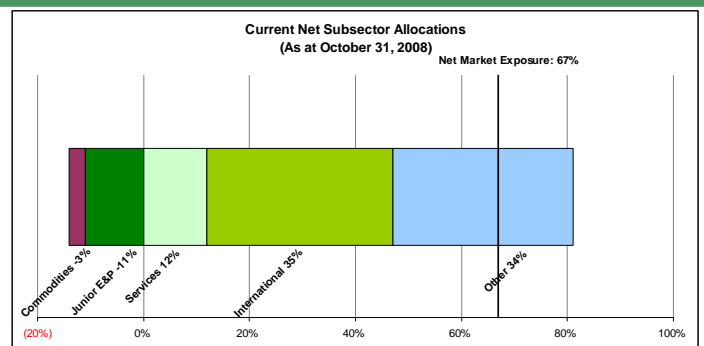
Top Ten Holdings as at September 30, 2008 ^{long positions only}

- | | |
|---------------------------|----------------------------|
| Athabasca Oil Sands Corp. | Nuvista Energy Limited |
| Cirrus Energy Corp. | Stoneham Drilling Corp. |
| Epsilon Energy Inc. | Solana Resources Ltd. |
| Gran Tierra Energy Inc. | Verenex Energy Inc. |
| Laricina Energy Ltd. | Xtreme Coil Drilling Corp. |

Terms

Fund AUM	\$6.2 M	Minimum Initial Subscription	\$ 25,000
Performance Fee	20% of the increase in NAV of the Shares in each month	Year End	December 31
Management Fee	2%	Redemption	Monthly with 15 days notice
Administrator	RBC Dexia Investor Services	Contributions	Monthly
Lock Up	None	Auditors	KPMG LLP
Early Redemption Fees	3% in the first 6 months, and 1.5% in the subsequent 7th through 18th month	Prime Broker	Scotia Capital Inc.

Sub-Sector Allocation as at October 31, 2008



Fund Commentary

Creststreet Energy Opportunities Fund (the "Fund") was down 24.4 percent for the month of October 2008. The Creststreet Custom Index was down 36.67 percent for the month. As of September 30, 2008, the Fund maintained its position as the top performing global energy hedge fund for one-year performance (Barclay's hedge fund rankings). October standings will be available mid-November.

Volatility Continues

During the month, markets continued to experience sharp losses, as the credit crisis and economic uncertainty continued to play out. The TSX Composite Index moved down 16.9 percent, the Dow Jones Industrial Average fell 14.1 percent during the month and the TSX Capped Energy Index fell 19.8 percent. On October 10th, the Dow hit an intraday low of 7882 points, a 28 percent drop from the beginning of October. Also during the month, the Canadian dollar weakened, falling 11.3 percent compared to the U.S. dollar, to \$0.8328. The Chicago Board Options Exchange Volatility Index (VIX) hit a historic high of 89.53 during the month.

The global credit freeze was apparent during the month, as the London Interbank Offered Rate (LIBOR) moved to historical levels and U.S. T-Bill yields were negative at the height of the sell-off during the month. In response, the U.S. government, in concert with other countries, took measures to increase global liquidity in a coordinated attempt to ease the crisis. A slightly modified Paulson Plan was approved by U.S. Congress and the Senate to purchase up to US\$750 billion worth of credit securities in addition to direct equity injections into select banks. Although intense volatility and uncertainty in persisted, equity markets slowed their fall towards the end of the month.

Commodities Move Lower

During the month, NYMEX crude oil pushed lower, moving from US\$100.64 to US\$67.81 per barrel, a drop of 32.6 percent. We are currently watching the short-term supply and demand picture closely, as we expect the weakening global economy to result in lower demand growth.

NYMEX natural gas prices dropped from US\$7.44 per million British thermal units ("mmbtu") to \$6.783, a decline of 8.8 percent over the month. We will be monitoring natural gas prices closely in the coming months as the winter weather picture plays out. We will also be watching the industry closely for M&A activity that could provide value to the Fund.

Fund Performance and Strategy

We reduced net public market exposure during the month in an attempt to preserve capital and better ride out the downdraft. Although the Fund was positioned to be protected, the aggressive sell-off proved difficult to find shelter. We continued to see equities prices set by liquidity and forced selling, not by fundamentals, making it difficult to predict direction. The public equity portion of the portfolio was down 10 percent during the month with the remainder of the Fund's losses attributed to the revaluation of private securities. We continue to reduce exposure, and at the time of writing, the Fund was at six percent net public market exposure and was holding a 10 percent cash position.

Our strategy during this time of sharp volatility is to focus on long-term fundamentals so that we are in a position to capture the upside once attention to valuation fundamentals returns to the market. Currently we are taking strategic positions that are exposed to either corporation actions (sale processes or mergers) or operational catalysts, both of which we view as significant value propositions for unitholders.

Outlook

Throughout October, we remained in unprecedented territory, primarily created from a loss of trust between institutions. Investors are shocked not only from the drop in asset pricing, but from the speed at which values have plunged. Comparable periods of investor panic and sell-off saw the VIX hit levels in the 40s, which demonstrates where we sit today in terms of investor sentiment, as the VIX continues to hit historic highs.

In our view, the long-term supply/demand fundamentals of energy commodities remain unchanged. It is clear however, that in the near-term, demand will fall as global economic growth slows. Energy prices have fallen dramatically and will likely remain soft until there is better clarity on the magnitude and duration of this period of slowing economic growth. Ultimately, this period of soft energy prices and the underinvestment in projects to increase energy supply will set the stage for the resumption of the long-term upward energy trend that has persisted for most of this decade. We remain committed to the strategy of maximizing shareholder returns, and our focus in the near-term will continue to be on capital preservation until evidence of calm and lower volatility is seen.

Commodity Review

NYMEX crude oil was down 32.6 percent to close the month at US\$67.81 per barrel.

NYMEX natural gas was down 8.8 percent to close the month at US\$6.783/mmbtu.

Use of Benchmarks The Creststreet Custom Index is comprised of 50 widely-followed conventional North American listed energy exploration and development companies. The Creststreet Custom Index is used to provide investors with a relevant benchmark to the Fund. The Index is reset to an equal-value weight on a monthly basis. The S&P/TSX Capped Energy Index is comprised of shares of Canadian companies involved in exploration and/or production of energy resources and is designed to track the performance of the entire energy sector and is used as a benchmark to show how the Fund is performing in relation the Canadian conventional energy resource sector on a relative basis. The S&P/TSX Composite Index covers approximately 95% of the Canadian-based Toronto Stock Exchange-listed companies and is designed to track the performance of the Canadian equities market as a whole and is used as a benchmark to show how the Fund is performing in relation to the broader Canadian equity market on a relative basis.

About Creststreet

Creststreet is a performance-driven investment management firm focused exclusively on the energy sector. Founded in 2000, Our mission is to achieve **excellence in energy investing** through strong and consistent investment performance across all of our energy investment products for our Canadian and international institutional and high net worth investors.

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