



# Creststreet Alternative Energy Fund

September 2008

## Net Asset Value Per Share

September 30, 2008: **\$30.73**

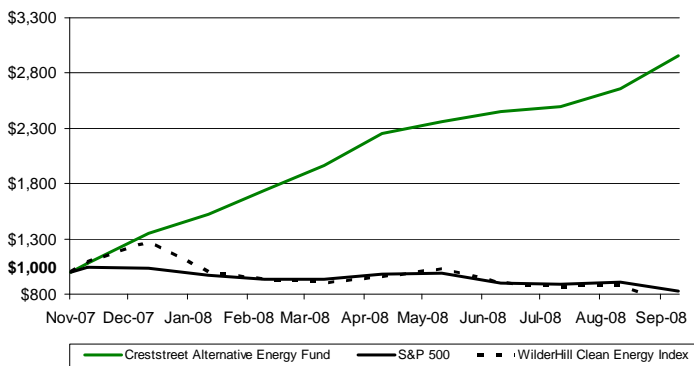
## Fund Description

The Creststreet Alternative Energy Fund provides 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.

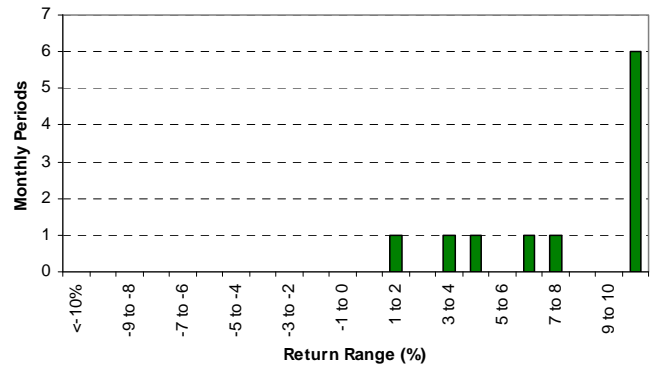
## Historical Performance <sup>(1)</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007											7.6%	25.3%	34.8%
2008	12.6%	14.5%	12.9%	14.9%	4.7%	3.8%	2.0%	6.4%	11.3%				119.3%

## Performance <sup>(1)(2)</sup>



## Distribution of Returns <sup>(1)</sup>



<sup>(1)</sup> The performance statistics contained in this document are to provide historical information from inception of the Fund. 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.  
<sup>(2)</sup> Wilderhill Clean Energy Index is comprised of North American renewable energy companies and is used to provide investors with a relevant benchmark to the Fund. The S&P 500 is used as a benchmark to show how the Fund is performing in relation to our goal of outperforming the broader North American market on a relative basis

## Statistics <sup>(1)(2)</sup>

	CAEF	S&P 500 Index	WilderHill Clean Energy Index
Compounded Annual Return (since inception)	252.4%	-20.2%	-38.1%
1 Year Return	n.a.	n.a.	n.a.
Since Inception (simple return)	195.5%	-17.7%	-33.9%
Largest Month Gain	25.3%	4.8%	16.1%
Largest Month Loss	n.a.	-9.1%	-24.8%

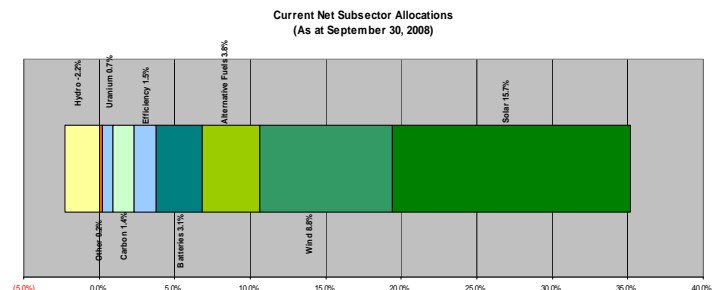
## Top 5 Holdings as at September 30, 2008 <sup>\*long positions only</sup>

5N Plus Inc.	MEMC Electronic Materials Inc.
Altagas Income Trust	ZCL Composites Inc.
First Solar Energy	

## Terms

Fund AUM	\$17.3 M	Minimum Initial Subscription	\$ 1,000
Performance Fee	20% of the increase in NAV of the Units in each month	Year End	December 31
Management Fee	2%	Redemption and Contributions	Weekly
Administrator	International Financial Data Services	Pricing	Weekly
Type	North American Equity	Auditors	KPMG LLP
Fund Code	CAM 400	RRSP eligible	Yes

## Sub-Sector Allocation as at September 30, 2008



## Fund Commentary

During the month of September, the Creststreet Alternative Energy Fund (the "Fund") was up 11.3 percent, while the S&P 500 was down 9.1 percent, and the Wilderhill Clean Energy Index (WCEI) was down 24.9 percent. WCEI is comprised of North American renewable energy companies and is used to provide investors with a relevant benchmark to the Fund, as WCEI contains similar companies to those in which we invest. The S&P 500 is used as a benchmark to show how the Fund is performing in relation to our goal of outperforming the broader North American market on a relative basis.

## Portfolio Strategy and Composition

The Fund entered the month with a net long position of approximately 20 percent and a cash position of 50 percent (50 percent gross exposure). Early in the month, the Fund added index shorts to reduce market exposure. On September 18<sup>th</sup>, the Chicago Board Options Exchange Volatility Index (VIX), a measure of implied volatility of the S&P 500 index options, reached a 52-week high. In response, the Fund covered the majority of its short positions and began selectively reducing long positions throughout the rest of the month. At month-end the Fund's gross position had been reduced below 40 percent, while the net long position had increased to approximately 30 percent. In light of the VIX's continued ascent, on the first day of October the Fund sold roughly half of its long positions and once again added index-based shorts to further reduce gross exposure and bring the fund back to market neutral.

The primary rationale for this action stems from our belief that market volatility may continue through October as global deleveraging continues. The Fund has cautiously managed liquidity, and is in a strong position to benefit from that flexibility. However, at this time we do not find good reason to be overly exposed to a market where prime brokerages have failed, investment funds are indiscriminately selling positions to manage redemptions, and short selling rules have been implemented which ultimately enhance inefficiencies.

Aside from these issues, the recent market sell-off has created some excellent buying opportunities in quality long-term names that have been on our radar for the past 24 months. At the same time, we expect that many of our short selling ideas, which require ongoing capital injections to remain solvent, will remain under significant pressure in light of a constricted credit environment. We plan to keep our pencils sharp during October, and monitor these ideas with a view towards committing more capital to the market later in the year once conditions have stabilized.

## Notable Developments

Volatility in the alternative energy space was amplified during the month by swings in expectations of a bill being passed in the U.S. to renew certain tax credits applicable to renewable energy businesses. A bill was approved by the Senate (the first of eight bills proposed thus far this year to receive Senate approval), but was subsequently dissected by the House of Representatives into different pieces, and had not been approved by month end. The Claymore MAC Global Solar Energy Index ETF rallied roughly 20 percent in anticipation of this positive development, and then quickly gave back its gains when the legislation failed. The Fund did not speculate on the passing of this bill, but was fortunate to have covered its short positions and made sales at opportune times as a result of its broader strategy mentioned above.

## Outlook

As the cost of and demand for conventional energy continues to rise, the economic competitiveness of alternative forms of energy is steadily improving. The ability to provide alternative energy at prices which are competitive with conventional energy will result in billions of dollars being invested in the alternative energy sector, presenting attractive investment opportunities, which the Fund will continue to be positioned to take advantage of.

## 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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