

# Resource Fund

April 2011 Newsletter

## Net Asset Value Per Share

April 30, 2011:

Series A (CAM100)	- \$4.8104*
Series B (CAM151)	- \$5.0851
Series F (CAM152)	- \$5.1533
Series 2010-1 (CAM109)	\$5.1057
Series 2010-2 (CAM110)	\$5.1057

## Fund Description

The Creststreet Resource Fund (the "Fund" or "CRF") provides Canadian investors with exposure to a broad spectrum of investments in the natural resource sectors. 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.

\*Ex-distribution NAV. A taxable dividend of \$0.3001 per Series A share was paid to shareholders on March 11, 2011.

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

As at April 30, 2011

MTD <sup>(2)</sup>	3 month <sup>(2)</sup>	6 month	Since July 1, 2010 <sup>(2)</sup>	1 year	3 years	5 years	10 years	Since inception
-2.1%	-1.7%	15.8%	47.2%	23.4%	-14.1%	-9.1%	-	-4.3%

Historical Annual Performance

2005	2006	2007	2008	2009	2010	YTD 2011
33.4%	-25.6%	11.6%	-67.7%	48.6%	41.0%	0.6%

- (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. The performance and other statistics presented in this document are for Series A shares and may not be indicative of the performance or statistics of the specific series of shares held by a particular investor.
- (2) Paul MacDonald commenced managing the Fund under new investment strategies on June 3, 2010.

## Lead Portfolio Manager



**Paul MacDonald, CFA**  
Vice President & Portfolio Manager

Commenced management of the Resource Fund portfolio on June 3, 2010.

## Top 5 Holdings <sup>\*long positions only</sup>

Arcan Resources Limited  
Athabasca Oil Sands Corp.  
Mercator Mineral Ltd.  
Migao Corporation  
Sherritt International Corp.

## Fund Details

Type	▶ Canadian Equity
Sector	▶ Natural Resource
Inception Date	▶ December 31, 2004
RRSP/TFSA eligible	▶ Yes
Distributions	▶ Annually – capital gains

Pricing	▶ Weekly
Minimum initial purchase	▶ \$1,000
Minimum subsequent purchase	▶ \$100
Switch fee	▶ None

Series	Fund Code	Load Type	Mgmt Fee	Performance Fee	Service Fee	Short-Term Trading Fee
A	CAM100	FE 0-5%	2.00%	none	0.50%	2% within 90 days of purchase
B	CAM151	FE 0-5%	1.50%	20% over Custom Index Blend	1.00%	2% within 90 days of purchase
F	CAM152	No Load	1.50%	20% over Custom Index Blend	0.00%	2% within 90 days of purchase

Performance. Service. Integrity.

Published May 9, 2011



## Performance & Market Commentary

The Creststreet Resource Fund returned -2.1% for the month, with a modest positive year to date performance of 0.6% versus the S&P/TSX Capped Materials Index, YTD return of -2.0% and the S&P TSX Capped Energy Index YTD return of 7.6%. The Fund is a diversified resource fund with broad exposure to the natural resource sectors.

Crude Oil, our preferred commodity based on our outlook for 2011, rose by US\$7.21 or an additional 6.8% for the month, with the S&P TSX Capped Energy Index diverging again with a -2.6% return for the month. Gold also had a strong month rising by US\$126.37 or 8.8% with the S&P TSX Gold Index continuing to lag the underlying commodity, with the index rising by a mere 2.1% month over month and remains down 3.5% year to date. We continue to believe the underlying commodity is being driven by investor sentiment and we are concerned that sellers will exit with the same velocity that they have entered. We also believe that the valuation multiples for the intermediate and senior producers are in the midst of a structural contraction in multiples and await more attractive valuations. In the Basic Materials sectors, our preferred metal over the past several months, copper, closed at US\$4.18/lbs, a welcomed pull back of 3% for the month. We expect the commodity price and equities to be volatile on the back of mixed emerging market indicators before resuming the upward trajectory through mid-year and to push US\$5/lbs as supply disruptions inspire price spikes. We remain constructive on the broader base metals complex, with a preference for Iron Ore, Zinc, Molybdenum and Nickel over the coming 12 months. No changes to our Zinc outlook, with a positive bias as we invest looking further out into 2013 and 2014.

## Fund Strategy

Activity levels were heightened during the month amidst the increase in volatility that followed on from late last month. The net exposure towards gold and precious metals at the end of the month was 10%, up slightly primarily due to market appreciation month over month. We continue to be focused on companies with the bias in the sub sector remaining focused on smaller cap positions with catalysts outside of the macro environment. There is no change to our macro view however with a significant increase in the volatility to the downside in early May we are approaching our target entry prices on select intermediate and large cap producers. The net exposure towards the base metals is down as slightly as we shifted several positions into equities exposed to metallurgical coal. The exposure towards base metals at month end was 39% while in the Energy component of the portfolio remained flat at 27% and at month end and we were very active in several core oil weighted producers. We hold a solid 10% weight in the Chemicals and Fertilizer sectors after adding to core positions with a bias towards distributors, geographic diversification and specialty chemicals and added small amounts to core positions during the month.

We re-iterate our Bullish stance over the mid-term and remain fully invested. We anticipate continuing to be more active over the near-term amidst the seasonally more volatile and quieter summer months.

**Use of Benchmarks** - The S&P/TSX Capped Energy Index, S&P/TSX Paper & Forest Products Index, S&P/TSX Global Gold Index and the S&P/TSX Capped Materials Index are comprised of shares of companies involved in exploration, development and/or production of energy, paper & forest products, gold, basic materials and chemicals and fertilizer companies resources and are designed to track the performance of the broader resource sub sectors. They are used as a benchmark to show how the Fund is performing in relation to the Canadian resource sectors 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 an independent, employee-owned, performance driven asset Management Company. Founded by our strength and expertise in energy, we have built a diversified award-winning investment management team. Creststreet brings to its Fund's investors unique core and specialty products by combining our superior research with our active management style.

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