



Creststreet Alternative Energy Fund

December 2009 Newsletter

Net Asset Value Per Share

December 31, 2009:

Series A - \$42.0610

Fund Description

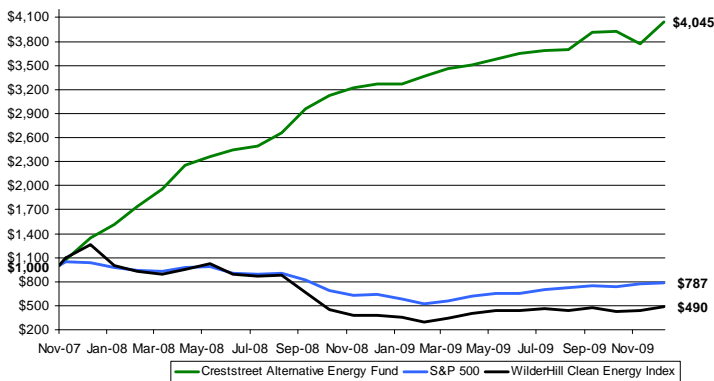
The Creststreet Alternative Energy Fund (the "Fund" or "CAEF") provides Canadian investors with exposure to a broad array of investments in sub-sectors of the energy market outside of conventional oil and natural gas. The investment objective is to provide stable long-term growth of capital while conservatively 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.

Historical Performance ⁽¹⁾

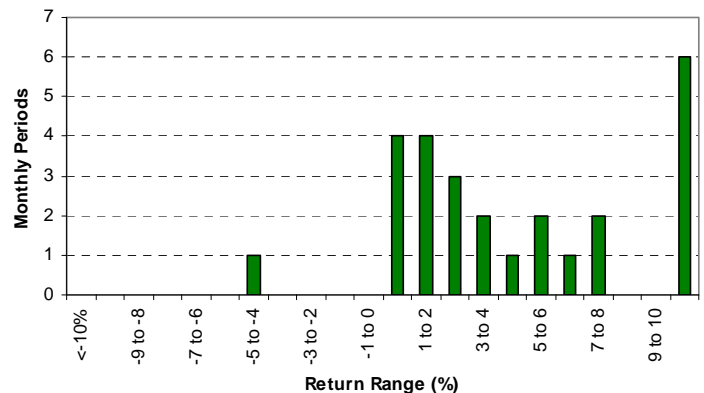
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007													34.8%
2008	12.6%	14.5%	12.9%	14.9%	4.7%	3.8%	2.0%	6.4%	11.3% *	5.7%	7.6%	25.3%	142.1%
2009	0.1%	2.8%	2.7%	1.5%	2.1%	1.8%	0.9%	0.4%	5.9%	0.4%	-4.2%	7.5%	23.7%

* Manager clarified performance fee calculation language in prospectus in favor of unitholders resulting in a +9.6% increase in NAV.

Performance ⁽¹⁾⁽²⁾



Distribution of Returns ⁽¹⁾



Statistics ⁽¹⁾⁽²⁾

	CAEF	S&P 500 Index	WilderHill Clean Energy Index
Compounded Annual Return (since inception)	93.8%	-10.7%	-28.7%
1 Year Return	23.7%	23.5%	28.9%
Since Inception (simple return)	304.5%	-21.3%	-51.0%
Standard Deviation	6.3%	6.6%	13.2%
R-Squared		0.02	0.00
Correlation		(0.15)	0.03
Beta		(0.14)	0.02
Monthly Alpha		5.6%	5.7%
Sharpe Ratio	6.50	-1.51	-1.12
Largest Month Gain	25.3%	9.4%	17.5%
Largest Month Loss	-4.2%	-16.9%	-32.1%

Top 5 Holdings as at December 31, 2009 ^{long positions only}

- 5N Plus Inc.
- Advantage Oil & Gas Ltd.
- HTC Pureenergy Inc.
- Ram Power Corp.
- RuggedCom Inc.

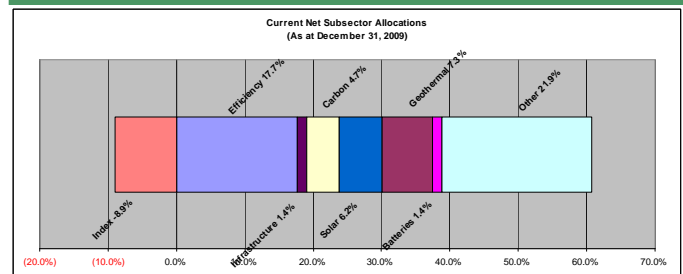
⁽¹⁾ Inception date of the Fund is November 21, 2007. The indicated rates of return are historical annual compound total returns and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any security holder that would have reduced returns. Performance shown is based on Series A of the Fund. Performance is calculated net of fees.

⁽²⁾ See Use of Benchmarks Disclaimer on page 3.

Highlights

- Exposure to high growth emerging sector with a North American focus
- Ability to engage in short selling as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value
- Specialist renewable energy investment manager with extensive renewable energy project development experience
- Leverage existing energy investment platform
- Intensive in-house due diligence and research to identify investment opportunities

Sub-Sector Allocation as at December 31, 2009



Fund Commentary

The Creststreet Alternative Energy Fund was up 7.5 percent during the month of December compared to the S&P 500 Index, which was up 1.8 percent, and the Wilderhill Clean Energy Index, which was up 10.2 percent. In 2009 the Fund was up 23.7 percent compared to the S&P 500 Index, which was up 23.5 percent, and the Wilderhill Clean Energy Index, which was up 28.9 percent. The Fund's strategy worked well for our investors during 2009, matching the appreciation of the S&P 500 while having provided downside protection to our investors through our market neutral bias.

Outlook

From its genesis through to November, we held the viewpoint that the rally in North American equity markets was based on technical trading and driven by the tremendous amount of liquidity made available by central banks across the globe. In December and early January our thinking has shifted slightly as we saw critical developments in important economic indicators that show promising signs for economic growth in the short-term. First, there are encouraging signs that the US labour market is beginning to stabilize. The December Employment Report showed a steep reduction in the change in non-farm payrolls as this figure declined to 11K, the smallest job-loss figure since December 2007. Moreover, throughout the month initial jobless claims continued their decline and have now reached levels that indicate there will likely be job growth during Q1 2010. In addition to labour market stabilization, there were indications that, despite the current credit contraction, the US consumer may be a source of growth in the short to medium term. In particular, both real disposable income and real personal consumption expenditures increased for the second consecutive month. If these data points can continue to show monthly increases in combination with job growth, the potential remains for the current rally to be fuelled by fundamentals during the first half of 2010.

While the above analysis demonstrates that our view on the sources of the rally has shifted slightly, we remain very cautious about the medium and long-term sources of economic growth in the US and by extension across the globe. The US housing market continues to be a source of concern. The 3 month moving average in housing starts declined for the third straight month in November, and 6 months after bottoming in May is just 9% above its trough – this is well below the typical 25% rebound seen in prior recessions over the same time horizon. Similarly new residential sales declined 11% in November and remains at depressed levels, indicating that it will take an extended period of time for the excess inventory in the housing market to clear. Questions also remain as to whether the private sector economy can generate growth as the stabilization to date has been due to the unprecedented monetary and fiscal stimulus. While we don't rule out the power of such stimulus and the potential for further doses, the possibility remains that inflationary and deficit fears take hold leading to restraint and government withdrawal from the economy. Such an event would lead to further stagnation with a strong potential for a double dip recession. In addition to concerns about the stability of economic growth, uncertainties remain about the health of sovereign nations as the Dubai World panic illustrated in late November. In particular, concern in the investment community festers over Portugal, Ireland, Italy, Greece, and Spain as debt to GDP ratios have skyrocketed and the potential for sovereign default has risen. Such an event has the potential to re-trigger panic about the stability of the financial system.

As we expected, the UN Climate Change Conference in Copenhagen did not deliver a substantive agreement. While disappointing for some, we did not find this surprising and the outcome did not impact our conviction in the long-term themes of energy security, climate change, and sustainability. As international agreements have typically lacked enforcement mechanisms, we view national legislation as the more direct catalysts for alternative energy and will be closely following developments at this level during 2010.

In the face of such economic uncertainty, the Fund will maintain its market neutral bias as we hedge our core holdings against the broader market indices while continuing to be opportunistic with our active trading strategies.

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 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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