

# Alternative Energy Fund

June 2011 Commentary

## Net Asset Value Per Share

June 30, 2011:

Series A (CAM400)- \$36.4445

Series B (CAM401)- \$35.9108

Series F (CAM402)- \$36.6204

## Fund Description

The Creststreet Alternative Energy Fund (the "Fund" or "CAEF") provides Canadian investors with exposure to a broad array of investments in sub-sectors of the energy market outside of conventional oil and natural gas. The investment objective is to provide stable long-term growth of capital while conservatively managing value at risk. The Fund invests primarily in securities of North American issuers whose businesses exploit opportunities to generate energy beyond what traditional dependence on carbon-emitting sources supply.

## Performance <sup>(1)</sup>

As at June 30, 2011

MTD	3 month	6 month	1 year	3 years	5 years	10 years	Since inception
-2.5%	-8.9%	-6.3%	-0.7%	12.7%	-	-	41.6%

Historical Annual Performance

2007	2008	2009	2010	YTD 2011
34.8%	142.1%	23.7%	-7.5%	-6.3%

(1) Inception date of the Fund is November 21, 2007. The indicated rates of return are historical annual compound total returns and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any security holder that would have reduced returns. Performance is calculated net of fees. The performance and other statistics presented in this document are for Series A and may not be indicative of the performance or statistics of the specific series of shares held by a particular investor.

## Portfolio Managers



**Robert J. Toole, CA**  
President, CEO &  
Portfolio Manager



**Michael Clare, CA, CFA**  
Vice President &  
Portfolio Manager

## Top 5 Holdings <sup>\*long positions only</sup>

5N Plus Inc.  
AltaGas Ltd.  
First Solar Inc.  
Pure Technologies Ltd.  
RuggedCom Inc.

## Fund Details

Type	► North American Equity
Sector	► Alternative Energy
Inception Date	► November 21, 2007
RRSP/TFSA eligible	► Yes
Distributions	► Annually – capital gains

Pricing	► Weekly
Minimum initial purchase	► \$1,000
Minimum subsequent purchase	► \$100
Switch fee	► None

Series	Fund Code	Load Type	Mgmt Fee	Performance Fee	Service Fee	Short-Term Trading Fee
A	CAM400	FE 0-5%	2.00%	20% over S&P 500	0.50%	2% within 90 days of purchase
B	CAM 401	FE 0-5%	2.00%	20% over S&P 500	1.00%	2% within 90 days of purchase
F	CAM 402	No Load	2.00%	20% over S&P 500	0.00%	2% within 90 days of purchase

Performance. Service. Integrity.

Published July 13, 2011



## Fund Commentary

The Creststreet Alternative Energy Fund (the "Fund") was down 2.5% during the month of June compared the S&P 500 Index, which was down 1.8%, and the WilderHill Clean Energy Index, which was down 5.9%.

The Fund continues to employ a strategy of investing the top renewable energy companies while hedging broader market equity exposure. This strategy has been very profitable for the Fund. Since inception the Fund has generated a compounded annual return of +41.6% outperforming both its benchmarks, as the S&P 500 and the Wilderhill Clean Energy Index were down 1.9% and 22.3%, respectively, on a compounded annual basis since the Fund's inception.

## Outlook and Strategy

Global financial markets continued to exhibit some volatility during the month as commodity prices and most major global equity indices sold off in June in response to continued poor economic data, the looming end of the Fed's second round of quantitative easing, continued tightening in China, the re-emergence of European sovereign debt concerns, and discussions over the need to hike the debt ceiling in the U.S. The alternative energy sector was hit particularly hard during the month with the WilderHill Clean Energy Index declining by 5.9%. This is largely the result of the sector's exposure to Europe and emerging markets, as well as the small cap nature of the companies in the sector. Nevertheless, with oil prices holding above US\$90 per barrel, the recent stabilization in natural gas prices, and global concerns over the nuclear industry in the aftermath of Japan's earthquake in March, we continue to believe that the alternative energy sector is poised for increased attention and capital flows over the coming months and years as the world looks for clean and secure sources of energy. As such, we believe that the sector will outperform broad North American equity markets over the next decade and that most equity investors should have exposure to the alternative energy sector as part of the energy component of their investment portfolio.

In the fourth quarter of 2010, we began to see early signs of money flowing back into the alternative energy sector and cautiously started increasing our net exposure by adding long positions and reducing market hedges. During recent months, the Fund took advantage of the market correction to cover some additional short positions. The Fund also added some new long positions in June and increased the size of other positions. With a stabilizing North American economy, robust growth in emerging markets, continued unrest in the Middle East and North Africa, global nuclear concerns and higher energy prices, we expect that additional capital will flow into the sector in 2011 and we have positioned the Fund to take advantage of these flows.

We recognize that the key risk to the Fund's strategy is that it could potentially underperform the broader equity markets for short periods of time, as it did in 2010. However, we believe continuing the Fund's conservative investment philosophy of having exposure to the highest quality alternative energy names while hedging broader market equity risk will result in superior risk-adjusted returns for our investors the long run.

**Use of Benchmarks** - WilderHill Clean Energy Index (WCEI) is comprised of North American renewable energy companies and is used as a benchmark to show how the Fund is performing in relation to a basket of similar companies to those in which the Fund invests. The S&P 500 is comprised of 500 U.S. large cap companies and is used as a benchmark to show how the Fund is performing in relation to the broader North American market on a relative basis.

**About Creststreet** - Creststreet is an independent, employee-owned, performance driven asset Management Company. Founded by our strength and expertise in energy, we have built a diversified award-winning investment management team. Creststreet brings to its Fund's investors unique core and specialty products by combining our superior research with our active management style.

**Creststreet Asset Management Limited**  
70 University Avenue, Suite 1450  
Toronto, Canada M4J 2M4  
[www.creststreet.com](http://www.creststreet.com)

**Investor Inquiries**  
Kevin Wood  
Senior Vice President, Sales & Marketing  
Tel: (416) 864-3117  
[kwood@creststreet.com](mailto:kwood@creststreet.com)

Neil Lipman  
Regional Vice President, Sales  
Direct (416) 628-2161  
[nlipman@creststreet.com](mailto:nlipman@creststreet.com)

Maria Konnaris  
Inside Sales Manager  
Tel: (416) 916-7013  
[mkonnaris@creststreet.com](mailto:mkonnaris@creststreet.com)

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 opinions contained in this report are solely those of Creststreet Asset Management Limited ("CAML") and are subject to change without notice. CAML makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, CAML assumes no responsibility for any losses or damages, whether direct or indirect which arise from the use of this information. CAML 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. Please read the prospectus before investing.

Commissions, trailing commissions, management fees and expenses all may be associated with this investment product. 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. Performance is calculated net of fees. 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.

Creststreet Alternative Energy Fund is managed and advised by Creststreet Asset Management Limited, a wholly owned subsidiary of Creststreet Partners Limited. \*Creststreet® and the Creststreet logo are registered trademarks of Creststreet Capital Corporation, an affiliate of Creststreet Partners Limited.

CERTAIN STATEMENTS INCLUDED IN THIS NEWSLETTER CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES ACT (ONTARIO). SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS NEWSLETTER REPRESENTS THE EXPECTATIONS OF CRESTSTREET AS AT DATE OF BEING PUBLISHED, AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. HOWEVER, CRESTSTREET EXPRESSLY DISCLAIMS ANY INTENTION OR OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING INFORMATION, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE, EXCEPT AS REQUIRED BY APPLICABLE LAW.