



# Creststreet Alternative Energy Fund

November 2009 Newsletter

## Net Asset Value Per Share

November 30, 2009:

**Series A - \$39.1396**  
**Series B - \$38.8878**  
**Series F - \$39.0700**

## Fund Description

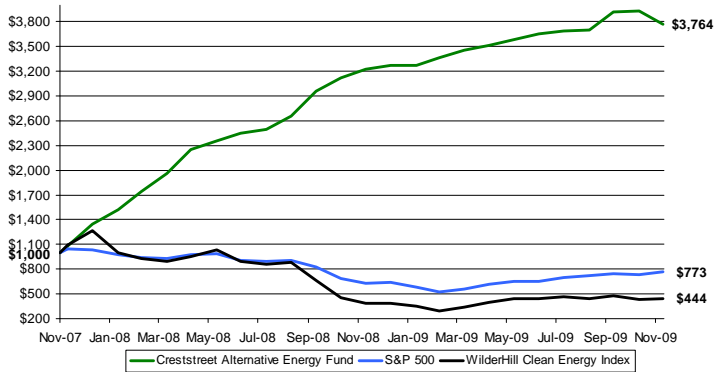
The Creststreet Alternative Energy Fund (the "Fund" or "CAEF") provides Canadian investors with exposure to a broad array of investments in sub-sectors of the energy market outside of conventional oil and natural gas. The investment objective is to provide stable long-term growth of capital while conservatively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

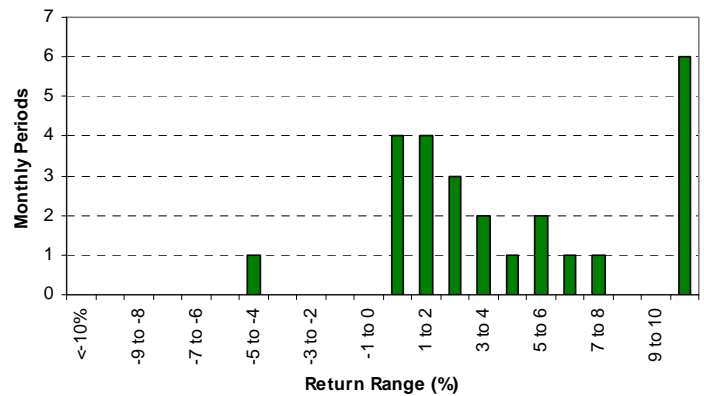
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007											7.6%	25.3%	34.8%
2008	12.6%	14.5%	12.9%	14.9%	4.7%	3.8%	2.0%	6.4%	11.3% *	5.7%	3.2%	1.5%	142.1%
2009	0.1%	2.8%	2.7%	1.5%	2.1%	1.8%	0.9%	0.4%	5.9%	0.4%	-4.2%		15.1%

\* 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>



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

	CAEF	S&P 500 Index	WilderHill Clean Energy Index
Compounded Annual Return (since inception)	92.3%	-11.9%	-33.0%
1 Year Return	16.8%	22.2%	16.0%
Standard Deviation	6.4%	6.7%	13.3%
R-Squared		0.02	0.00
Correlation		(0.16)	0.02
Beta		(0.15)	0.01
Monthly Alpha		5.5%	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 November 30, 2009 <sup>long positions only</sup>

- 5N Plus Inc.
- Advantage Oil & Gas Ltd.
- Fairborne Energy Ltd.
- HTC Pureenergy Inc.
- RuggedCom Inc.

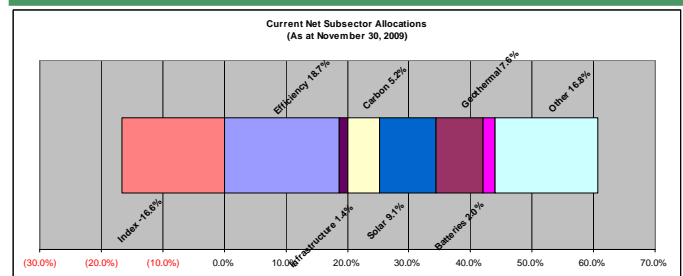
<sup>(1)</sup> Inception date of the Fund is November 21, 2007. The indicated rates of return are historical annual compound total returns and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any security holder that would have reduced returns.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

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

## Terms

<b>Fund AUM:</b> \$33.5M	<b>Pricing:</b> Weekly
<b>Minimum Initial Subscription:</b> \$ 1,000	<b>Redemptions and Contributions:</b> Weekly
<b>Performance Fee:</b> 20% with hurdle rate above S&P 500	<b>Year End:</b> December 31
<b>Management Fee:</b> 2%	<b>Auditors:</b> KPMG LLP
<b>Type:</b> North American Equity	<b>Administrator:</b> RBC Dexia Investor Services
<b>Fund Codes &amp; Load Type:</b> CAM400-FEL -0.5% Trailer CAM401-FEL -1.0% Trailer CAM402-F Class only	<b>RRSP / TFSA eligible:</b> Yes

## Sub-Sector Allocation as at November 30, 2009



## Fund Commentary

The Creststreet Alternative Energy Fund was down 4.2 percent during the month of November compared to the S&P 500 Index, which was up 5.7 percent, and the Wilderhill Clean Energy Index, which was up 3.5 percent.

## Outlook

Following the moderate correction experienced in October, North American equity markets continued on their ascent in November, with the TSX rising 4.9%, the S&P 5.7%, and the Dow 6.5% for the month.

This broad market appreciation occurred as data releases demonstrated that, although the economy has stabilized as a result of unprecedented monetary and fiscal stimulus, any recovery will likely be weak with low to moderate growth, and with a significant risk of a double-dip recession, especially if monetary and fiscal stimulus is withdrawn too quickly.

Last month, to demonstrate the case for this growth trajectory, we focused on data that measured the health of the US consumer, highlighting its disproportionate impact on US and global GDP growth. This month, we turn towards production and housing data both of which are indirectly related to the consumer's health and provide us with another perspective on the American economy.

Three critical production-oriented data points are Industrial Production, New Orders of Durable Goods, and Unfilled Orders of Durable Goods. Together these statistics provide good information on the current and future production of goods and the most recent releases point towards continued stagnation. In October, Industrial Production was flat, below the level it was in February 2009 (and June 1999, for that matter; New Orders for Durable Goods declined 0.6 and remain below levels reached in July 2009 (and November 1996 as well); and Unfilled Orders for Durable Goods (an indicator of production backlog) fell for the 13<sup>th</sup> consecutive month.

The housing data with the greatest economic multiplier impact presents a more mixed picture. Housing starts fell a massive 10.6% for October and remain below the level seen in February 2009, providing a signal that a glut of excess inventory remains in the sector. On a more positive note, New Residential Sales rose 6.2% for the month and are 30% higher than the trough reached in January 2009, but the level remains extremely low. Only one month (January 1991) from the 25 year period of 1983 to 2007 was lower.

The continued appreciation of the stock market, despite data indicating an economic environment that will be unfavourable for corporate profit growth, shows that market sentiment has become increasingly disconnected from fundamentals. Indeed, the most positive piece of economic data we've seen in the past 6 months was the US employment report released in early December. This release was far better than the street's consensus expectations and showed that job losses had fallen to their lowest level since December 2007, providing the first legitimate indicator that the employment level was stabilizing and that there might be greater hope for a sustainable recovery than previously thought. Notably, despite this positive news, the broader markets have traded down since this release.

We continue to believe in the secular themes of energy security and climate, and that consequently the alternative energy sector will be a disproportionate source of growth within the global economy over the next several decades. We've now seen several announcements from the Department of Energy focused on improving the economic and financial conditions for the sector and now await the government assistance and incentives to show up in the bottom line of earnings releases. We remain hopeful that an international agreement on reducing carbon emissions will emerge from the current global negotiations in Copenhagen, but are cognizant that such an agreement is unlikely to include any enforcement mechanism and believe more investable catalysts will come as individual nations pass legislation designed to help them achieve their emission reduction targets.

The down month in November can be attributed to a fuller investment stance in longer-term alternative energy positions as we move forward into 2010, and the underperformance of these positions relative to the broader market indices used as hedges during the month.

**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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