



Creststreet Managed Equity Index Fund

2009 > Annual Report

Management Report of Fund Performance

For the year ended December 31, 2009

THIS ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE ANNUAL REPORT OF CRESTSTREET MANAGED EQUITY INDEX 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.

Results of Operations

Investment Performance

The Creststreet Managed Equity Index Fund increased by 15.5% in 2009 as global equity markets rallied from multi-year lows in March through to the end of the year.

For the first two months of the year global equity markets steadily declined, reaching multi-year lows near the beginning of March out of fears that the magnitude of the current economic downturn would rival the Great Depression and lead to the nationalization of the U.S. banking system. This sentiment began to shift in March as national governments across the globe responded to such fears by implementing substantial fiscal stimulus packages and central banks shifted to a monetary policy of quantitative easing. The combined efforts of governments and central banks led the global rate of economic contraction to subside. As the softening of this contraction became increasingly visible and credit markets began to loosen, an appetite for risk returned amongst investors resulting in a substantial equity market rebound from March through to the end of the year.

Throughout the year, 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, which is weighted heavily to the energy and financial sectors, saw strong performance from large capitalization energy names, metals and mining corporations and banks as global equity markets rallied from multi-year lows reached in March through to the end of the year. The Fund remained diversified with positions in index funds that contain a wide range of stocks from Europe, Australia 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. However, the Fund did choose to decrease its cash weighting in the second half of the year as markets rallied.

In 2010, we expect that U.S. economic fundamentals will be challenged as the government deals with fiscal imbalances and the Federal Reserve reigns in its quantitative easing programs and returns to more normal monetary policies. At the same time we remain more constructive on emerging markets and developed economies with exposure to resources and other hard assets, such as Canada. As such, we plan to maintain and increase the Fund's exposure to Canada and emerging markets, while limiting its exposure to U.S. equity markets. We will also continue to take a cautious approach with the Fund through diversification and a reasonable allocation to cash.

Revenues and Expenses

The Fund earned dividend income of \$54,262 for the year ended December 31, 2009, compared to \$70,011 during the same period last year due the security issuers declaring fewer dividends due to the market conditions as well as the lower net asset value of the Fund. Interest income declined from 2008 due to very low interest rates.

Management fees and service fees are calculated on the net asset value ("NAV") of the Fund. Management fees decreased to \$12,891 from \$14,939 in 2008 and service fees decreased to \$12,166 from \$14,504 in 2008 due to the lower NAV of the Fund. The other expenses incurred by the Fund were in the normal course of the Fund's operations and totaled \$68,824 for 2009 compared to \$55,254 in 2008. The increase is due to a larger allocation of expenses due to the termination of Creststreet Managed Income Fund and an increase in service provider fee.

Investment Objectives and Strategies

The investment objective of the Fund is to provide long-term growth of capital through investments in index participation units of Canadian, U.S. and other foreign stock exchanges.

The investment style of the Fund is a combination of passive and active styles. The passive component will represent approximately 70 percent of the Fund's net assets. The Fund will invest in a portfolio of index participation units of Canadian, U.S. or other foreign equity markets or other similar instruments or directly in equity securities that constitute the Index or in a combination of those investments. The active component, representing up to 30 percent of net assets will follow a value-based approach to investing with an emphasis on long-term value as opposed to short-term market or momentum factors. 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 earnings before interest, taxes, depreciation, and amortization ("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. The Fund's approach is a buy and hold strategy.

Risk

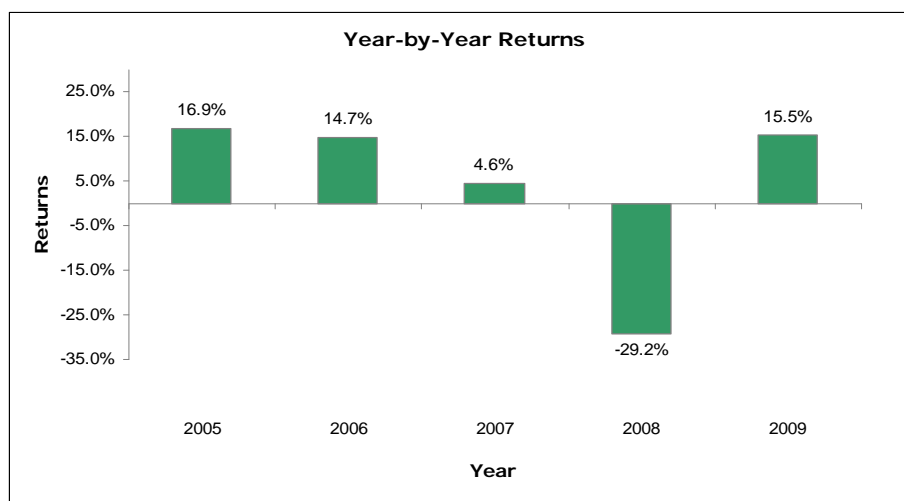
No major or significant changes have had an impact on the overall risk level of any investments in the Fund over the past year. The investment philosophy, style and method for the Fund remain unchanged. The Fund's objective is to provide long-term growth of capital by investing primarily in index participation securities that mirror the performance of major Canadian, American, and international stock market indices. Accordingly, the Fund is exposed to all of the risks associated with an investment in diversified portfolio of publicly traded equity securities. A more detailed discussion of the Fund's risk exposures can be found in the Fund's prospectus and in the notes of the 2009 semi-annual and annual financial statements.

Past Performance

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 assumes that distributions made by the Fund were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other optional charges that would have reduced returns or performance. 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 five 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.



Annual Compound Returns

The following table shows the Fund's historical annual compound total returns for the periods indicated, compared with the S&P/TSX Composite Index and S&P Global 1200 Index.

	Creststreet Managed Equity Index Fund	S&P/TSX Composite Index	S&P Global 1200 Index (C\$)
1 year	15.5%	30.7%	31.7%
3 years	-5.1%	-3.1%	-10.3%
5 years	2.8%	4.9%	-2.2%
Since Inception *	2.8%	4.9%	-2.2%

* The inception date of the Fund is December 31, 2004

About the Indices and Fund Performance.

The S&P Global 1200 Index is comprised of several international equity indices and is designed to track the performance of international equity markets. 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.

The S&P Global 1200 Index (the "Global Index") increased 27.8% (31.7% on a Canadian dollar equivalent basis) during the year to close at 1,314.13. The Global Index exhibited a high degree of volatility during the period as global equity markets reached multi-year lows in March and subsequently rallied through to the end of the year.

The Fund increased by 15.5% during the year as the Fund was overweight cash during the first part of the global equity market rally.

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 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:

	2009	2008	2007	2006	2005
Net assets, beginning of period	\$ 6.39	\$ 10.14	\$ 10.26	\$ 11.67	9.98
Total revenue	0.16	0.23	0.39	0.39	0.80
Total expenses	(0.26)	(0.24)	(0.24)	(0.22)	(0.20)
Realized gains (losses) on investments	-	0.06	0.11	-	-
Unrealized gains (losses) on investments	1.06	(2.81)	0.20	1.26	1.12
Transaction costs	-	-	(0.01)	-	-
Total increase (decrease) from operations⁽¹⁾	\$ 0.96	\$ (2.76)	\$ 0.44	\$ 1.43	1.72
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⁾	\$ 7.39	\$ 6.39	\$ 10.14	\$ 10.27	11.67

- (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

	2009	2008	2007	2006	2005
Total net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	2,230	2,785	3,185	3,431	1,495
Number of shares outstanding ⁽¹⁾	301,832	436,007	314,031	334,138	128,094
Management expense ratio(MER) ⁽²⁾	3.82%	2.94%	2.38%	2.19%	1.87%
Trading expense ratio ⁽³⁾	0.01%	0.03%	0.08%	0.13%	0.26%
Portfolio turnover rate ⁽⁴⁾	0.00%	0.48%	1.95%	1.72%	0.00%
Net asset value per share (Pricing NAV) (\$)	7.39	6.40	10.16	10.27	11.67

- (1) This information is provided as at 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”)

For the period beginning January 1, 2011, the Fund will have to adopt IFRS. The Manager of the Fund has developed a changeover plan and continues to assess the impact of the implementation as new IFRS guidance become available. The key elements of the plan include disclosures of the qualitative impact on the December 31, 2008, 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the December 31, 2010 financial statements and the preparation of the December 31, 2011 financial statements in accordance with IFRS.

Based on the Manager’s current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that net assets attributable to shareholders or net asset value per share will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund’s financial statements will result in additional disclosures and potentially different presentation of shareholder interests and certain other items.

Harmonized Sales Tax

Effective July 1, 2010, Ontario will replace 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 an investment counsel and portfolio management company in Ontario, is the Manager and the Investment Adviser 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 fiscal year ending December 31, 2009:

1. Expense Allocation
2. Fee Allocation
3. Standards of Fairness
4. Trade Errors and Trade Modifications
5. Trade Management and Best Execution
6. Investment Suitability
7. Amending the Constating and/or Offering Documents of a Fund
8. 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.

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. The Fund paid the following amounts to the Manager for the year ended December 31, 2009 and 2008:

	2009		2008	
Management Fees	12,891	51.5%	14,939	50.7%
Service Fees Paid to Dealers	12,166	48.6%	14,504	49.3%
	<u>\$ 25,057</u>	<u>100.0%</u>	<u>\$ 29,443</u>	<u>100.0%</u>

Summary of Investment Portfolio

As at December 31, 2009

Sector Mix	% of net assets
Index units	92.0%
Cash and cash equivalents	8.8%
Other net assets	-0.8%
	100.0%

Top Positions	% of net assets
iShares CDN S&P/TSX 60 Index Fund	62.3%
iShares CDN MSCI EAFE 100% Hedged to CAD Dollars Index Fund	29.7%
Total Net Asset Value	\$ 2,229,826

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.

Management's Responsibility for Financial Reporting

These financial statements form the basis for all of the financial information that appears in this annual report. The financial statements and all of the information in this annual report are the responsibility of the management of Creststreet Mutual Funds Limited and have been reviewed and approved by its board of directors. The board of directors is responsible for ensuring that management fulfills its financial reporting responsibilities.

Management has prepared the financial statements according to Canadian generally accepted accounting principles ("GAAP"). Under these principles, management has made certain estimates and assumptions that are reflected in the financial statements and notes. Management believes that these financial statements fairly present the entity's financial position, results of operations and changes in net assets. Management has a system of internal controls designed to provide reasonable assurance that the financial statements are accurate and complete in all material respects. Management believes that the internal controls provide reasonable assurance that our financial records are reliable and form a proper basis for preparing the financial statements, and that our assets are properly accounted for and safeguarded.

KPMG LLP, the shareholders' external auditors, has audited the financial statements in accordance with Canadian generally accepted auditing standards and their report follows. KPMG LLP has free and full access to the board's audit committee.



Robert J. Toole
President
Chief Executive Officer
Creststreet Mutual Funds Limited



Donna Shea
Vice-President, Finance
Chief Financial Officer
Creststreet Mutual Funds Limited

February 26, 2010

Auditor's Report to the Shareholders

We have audited the statements of net assets of Creststreet Managed Equity Index Fund (a class of shares of Creststreet Mutual Funds Limited) as at December 31, 2009 and 2008, the statement of investment portfolio as at December 31, 2009, and the statements of operations and changes in net assets for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Fund as at December 31, 2009 and 2008, the investments held as at December 31, 2009, and the results of its operations and changes in net assets for the years ended December 31, 2009 and 2008, in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "KPMG LLP". The letters are slanted and connected, with a long horizontal stroke underneath the "P" and "M".

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

February 26, 2010

Statements of Net Assets

As at December 31,	2009	2008
Assets		
Investments at market value	\$ 2,051,470	\$ 1,664,400
Cash and cash equivalents	196,577	1,159,140
Subscriptions receivable	-	8,900
Interest receivable	-	2,650
Other receivables	5,114	228
	2,253,161	2,835,318
Liabilities		
Accounts payable and accrued liabilities	23,335	17,925
Redemptions payable	-	32,093
	23,335	50,018
Net assets - GAAP NAV (note 2)	\$ 2,229,826	\$ 2,785,300
Adjustment from bid market prices to last traded market prices	800	3,330
Net asset value- Pricing NAV (note 2)	\$ 2,230,626	\$ 2,788,630
Shares outstanding	301,832	436,007
Net assets per share - GAAP NAV (note 2)	\$ 7.39	\$ 6.39
Adjustment from bid market prices to last traded market prices	0.00	0.01
Net asset value per share - Pricing NAV (note 2)	\$ 7.39	\$ 6.40

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 Years Ended December 31	2009	2008
Investment Income		
Dividend revenue	\$ 54,262	\$ 70,011
Interest revenue	3,475	12,691
	<u>57,737</u>	<u>82,702</u>
Expenses		
Management fees	12,891	14,939
Service fees	12,166	14,504
Securityholder reporting costs	6,750	6,768
Audit fees	3,500	5,220
Custodial fees	1,750	2,585
Independent Review Committee fees	2,812	3,512
Legal and filing fees	5,615	5,333
Operating expenses	48,397	28,607
Capital tax	-	3,229
	<u>93,881</u>	<u>84,697</u>
Loss from investment operations	<u>(36,144)</u>	<u>(1,995)</u>
Net realized gain on sale of investments	-	21,391
Change in unrealized appreciation (depreciation) of investments	387,070	(1,008,775)
Transaction costs (note 2)	(300)	(933)
Net realized and unrealized gain (loss) on investments	<u>386,770</u>	<u>(988,317)</u>
Increase (decrease) in net assets from operations	<u>\$ 350,626</u>	<u>\$ (990,312)</u>
Per share		
(based on average number of shares outstanding)		
Increase (decrease) in net assets from operations	<u>\$ 0.96</u>	<u>\$ (2.76)</u>

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the Years Ended December 31	2009	2008
Net assets at the beginning of year	\$ 2,785,300	\$ 3,185,324
Operations:		
Increase (decrease) in net assets from operations	350,626	(990,312)
Dividends to shareholders:		
Capital gain dividend (note 4)	-	(297,124)
Capital transactions:		
Proceeds from the issue of shares	17,740	1,646,657
Reinvested dividends	-	291,074
Redemptions	(923,840)	(1,050,319)
	(906,100)	887,412
Decrease in net assets	(555,474)	(400,024)
Net assets at the end of year - GAAP NAV (note 2)	\$ 2,229,826	\$ 2,785,300
Adjustment from bid market prices to last traded market prices	800	3,330
Net asset value at the end of the year - Pricing NAV (note 2)	\$ 2,230,626	\$ 2,788,630

See accompanying notes to financial statements

Statement of Investment Portfolio

As at December 31, 2009

Issuer	Number of Shares	Type of Security	Cost	Fair Value
iShares CDN S&P/TSX 60 Index Fund	80,000	Index Units	\$ 1,246,670	\$ 1,388,800
iShares CDN EAFE 100% Hedged to Canadian Dollars Index Fund	37,000	Index Units	968,987	662,670
Transaction costs			(75)	-
Total investments			\$ 2,215,582	\$ 2,051,470

See accompanying notes to financial statements

Notes to Financial Statements

For the years ended December 31, 2009 and 2008

1. Creststreet Mutual Funds Limited

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, October 24, 2007, September 25, 2008 and December 17, 2008. In order to conform to investment fund disclosure regulations, these financial statements present the financial position of the Fund as at December 31, 2008 and 2009, its investments held as at December 31, 2009, and the results of operations and the changes in net assets for the year ended December 31, 2009 and 2008 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

On January 1, 2008, the Fund adopted CICA Handbook Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation. The new standards replaced CICA Handbook Section 3861, Financial Instruments – Disclosures and Presentation. The section required enhanced disclosure and presentation of the nature and the extent of the risks arising from financial instruments. These standards impacted the Fund’s disclosures but do not affect the Fund’s net assets. Refer to Note 5 for the disclosure relating to this requirement.

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 and cash equivalents comprise of cash on deposit and short-term investments. These are deemed to be held for trading and are therefore carried at fair value.

(c) Other assets and liabilities

Interest receivable, subscription receivable, and other receivables are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, redemption payable and 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 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. For the year ended December 31, 2009, the management fee amounted to \$12,891 (2008 - \$14,939). 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 December 31, 2009, the Fund did not declare a capital gain dividend (2008 - \$297,124 or \$1.0253 per share) to the Fund's shareholders of record. For the year ended December 31, 2009, \$0 was reinvested into the Fund (2008 - \$291,074).

5. Financial Instrument Risk

The Fund's objective is to provide long-term growth of capital by investing primarily in index participation securities that mirror the performance of major Canadian, American, and international stock market indices. Accordingly, the Fund is exposed to all of the risks associated with an investment in diversified portfolio of publicly traded equity securities. The Fund may invest in foreign securities up to a maximum of 50 percent of the Fund's NAV, although typically, the weighting of foreign securities does not exceed 1/3 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 December 31, 2009 and 2008, or at any time during the years then ended. The Fund does invest excess cash balances in a short-term money market mutual fund and changes in interest rates would only increase or decrease future interest income and would have little, if any, impact on the Fund's NAV at December 31, 2009 and 2008.

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 December 31, 2009 and 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 \$96,514 and \$0.32 per share higher or lower, respectively (2008 - \$78,737 and \$0.18 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.

	Level 1	Level 2	Level 3	Total
Index units	\$ 2,051,470	\$ -	\$ -	\$ 2,051,470
	\$ 2,051,470	\$ -	\$ -	\$ 2,051,470

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

As at December 31, 2009 the Manager has developed a changeover IFRS plan to meet the timetable published by the CICA for changeover to IFRS. The key elements of the plan include disclosures of the qualitative impact on the 2009 and 2010 financial statements, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the Manager does not expect that net assets or net assets per share will be impacted by the changeover to IFRS. Currently, the Manager expects that the impact of IFRS on the Fund's financial statements will result in additional disclosures and potentially different presentation of shareholder interests and certain other items.

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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.

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Creststreet Asset Management Limited

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Vice-President, Compliance and
Investment Services

Administrator and Custodian

RBC Dexia Investor Services Trust
Toronto, Ontario

Investment Advisor

Creststreet Asset Management Limited
Toronto, Ontario

Clearing and Settlement Services

FundSERV Inc.

Fund Symbols

CAM100
CAM300
CAM400, CAM401, CAM402

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Independent Review Committee

** Chair of the Audit Committee and
Independent Review Committee