

Creststreet Mutual Funds Limited

Quarterly Market Commentary

Q2 2008
Newsletter

CRESTSTREET MANAGED EQUITY INDEX FUND

NET ASSET VALUE

June 30, 2008: **\$8.80 CAD**

Investment Objectives:

To provide investors with long-term growth of capital by combining active and passive management styles, and strategically investing in index participation units in addition to common stocks and convertible debentures of Canadian and international companies.

Investment Strategies:

Passive Component: Approx. 70 percent of CMEI's net assets, primarily investing in index participation units of Canadian, U.S. or foreign equity markets.

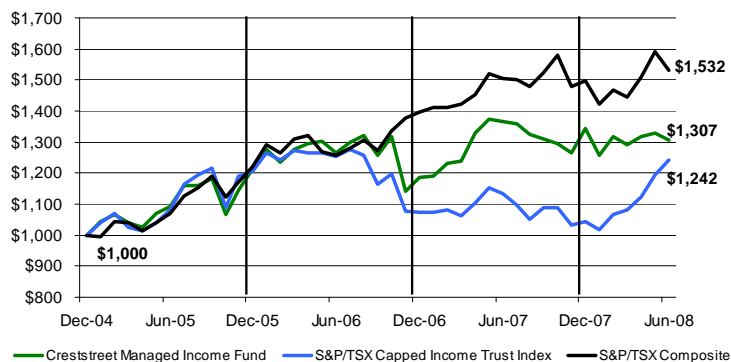
Active Component: Approx. 30 percent of CMEI's net assets will follow a value oriented "bottom-up" style. The Fund may maintain a larger portion of its assets in short-term fixed income securities during periods of high market volatility for additional downside protection.

Top Holdings*

Company	Percentage of Fund
1. iShares CDN S&P/TSX 60 Index Fund	61.1%
2. iShares CDN MSCI EAFE 100% Hedged to CAD Dollars Index Fund	29.2%

* The positions reported herein are unaudited and may differ from those that appear in the financial statements.

Performance



Fund Commentary

During the second quarter of 2008, the Creststreet Managed Equity Index Fund ("CMEI" or the "Fund") was up 5.39 percent, while the S&P Global 1200 Index was down 2.49 percent for the same period.

Broader equity markets tested their lows of January and March during the quarter on continued weak economic data. We have seen a significant slowdown in credit crisis news flow and attention is now turned to the impact of high commodity prices and their inflationary pressures on the global economy.

During the quarter, the Bank of Canada chose take a neutral position and not make further cuts to interest rates, leaving their lending rate at three percent, despite rumors of a 25 basis point cut. The U.S. Federal Reserve also left its rate untouched at two percent in June.

In the first half of the year, capital flowed into commodities as a safe haven from the downturn seen in broader equity markets. Presently, we are mindful of the potential for that capital to rotate back into the financial sector as these investments become favourable once again.

The Fund continues to be ideal for investors who are seeking long-term growth of capital through investment in a portfolio of equity market index units.

Thank you once again for your continued support and do not hesitate to contact us with any comments, questions or concerns.

Yours sincerely,

Robert J. Toole
Managing Director

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Historical Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CMEI Since Dec'04 (Annualized)	S&P Global 1200 Index Since Dec'04 (Annualized)	S&P/TSX Composite Index Since Dec'04 (Annualized)
2005	-0.2%	4.5%	-1.7%	-1.3%	1.8%	1.6%	3.8%	1.5%	2.9%	-3.7%	3.3%	3.6%	9.3%	5.7%	13.6%
2006	5.1%	-1.1%	3.0%	0.5%	-3.9%	-0.1%	1.2%	2.1%	-0.5%	3.3%	2.3%	2.3%			
2007	1.2%	-0.9%	1.1%	2.0%	4.5%	-0.9%	-1.7%	-0.7%	2.5%	3.2%	-5.1%	-0.3%			
2008	-6.9%	1.0%	-1.7%	5.6%	4.6%	-4.7%									

About Creststreet

Creststreet is an investment management firm specializing in structuring and managing high quality energy focused investment products for Canadian and international institutional and high net worth investors. Since its inception in 2000, Creststreet has raised over \$970 million for investment in resource and renewable energy companies.

Creststreet Asset Management Ltd.

70 University Avenue, Suite 1450
Toronto, Ontario M5J 2M4
Tel: 1 (416) 864-6330
Toll Free: 1 (866) 864-6330
Fax: 1 (416) 862-8950
www.creststreet.com

Investor Inquiries

Grant Bunker
VP Business Development
Tel: 1 (416) 628-2161
Toll Free: 1 (866) 864-6330, ext 2240
gbunker@creststreet.com

*Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compound total returns including changes in share value and reinvestment of all distributions and does not take into account sales, redemption, distribution or operational charges or income taxes payable by any security holder that would have reduced returns. The rate of return table shown is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the mutual fund or returns on investment in the mutual fund. The opinions contained in this report are solely those of Creststreet and are subject to change without notice. Creststreet makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Creststreet assumes no responsibility for any losses or damages, whether direct or indirect which arise from the use of this information. Creststreet is under no obligation to update the information contained herein. The information should not be regarded as a substitute for the exercise of your own judgment. This document is for information purposes only and does not constitute an offer to sell or a solicitation to buy the securities referred to herein. The Creststreet Managed Equity Index Fund is managed by Creststreet Asset Management Limited, a wholly owned subsidiary of Creststreet Capital Corporation. *Creststreet and Creststreet bird logo are registered trademarks of Creststreet Capital Corporation.*