



# Creststreet Resource Fund

March 2009 Newsletter

## Net Asset Value Per Share

**March 31, 2009: \$2.4910**

## Fund Description

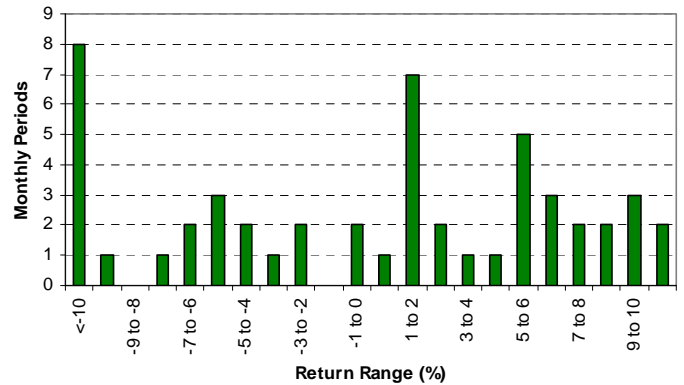
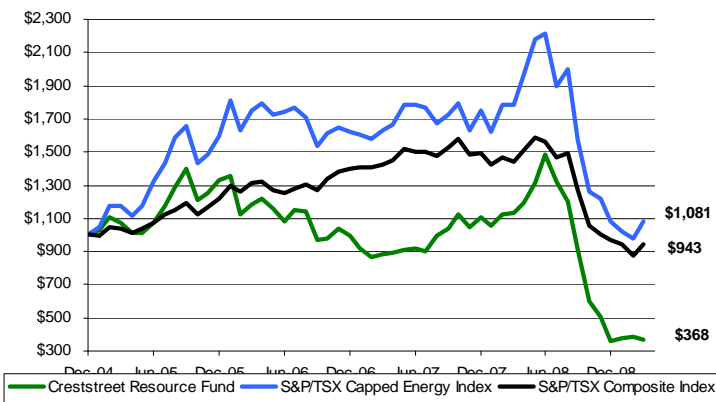
The Creststreet Resource Fund (the "Fund" or "CRF") provides Canadian investors with exposure to a broad array of investments in the conventional energy market in Canada. The Fund's investment objective is to provide the potential for long-term growth of capital and to a lesser extent, the production of income. The Fund invests primarily in equity securities of Canadian resource issuers. The Fund may also invest in international securities.

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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005	3.0%	7.5%	-2.8%	-5.6%	-0.5%	5.9%	9.7%	9.7%	8.9%	-13.5%	3.6%	6.3%	33.4%
2006	1.5%	-16.8%	5.4%	2.4%	-5.0%	-6.6%	6.2%	-0.4%	-15.3%	1.4%	6.2%	-4.8%	-25.6%
2007	-7.5%	-5.2%	1.6%	1.3%	1.5%	1.5%	-2.6%	10.9%	4.2%	8.3%	-6.6%	5.4%	11.6%
2008	-5.0%	7.2%	0.6%	5.2%	9.9%	13.4%	-10.9%	-9.2%	-24.1%	-34.3%	-16.0%	-29.0%	-67.7%
2009	5.4%	1.6%	-3.9%										2.9%

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

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



<sup>(1)</sup> Inception date of the Fund is December 31, 2004. The indicated rates of return are historical annual compound total returns and do not take into account sales, redemptions, distributions or operational charges, or income taxes payable by any security holder that would have reduced returns. Performance is calculated net of fees.

<sup>(2)</sup> See Use of Benchmarks Disclaimer on page 2.

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

	CRF	S&P/TSX Capped Energy Index	S&P/TSX Composite Index
Compounded Annual Return (since inception)	-21.0%	1.9%	-1.4%
1 Year Return	-67.5%	-39.4%	-34.7%
Standard Deviation	10.1%	8.2%	4.8%
R-Squared		0.58	0.51
Correlation		0.76	0.71
Beta		0.95	1.51
Monthly Alpha		-1.8%	-1.4%
Largest Month Gain	13.4%	13.6%	7.4%
Largest Month Loss	-34.3%	-21.4%	-16.9%

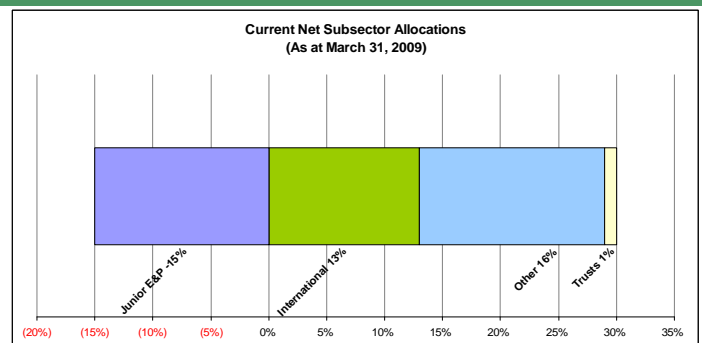
## Top Holdings as at March 31, 2009 <sup>long positions only</sup>

- Athabasca Oil Sands Corp.
- Verenex Energy Inc.
- Gran Tierra Energy Inc.
- Laricina Energy Ltd.
- Vero Energy Inc.

## Terms

Fund AUM	\$21.1M	Minimum Initial Subscription	\$ 1,000
Performance Fee	None	Year End	December 31
Management Fee	2%	Redemptions and Contributions	Weekly
Administrator	RBC Dexia Investor Services	Pricing	Weekly
Type	North American Equity	Auditors	KPMG LLP
Fund Code	CAM 100	RRSP / TFSA eligible	Yes

## Sub-Sector Allocation as at March 31, 2009



## Fund Commentary

The Creststreet Resource Fund was down 3.9 percent during the month of March 2009 compared to the S&P/TSX Capped Energy Index, which was up 10.2 percent, and the S&P/TSX Composite Index, which was up 7.4 percent for the month.

## Outlook

North American markets began the month of March with significant declines, reaching new multi-year lows mid-month. These declines followed market sell-offs during late February and created a technically oversold market that helped lead to an equity rally that lasted through to the end of the month. Two data points released in the last week of the month led some to believe that an economic recovery was on the horizon and helped fuel the rally. In particular, small month-on-month increases in new durable goods orders and new residential sales led some analysts to suggest that the manufacturing and housing sectors could be showing signs of a rebound. In depth analysis of these data releases, however, reveals that the small increases were due to abnormally generous seasonal adjustment factors and were not statistically significant.

Our view, supported by the bulk of economic data, is that the recent market surge is a bear-market rally. Continued evidence of escalating job losses, increasing foreclosures in the US housing market, declining consumer confidence, and declining Industrial Production worldwide during the month all demonstrated that the current economic contraction is showing limited signs of abating and is likely to continue through to late 2009 and possibly early 2010. The US Federal Reserve's willingness to undertake unconventional monetary policy in the form of quantitative easing is indicative of how severe the current economic conditions are and the risk of long-term continued weakness.

## Commodities Review

NYMEX crude oil closed the month of March at US\$49.66, an increase of 10.9 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\$4.20 per million British thermal units (mmbtu) to close the month at US\$3.78 per mmbtu after making a new multi-year lows 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 experienced losses on its short positions that exceeded the corresponding gains on its long positions as global equity markets, and in particular energy equities, rallied throughout the month. In the near-term we plan to maintain selective 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. The Fund also continues to hold a number of private investments. 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. We 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.

**Use of Benchmarks** 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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