



Creststreet Managed Equity Index Fund

2009 > Interim Report

Management Report of Fund Performance

For the six month period ended June 30, 2009

THIS INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE SEMI-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 6.1% during the first half of 2009 as global equity markets declined to multi-year lows in the first quarter and subsequently rallied in the second quarter of 2009.

For the first two plus 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 US banking system. This sentiment began to shift in March as across the globe national governments responded to such fears by implementing substantial fiscal stimulus packages and quantitative easing monetary policy leading 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, helping to lead to a substantial equity market rebound from March until June.

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 Canadian 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 in the second quarter. 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. However, the Fund did choose to decrease its cash weighting in the latter part of the period as markets rallied.

During the remainder of the year, we expect that global economic fundamentals will remain challenged. As such, market uncertainty and volatility will likely persist throughout much of the year depressing equity market prices. In response, we plan to take a cautious approach with the Fund through global diversification and a reasonable allocation to cash.

> Revenues and Expenses

The Fund earned dividend income of \$27,117 for the six months ended June 30, 2009, compared to \$31,651 during the same period last year due to a lower net asset value of the Fund. Interest income is higher as the Fund has increased the cash component of its portfolio.

Management fees and service fees are calculated on the net asset value (“NAV”) of the Fund. Management fees decreased to \$6,678 from \$7,430 in 2008 and service fees decreased to \$6,231 from \$6,801 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 totalled \$41,855 for 2009 compared to \$15,477 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 costs.

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, 2009 and the past four years. This information is derived from the Fund’s June 30, 2009 interim financial statements and 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
Increase (decrease) from operations:					
Total revenue	0.08	0.23	0.39	0.39	0.80
Total expenses	(0.14)	(0.24)	(0.24)	(0.22)	(0.20)
Realized gains (losses) for the period	-	0.06	0.11	0.00	0.00
Unrealized gains (losses) for the period	0.44	(2.81)	0.20	1.26	1.12
Transaction costs	-	-	(0.01)	-	-
Total increase (decrease) from operations⁽¹⁾	\$ 0.38	\$ (2.76)	\$ 0.44	\$ 1.43	\$ 1.72
Distributions:					
From capital gains ⁽²⁾	-	(1.03)	(0.56)	(2.85)	-
Net Assets, end of period⁽³⁾	\$ 6.79	\$ 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 be a reconciliation between the opening and closing net asset value per share.

Ratios and Supplemental Data

SERIES A	June 30, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006	Dec 31, 2005
Total net asset value (\$) (000's) ⁽¹⁾	2,383	2,785	3,185	3,431	1,495
Number of units outstanding ⁽¹⁾	351,162	436,007	314,031	334,138	128,094
Management expense ratio ⁽²⁾	4.34%	2.94%	2.38%	2.19%	1.87%
Trading expense ratio ⁽³⁾	0.02%	0.03%	0.08%	0.13%	0.26%
Portfolio turnover rate ⁽⁴⁾	-	0.48%	1.95%	1.72%	0.00%
Net asset value per unit (\$)	6.79	6.40	10.16	10.27	11.67

(1) This information is provided as at June 30, 2009 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.

Summary of Investment Portfolio

As at June 30, 2009

Sector Description	% of net assets
Index units	77.2%
Cash and cash equivalents	24.4%
Other net assets	-1.6%
	100.0%

Top Positions	% of net assets
iShares CDN S&P/TSX 60 Index Fund	53.1%
iShares CDN MSCI EAFE 100% Hedged to CAD Dollars Index Fund	24.1%
	77.2%
Total Net Asset Value	\$ 2,383,315

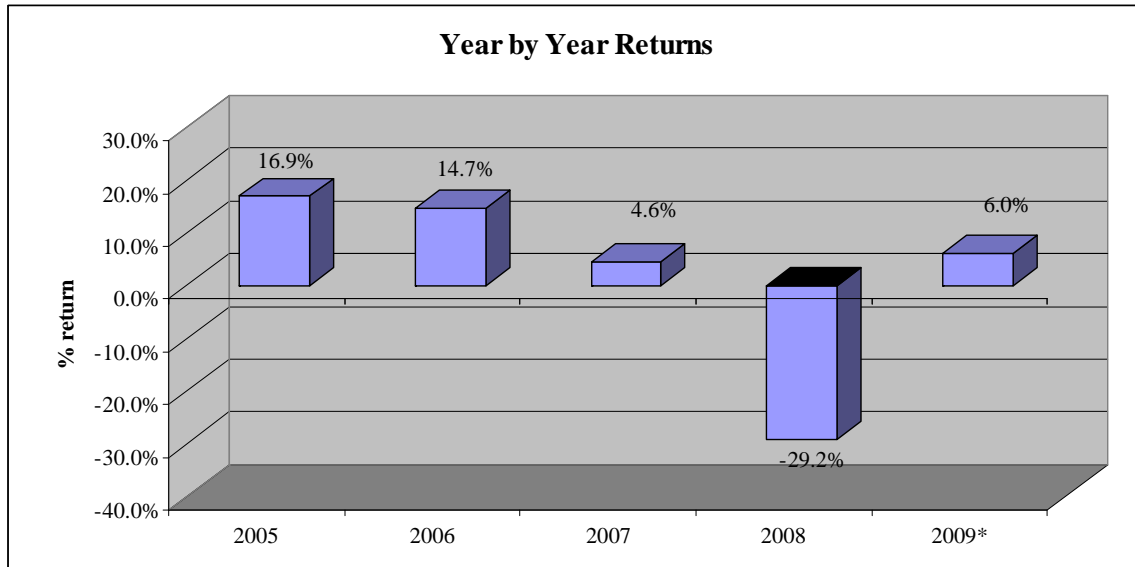
The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. The most recent annual report, semi-annual report or quarterly portfolio disclosure is available at no cost by calling 1 866 864-6330, by writing to us at Creststreet Mutual Funds Limited, Suite 1450, 70 University Avenue, Toronto ON, M5J 2M4, or by visiting our website at www.creststreet.com.

Past Performance

The performance information shown assumes that any distributions made by the Fund in the period shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution 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 four years and its total return for the six months ended June 30, 2009. 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 month period ended June 30, 2009

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.

Recent Developments

> Changeover to International Financial Reporting Standards (“IFRS”)

As at June 30, 2009 the Manager has developed a changeover 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 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.

Related Party Transactions

Management fees are paid to the Manager for the management of the Fund’s day-to-day administration. 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.

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 six months ended June 30:

	<u>2009</u>		<u>2008</u>	
Management fees	6,678	51.7%	7,430	52.2%
Service fees paid to dealers	<u>6,231</u>	<u>48.3%</u>	<u>6,801</u>	<u>47.8%</u>
	<u>\$ 12,909</u>	<u>100.0%</u>	<u>\$ 14,231</u>	<u>100.0%</u>

Risk

No major or significant changes have had an impact on the overall risk level of any investments in the Fund over the past six months. 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 financial statements.

Statements of Net Assets

	As at June 30, 2009 (unaudited)	As at December 31, 2008
Assets		
Investments at market value	\$ 1,839,040	\$ 1,664,400
Cash and cash equivalents	581,605	1,159,140
Subscription receivable	-	8,900
Interest receivable	-	2,650
Other receivables	35	228
	<u>2,420,680</u>	<u>2,835,318</u>
Liabilities		
Accounts payable and accrued liabilities	37,365	17,925
Redemptions payable	-	32,093
	<u>37,365</u>	<u>50,018</u>
Net assets - GAAP NAV (note 2)	\$ 2,383,315	\$ 2,785,300
Adjustment from bid market prices to last traded market prices	-	3,330
Net assets - Pricing NAV (note 2)	\$ 2,383,315	\$ 2,788,630
Shares outstanding	351,162	436,007
Net assets per share - GAAP NAV (note 2)	\$ 6.79	\$ 6.39
Adjustment from bid market prices to last traded market prices	-	0.01
Net assets per share - Pricing NAV (note 2)	\$ 6.79	\$ 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

Creststreet Managed Equity Index Fund

Statement of Operations

For the six months ended June 30 (unaudited)	2009		2008	
Investment Income				
Dividend revenue	\$	27,117	\$	31,651
Interest revenue		3,210		1,236
		<u>30,327</u>		<u>32,887</u>
Expenses				
Management fees (note 3)		6,678		7,430
Audit fees		4,500		1,500
Custodial fees		1,425		1,062
Servicing fees		6,231		6,801
Securityholder reporting costs		6,750		1,385
Director's fees		2,812		1,706
Legal and filing fee		1,915		2,559
Operating expenses		24,453		7,261
Capital tax		-		4
		<u>54,764</u>		<u>29,708</u>
Income (loss) from investment operations		<u>(24,437)</u>		<u>3,179</u>
Net realized gain on sale of investments		-		21,598
Change in unrealized appreciation/depreciation of investments		174,641		(117,389)
Transaction costs (note 2)		(200)		(948)
Net realized and unrealized gain (loss) on investments		<u>174,441</u>		<u>(96,739)</u>
Increase (Decrease) in net assets from operations	\$	150,004	\$	(93,560)
Per share				
<i>(based on average number of shares outstanding)</i>				
Increase (Decrease) in net assets from operations	\$	0.38	\$	(0.30)

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2009		2008	
Net assets at the beginning of period	\$	2,785,300	\$	3,185,324
Operations:				
Increase (decrease) in net assets from operations		150,004		(93,560)
Dividends to shareholders:				
Capital gain dividend (note 4)		-		(297,124)
Capital transactions:				
Proceeds from the issue of shares		6,679		214,179
Reinvested dividends		-		291,074
Redemptions		(558,668)		(483,213)
Net assets at the end of period - GAAP NAV (note 2)	\$	2,383,315	\$	2,816,680
Adjustment from bid market prices to last traded market prices		-		1,940
Net assets per share - Pricing NAV (note 2)	\$	2,383,315	\$	2,818,620

See accompanying notes to financial statements

Statement of Investment Portfolio

As at June 30, 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	\$ 1,264,800
iShares CDN EAFE 100% Hedged to Canadian Dollars Index Fund	37,000	Index Units	968,987	574,240
Transaction costs			(75)	
Total investments			\$ 2,215,582	\$ 1,839,040

See accompanying notes to financial statements

Notes to Financial Statements

For the six month period ended June 30, 2009 and 2008

1. Creststreet Mutual Funds Limited

Creststreet Managed Equity Index Fund (the "Fund"), along with Creststreet Resource Fund, Creststreet Alternative Energy Fund and Creststreet Managed Income 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. On October 24, 2008 the Creststreet Managed Income Fund was terminated as a class of the Corporation with its shareholders receiving an amount equal to the net asset value of the Creststreet Managed Income Fund as determined on October 24, 2008.

In order to conform to investment fund disclosure regulations, these financial statements present the financial position of the Fund as at June 30, 2009 and December 31, 2008, its investments held as at June 30, 2009, and the results of operations and the changes in net assets for the six months ended June 30, 2009 and 2008 and do not contain the financial statements of the Corporation. Because the Funds listed 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." These new sections require enhanced disclosure and presentation of the nature and the extent of the risks arising from financial instruments. These standards impacted the Fund's disclosures provided 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 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.

a. Cash and Cash Equivalents, and Other Monetary Balances

Cash and cash equivalents are comprised of cash on deposit and short-term debt instruments with terms of maturity of less than 1 year at acquisition. Cash and cash equivalents are deemed to be held for trading and are carried at fair value. The carrying values of interest receivable, subscriptions receivable, other receivables, accounts payable and accrued liabilities, and redemptions payable approximate their fair value due to the relatively short periods to maturity of the instruments.

b. Valuation of Investments

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 by the Manager at the fair value thereof determined in such manner as the Manager may from time to time determine and 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. However, the Manager's policy is to, where possible; use evidence of arm's length third party transactions in determining fair value of unlisted securities. Any change in value is recorded in "Net change in unrealized appreciation/depreciation of investments" on the statements of operations.

Canadian GAAP requires that securities traded on a public exchange be valued at their last bid price for securities held long and the last ask price for securities sold short for calculating the net asset ("NAV") for financial reporting purposes ("GAAP NAV"). The NAV calculated for pricing purposes for purchases and redemptions continues to use last traded market prices ("Pricing NAV"). This will generally result in a difference between Pricing NAV and GAAP NAV which is presented on the Statement of Net Assets

c. Broker Commissions

Brokers' commissions and other transaction costs are expensed in the period incurred and are disclosed in the statements of operations.

d. 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 record date and interest income is accrued as earned.

e. 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 unit 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.

f. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 and Operating Expenses

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. For the six months ended June 30, 2009, the management fee amounted to \$6,678 (2008 - \$7,430). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

The management expense ratio ("MER") is calculated based on the total management expenses of the Fund, as a percentage of the weighted average net assets of the Fund for the semi-annual period and is presented on an annualized basis. This MER is inclusive of the Goods and Services Tax ("GST") in accordance with National Instrument 81-106. The Fund's MER was 4.34% for the six months ended June 30, 2009 (2008 – 2.11 percent).

4. Dividends paid to Shareholders

The Fund paid a capital gain dividend totaling \$nil (2008 - \$297,124) or \$nil per share (2008 - \$1.0253 per share) to Fund shareholders of record. For the six months ended June 30, 2009, \$nil 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 weighing 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. As at June 30, 2009 24.09 percent (December 31, 2008, 20.7 percent) of the Fund's NAV was invested in iShares MSCI EAFE Index Fund. This security seeks to replicate the performance of the MSCI EAFE index – an index of international securities maintained by Morgan Stanley Capital International – and is 100 percent hedged against foreign currency risk. Therefore, the Fund is not exposed to foreign currency risk. All things being equal, there would have been no effect on the Fund's NAV as a result of an increase or decrease in the value of the Canadian dollar against other foreign currencies.

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, 2009, or at any time during the period. 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 June 30, 2009.

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, 2009 and December 31, 2008 and assuming all other variables were held constant, had the general price level of equities markets been 5 percent higher or lower, the NAV of the Fund may have been \$87,471 (December 31, 2008: \$78,737) higher or lower (\$0.25 per share or 3.67 percent, December 31, 2008: \$0.18 per share, or 2.83 percent), respectively. This estimation is based on statistical tools that measure the relationships between each security in the Fund's portfolio and how their returns relate to the returns of the overall equities markets. In reality, results could differ from this estimate and the difference could be material.

Credit Risk

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

As at June 30, 2009 the Manager has developed a changeover 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 2008, 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 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.

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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 Thompson*
President and Chief Executive Officer
Sirius Energy Inc.

Robert J. Toole, C.A.
Managing Director
Creststreet Capital Corporation

Officers

Robert J. Toole, C.A.
President and Chief Executive Officer

Donna Shea, C.A.
Vice-President, Finance and
Chief Financial Officer

Stephen R. Martin, C.F.A.
Vice-President

Sheryl Chiddenton
Secretary and Treasurer

Administrator

RBC Dexia Investor Services Trust
Toronto, Ontario

Investment Advisor

Creststreet Asset Management Limited
Toronto, Ontario

Custodian

National Bank Correspondent Network
Toronto, Ontario

Clearing and Settlement Services

FundSERV Inc.

Fund Symbols

CAM100
CAM300
CAM400, CAM401, CAM402

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** Chair of the audit committee