



# Creststreet Energy Opportunities Fund

April 2009 Newsletter

## Net Asset Value Per Share

**April 30, 2009:**

**Series A: \$9.3762**  
**Series F: \$9.4322**

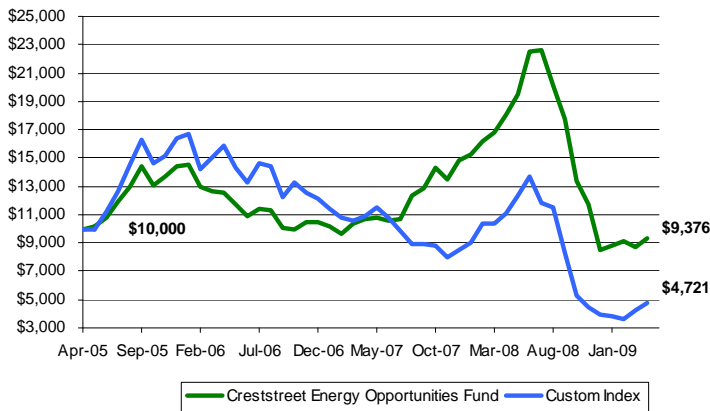
## Fund Description

On September 24, 2008, Creststreet Energy Hedge Fund LP ("CEHFLP") was rolled into Creststreet Energy Opportunities Fund (The "Fund" or "CEO"), which has the identical investment mandate and strategies as CEHFLP. The Fund seeks to provide shareholders with long-term capital growth by employing fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic trading. The Fund's portfolio will consist primarily of securities of issuers engaged in the global, albeit primarily North American, energy sector.

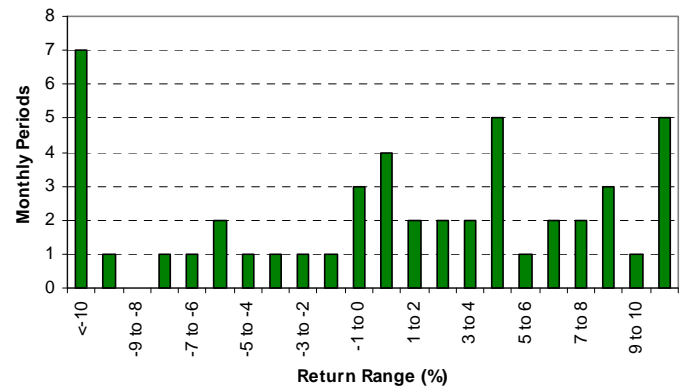
## Historical Performance <sup>(1)(2)</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005					1.3%	6.6%	10.3%	8.4%	11.7%	-9.3%	4.8%	5.4%	44.5%
2006	0.4%	-10.5%	-2.5%	-0.6%	-7.2%	-6.9%	5.0%	-0.8%	-11.5%	-0.5%	4.9%	0.2%	-27.5%
2007	-3.4%	-5.1%	8.1%	3.0%	1.0%	-1.9%	0.4%	16.4%	3.9%	11.4%	-6.0%	9.6%	41.2%
2008	2.9%	6.0%	4.2%	7.4%	8.3%	15.3%	0.2%	-11.0%	-12.0%	-24.4%	-12.7%	-27.6%	-42.8%
2009	4.7%	2.5%	-4.1%	7.7%									10.8%

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



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



<sup>(1)</sup> The indicated historical performance and rate of return of the Creststreet Energy Opportunities Fund (the "Fund"), includes the historical performance of its predecessor fund, the Creststreet Energy Hedge Fund L.P. ("CEHFLP") for the period of May 5, 2005 to Sept. 24, 2008. CEHFLP, which has the identical investment mandate and strategies as the Fund, was rolled into and established the Fund on September 24, 2008. The performance and other statistics presented in this document may not be indicative of the performance or statistics of the specific series of shares held by a particular investor. <sup>(2)</sup> See "Use of Benchmarks" on page 2.

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

	CEO	Creststreet Custom Index	S&P/TSX Energy Index	S&P/TSX Composite Index
Compounded Annual Return (since inception)	-1.6%	-17.1%	1.3%	-0.1%
1 Year Return	-48.1%	-57.6%	-40.5%	-33.1%
Since Inception (simple return)	-6.2%	-52.8%	5.3%	-0.5%
Standard Deviation	9.1%	11.2%	8.3%	5.0%
R-Squared		0.47	0.37	0.31
Correlation		0.69	0.61	0.56
Beta		0.56	0.66	1.02
Monthly Alpha		0.8%	0.0%	0.2%
Largest Month Gain	16.4%	17.0%	13.6%	7.4%
Largest Month Loss	-27.6%	-36.6%	-21.4%	-16.9%

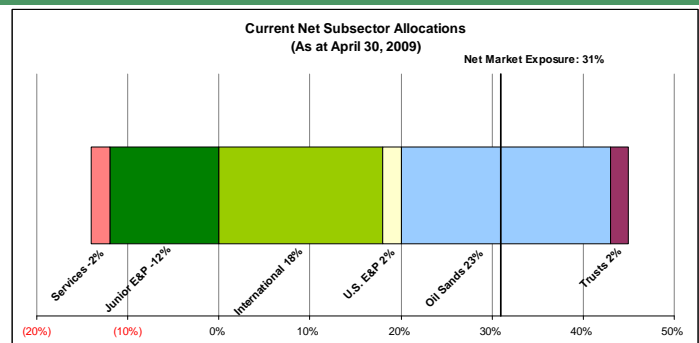
## Top Holdings as at April 30, 2009 <sup>long positions only</sup>

- Athabasca Oil Sands Corp.
- Verenex Energy Inc.
- Gran Tierra Energy Inc.
- Bankers Petroleum Ltd.
- Crescent Point Energy Trust

## Terms

<b>Fund AUM</b>	\$3.6 M	<b>Minimum Initial Subscription</b>	\$ 25,000
<b>Performance Fee</b>	20% of the increase in NAV of the Shares in each month	<b>Year End</b>	December 31
<b>Management Fee</b>	2%	<b>Redemption</b>	Monthly with 15 days notice
<b>Administrator</b>	RBC Dexia Investor Services	<b>Contributions</b>	Monthly
<b>Lock Up</b>	None	<b>Auditors</b>	KPMG LLP
<b>Early Redemption Fees</b>	3% in the first 6 months, and 1.5% in the subsequent 7th through 18th month	<b>Prime Broker</b>	Scotia Capital Inc.

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



## Fund Commentary

Creststreet Energy Opportunities Fund (the "Fund") was up 7.7 percent for the month of April 2009 compared to the Creststreet Custom Index, which was up 11.2 percent for the month.

## Outlook

In April, North American equity markets continued to rally on news of strong corporate earnings from the banking sector and signs that the rate of economic contraction was subsiding. While respectful of the sentiment behind the current rally, we remain cautious about the state of the American consumer and by extension about the short and long-term growth prospects for the North American economy.

The widespread belief that US personal consumption expenditures (PCE) have stabilized has been a key driver of the recent equity market rebound. The attention paid to PCE is understandable as it comprises 70% of United States GDP. Headline month-on-month numbers revealed growth in PCE for both January and February, and the quarterly GDP report showed that the measure contributed positive 2.2% to headline growth in Q1. Deeper analysis, however, shows that there is a high likelihood that the American consumer has not yet seen a sustainable recovery. March PCE showed a contraction on February's number, and the growth in Q1 resulted from tax cuts and government transfers more than offsetting a downturn in personal income from mounting job losses. While a further tax cut will take effect in the months ahead, the risk remains that it will not be enough to offset the impact of further employment losses.

Looking out longer-term we are skeptical of the long-term growth prospects for the US economy. Since 1982, increases in PCE have been responsible for the lion's share of US economic growth and have been fueled by an increased provision of credit enabled by securitization. Due to the state of the consumer's balance sheet and changes in financial markets, we believe that this mechanism of growth is unlikely to return in a sustainable fashion going forward. Nevertheless, as a result of the myriad of tax cuts, government transfers, and federal spending we may see a positive turn in GDP growth in Q4 2009, but once the impacts of these measures have dissipated the necessary structural adjustment required in the US will prevent significant economic growth thereafter.

## Commodities Review

NYMEX crude oil closed the month of March at US\$51.12, an increase of 2.9 percent month-over-month. Despite the fact that the price of oil increased significantly from recent lows seen in January and February, economic weakness is likely to continue keep oil prices at depressed levels in the near-term as global inventories and OPEC spare capacity remain at elevated levels.

NYMEX natural gas prices continued their decline from US\$3.78 per million British thermal units (mmbtu) to close the month at US\$3.37 per mmbtu after making a new multi-year low mid-month. The weakness was largely the result of continued demand declines in the industrial and power generation sectors. We expect soft natural gas prices to persist for most of the next year.

## Fund Performance and Strategy

During the month, the Fund continued to build out its gross exposure while hedging certain long positions with corresponding short positions. Performance during the month benefited from gains in the Fund's private investments as we became aware of certain third party transactions in the grey market. These investments, which are principally oil sands developers, have been highly successful investments for the Fund. In accordance with its private investment valuation policy, the Fund marks these investments to market based on third party transactions. These positions were marked down significantly in December, 2008 based off a number of distressed sales which occurred in that period. Recently we have seen increased activity in the market for these securities as well as a corresponding up-tick in valuations. However, we continue to believe that the net realizable value of these investments could be substantially higher as oil prices recover and recommend that investors retain their investment in the Fund at these levels.

We continue to hold the view that the long-term supply/demand fundamentals of energy commodities have not changed; however, as poor global economic conditions drag demand for energy lower, prices will remain soft in the near-term. In this period of soft energy prices we will manage the Fund to preserve capital until evidence of lower volatility is seen and stronger energy fundamentals return to the market. In the near-term we plan to continue to add exposure to well-funded, undervalued names as we believe that valuations will return to historical norms as energy market conditions stabilize. In each case we have hedged our exposure with short positions in those names that we believe are relatively overvalued and will likely have difficulty in the current soft commodity price environment.

**Use of Benchmarks:** The Creststreet Custom Index is comprised of 50 widely-followed conventional North American listed energy exploration and development companies. The Creststreet Custom Index is used to provide investors with a relevant benchmark to the Fund. The Index is reset to an equal-value weight on a monthly basis. The S&P/TSX Capped Energy Index is comprised of shares of Canadian companies involved in exploration and/or production of energy resources and is designed to track the performance of the entire energy sector and is used as a benchmark to show how the Fund is performing in relation to the Canadian conventional energy resource sector on a relative basis. The S&P/TSX Composite Index covers approximately 95% of the Canadian-based Toronto Stock Exchange-listed companies and is designed to track the performance of the Canadian equities market as a whole and is used as a benchmark to show how the Fund is performing in relation to the broader Canadian equity 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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