



# Creststreet Alternative Energy Fund

February 2009 Newsletter

## Net Asset Value Per Share

February 28, 2009:

Series A - \$35.0089

Series B - \$35.0456

Series F - \$35.0396

## Fund Description

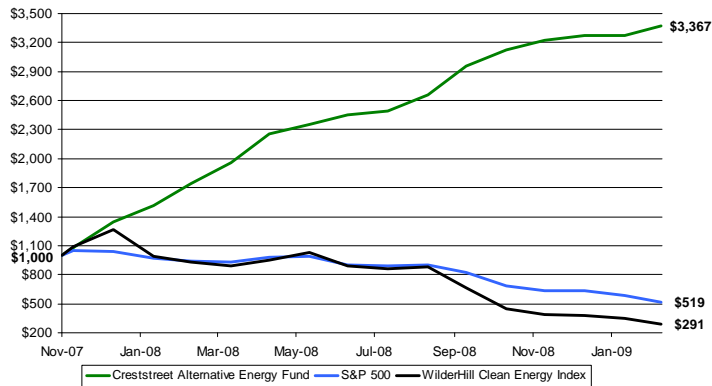
The Creststreet Alternative Energy Fund (the "Fund" or "CAEF") provides Canadian investors with exposure to a broad array of investments in sub-sectors of the energy market outside of conventional oil and natural gas. The investment objective is to provide stable long-term growth of capital while conservatively 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 <sup>(1)</sup>

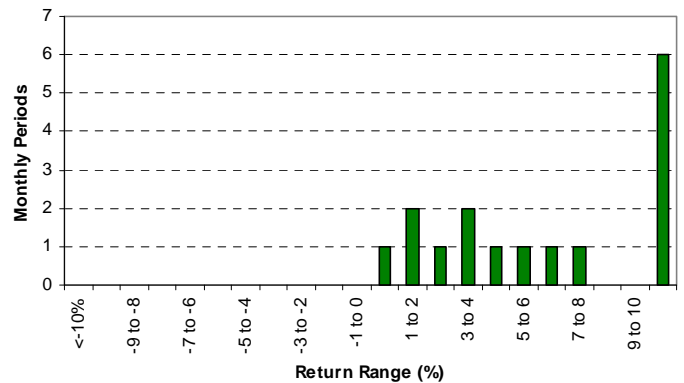
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007											7.6%	25.3%	34.8%
2008	12.6%	14.5%	12.9%	14.9%	4.7%	3.8%	2.0%	6.4%	11.3% *	5.7%	3.2%	1.5%	142.1%
2009	0.1%	2.8%											2.9%

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

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



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



<sup>(1)</sup> 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.

<sup>(2)</sup> See Use of Benchmarks Disclaimer on page 3.

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

	CAEF	S&P 500 Index	WilderHill Clean Energy Index
Compounded Annual Return (since inception)	159.3%	-40.3%	-62.1%
1 Year Return	93.8%	-44.8%	-68.8%
Standard Deviation	6.7%	6.1%	13.4%
R-Squared		0.08	0.10
Correlation		0.27	0.32
Beta		0.30	0.16
Monthly Alpha		9.2%	9.1%
Sharpe Ratio	6.84	-1.95	-1.36
Largest Month Gain	25.3%	23.5%	16.1%
Largest Month Loss	n.a.	-16.9%	-32.1%

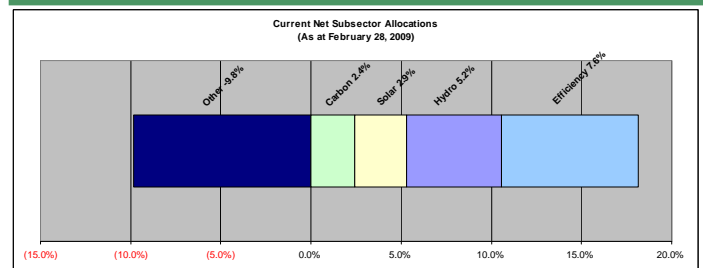
## Top Holdings as at February 28, 2009 <sup>long positions only</sup>

- Great Lakes Hydro Income Fund Trust
- World Energy Solutions Inc.
- RuggedCom Inc.
- Comverge Inc.
- First Solar Inc.

## Terms

Fund AUM: \$26.5 M	Pricing: Weekly
Minimum Initial Subscription: \$ 1,000	Redemptions and Contributions: Weekly
Performance Fee: 20% with hurdle rate above S&P 500	Year End: December 31
Management Fee: 2%	Auditors: KPMG LLP
Type: North American Equity	Administrator: RBC Dexia Investor Services
Fund Codes & Load Type: CAM400-FEL -0.5% Trailer CAM401-FEL -1.0% Trailer CAM402 - F Class only	RRSP / TFSA eligible: Yes

## Sub-Sector Allocation as at February 28, 2009



## Fund Commentary

The Creststreet Alternative Energy Fund was up 2.8 percent during the month of February compared to the S&P 500 Index, which was down 11.0 percent for the month, and the Wilderhill Clean Energy Index, which was down 16.8 percent.

## Outlook

February saw continued weakness in world financial markets. Continued downturns in the employment and the housing market in the United States signaled a prolonged recession that will require significant structural adjustment to take place throughout the economy. Abroad, substantial contractions in GDP across Asia, continued uncertainty over the solvency of several Eastern European nations, and large reductions in international trade across the globe weighed heavily on financial markets and demonstrated the worldwide nature of the recession.

While our overall economic outlook remains cautious, we remain upbeat on the prospects for the renewable energy sector. Mid month, the passage of the American Recovery and Reinvestment Act demonstrated a firm government commitment towards renewable energy in the United States. Key components of the Act include grants and loans to modernize and digitize the electric grid, the extension of renewable energy tax credits for investors and producers out to 2013-14, and federal renewable energy loan guarantees.

To supplement this direct government support, we expect further legislation to be tabled in the near-term by the US Congress that will require all utilities to source a certain percentage of their power production from renewable sources through the implementation of nationwide Renewable Portfolio Standards. This will provide an additional long-term boost to demand for the sector and also demonstrates the magnitude of support for the sector under the current administration.

Finally, later in 2009 or early in 2010 we expect legislation in the US that will implement a market-based cap on carbon pollution to take effect in 2012. In his address to Congress in the final week of February, President Obama requested such legislation and in his proposed budget has included revenues coming from cap-and-trade to start in 2012 and increase to \$300 billion by 2022. We see this legislation as a necessary medium term development to make renewable power sources such as wind and solar competitive with conventional energy sources such as coal and natural gas.

## Fund Performance and Strategy

The Fund has remained cautious with regards to its equity exposure. During the month the Fund turned it's assets over ~0.6 times, while continuing to hold upwards of 80% cash. The Fund continues to trade actively within it's risk management parameters, but is in the early stages of transitioning towards a greater proportion of longer-term market neutral trades aimed at benefiting from strong entry points in issuers poised to benefit from the US fiscal stimulus package.

Primary core position trades in the Fund included:

Entering First Solar: We saw the >20% decline in the share price of First Solar after its recent Q4 2008 earnings release as an opportunity to begin to build a position in the best company in the solar industry. We expect that First Solar will outperform in the long run and have therefore hedged our exposure with a short position in an alternative energy ETF.

At some point, the extent of the economic weakness will become priced into the market and stocks will find a bottom. As we approach this point, the Fund will begin taking on long market exposure in some of the world's leading alternative energy companies, particularly those we identify as beneficiaries of government fiscal stimulus.

**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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