



Creststreet Resource Fund

August 2009 Newsletter

Net Asset Value Per Share

August 31, 2009: **\$3.0781**

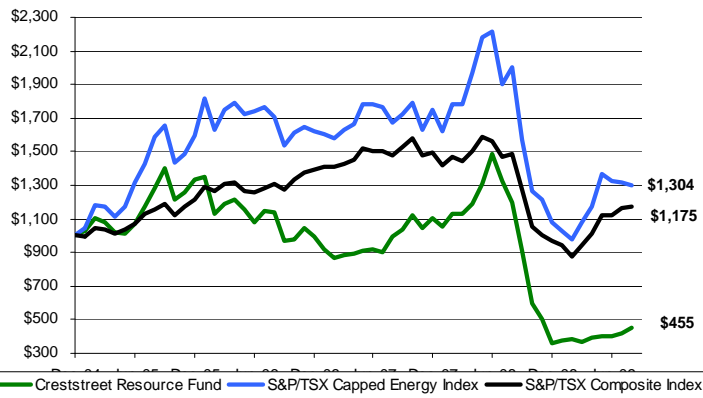
Fund Description

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.

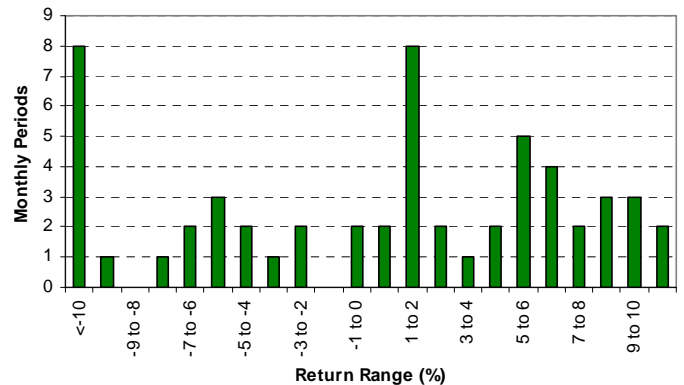
Historical Performance ⁽¹⁾

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%	6.3%	1.7%	0.5%	5.0%	8.4%					27.1%

Performance ⁽¹⁾⁽²⁾



Distribution of Returns ⁽¹⁾



⁽¹⁾ 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.

⁽²⁾ See Use of Benchmarks Disclaimer on page 2.

Statistics ⁽¹⁾⁽²⁾

	CRF	S&P/TSX Capped Energy Index	S&P/TSX Composite Index
Compounded Annual Return (since inception)	-15.5%	5.8%	3.5%
1 Year Return	-62.2%	-34.9%	-21.1%
Standard Deviation	9.8%	8.2%	4.9%
R-Squared		0.54	0.48
Correlation		0.73	0.69
Beta		0.88	1.38
Monthly Alpha		-1.6%	-1.4%
Largest Month Gain	13.4%	16.7%	11.2%
Largest Month Loss	-34.3%	-21.4%	-16.9%

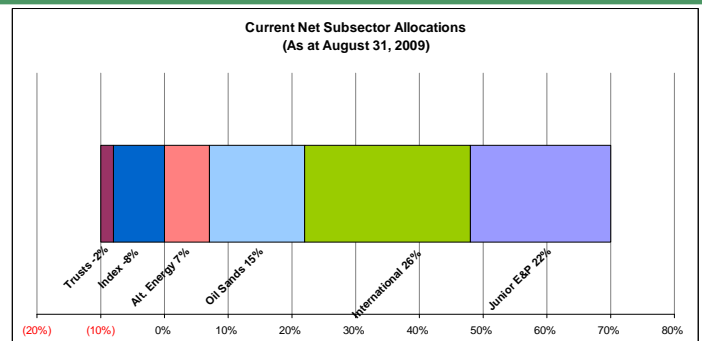
Terms

Fund AUM	\$23.9M	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

Top Holdings as at August 31, 2009 ^{long positions only}

- Advantage Oil & Gas Ltd.
- Athabasca Oil Sands Corp.
- Bankers Petroleum Ltd.
- RuggedCom Inc.
- TransGlobe Energy Corporation

Sub-Sector Allocation as at August 31, 2009



Fund Commentary

The Creststreet Resource Fund was up 8.4 percent during the month of August 2009 compared to the S&P/TSX Capped Energy Index, which was down 0.8 percent, and the S&P/TSX Composite Index, which up 0.8%.

Outlook

After exhibiting strong gains during July, North American equity markets fluctuated within narrow bands for most of August, with the S&P gaining 3.5%, the Dow 3.4%, and the TSX 0.8%. These minor gains came on several signs that, during the current quarter, there is likely to be GDP growth in the US economy for the first time since Q2 2008. New orders of durable goods increased 4.9% from June to July and the Industrial Production Index rose for the first time since October 2008. Furthermore, the ISM Manufacturing Purchasing Manager's Index rose to 52.9 during August, its seventh consecutive monthly increase and the first reading of an expansion (above 50) in the manufacturing sector since July 2008.

Despite the likely prospect of economic growth during the current quarter, our medium and long-term macroeconomic view remains cautious as we believe that the risk of either a double-dip recession in 2010 or a prolonged period of stagnation in the North American economy remains significant. This view is founded on our analysis of the weakness in the US employment situation and the economic headwinds facing the US consumer, which currently comprises approximately 20% of global GDP. Economic data released over the last month are supportive of this hypothesis. The US consumer continues to be a drag on the overall economy. First, the consumer is not yet earning more income. Despite generous tax breaks and increased social benefits from the federal government, the US consumer's real disposable income actually fell 0.1% in July from June. Second, the consumer is not spending. Despite significant stimulus provided by the cash for clunkers program, US Retail Sales declined 0.1% in July from June and Personal Consumption Expenditures rose just 0.2%. The outlook for this former engine of economic growth becomes even more dampened when analyzing the US employment situation. In August, the core unemployment rate reached 9.7%, its highest level since May 1983, but a more expanded definition of the unemployed, one that includes those that are working part-time, but would prefer full-time employment, increased to 16.8% for the month, showing just how much capacity remains in the US labour market.

Commodities Review

NYMEX crude oil closed the month of August at US\$69.96, an increase of 0.7 percent month-over-month. The price of oil remains strong as the market continues 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\$2.98 per million British thermal units (mmbtu), down 18.5% from 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 believe it is only a matter of time for before the supply response from falling rig counts to start to impact natural gas prices, soft natural gas prices to could persist well into 2010 before natural gas storage levels rebalance and natural gas prices to improve.

Fund Performance and Strategy

During the month of August, the Fund maintained its exposure to a number of junior and intermediate oil-weighted producers with significant growth prospects both domestically and internationally. With the rapid rise in crude oil from its lows earlier in the year, 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. 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, 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. 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 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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