



Creststreet Dividend & Income Fund

2010 > Interim Report

Management Report of Fund Performance

For the six months ended June 30, 2010

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 Managed Equity Index Fund was renamed Creststreet Dividend & Income Fund on June 22, 2010 subsequent to a positive shareholder vote. For the first half of 2010, the Fund declined by 7.5% while the S&P/TSX Composite Index declined by 3.8% and the S&P Global 1200 in Canadian dollars declined by -9.9%. Throughout the period, the Fund maintained exposure to broad domestic and foreign equity markets in accordance with its investment policy. The Fund's major position in the S&P/TSX 60 Index is weighted heavily to the energy and financial sectors. The Fund remained diversified with positions in index funds that contain a wide range of stocks from Europe, Australasia and the Far East. This investment is hedged to Canadian dollars in order to eliminate foreign currency risk. The Fund chose not to hold equity investments other than index participation units.

On June 22, 2010, the investment objectives and fees of the Fund were changed pursuant to a positive shareholder vote. The Fund's new 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 now 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 debentures of trusts, oil and gas trusts and real estate investment trusts.

During the remainder of the year, we expect that Canadian economic fundamentals will continue to improve and that the Canadian economy will continue to generate positive economic growth due to low interest rates, improving employment, and strong commodity prices.

Revenues and Expenses

The Fund earned dividend income of \$24,205 for the six months period ended June 30, 2010, compared to \$27,117 in 2009. The Fund did not earn any interest income for the six months period in 2010 compared to the \$3,210 for the same period in 2009. For the first half of 2010, the Fund has been primarily invested and only the required minimum cash was held for operational purposes.

Management fees and service fees are calculated on the net asset value ("NAV") of the Fund. Management fees decreased to \$5,837 from \$6,678 in 2009 and service fees decreased to \$5,246 from \$6,231 in 2009 due to the slight decrease of the total assets of the Fund during six months period ended in June 30, 2010 and 2009 respectively. The other expenses incurred by the Fund were in the normal course of the Fund's operations and totaled \$50,105 for 2010 compared to \$41,855 in 2009 for the six months period of the respective years. The increases were mainly for operating and legal expenses for the purposes of restructuring the Fund.

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 objective the Fund was renamed from Creststreet Managed Equity Index Fund to Creststreet Dividend and 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

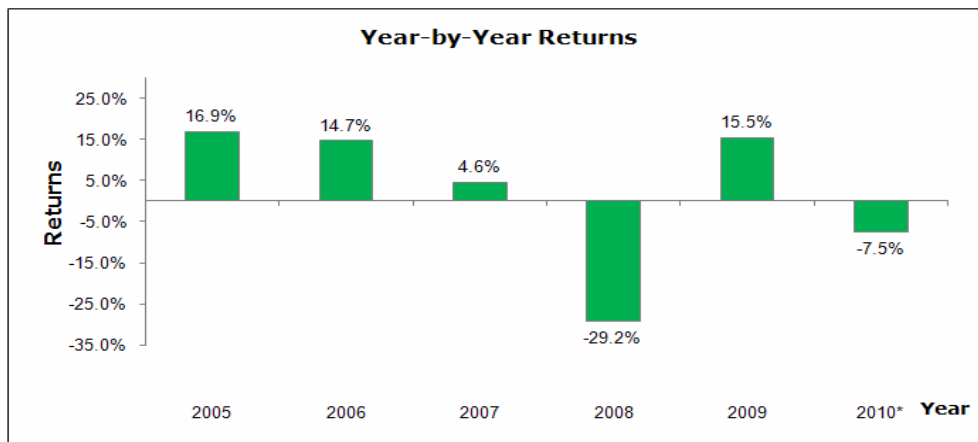
The value of a mutual fund can change from day to day because the value of the securities in which it invests can be affected by numerous factors, including but not limited to changes in interest rates, the economy and financial markets or company news. A more detailed discussion of the Fund's risk exposures can be found in the Fund's prospectus and in the notes of the 2010 semi-annual 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. 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 period ended June 30, 2010

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 for the six months ended June 30, 2010 and the previous four 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:

	2010	2009	2008	2007	2006
Net assets, beginning of period	\$ 7.39	\$ 6.39	\$ 10.14	\$ 10.26	\$ 11.67
Total revenue	0.08	0.16	0.23	0.39	0.39
Total expenses	(0.21)	(0.26)	(0.24)	(0.24)	(0.22)
Realized gains (losses) on investments	(0.08)	-	0.06	0.11	-
Unrealized gains (losses) on investments	(0.27)	1.06	(2.81)	0.20	1.26
Transaction costs	-	-	-	(0.01)	-
Total increase (decrease) from operations⁽¹⁾	\$ (0.48)	\$ 0.96	\$ (2.76)	\$ 0.44	\$ 1.43
Distributions:					
From capital gains	-	-	(1.03)	(0.56)	(2.85)
Total annual distributions⁽²⁾	-	-	(1.03)	(0.56)	(2.85)
Net assets, end of period⁽³⁾	\$ 6.83	\$ 7.39	\$ 6.39	\$ 10.14	\$ 10.27

(1) 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.

(2) Distributions were paid in cash or reinvested in additional units.

(3) 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, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
Total Net asset value (GAAP NAV) (\$)(000's) ⁽¹⁾	1,549	2,230	2,785	3,185	3,431
Number of shares outstanding ⁽¹⁾	226,743	301,832	436,007	314,031	334,138
Management expense ratio(MER) ⁽²⁾	5.84%	3.82%	2.94%	2.38%	2.19%
Total MER					
Trading expense ratio ⁽³⁾	0.04%	0.01%	0.03%	0.08%	0.13%
Portfolio turnover rate ⁽⁴⁾	0.00%	0.00%	0.48%	1.95%	1.72%
Net asset value per share (Pricing NAV)(\$)	6.84	7.39	6.40	10.16	10.27

(1) This information is provided as at June 30, 2010 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

Adoption of New Accounting Standards

Effective January 1, 2009, the Fund adopted CICA issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of the Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 provides guidance on the determination of the fair value of financial assets and liabilities under Section 3855, Financial Instruments – Recognition and Measurement. It states that the entity’s own credit risk and the credit risk of the counterparty should be considered in determining the value of financial instruments. The Fund adopted EIC-173 retrospectively without restatement of prior periods to all financial assets and liabilities. The adoption of the EIC-173 did not have an impact on the financial statements.

The Fund has also adopted the recent amendments to Section 3862, Financial Instruments – Disclosures, which became effective for fiscal years ending after September 30, 2009. The purpose of the amendments is to provide users of the financial statement additional information as to how an entity determined the fair values of its financial instruments and how much of the fair values were based on estimations versus readily observable data. As a result, the Fund is to use a three-tiered hierarchy for disclosing fair value of its financial instruments based on the inputs used to value these financial instruments in its notes to financial statements.

Changeover to International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board (the “AcSB”) originally confirmed January 1, 2011 as the date International Financial Reporting Standards (“IFRS”) would replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises such as investment funds and other reporting issuers.

The AcSB has recently proposed that the implementation of IFRS for investment funds be postponed for one year and instead be adopted for all fiscal years beginning on or after January 1, 2012, though earlier application is permitted. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund’s reporting requirements for the reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the “CSA”) has issued CSA Staff Notice 52-320, which requires the Manager to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date. For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2012, including the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. As noted above it is, however, expected that the disclosure requirements will be impacted in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

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 other certain other expenses charged to the Fund are expected to increase as they will be subject to HST of 13 percent compared to currently being subject only to GST of 5%. This change is expected to have a negative impact to the Fund.

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

Further to the requirements in National Instruments 81-107 – Independent Review Committee for Investment Funds, which came into effect as of November 1, 2007, the Corporation, has appointed 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 six months period ending June 30, 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 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. GST is paid on all management fees. Effective June 22, 2010 upon unitholder approval the management fee rate was changed to 1.25%.

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. The Fund pays service fees on a quarterly basis at a rate of 0.5 percent of the Fund's net asset value. Effective July 1st, 2010, the beginning of new quarter, the Fund will start paying a trailer fee of 1.0 percent based on the unitholder approval obtained on June 22, 2010.

The Fund paid the following amounts to the Manager for the six months period ended June 30, 2010 and 2009:

	2010		2009	
Management Fees	5,837	52.7%	6,678	51.7%
Service Fees Paid to Dealers	5,246	47.3%	6,231	48.3%
	<u>\$ 11,083</u>	<u>100.0%</u>	<u>\$ 12,909</u>	<u>100.0%</u>

Summary of Investment Portfolio

As at June 30, 2010

Sector Mix	% of net assets
Index units	95.5%
Cash and cash equivalents	7.0%
Other net assets	-2.5%
	100.0%

Top Positions	% of net assets
iShares S&P/TSX 60 Index Fund	64.4%
iShares MSCI EAFE Index Fund (CAD-Hedged)	31.1%
Total Net Asset Value	\$ 1,548,873

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.

Statements of Net Assets

	As at June 30, 2010 (unaudited)	As at December 31, 2009
Assets		
Investments at market value	\$ 1,479,000	\$ 2,051,470
Cash and cash equivalents	108,290	196,577
Other receivables	5,114	5,114
	<u>1,592,404</u>	<u>2,253,161</u>
Liabilities		
Accounts payable and accrued liabilities	43,531	23,335
	<u>43,531</u>	<u>23,335</u>
Net assets - GAAP NAV (note 2)	\$ 1,548,873	\$ 2,229,826
Adjustment from bid market prices to last traded market prices	1,200	800
Net asset value- Pricing NAV (note 2)	\$ 1,550,073	\$ 2,230,626
Shares outstanding	226,743	301,832
Net assets per share - GAAP NAV (note 2)	\$ 6.83	\$ 7.39
Adjustment from bid market prices to last traded market prices	0.01	0.00
Net asset value per share - Pricing NAV (note 2)	\$ 6.84	\$ 7.39

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)	2010	2009
Investment Income		
Dividend revenue	\$ 24,205	\$ 27,117
Interest revenue	-	3,210
	24,205	30,327
Expenses		
Management fees (note 3)	5,837	6,678
Service fees	5,246	6,231
Securityholder reporting costs	4,525	6,750
Audit fees	2,715	4,500
Custodial fees	2,969	1,425
Independent Review Committee fees	3,495	2,812
Legal and filing fee	6,166	1,915
Marketing Expense	2,857	512
Operating expenses	25,584	23,941
Capital tax	1,794	-
	61,188	54,764
Loss from investment operations	(36,983)	(24,437)
Net realized loss on sale of investments	(21,649)	-
Change in unrealized appreciation (depreciation) of investments	(77,480)	174,641
Transaction costs (note 2)	(405)	(200)
Net realized and unrealized gain (loss) on investments	(99,534)	174,441
Increase (decrease) in net assets from operations	\$ (136,517)	\$ 150,004
Per share		
(based on average number of shares outstanding)		
Increase (decrease) in net assets from operations	\$ (0.48)	\$ 0.38

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2010		2009	
Net assets at the beginning of period	\$	2,229,826	\$	2,785,300
Operations:				
Increase (decrease) in net assets from operations		(136,517)		150,004
Capital transactions:				
Proceeds from the issue of shares		57,008		6,679
Amounts paid on redemption of shares		(601,444)		(558,668)
Net assets at the end of period - GAAP NAV (note 2)	\$	1,548,873	\$	2,383,315
Adjustment from bid market prices to last traded market prices		1,200		-
Net asset value per share at the end of period - Pricing NAV (note 2)	\$	1,550,073	\$	2,383,315

See accompanying notes to financial statements

Statement of Investment Portfolio

As at June 30, 2010

Issuer	Number of Shares	Type of Security	Cost	Fair Value
iShares CDN S&P/TSX 60 Index Fund	60,000	Index Units	\$ 935,003	\$ 997,200
iShares CDN EAFE 100% Hedged to Canadian Dollars Index Fund	30,000	Index Units	785,665	481,800
Transaction costs			(75)	
Total investments			\$ 1,720,593	\$ 1,479,000

See accompanying notes to financial statements

Notes to Financial Statements

For the six months ended June 30, 2010 and 2009

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 and 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, 2010 and December 31, 2009, its investments held as at June 30, 2010, and the results of operations and the changes in net assets for the six months ended June 30, 2010 and 2009 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:

Adoption of New Accounting Standards

Effective January 1, 2009, the Fund adopted CICA issued Emerging Issues Committee Abstract 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (“EIC-173”). EIC-173 provides guidance on the determination of the fair value of financial assets and liabilities under Section 3855, Financial Instruments – Recognition and Measurement. It states that the entity’s own credit risk and the credit risk of the counterparty should be considered in determining the value of financial instruments. The Fund adopted EIC-173 retrospectively without restatement of prior periods to all financial assets and liabilities. The adoption of the EIC-173 did not have an impact on the financial statements.

The Fund has also adopted the recent amendments to Section 3862, Financial Instruments – Disclosures (“Section 3862”), which became effective for fiscal years ending after September 30, 2009. The purpose of the amendments is to provide users of the financial statement additional information as to how an entity determined the fair values of its financial instruments and how much of the fair values were based on estimations versus readily observable data. As a result, the Fund is to use a three-tiered hierarchy for disclosing fair value of its financial instruments based on the inputs used to value these financial instruments. See Note 6 for the details of this disclosure.

(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 adoption of 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 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 redemptions of units ("Pricing NAV" or "Net Asset Value") is, however, not affected by the Section 3855 accounting policy change, as permitted by the recent amendment to 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 Statement of Net Assets.

(b) Cash and cash equivalents

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

(c) Other assets and liabilities

Other receivables are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, accounts payables and 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.

(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 and expense 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 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.

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 unitholders approval the Fund started to pay 1.25 percent in management fee. For the six months ended June 30, 2010, the management fee amounted to \$5,837 (2009 - \$6,678). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

4. Dividends Paid to Shareholders

As of June 30, 2010 and 2009, the Fund did not declare a capital gain dividend and, hence there was no reinvestment into the Fund.

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 also 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

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). The Fund did not hold any such securities as at June 30, 2010, or at any time during the period.

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, 2010 and December 31, 2009 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 \$73,003 and \$0.32 per share higher or lower, respectively (December 31, 2009 - \$96,514 and \$0.32 per share 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

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to Section 3862. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The three levels of the hierarchy are:

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, 2010:

		Level 1		Level 2		Level 3		Total
Index units	\$	1,479,000	\$	-	\$	-	\$	1,479,000
	\$	1,479,000	\$	-	\$	-	\$	1,479,000

7. Changeover to International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board (the "AcSB") originally confirmed January 1, 2011 as the date International Financial Reporting Standards ("IFRS") would replace current Canadian standards and interpretations as Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises such as investment funds and other reporting issuers.

The AcSB has recently proposed that the implementation of IFRS for investment funds be postponed for one year and instead be adopted for all fiscal years beginning on or after January 1, 2012, though earlier application is permitted. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund's reporting requirements for the reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the "CSA") has issued CSA Staff Notice 52-320, which requires the Manager to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date. For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2012, including the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. As noted above it is, however, expected that the disclosure requirements will be impacted in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

8. 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*

President 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

* Member of the Audit Committee and
Independent Review Committee

** Chair of the Audit Committee and
Independent Review Committee

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

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Toronto, Ontario

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