



## Creststreet Dividend & Income Fund

### 2011 > Interim Report

#### Management Report of Fund Performance

For the Six Months Ended June 30, 2011

THIS INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE INTERIM REPORT OF CRESTSTREET DIVIDEND & INCOME FUND (THE "FUND").

SHAREHOLDERS MAY OBTAIN A COPY OF THE INTERIM OR ANNUAL FINANCIAL STATEMENTS AT NO COST BY CALLING 1-866-864-6330, BY WRITING TO CRESTSTREET MUTUAL FUNDS LIMITED, 70 UNIVERSITY AVE., SUITE 1450, TORONTO, ON, M5J 2M4, OR BY VISITING OUR WEBSITE AT WWW.CRESTSTREET.COM. SHAREHOLDERS MAY ALSO CONTACT CRESTSTREET USING ONE OF THESE METHODS TO REQUEST A COPY OF THE FUND'S PROXY VOTING POLICIES, PROXY VOTING DISCLOSURE RECORD, OR QUARTERLY PORTFOLIO DISCLOSURE.

THE ACCOMPANYING INTERIM FINANCIAL STATEMENTS HAVE NOT BEEN REVIEWED BY THE EXTERNAL AUDITORS OF THE FUND. THE EXTERNAL AUDITORS WILL BE AUDITING THE ANNUAL FINANCIAL STATEMENTS OF THE FUND IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED AUDITING STANDARDS.

#### Results of Operations

##### Investment Performance

The Creststreet Dividend & Income Fund had a positive start to year and returned a solid 2.7% for the first half of 2011, while the S&P/TSX Composite Index had a 0.2% total return. One of the Fund's key objectives is to earn its annualized distribution of 6% and the Fund is on track to meet this objective. During the first half of 2011, the DEX Universe Overall Bond Index returned 2.2% while the S&P/TSX Income Trust Index returned 11.8%. The Fund's custom benchmark returned 7.0% which is 50% of each of the two aforementioned indices. Relative to the custom benchmark, the Fund remains underweight oil and gas trusts, real estate investment trusts and fixed income.

Capital markets continued to very volatile during the first half of 2011. It was an extraordinary six months considering the turmoil in Egypt, Libya and other middle east nations, the Japanese tsunami, the European sovereign debt crisis and need for bailouts and finally the US debt borrowing capacity crisis. This resulted in a significant sell off in the equity markets during the second quarter.

Our current outlook for Canadian equities and income trusts remains positive for the balance of 2011. We expect that bond yields over the next year will remain relatively flat as governments around the world maintain low interest rate policies in order to fuel economic growth. The good news is that it is unlikely that Canada or the US will enter into another recession in the next year. Economic statistics continue to be fairly positive and unemployment in both countries continues to level off. We expect that world growth will continue to be driven by the rebuilding of Japan, continued growth in China and India and further stimulus from the United States. The combination of low interest rates and economic growth should result in growing corporate earnings and this in turn will favour a strategy of owning high quality dividend paying stocks and income trusts. Currently, valuations and yields are very attractive and corporate balance sheets are very strong. Given this outlook, the Fund's manager will continue to underweight fixed income due to the low yields and will overweight equities, income REITS and income trusts and will continue to use the ongoing volatility to buy higher quality securities at attractive prices.

##### Revenues and Expenses

The increase in dividend income to \$71,916 in 2011 compared to \$24,205 in 2009 is related to investing in dividend paying securities in accordance with the change in investment objectives.

Management fees and service fees are calculated on the net asset value ("NAV") of the Fund. Management fees increased to \$25,278 from \$5,837 respectively in 2011 and 2010 due to the increase of the total assets of the Fund and the increase in the management fee from 0.5% to 1.25% effective June 22, 2010. Service fees increased to \$18,448 for the six months in 2011 from \$5,246 in 2010 for the same period due to the increase of the total assets of the Fund in 2010. The other expenses incurred by the Fund were in the normal course of the Fund's operations and totaled \$77,222 for the six months period in 2011 compared to \$50,105 in 2011 for the same period.

## Investment Objectives and Strategies

At a special meeting of shareholders held on June 22, 2010, shareholders approved the proposed changes to the investment objectives of the Creststreet Managed Equity Index Fund to focus on investing in dividend and income securities and to change the fees charged to the Fund by the Manager. In line with its new investment objectives the Fund was renamed from Creststreet Managed Equity Index Fund to Creststreet Dividend & Income Fund.

The Fund's objective is to provide a high level of stable investment returns through a combination of interest, dividends and capital gains while emphasizing capital preservation. The Fund invests in a diversified portfolio of equity and fixed income securities of primarily Canadian issuers which will include income trusts including one or more of business income trusts, convertible debenture of trusts, oil and gas trusts and real estate investment trusts. The Fund may also invest in foreign securities up to a maximum of 50% of the Fund's NAV.

The Fund will employ a value-based approach to investing with an emphasis on long-term value. This involves direct assessments and detailed analysis on a company basis of management, its industry, business and asset strengths, weaknesses and exposures. Greater emphasis will be placed on valuation criteria applicable to both corporations and trusts such as EBITDA multiples, cash flow multiples, net asset values and other industry specific measures. In addition, security specific factors such as cash-on-cash yields and stability ratings will be included. Assessments of the company's or trust's industry position, balance sheet strength, future growth potential, its ability to execute successful acquisitions and its access to capital are also key components.

## Risk

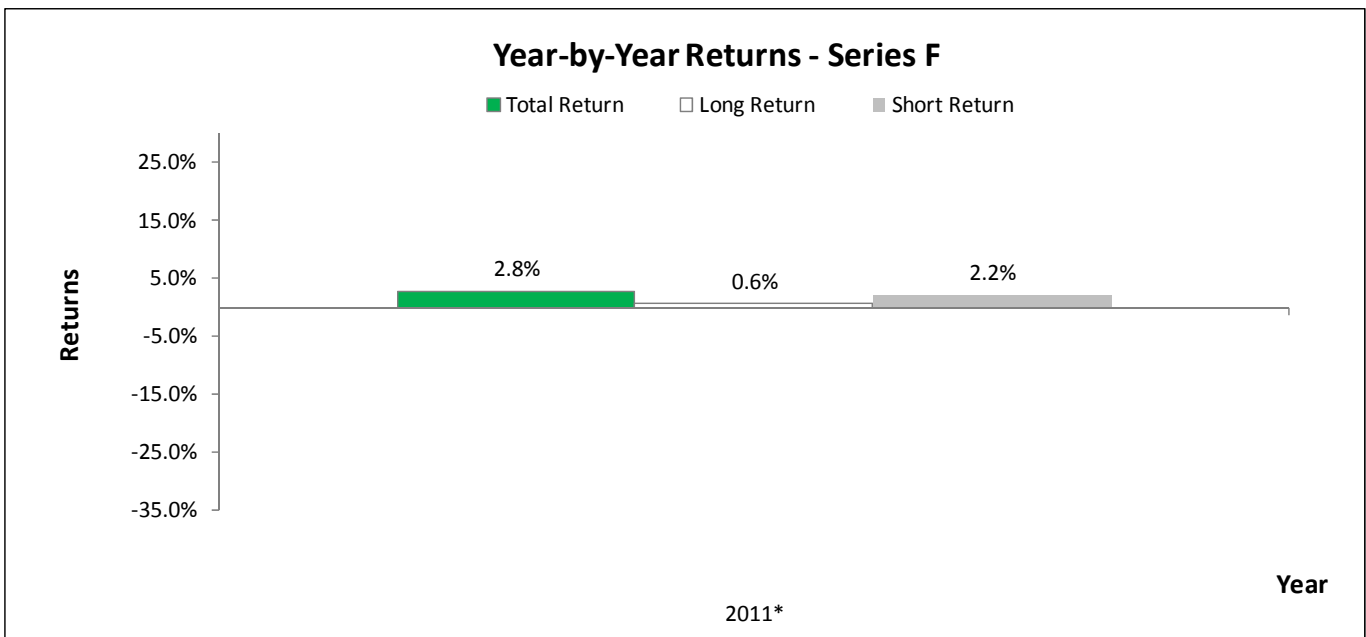
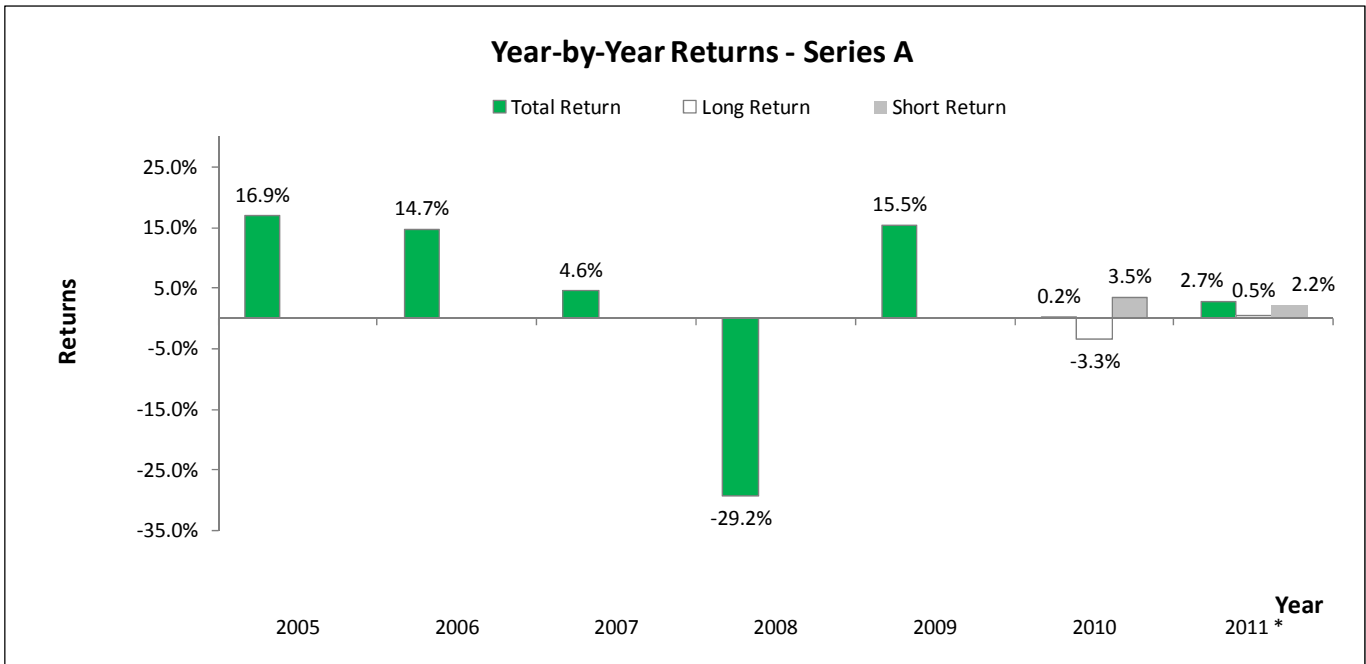
The investment philosophy, style and method for the Fund remain unchanged in the long-term. During the first half of 2011, there were no significant changes to Fund's strategy. The Fund continued to be underweight fixed income during the period and had almost no exposure to bonds due to the very low yields available from this asset class. The Fund as a result was overweight equities. Typically equities have a high risk profile than that of fixed income securities and as a result, the Fund's risk profile was higher in the first half of 2011. The Fund is therefore subject to the risks associated to the Fund's investment strategies. A more detailed discussion of the Fund's risk exposures can be found in the Fund's prospectus and in the notes of the 2011 interim financial statements.

## Past Performance

The past performance of the Fund is presented below showing the Year-by-Year returns charts. It should be noted that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. The performance information shown also assumes that distributions made by the Fund were reinvested in additional securities of the Fund. Performance of the Fund set out below was calculated net of all fees and expenses. Lastly, the Fund's past performance is not necessarily indicative of its future performance.

### Year-by-Year Returns

The following bar chart shows the Fund's annual return for the past six years and the six months ended June 30, 2011. In percentage terms, the bar chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of the financial period.



\* Total Return for the six months ended June 30, 2011

Note:

The performance shown for short positions is based on the pure performance of the short positions, while the performance shown for long positions and the overall total performance of Series A is comprehensive of all fees and expenses.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance past five years. This information is derived from the Fund's the annual financial statements of preceding years.

### The Fund's Net Asset Value (NAV) per Share:

SERIES A	2011	2010	2009	2008	2007
Net assets, beginning of period <sup>(4)</sup>	\$ 7.19	\$ 7.39	\$ 6.39	\$ 10.14	\$ 10.26
Total revenue	0.15	0.27	0.16	0.23	0.39
Total expenses	(0.24)	(0.51)	(0.26)	(0.24)	(0.24)
Realized gains (losses) on investments	0.48	(0.46)	-	0.06	0.11
Unrealized gains (losses) on investments	(0.15)	0.91	1.06	(2.81)	0.20
Transaction costs	(0.04)	(0.03)	-	-	(0.01)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.20</b>	<b>\$ 0.18</b>	<b>\$ 0.96</b>	<b>\$ (2.76)</b>	<b>\$ 0.44</b>
<b>Distributions:</b>					
From capital gains	(0.20)	(0.20)	-	(1.03)	(0.56)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.20)</b>	<b>(0.20)</b>	<b>-</b>	<b>(1.03)</b>	<b>(0.56)</b>
<b>Net assets, end of period<sup>(4)</sup></b>	<b>\$ 7.18</b>	<b>\$ 7.19</b>	<b>\$ 7.39</b>	<b>\$ 6.39</b>	<b>\$ 10.14</b>

SERIES F	2010	2010
Net Assets, beginning of period <sup>(1)</sup>	\$ 7.19	\$ 7.21
<b>Increase (decrease) from operations:</b>		
Total revenue	0.14	0.07
Total expenses	(0.20)	(0.11)
Realized gains (losses) for the period	0.47	0.19
Unrealized gains (losses) for the period	(0.16)	(0.04)
Transaction costs	(0.04)	(0.02)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.21</b>	<b>\$ 0.09</b>
<b>Distributions:</b>		
From capital gains	(0.20)	(0.10)
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.20)</b>	<b>(0.10)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 7.21</b>	<b>\$ 7.19</b>

(1) This information is derived from the Fund's annual financial statements. Inception date of Series A and Series F are December 30, 2004 and October 22, 2010 respectively. The inception NAV of these series was \$10.00 per share and \$7.2082 per share respectively.

(2) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional shares.

(4) These calculations are prescribed by securities regulators and are not intended to act as a continuity of the opening and closing net assets per share.

## Ratios and Supplemental Data

	June 30, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007
<b>SERIES A</b>					
Total Net asset value (GAAP NAV) (\$) (000's) <sup>(1)</sup>	3,464	3,632	2,230	2,785	3,185
Number of shares outstanding <sup>(1)</sup>	482,606	505,119	301,832	436,007	314,031
Management expense ratio(MER) <sup>(2)</sup>	6.53%	7.05%	3.82%	2.94%	2.38%
Trading expense ratio <sup>(3)</sup>	1.13%	0.44%	0.01%	0.03%	0.08%
Portfolio turnover rate <sup>(4)</sup>	265.51%	88.39%	-	0.48%	1.95%
Net asset value per share (Pricing NAV)(\$)	7.19	7.20	7.39	6.40	10.16

	June 30, 2011	December 31, 2010
<b>SERIES F</b>		
Total net asset value (\$) (000's) <sup>(1)</sup>	18	19
Number of shares outstanding <sup>(1)</sup>	2,705	2,632
Management expense ratio <sup>(2)</sup>	5.61%	8.18%
Trading expense ratio <sup>(3)</sup>	1.13%	0.44%
Portfolio turnover rate <sup>(4)</sup>	265.51%	88.39%
Net asset value per share (\$)	7.22	7.20

- (1) This information is provided as at June 30 and December 31 for the years shown.
- (2) The management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
- (3) The trading expense ratio represents the total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
- (4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100 percent is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of a year. The higher a fund's portfolio turnover rate, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

## Recent Developments

### Changeover to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has confirmed the ability to defer the adoption of International Financial Reporting Standards ("IFRS") to fiscal periods beginning on or after January 1, 2013 for entities applying *Accounting Guideline 18, Investment Companies*. The Manager intends to have the Fund adopt IFRS on January 1, 2013.

The Manager has developed an IFRS changeover plan, which addresses key elements of the conversion to IFRS and includes identifying and assessing the impact of the significant differences between IFRS and Canadian GAAP that are expected to impact financial reporting.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of net asset value per unit. IFRS is expected to have an impact on the presentation of securityholders' equity and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS. The current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

### Harmonized Sales Tax

Effective July 1, 2010, Ontario replaced their Provincial Sales Tax ('PST') and Federal Goods and Service Tax ('GST') with a single Harmonized Sales Tax ("HST") of 13 percent. Management fees and all other expenses charged to the Fund were subjected to an additional tax of 8%. New rules in Canada require Investment Funds to calculate HST using the residency of the unit holders and the current value of their interests, rather than the physical location of the Fund. The use of this blended rate will allow the Fund to reduce the effect of harmonization to the extent the Fund has residents in provinces not subject to HST.

## Related Party Transactions

Creststreet Mutual Funds Limited (the 'Corporation'), of which the Fund is a class of shares, is a wholly owned subsidiary of Creststreet Asset Management Limited. Creststreet Asset Management Limited, a corporation registered as a portfolio manager and an investment fund manager in Ontario, and is the Manager and the Investment Advisors of the Fund.

Management fees are paid to the Manager for the management of the Fund's day-to-day administration and for providing investment advice and portfolio management services. The Fund also pays a service fee to the Manager, which the Manager then remits to dealers as consideration for administering the Fund's assets for the dealers' clients.

### Independent Review Committee

In accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds, the Corporation has an Independent Review Committee ("IRC") with a mandate to provide impartial recommendation or judgment on conflict of interest matters with regard to the operations of the Fund and its respective portfolio. The IRC is composed of three members, all of whom are independent of the Corporation and its affiliates. The compensation and other reasonable expenses of the IRC is paid pro-rata amongst the investment funds for which the IRC has been appointed as the independent review committee, based on assets of each investment fund at the time the expenses are paid, and is paid as an expense of the Fund.

The Corporation received the following approvals and standing instructions from the IRC for the year ending December 31, 2010:

1. Expense Allocation
2. Fee Allocation
3. Start-up/Organizational Expenses
4. Standards of Fairness
5. Trade Errors and Trade Modifications
6. Trade Management and Best Execution
7. Investment Suitability
8. Proxy Voting
9. Fundamental Changes to a Fund
10. Matters requiring Shareholder Approval
11. Amending the Constating and/or Offering Documents of a Fund
12. Access Person Trading

In each case, the standing instructions require the Corporation to comply with its related policies and procedures and to report periodically to the IRC.

IRC is required to issue an annual report detailing its activities for the year, which is available to the shareholders on the website at [www.creststreet.com](http://www.creststreet.com) or at their request and at no cost by calling toll-free 1.866.864.6330.

## Management Fees

The Manager provides investment and administrative services to the Fund. In consideration of these services, the Fund pays the Manager a fee equal to 0.5 percent per annum of the net value of the Fund, calculated and paid monthly in arrears. HST is paid on all management fees. Effective June 22, 2010 upon shareholder approval the management fee rate was changed to 1.25 percent per annum of the net value of their respective Series.

The Fund also pays a service fee to dealers as consideration for administering its assets held by those dealers. The service fee is calculated as a percentage of the assets each dealer has in place in the Fund and is based on the closing balance of client accounts at the end of each calendar month. Effective July 1<sup>st</sup>, 2010, the beginning of the quarter, the Fund started paying a trailer fee of 1.0 percent based on the shareholder approval obtained on June 22, 2010.

The Fund paid the following amounts to the Manager for the six months ended June 30, 2011 and 2010:

	2011		2010	
Management Fees	25,278	57.8%	5,837	52.7%
Service Fees Paid to Dealers	18,448	42.2%	5,246	47.3%
	<u>\$ 43,726</u>	<u>100.0%</u>	<u>\$ 11,083</u>	<u>100.0%</u>

## Summary of Investment Portfolio

As at June 30, 2011

Sector Mix	% of net assets
Financials	43.3%
Basic Materials	18.4%
Oil & Gas	15.7%
Consumer Services	7.3%
Industrials	4.2%
Health Care	3.8%
Utilities	2.6%
Telecommunications	2.2%
Consumer Goods	2.0%
Technology	1.9%
<b>Total Investments</b>	<b>101.4%</b>
Cash and cash equivalents	0.2%
Other net assets	-1.6%
	<b>100.0%</b>

## Summary of Investment Portfolio (continued)

Top Positions	% of net assets
Royal Bank of Canada	8.7%
Sherritt International Corp.	7.9%
Canadian Imperial Bank of Commerce	7.6%
Liquor Stores N.A. Ltd.	7.3%
Arc Resources Ltd.	7.2%
Toronto Dominion Bank	7.0%
Bank of Montreal	7.0%
Directcash Payment Inc.	6.4%
Canexus Inc.ome Fund	5.8%
Canadian Oil Sands Ltd.	4.8%
Potash Corporation of Saskatchewan Inc.	4.7%
IBI Group Inc.	4.2%
AltaGas Ltd.	3.7%
Northland Power Inc.	2.6%
Riocan Real Estate Investment Trust	2.3%
Rogers Communications Inc.	2.2%
Eli Lilly & Co.	2.1%
Allied Properties Real Estate Invest Trust	2.0%
Kraft Foods Inc.	2.0%
E. I. Du Pont De Nemours & Company	1.9%
Pfizer Inc.	1.7%
Innvest REIT 6% Series E Debenture	1.2%
H&R Real Estate Invetmenet Trust	1.1%
<b>Total Net Asset Value</b>	<b>\$ 3,482,763</b>

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio update is available to the investor at no cost by calling 1-866-864-6330, by writing to Creststreet Mutual Funds Limited, Suite 1450, 70 University Avenue, Toronto ON M5J 2M4 or by visiting the website at [www.creststreet.com](http://www.creststreet.com).

## Statements of Net Assets

	As at June 30, 2011 (unaudited)	As at December 31, 2010
<b>Assets</b>		
Investments at market value	\$ 3,532,691	\$ 3,099,347
Cash and cash equivalents	7,021	1,474,763
Interest receivable	628	967
Dividends receivable	14,050	13,385
Other account receivable	5,114	5,114
	<b>3,559,504</b>	<b>4,593,576</b>
<b>Liabilities</b>		
Securities sold short at market value	-	247,240
Options at fair value	2,370	28,129
Due to broker	-	579,146
Distribution Payable	16,500	17,264
Accounts payable and accrued liabilities	57,871	71,023
	<b>76,741</b>	<b>942,802</b>
<b>Net assets - GAAP NAV (note 2)</b>	<b>\$ 3,482,763</b>	<b>\$ 3,650,774</b>
Adjustment from bid market prices to last traded market prices	5,492	2,995
<b>Net asset value- Pricing NAV (note 2)</b>	<b>\$ 3,488,255</b>	<b>\$ 3,653,769</b>
<b>Series A</b>		
Net assets- GAAP NAV (note 2)	\$ 3,463,265	\$ 3,631,842
Adjustment from bid market prices to last traded market prices	5,461	2,980
Net asset value - Pricing NAV (note 2)	<b>\$ 3,468,726</b>	<b>\$ 3,634,822</b>
<b>Shares outstanding</b>	<b>482,606</b>	<b>505,119</b>
Net assets per share - GAAP NAV (note 2)	\$ 7.18	\$ 7.19
Adjustment from bid market prices to last traded market prices	0.01	0.01
Net asset value per share - Pricing NAV (note 2)	<b>\$ 7.19</b>	<b>\$ 7.20</b>

## Statements of Net Assets (continued)

### Series F

Net assets - GAAP NAV (note 2)	\$	19,498	\$	18,932
Adjustment from bid market prices to last traded market prices		31		15
Net asset value - Pricing NAV (note 2)	\$	19,529	\$	18,947
<b>Shares outstanding</b>		<b>2,705</b>		<b>2,632</b>
Net assets per share - GAAP NAV (note 2)	\$	7.21	\$	7.19
Adjustment from bid market prices to last traded market prices		0.01		0.01
Net asset value per share - Pricing NAV (note 2)	\$	7.22	\$	7.20

See accompanying notes to financial statements.

Approved by Creststreet Mutual Funds Limited



**Robert J. Toole**  
Director



**Stuart P. Hensman**  
Director

## Statements of Operations

For the six months ended June 30 (unaudited)	2011	2010
<b>Investment Income</b>		
Dividend revenue	\$ 71,916	\$ 24,205
Interest revenue	2,728	-
	<u>74,644</u>	<u>24,205</u>
<b>Expenses</b>		
Management fees (note 3)	25,278	5,837
Service fees	18,448	5,246
Securityholder reporting costs	5,793	4,525
Audit fees	2,822	2,715
Custodial fees	8,765	2,969
Independent Review Committee fees	5,239	3,495
Legal and filing fee	14,153	6,166
Operating expenses	39,511	25,584
Capital tax	-	1,794
Marketing Expense	939	2,857
	<u>120,948</u>	<u>61,188</u>
<b>Gain (loss) from investment operations</b>	<u>(46,304)</u>	<u>(36,983)</u>
Net realized gain (loss) on sale of investments	177,894	(21,649)
Net realized gain on options	67,348	-
Change in unrealized depreciation of investments	(71,959)	(77,480)
Change in unrealized depreciation of options	(4,032)	-
Transaction costs (note 2)	(20,910)	(405)
<b>Net realized and unrealized gain (loss) on investments</b>	<u>148,341</u>	<u>(99,534)</u>
<b>Increase (decrease) in net assets from operations</b>	<u>\$ 102,037</u>	<u>\$ (136,517)</u>
<hr/>		
Increase (decrease) in net assets from operations, Series A	\$ 101,468	\$ (136,517)
Increase (decrease) in net assets from operations per share, Series A	<u>0.20</u>	<u>(0.48)</u>
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Increase in net assets from operations, Series F	\$ 569	-
Increase in net assets from operations per share, Series F	<u>0.21</u>	<u>-</u>

See accompanying notes to financial statements

## Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2011	2010
<b>Net assets at the beginning of period</b>	\$ 3,650,774	\$ 2,229,826
<b>Operations:</b>		
Increase (decrease) in net assets from operations	102,037	(136,517)
<b>Dividends to shareholders:</b>		
Capital gain dividend (note 4)	(103,663)	-
<b>Capital transactions:</b>		
Proceeds from the issue of shares	252,211	57,008
Shares issued on reinvestment of dividends	97,033	-
Amounts paid on redemption of shares	(515,629)	(601,444)
<b>Net assets at the end of period - GAAP NAV (note 2)</b>	<b>\$ 3,482,763</b>	<b>\$ 1,548,873</b>
Adjustment from bid market prices to last traded market prices	5,492	1,200
<b>Net asset value at the end of period - Pricing NAV (note 2)</b>	<b>\$ 3,488,255</b>	<b>\$ 1,550,073</b>

### Series A

<b>Net assets at the beginning of period, Series A</b>	\$ 3,631,842	\$ 2,229,826
<b>Increase (decrease) in net assets from operations, Series A</b>	101,468	(136,517)
<b>Dividends to shareholders:</b>		
Capital gain dividend (note 4)	(103,117)	-
<b>Capital transactions:</b>		
Proceeds from the issue of shares	252,211	57,008
Shares issued on reinvestment of dividends	96,490	-
Amounts paid on redemption of shares	(515,629)	(601,444)
<b>Net assets at the end of period - GAAP NAV, Series A (note 2)</b>	<b>\$ 3,463,265</b>	<b>\$ 1,548,873</b>
Adjustment from bid market prices to last traded market prices	5,461	1,200
<b>Net asset value at the end of period - Pricing NAV, Series A (note 2)</b>	<b>\$ 3,468,726</b>	<b>\$ 1,550,073</b>

## Statements of Changes in Net Assets (Continued)

<b>Net assets at the beginning of period, Series F</b>	\$	18,932	\$	-
Increase (decrease) in net assets from operations, Series F		569		-
<b>Dividends to shareholders:</b>				
Capital gain dividend (note 4)		(546)		-
<b>Capital transactions:</b>				
Proceeds from the issue of shares		-		-
Shares issued on reinvestment of dividends		543		-
Amounts paid on redemption of shares		-		-
<b>Net assets at the end of period - GAAP NAV, Series F (note 2)</b>	\$	19,498	\$	-
Adjustment from bid market prices to last traded market prices		31		-
<b>Net asset value at the end of period - Pricing NAV, Series F (note 2)</b>	\$	19,529	\$	-

See accompanying notes to financial statements.

## Statement of Investment Portfolio

As at June 30, 2011

Issuer	Number of Securities	Type of Security		Fair Value
<b>Investment in securities held in long positions</b>				
Royal Bank of Canada	5,500	Common shares	\$ 303,531	\$ 302,445
Sherritt International Corp.	45,000	Common shares	333,351	276,300
Canadian Imperial Bank of Commerce	3,500	Common shares	283,175	266,350
Liquor Stores N.A. Ltd.	17,000	Common shares	259,643	252,960
ARC Resources Ltd.	10,000	Common shares	231,651	249,700
The Toronto-Dominion Bank	3,000	Common shares	240,330	245,340
Bank of Montreal	4,000	Common shares	246,138	245,120
DirectCash Payments Inc.	10,000	Common shares	210,500	222,000
Canexus Income Fund	30,000	Income Trusts	199,265	200,400
Canadian Oil Sands Ltd.	6,000	Common shares	177,720	166,740
Polash Corp of Saskatchewan Inc.	3,000	Common shares	161,898	164,880
IBI Group Inc.	10,500	Common shares	156,982	144,585
AltaGas Ltd.	5,000	Common shares	101,767	128,700
Northland Power Inc.	5,600	Common shares	77,480	89,992
RioCan Real Estate Investment Trust	3,100	Income Trusts	59,776	80,259
Rogers Communications Inc.	2,000	Common shares	72,359	76,220
Eli Lilly & Co.	2,000	Common shares	72,146	72,421
Allied Properties Real Estate Investment Trust	3,000	Income Trusts	62,600	71,310
Kraft Foods Inc.	2,000	Common shares	60,563	67,982
El Du Pont de Nemours & Co.	1,300	Common shares	47,175	67,788
Pfizer Inc.	3,000	Common shares	49,123	59,614
InnVest Real Estate Investment Trust	42,000	Bond	42,000	42,777
H&R Real Estate Investment Trust	1,800	Income Trusts	30,698	38,808
			<u>3,479,871</u>	<u>3,532,691</u>
<b>Call Options</b>				
AltaGas Ltd. July 2011 @ 26.00 CAD	CAD (50)		(750)	(1,250)
Bank of Montreal July 2011 @ 62.00 CAD	CAD (40)		(1,880)	(1,120)
			<u>(2,630)</u>	<u>(2,370)</u>
Transaction costs (note 2)			(4,292)	
<b>Investments at fair value</b>			<b>\$ 3,472,949</b>	<b>\$ 3,530,321</b>

See accompanying notes to financial statements.

## Notes to Financial Statements

For the six months ended June 30, 2011 and 2010

### 1. Creststreet Mutual Funds Limited

Creststreet Dividend & Income Fund (formerly, Creststreet Managed Equity Index Fund) (the "Fund"), along with Creststreet Resource Fund and Creststreet Alternative Energy Fund (together the "Funds") are share classes of Creststreet Mutual Funds Limited (the "Corporation"). The Corporation was formed under the Canada Business Corporations Act (the "CBCA") by articles of incorporation (the "Articles") dated October 13, 1999, as amended by articles of amendment dated July 18, 2000, May 16, 2001, December 11, 2001, January 11, 2002, December 5, 2002, May 15, 2003, April 26, 2004, September 2, 2004, December 22, 2004, March 29, 2005, February 10, 2006, January 29, 2007 and October 24, 2007, January 18, 2008, February 26, 2008, January 29, 2009 and November 6, 2009. At a special meeting of shareholders held on June 22, 2010, shareholders approved the proposed changes to the investment objectives of the Creststreet Managed Equity Index Fund to focus on investing in dividend and income securities and to change the fees charged to the Fund by the Manager. In line with its new investment objective the Fund was renamed from Creststreet Managed Equity Index Fund to Creststreet Dividend & Income Fund.

In order to conform to investment fund disclosure regulations, these financial statements present the financial position of the Fund as at June 30, 2011 and December 31, 2010, its investments held as at June 30, 2011, and the results of operations and the changes in net assets for the six months ended June 30, 2011 and 2010 and do not contain the financial statements of the Corporation. As the Funds are part of the Corporation, the Corporation as a whole is liable for the expenses and obligations of each of the Funds. There exists the possibility that the Fund could be liable for an expense or obligation of another of the Funds; however, the Manager is diligent to ensure that such a liability will not occur.

Creststreet Asset Management Limited (the "Manager") is the manager of the Fund.

### 2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the following is a summary of significant accounting policies followed by the Fund:

#### (a) Valuation of investments

Investments are deemed to be held for trading in accordance with Section 3855 and are therefore recorded at fair value.

Fair value of securities held by the Fund that are listed on a recognized public securities exchange are valued at their closing bid price or the closing ask price for securities sold short. Securities that are not listed or traded on a public securities exchange or actively traded on an over-the-counter market, will be valued at its fair value determined Manager pursuant to the Manager's established pricing policies. Acquisition cost may be used as a fair value proxy, particularly if the acquisition date of the investment was within the current fiscal year. For unlisted securities, the Manager's policy is to use evidence of arm's length third party transactions, where possible, in determining the fair value. The restricted securities (including securities subject to any hold period) are valued on reported quotations in common use unless a different fair market value is determined by the Manager. The Black Scholes pricing methodology is used to price the warrants held by the Fund.

CICA Handbook Section 3855 impacts the valuation and the disclosure of the net assets of an investment fund for financial reporting purposes ("GAAP NAV" or "Net Assets") as the Canadian GAAP requires securities traded on a public exchange be valued at closing bid price for long positions and ask price for securities sold short. The value used to determine the Fund's daily price for purchases and redemption of shares ("Pricing NAV" or "Net Asset Value") is, however, not affected by the Section 3855 accounting policy change, as permitted by NI 81-106. This will result in a difference between the Net Assets Value (Pricing NAV) and Net Assets (GAAP NAV), which is presented in the Statements of Net Assets.

#### (b) Cash and cash equivalents

Cash comprise of cash on deposit. These are deemed to be held for trading and are therefore carried at fair value.

#### (c) Other assets and liabilities

Interest receivable, dividend receivable and other receivable are designated as loans and receivables and are recorded at cost or amortized cost. Similarly, due to broker, distribution payables and accounts payable liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short term nature.

(d) **Brokerage commissions**

In accordance with Section 3855, transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction Costs" in the Statements of Operations.

(e) **Investment transactions and income recognition**

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Dividend income is recognized on the ex-dividend date and interest income is accrued as earned.

(f) **Income taxes**

The Fund qualifies intends to continue to qualify as a mutual fund corporation as defined in the Income Tax Act (Canada). The Fund is subject to tax at the full corporate rate on its taxable income. Dividends received from taxable Canadian corporations are generally not included in the taxable income of the Fund but are subject to a special tax, refundable at a rate of 33 1/3 percent of taxable dividends distributed by the Fund to its shareholders. The Fund is eligible for a refund calculated on a formula basis when mutual fund shares are redeemed or when capital gains dividends are paid to shareholders. The Fund intends to distribute to its share holders net income and net capital gains so that it will not be subject to income taxes. Accordingly, no provision for income taxes has been made.

(g) **Use of estimates**

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

(h) **Net assets per share by series**

Net assets per share by series is computed by dividing the net assets of the Fund at the valuation date attributable to each series of securities (after the deduction of all expenses attributable to the Fund as a whole, and the deduction of any expenses attributable to each series individually) by the total number of shares of each series of the Fund outstanding.

(i) **Increase (decrease) in net assets from operations per share**

The increase (decrease) in net assets from operations per share by series in the statements of operations represents the change in net assets from operation attributable to each series divided by the average number of shares of that series outstanding during the period. Income, expenses, other than management fees, and realized and unrealized gain (loss) are distributed amongst the different series of shares in proportion to the amount of equity invested in them.

### 3. **Management fee**

The Manager provides investment and administrative services to the Fund. In consideration for such services the Manager receives a fee equal to 0.5 percent per annum of the net asset value of the Fund, payable monthly in arrears. Effective June 22, 2010 upon shareholders approval the Fund started to pay 1.25 percent in management Fee. For the six months ended June 30, 2011, the management fee amounted to \$25,277 (2010 - \$5,837). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

### 4. **Dividends**

For the six months period ended on June 30, 2011, the Fund declared capital gains dividends totaling \$103,663 or \$0.204 per share (2010 - \$nil) to the Fund's shareholders of record. For the six months ended June 30, 2011, \$97,033 was reinvested into the Fund (2010 - \$nil).

### 5. **Financial Instrument Risk**

The Fund's objective is to provide a high level of stable investment returns through a combination of interest, dividends and capital gains while emphasizing capital preservation. The Fund invests in a diversified portfolio of equity and fixed income securities of primarily Canadian issuers which will include income trusts including one or more of business income trusts, convertible debenture of trusts, oil and gas trusts and real estate investment trusts. The Fund may invest in foreign securities up to a maximum of 50% of the Fund's NAV. The Fund may invest its cash balances in a short-term money market fund to maximize its yield on idle cash. The Fund's use of financial instruments gives rise to a number of risk factors.

### Market Risk

Market risk is simply the risk that the fair value of a financial instrument will fluctuate because of volatility of market prices. Market risk is comprised of three types of risk: *currency risk*, *interest rate risk*, and *other price risk*.

### Currency Risk

Currency risk is the risk that the fair value of a financial instrument could fluctuate due to changes in foreign currency exchange rates. The Fund's functional currency is Canadian dollars, and the Fund is exposed to foreign currency risk when it invests in securities denominated in another currency since the fair value of those securities is determined by converting the price of the security into Canadian dollars.

As at June 30, 2011, had the Canadian Dollar appreciated or depreciated by 5% in relation to the applicable foreign currency, the NAV of the Fund will be higher or lower as detailed below:

Currency	Investments	Cash & Cash Equivalents	Total	Impact on the NAV	Impact as a % of the NAV
US dollars	\$ 267,805	\$ -	\$ 267,805	\$ 13,390	0.38%

As at December 31, 2010, had the Canadian Dollar appreciated or depreciated by 5% in relation to the applicable foreign currency, the NAV of the Fund will be higher or lower as detailed below:

Currency	Investments	Cash & Cash Equivalents	Total	Impact on the NAV	Impact as a % of the NAV
US dollars	\$ 607,644	\$ 12,525	\$ 620,169	\$ 31,008	0.85%

### Interest Rate Risk

Interest rate risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market interest rates. The immediate impact of interest rate risk is greatest on debt and fixed income securities that have a relatively long duration (generally a year or more to maturity). As of June 30, 2011, the Fund held only 1.20% (2010 – Nil) of its net assets in debt or fixed income securities. Consequently, a 1% change in the interest rate will not materially affect the Fund.

### Other Price Risk

Other price risk is the risk that the fair value of a financial instrument could fluctuate due to changes in market conditions other than currency or interest rate risk. These changes could be due to a number of factors including, but not limited to; changes in relation to a specific security or the issuer of a security, changes in the prices of a market sector's underlying commodity, or changes due to shifts in overall market sentiment. Since the Fund is invested exclusively in index participation securities, the Fund's portfolio is fully diversified and is exposed only to risks that affect these markets as a whole. As at June 30, 2011 and December 31, 2010 assuming all other variables were held constant, had the general price level of the equities markets been 5 percent higher or lower, the NAV and the NAV per unit of the Fund may have been \$157,182 and 4.51 percent higher or lower, respectively (December 31, 2010 - \$116,137 and 4.11 percent respectively). This estimation is based on statistical tools that measure the relationships between each security in the Fund's portfolio and how their returns relate to the returns of the overall equities markets. In reality, results could differ from this estimate and the difference could be material.

### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its obligations or commitments that it has entered into with the Fund. The Fund does not typically invest in debt securities, thereby minimizing the Fund's exposure to credit risk. The Fund is exposed to credit risk to the extent that the Fund's custodian may not be able to settle trades for cash. Canadian securities regulations require that the Fund employs a custodian that meets certain capital requirements. These regulations state that, among other things, a fund's custodian be either a bank listed in Schedule I, II, or III of the *Bank Act (Canada)*, or a company incorporated in Canada affiliated with a bank with shareholders' equity of not less than \$10,000,000. The Fund's custodian, RBC Dexia Investor Services Trust, meets all Canadian Securities Administrators' requirements to act as custodian.

### Liquidity Risk

The Fund is subject to the possibility of net redemptions on a weekly basis. The Fund invests the majority of its net assets in securities that are traded on a public exchange and can be readily liquidated if and as required in order to meet its redemption obligations. The Fund also retains sufficient cash and cash equivalents to maintain liquidity. The Fund is also permitted to borrow up to 5 percent of its net assets to fund redemptions; however the Manager is diligent to ensure such action is not required. No such borrowings occurred during the periods.

## 6. Fair Value Measurement

CICA Handbook Section 3862 "Financial Instruments – Disclosure" requires the Fund to present a classification of fair value measurements of the Fund's investment based on a three level of fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair value inputs is summarized as follows:

*Level 1:* Quoted prices (unadjusted) in active markets for identical assets or liabilities that are easily accessible.

*Level 2:* Inputs other than quoted prices that is observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

*Level 3:* Inputs for assets or liabilities that are not based on observable data. There is little, if any, market activity and hence the requires significant management judgment or estimation.

As at June 30, 2011:

	Level 1		Level 2		Level 3		Total
<b>Assets</b>							
Equities	\$	3,099,137	\$	-	\$	-	3,099,137
Trust Units		390,777		-		-	390,777
Bonds		-		42,777		-	42,777
<b>Total Assets</b>	<b>\$</b>	<b>3,489,914</b>	<b>\$</b>	<b>42,777</b>	<b>\$</b>	<b>-</b>	<b>3,532,691</b>
<b>Liabilities</b>							
Options	\$	(2,370)	\$	-	\$	-	(2,370)
<b>Total Liabilities</b>		<b>(2,370)</b>		<b>-</b>		<b>-</b>	<b>(2,370)</b>
<b>Total</b>	<b>\$</b>	<b>3,487,544</b>	<b>\$</b>	<b>42,777</b>	<b>\$</b>	<b>-</b>	<b>3,530,321</b>

As at December 31, 2010:

	Level 1		Level 2		Level 3		Total
<b>Assets</b>							
Equities	\$	1,996,880	\$	-	\$	-	1,996,880
Trust Units		1,060,358		-		-	1,060,358
Bonds		-		42,109		-	42,109
<b>Total Assets</b>	<b>\$</b>	<b>3,057,238</b>	<b>\$</b>	<b>42,109</b>	<b>\$</b>	<b>-</b>	<b>3,099,347</b>
<b>Liabilities</b>							
Equities	\$	(247,240)	\$	-	\$	-	(247,240)
Options		(28,129)		-		-	(28,129)
<b>Total Liabilities</b>		<b>(275,369)</b>		<b>-</b>		<b>-</b>	<b>(275,369)</b>
<b>Total</b>	<b>\$</b>	<b>2,781,869</b>	<b>\$</b>	<b>42,109</b>	<b>\$</b>	<b>-</b>	<b>2,823,978</b>

## 7. Soft Dollar Commissions

Section 3.6.3 of the National Instrument 81-106 Investment Fund Continuous Disclosure requires the Fund to disclose, where ascertainable, the soft dollar portions of the total commission and other portfolio transactions cost paid to the dealer by the Fund. Soft dollar commission refers to any goods and services, beyond the amount attributed to the order execution, received directly from the dealer executing the Fund's portfolio transactions, or from a third party. Such benefits may be in the form of research, or other materials that aid the investment process, thus contributing to long-term realization of returns for the shareholders. For the six months period ended June 30, 2011, the Fund paid \$20,910 in brokerage commissions of which \$600 were soft dollar commissions.

## 8. Changeover to International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (the “AcSB”) has confirmed the ability to defer the adoption of International Financial Reporting Standards (“IFRS”) to fiscal periods beginning on or after January 1, 2013 for entities applying Accounting Guideline 18, Investment Companies. The Manager intends to have the Fund adopt IFRS on January 1, 2013.

The Manager has developed an IFRS changeover plan, which addresses key elements of the conversion to IFRS and includes identifying and assessing the impact of the significant differences between IFRS and Canadian GAAP that are expected to impact financial reporting.

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of net assets per unit. IFRS is expected to have an impact on the presentation of securityholders’ equity and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS. The current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

## 9. Comparative Balances

Comparative figures have been reclassified where necessary to afford a meaningful comparison with the current period.

## Creststreet Mutual Funds Limited

### Board of Directors

**Jeffrey S. Boyce\***

Chairman and Chief Executive Officer  
SURE Energy Inc.

**Stuart P. Hensman\*\***

Corporate Director

**John E. Thompson\***

President and Chief Executive Officer  
Sirius Energy Inc.

**Robert J. Toole, C.A.**

Managing Director  
Creststreet Asset Management Limited

### Officers

**Robert J. Toole, C.A.**

President and Chief Executive Officer

**Donna E. Shea, C.A.**

Senior Vice-President, Finance and  
Chief Financial Officer

**Sheryl J. Chiddenton**

Vice-President, Compliance and Investment  
Services

### Administrator and Custodian

RBC Dexia Investor Services Trust  
Toronto, Ontario

### Investment Advisor & Investment Fund Manager

Creststreet Asset Management Limited  
Toronto, Ontario

### Clearing and Settlement Services

FundSERV Inc.

### Fund Symbols

CAM100, CAM151, CAM152  
CAM300, CAM300, CAM302  
CAM400, CAM401, CAM402

### Auditors

KPMG LLP  
Toronto, Ontario

### Registered Address

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\* Member of the Audit Committee and  
Independent Review Committee

\*\*Chair of the Audit Committee and  
Independent Review Committee