



# Creststreet Energy Opportunities Fund

May 2009 Newsletter

## Net Asset Value Per Share

May 31, 2009:

**Series A: \$9.7366**  
**Series F: \$9.8029**  
**Series 2009: \$9.7366**

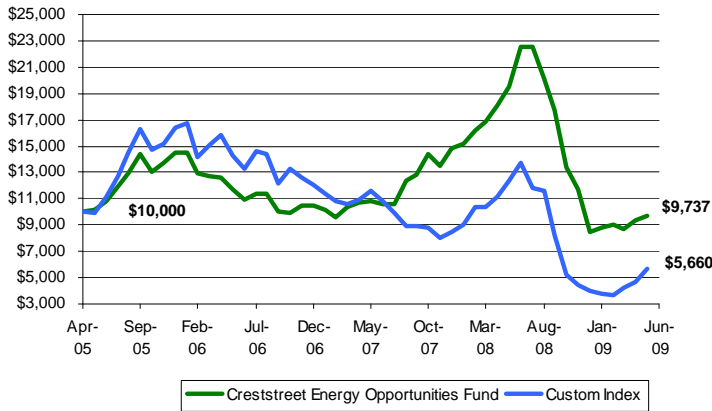
## Fund Description

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.

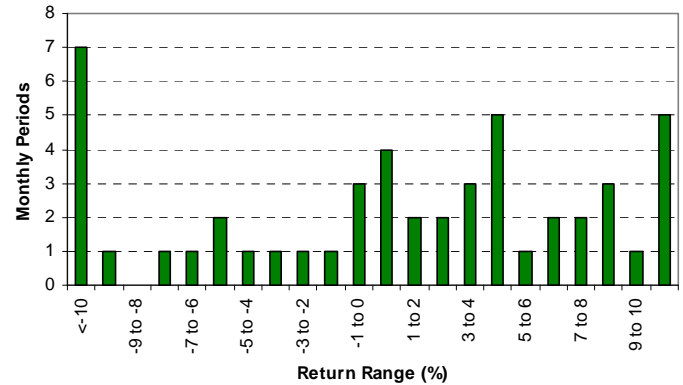
## Historical Performance <sup>(1)(2)</sup>

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%	3.8%								15.1%

## 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>

	Creststreet CEOF	Creststreet Custom Index	S&P/TSX Energy Index	S&P/TSX Composite Index
Compounded Annual Return (since inception)	-0.7%	-13.0%	5.2%	2.5%
1 Year Return	-50.2%	-54.1%	-37.2%	-29.5%
Since Inception (simple return)	-2.6%	-43.4%	22.9%	10.7%
Standard Deviation	9.0%	11.4%	8.5%	5.2%
R-Squared		0.46	0.36	0.30
Correlation		0.68	0.60	0.55
Beta		0.53	0.63	0.95
Monthly Alpha		0.6%	-0.1%	0.0%
Largest Month Gain	16.4%	19.9%	16.7%	11.2%
Largest Month Loss	-27.6%	-36.6%	-21.4%	-16.9%

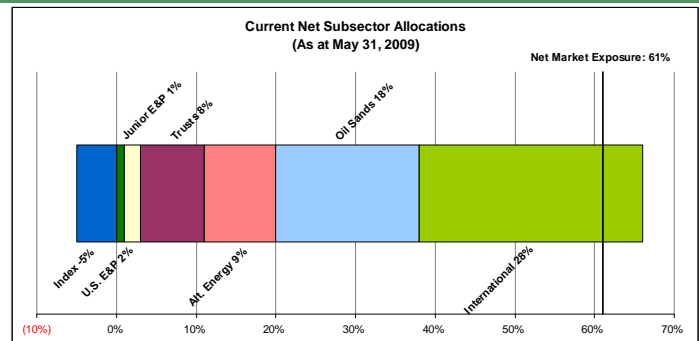
## Top Holdings as at May 31, 2009 <sup>(1)long positions only</sup>

- Athabasca Oil Sands Corp.
- Verenex Energy Inc.
- RuggedCom Inc.
- Gran Tierra Energy Inc.
- Advantage Energy Income Fund

## Terms

<b>Fund AUM</b>	\$15.6 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 May 31, 2009



## Fund Commentary

Creststreet Energy Opportunities Fund (the "Fund") was up 3.8 percent for the month of May 2009 compared to the Creststreet Custom Index, which was up 19.9 percent for the month.

## Outlook

In May, for the third consecutive month, North American equity Markets continued to rally, with the S&P 500 up over 5%, the Dow Jones Industrial Average up over 4%, and the S&P/TSX Composite Index up over 11%. All three of these indices began June up greater than 40% from their March lows. In spite of the power, breadth, and length of the market appreciation experienced over the past three months, we remain cautious about the growth prospects of the world economy in the short and medium term and the likely impact this will have on corporate earnings.

In particular, the debt levels of the U.S. consumer, responsible for over 70% of current United States GDP and 80% of U.S. GDP growth over the past three decades, will make it difficult for the economy to return to a stable growth path. Analysis of the detail underlying recent reports on Personal Consumption show that the majority of government tax cuts are being saved as consumers seek to repair their balance sheets and adapt to a world of shrinking credit.

As this structural adjustment occurs, we are seeing a reorientation in the global economy. Expenditures from both the Chinese and American governments are attempting to fill the growth void while the U.S. consumer adjusts. The coming focus on infrastructure building by both nations will have a positive impact on demand for commodities for the coming 6 to 9 months and has helped propel the price of crude oil to more than double its February lows.

## Commodities Review

NYMEX crude oil closed the month of May at US\$66.31, an increase of 29.7 percent month-over-month. The price of oil strengthened throughout the month in response to a declining U.S. dollar and as the market began to look past the current supply overhang in the form of increased OPEC spare capacity and record storage levels to a period of renewed tightness in supply.

NYMEX natural gas prices continued to remain soft closing the month at US\$3.84 per million British thermal units (mmbtu), up from US\$3.37 in the previous month. The continued weakness was largely the result of demand declines in the industrial and power generation sectors combined with record levels of supply as production has yet to fall significantly in response to the rapid decline in the rig count. We expect soft natural gas prices to persist for most of the next year.

## Fund Performance and Strategy

During the month of May, the Fund aggressively added exposure to a number of junior and intermediate oil-weighted names with significant growth prospects both domestically and internationally. With the rapid rise in crude oil from its recent lows, we have seen renewed enthusiasm from the markets with respect to oil producers and we believe that funds will continue to flow into the best companies driving valuations back to their historic norms. At the same time, we remain bearish on natural gas in the near-term and believe that the over-leveraged, high cost producers will struggle over the coming months, particularly with the recent moves in the Canadian dollar. As such, we remain cautious with respect to investing in natural gas producers and have limited our exposure to those names with the lowest cost projects that will generate material growth over time while maintaining short positions in those companies with high cost structures and too much financial leverage.

The Fund also continues to hold a number of private investments. These investments, which are principally oil sands developers, had 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. 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.

**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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