



Creststreet Resource Fund

2010 > Interim Report

Management Report of Fund Performance

For the six months ended June 30, 2010

THIS INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE CONTAINS FINANCIAL HIGHLIGHTS AND IS PART OF THE INTERIM REPORT OF CRESTSTREET RESOURCE 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.

THE ACCOMPANYING INTERIM-FINANCIAL STATEMENTS HAVE NOT BEEN REVIEWED BY THE EXTERNAL AUDITORS OF THE FUND. THE EXTERNAL AUDITORS WILL BE AUDITING THE ANNUAL FINANCIAL STATEMENTS OF THE FUND IN ACCORDANCE WITH CANADIAN GENERALLY ACCEPTED AUDITING STANDARDS.

Results of Operations

Investment Performance

The Creststreet Resource Fund was launched in 2004 with an investment objective to invest primarily in a diversified portfolio of equity securities of natural resource companies involved in the production, exploration and development of natural resources. The primary investment strategies have historically focused on Energy related investments. With the expansion of the Creststreet portfolio management team, the strategies for the Creststreet Resource Fund were expanded in the month of June 2010 to include a more diversified portfolio of equity investments exposed to the broader natural resources sectors. The Fund uses a combination of top down macro analysis, bottom up and qualitative analysis to select the resource sub sectors and individual investments with the best risk adjusted potential.

The Creststreet Resource Fund declined by 3.6% for the first half of 2010 versus declines in the S&P/TSX Capped Energy Index of -8.6% and the S&P TSX Index of -3.8%. The S&P TSX Materials Index appreciated by 0.8% for the first half of the year, aided by the performance of gold related equities. The investment strategies of the Creststreet Resource Fund were updated late in the first half of 2010 and will be exposed to a more diversified portfolio across the broader resource sectors on a go forward basis.

There was a significant increase in global equity market volatility during the latter part of the first half of 2010, and while commodity prices were mixed, most were also subject to increased volatility. West Texas Intermediate ("WTI") light sweet crude oil closed the first half of the year down 4.7% while NYMEX natural gas prices suffered a more dramatic decline of 15.9% for the first half. In the Materials sectors, base metal prices have come under increased pressure with fears over demand destruction and de-stocking in the short-term. The bellwether of the base metals, Copper, declined by 11.8% for the first six months of the year. In the bulk commodities, spot iron ore prices in China began to show signs of cracking, dropping through the end of the first half of 2010 on the back of declining emerging market imports and an up-tick in global supply. Both fertilizer prices and volumes continued to be stagnant during the first half of the year. However some improvement in the global outlook started to surface late in the second quarter and positive macro signals continued early into the second half of the year. Gold continued to buck the seasonal trend with positive investor sentiment in response to continuing global economic uncertainty with the price rising 13.7% for the first half of 2010.

There were a number of macro events during the first half of the year that invoked a significant increase in the volatility within the global equity markets. In particular the more economically sensitive natural resource oriented equities have been amongst the most volatile. Investor sentiment declined rapidly as fears of contagion from the European financial crisis and a US double dip recession rippled through the global banking system and equity

markets. In anticipation of the increased volatility, the Fund had a solid cash balance through early summer and held a number of broad short positions to reduce some of the short-term volatility. As equity prices and valuations fell precipitously, the Fund opportunistically added to core positions. Through early June and into the second half, the Fund reduced a number of the Energy weighted positions in line with the recently updated investment strategies and initiated the process of expanding the portfolio's exposure towards the broader resource sectors. We initiated positions in a number of large & mid-cap materials companies and also entered the fertilizer & chemicals sectors, predominately in large capitalization companies. As the price of Gold pushed through US\$1,250 oz through early June, the Fund opted to remain underweight precious metal equities during the transition period of the investment strategy and await more opportunistic entry levels into the gold and precious metal equities.

Revenues and Expenses

The Fund earned dividend revenue of \$1,310,861 in 2010 compared to \$28,117 in 2009 for the six months period. This significantly large dividend is related to one issuer, namely Athabasca Oil Sands Corp. which paid a special dividend of \$4.25 per share prior to completing its initial public offering. Interest income declined significantly from \$49,900 in 2009 to nil in 2010 for the six months ended June 30. This is because the Fund did not hold any excess cash in money market fund as in 2009 and the only cash essential for normal operations of the Fund

Management fees and service fees are driven exclusively by the Fund's average net asset value. The slightly higher management fees of \$279,191 for the six months ended June 30, 2010 compared to \$234,368 for the same period in 2009 and the higher service fees of \$65,983 in 2010 and compared to \$57,152 for the same period in 2009 is related to the increase in the net assets of the Fund.

The other expenses incurred by the Fund were in the normal course of the Fund's operations and totalled \$320,364 for 2010 compared to \$440,994 in 2009 for the six months period of the respective years.

Investment Objectives and Strategies

The Fund's investment objectives are to provide for the long-term growth of capital and, to a lesser extent, the production of income through investment in equity securities of Canadian resource issuers.

To meet its objectives the Fund will invest primarily in a diversified portfolio of equity securities of natural resource companies involved in the production, development and/or exploration of Energy related commodities, Basic Materials, Precious Metals and Chemicals & Fertilizers. The Fund employs a value-oriented, "bottom-up" approach to investing. This involves a detailed analysis of the strengths of individual investments with much less emphasis on short-term market factors. Importance is placed upon an assessment of a company's balance sheet, cash flow characteristics, profitability, industry position, special strengths, future growth potential, and management ability.

Other Material Information

The Fund is one of three classes of shares of Creststreet Mutual Funds Limited. There are two other classes of shares: Creststreet Dividend & Income Fund (formerly Creststreet Managed Equity Index Fund), and Creststreet Alternative Energy Fund.

A key feature of the Fund is its role in providing liquidity to those who invest in Creststreet limited partnerships ("LPs"). Each year, Creststreet offers for sale a limited number of units in one or more LPs. The objective of the LPs is to invest in the flow-through securities of resource companies that engage in oil and gas, mining or renewable energy exploration and development in Canada. Investors in the LPs are entitled to claim certain deductions and credits for income tax purposes. An LP operates for slightly less than two years. On or about the third Friday of January in the second year following its establishment, the LP transfers all of its assets to the Fund and the LP is dissolved. The LP investors receive shares in the Fund in exchange for their LP units on a pro-rata basis on the date of the transfer.

The following table shows the dollar value of the assets that each LP has transferred to the Fund.

Date	Partnership	Net Assets Transferred	Ratio of Mutual Fund Shares Received
January 15, 2002	Creststreet 2000 Limited Partnership	\$7,286,890	0.728689
January 17, 2003	Creststreet 2001 Limited Partnership	\$15,312,298	0.738044
January 17, 2003	Creststreet 2001 (II) Limited Partnership	\$14,294,962	0.817004
January 23, 2004	Creststreet 2002 Limited Partnership	\$36,608,912	0.660476
January 21, 2005	Creststreet 2003 Limited Partnership	\$41,635,412	0.652611
January 21, 2005	Creststreet 2003 (II) Limited Partnership	\$25,510,837	0.557083
January 20, 2006	Creststreet 2004 Limited Partnership	\$63,593,587	0.584901
January 19, 2007	Creststreet 2005 Limited Partnership	\$30,175,192	0.761377
January 18, 2008	Creststreet 2006 Limited Partnership	\$15,524,619	0.490004
January 18, 2008	Creststreet 2006 (II) Limited Partnership	\$22,889,403	0.722459
May 28, 2010	Creststreet 2008 Limited Partnership	\$5,907,772	2.524966
May 28, 2010	Creststreet 2009 Limited Partnership	\$3,036,252	0.961274

The Manager of the Fund may disallow redemptions and switches to other classes of Creststreet Mutual Funds Limited up to the end of May in the year of transfer. This allows the Fund to generate liquidity to fund redemptions by strategically exiting investments over a reasonable period of time. The Fund has obtained a standing exemption from the securities regulators in each province allowing restrictions on the redemption and switches of shares issued to LP investors on the transfer of assets.

Risk

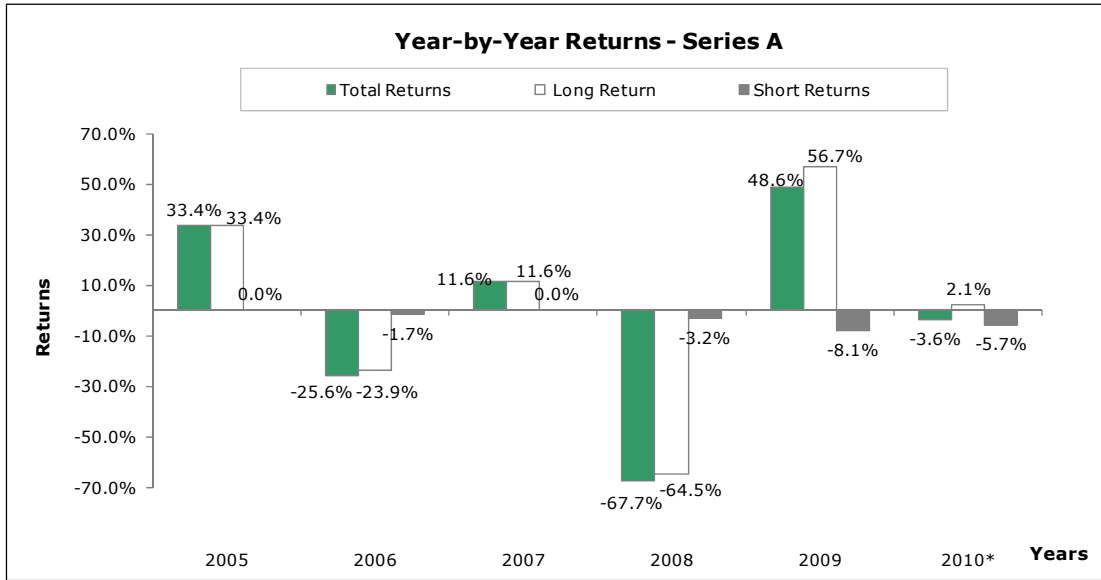
The Fund's objective is to provide stable, long-term growth of capital while conservatively managing value at risk. The Fund invests primarily in the equity securities of Canadian resource issuers and investors are exposed to the risks and rewards of the Canadian resource sector. A more detailed discussion of the Fund's risk exposures can be found in the Fund's prospectus and in the notes of the 2010 semi-annual financial statements.

Past Performance

The past performance of the Fund is presented below showing the Year-by-Year returns charts. It should be noted that 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 also assumes that distributions made by the Fund were reinvested in additional securities of the Fund. Performance of the Fund set out below was calculated net of all fees and expenses. Lastly, 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 returns from 2005 to 2010. The Fund was not a reporting issuer prior to 2005. In percentage terms, the bar chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of the financial year.



Note:

The performance shown for short positions is based on the pure performance of the short positions, while the performance shown for long positions and the overall total performance of Series A is comprehensive of all fees and expenses.

* Total Return for the six months period ended June 30, 2010

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, 2010 and the previous four years. This information is derived from the Fund's annual financial statements.

The Fund's Net Asset Value (NAV) per Share

SERIES A	2010	2009	2008	2007	2006
Net assets, beginning of period ⁽¹⁾	\$ 3.57	\$ 2.42	\$ 8.30	\$ 7.89	\$ 22.09
Increase (decrease) from operations:					
Total revenue	0.15	0.01	0.03	0.10	0.11
Total expenses	(0.10)	(0.14)	(0.29)	(0.28)	(0.45)
Realized gains (losses) on investments	0.61	(0.14)	(2.41)	0.22	(0.87)
Unrealized gains (losses) on investments	(0.68)	1.46	(1.30)	1.14	(3.35)
Transaction costs	(0.05)	(0.06)	(0.30)	(0.25)	-
Total increase (decrease) from operations⁽²⁾	\$ (0.07)	\$ 1.13	\$ (4.27)	\$ 0.92	\$ (4.76)
Distributions:					
From capital gains	-	-	(0.92)	(0.38)	(8.91)
Total annual distributions⁽³⁾	-	-	(0.92)	(0.38)	(8.91)
Net assets, end of period ⁽⁴⁾	\$ 3.46	\$ 3.57	\$ 2.42	\$ 8.30	\$ 7.96
SERIES B	2010				
Net assets, beginning of period ⁽¹⁾	\$ 3.83				
Increase (decrease) from operations:					
Total revenue	0.11				
Total expenses	-				
Realized gains (losses) for the period	0.37				
Unrealized gains (losses) for the period	(0.87)				
Transaction costs	(0.03)				
Total increase (decrease) from operations⁽²⁾	\$ (0.42)				
Net Assets, end of period ⁽⁴⁾	\$ 3.46				
SERIES 2010	2010				
Net assets, beginning of period ⁽¹⁾	\$ 3.77				
Increase (decrease) from operations:					
Total revenue	0.15				
Total expenses	(0.02)				
Realized gains (losses) on investments	0.52				
Unrealized gains (losses) on investments	(0.90)				
Transaction costs	(0.05)				
Total increase (decrease) from operations⁽²⁾	\$ (0.30)				
Net Assets, end of period ⁽⁴⁾	\$ 3.46				

- (1) This information is derived from the Fund's annual financial statements. Series A became a reporting issuer on December 31, 2004. The inception date of Series B was June 18, 2010 and Series 2010 was May 28, 2010 at which time they were beginning NAVs were \$3.8338 per share and \$3.7691 per share respectively
- (2) 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.
- (3) Distributions were paid in cash or reinvested in additional shares.
- (4) These calculations are prescribed by securities regulators and are not intended to be a reconciliation between the opening and closing net assets per share.

Ratios and Supplemental Data

	June 30, 2010	Dec 31, 2009	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006
SERIES A					
Total Net asset (GAAP NAV) (\$) (000's) ⁽¹⁾	20,713	24,996	21,944	64,959	49,298
Number of units outstanding ⁽¹⁾	5,989,554	6,992,655	9,065,836	7,826,048	6,195,275
Management expense ratio(MER) ⁽²⁾	5.14%	4.81%	4.03%	3.84%	3.44%
Trading expense ratio ⁽³⁾	2.45%	2.07%	4.16%	3.35%	1.17%
Portfolio turnover rate ⁽⁴⁾	312.59%	581.99%	754.82%	640.19%	185.94%
Net asset value per share (Pricing NAV) (\$)	3.47	3.60	2.42	8.39	7.96
SERIES B					
Total net asset value (\$) (000's) ⁽¹⁾	4				
Number of units outstanding ⁽¹⁾	1,278				
Management expense ratio ⁽²⁾	0.60%				
Trading expense ratio ⁽³⁾	2.45%				
Portfolio turnover rate ⁽⁴⁾	312.59%				
Net asset value per unit (\$)	3.47				
SERIES 2010					
Total Net assets (GAAP NAV) (\$) (000's) ⁽¹⁾	6,996				
Number of shares outstanding (1)	2,023,065				
Management expense ratio(MER) ⁽²⁾	3.70%				
Trading expense ratio ⁽³⁾	2.45%				
Portfolio turnover rate ⁽⁴⁾	312.59%				
Net asset value per share (Pricing NAV) (\$)	3.47				

- (1) This information is provided as at June 30, 2010 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% 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

Limited Partnership Rollover

On May 28, 2010, the Fund acquired all the assets of Creststreet 2008 Limited Partnership and Creststreet 2009 Limited Partnership in exchange for 1,567,416 and 805,501 Series 2010 shares of the Fund respectively.

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")

In February 2008, the Canadian Accounting Standards Board (the "AcSB") originally confirmed January 1, 2011 as the date International Financial Reporting Standards ("IFRS") would replace current Canadian standards and interpretations as Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises such as investment funds and other reporting issuers.

The AcSB has recently proposed that the implementation of IFRS for investment funds be postponed for one year and instead be adopted for all fiscal years beginning on or after January 1, 2012, though earlier application is permitted. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund's reporting requirements for the reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the "CSA") has issued CSA Staff Notice 52-320, which requires the Manager to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date. For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2012, including the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. As noted above it is, however, expected that the disclosure requirements will be impacted in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

Harmonized Sales Tax

Effective July 1, 2010, Ontario replaced 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 a portfolio manager and an investment fund manager in Ontario and is the Manager and the Investment Advisor 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 judgement 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 six months ending June 30, 2010:

1. Expense Allocation
2. Fee Allocation
3. Start-up/Organizational Expenses
4. Standards of Fairness
5. Trade Errors and Trade Modifications
6. Trade Management and Best Execution
7. Investment Suitability
8. Proxy Voting
9. Fundamental Changes to a Fund
10. Amending the Constating and/or Offering Documents of a Fund
11. Access Person Trading
12. Rollover of Limited Partnership to Mutual Fund

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 for such services, the Fund pays the Manager a fee equal to 2.0% per annum of the net asset value of the Fund, calculated and paid monthly in arrears. GST is paid on all management fees.

The Fund also pays dealers a service fee as consideration for administering the Fund's assets held by those dealers. The service fee is calculated as a percentage of the net asset value each dealer administers and is based on the closing balance of client accounts at the end of each calendar month. Series A and Series 2010 of the Fund pay service fees on a quarterly basis at a rate of 0.5% per annum of the respective Series' net asset values. Series B pays service fees of 1.0% per annum of its Series net asset value on a quarterly basis. The Fund as a whole paid the following amounts to the Manager for the six months ended June 30, 2010 and 2009 are:

	2009		2008	
Management Fees	279,191	80.9%	234,368	80.4%
Service Fees Paid to Dealers	65,983	19.1%	57,152	19.6%
	<u>\$ 345,174</u>	<u>100.0%</u>	<u>\$ 291,520</u>	<u>100.0%</u>

Summary of Investment Portfolio

As at June 30, 2009

Sector Mix	% of net assets
Energy	46.3%
Base Metals	37.9%
Fertilizer & Chemicals	10.4%
Other	4.9%
Gold & Precious Metals	0.7%
Total Investments	100.2%
Cash and cash equivalents	2.7%
Other net assets	-2.9%
	100.0%

Summary of Investment Portfolio (continued)

Top 25 Positions	% of net assets
Quadra FNX Mining Ltd.	9.7%
Orleans Energy Ltd.	8.5%
Hudbay Minerals Inc.	8.1%
Midway Energy Ltd.	7.6%
Lundin Mining Corp.	7.1%
Athabasca Oil Sands Corp.	7.0%
Potash Corporation of Saskatchewan Inc.	6.6%
Tourmaline Oil Corp.	5.9%
Thompson Creek Metals Company Inc.	5.8%
RuggedCom Inc.	4.4%
Wild Stream Exploration Inc.	3.9%
Agrium Inc.	3.8%
Advantage Oil & Gas Ltd.	3.3%
Teck Resources Ltd.	2.8%
Selwyn Resources Ltd.	2.3%
Renegade Petroleum Ltd	2.3%
Sherritt International Corp.	2.1%
Strategic Oil & Gas Ltd.	2.0%
Seaview Energy Inc. Class A	1.7%
Reliable Energy Ltd.	1.0%
Bernum Petroleum Ltd.	0.8%
Huron Energy Corporation	0.7%
Twin Butte Energy Ltd.	0.7%
GMV Minerals Inc.	0.7%
UEX Corporation	0.5%
Total Net Asset Value	\$ 27,713,234

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.

Statements of Net Assets

	As at June 30, 2010 (unaudited)	As at December 31, 2009
Assets		
Investments at market value	\$ 27,783,627	\$ 20,718,499
Cash and cash equivalents	738,567	7,635,286
Due from broker	4,116,569	-
Dividends receivable	17,522	10,200
Other accounts receivable	32,840	32,841
	32,689,125	28,396,826
Liabilities		
Securities sold short at market value	-	2,870,500
Due to broker	4,170,025	-
Accounts payable and accrued liabilities	314,689	258,088
Redemptions payable	491,177	272,269
	4,975,891	3,400,857
Net assets - GAAP NAV (note 2)	\$ 27,713,234	\$ 24,995,969
Adjustment from bid market prices to last traded market prices	90,445	173,113
Net asset value - Pricing NAV (note 2)	\$ 27,803,679	\$ 25,169,082
Series A		
Net assets- GAAP NAV (note 2)	\$ 20,713,270	\$ 24,995,969
Adjustment from bid market prices to last traded market prices	67,600	173,113
Net asset value - Pricing NAV (note 2)	\$ 20,780,870	\$ 25,169,082
Shares outstanding	5,989,554	6,992,655
Net assets per share - GAAP NAV (note 2)	\$ 3.46	\$ 3.57
Adjustment from bid market prices to last traded market prices	0.01	0.03
Net asset value per share - Pricing NAV (note 2)	\$ 3.47	\$ 3.60
Series B		
Net assets- GAAP NAV (note 2)	\$ 4,422	\$ -
Adjustment from bid market prices to last traded market prices	15	-
Net asset value - Pricing NAV (note 2)	\$ 4,437	\$ -
Shares outstanding	1,278.00	
Net assets per share - GAAP NAV (note 2)	\$ 3.46	\$ -
Adjustment from bid market prices to last traded market prices	0.01	-
Net asset value per share - Pricing NAV (note 2)	\$ 3.47	\$ -

Statements of Net Assets (continued)

Series 2010

Net assets - GAAP NAV (note 2)	\$	6,995,542	\$	-
Adjustment from bid market prices to last traded market prices		22,830		-
Net assets value - Pricing NAV (note 2)	\$	7,018,372	\$	-
		2,023,065		-
Shares outstanding				
Net assets per share - GAAP NAV (note 2)	\$	3.46	\$	-
Adjustment from bid market prices to last traded market prices		0.01		-
Net assets value per share - Pricing NAV (note 2)	\$	3.47	\$	-

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 six months ended June 30 (unaudited)	2010	2009
Investment Income		
Dividend revenue	\$ 1,310,861	\$ 28,117
Interest revenue	-	49,900
	<u>1,310,861</u>	<u>78,017</u>
Expenses		
Management fees (note 3)	279,191	234,368
Operating expenses	165,536	298,205
Service fees	65,983	57,152
Audit fees	28,960	29,250
Legal and filing fee	25,340	16,845
Dividend paid short	4,159	15,663
Custodial fees	1,229	24,766
Marketing Expense	8,000	7,802
Securityholder reporting costs	25,340	23,980
Independent Review Committee fees	39,884	24,483
Capital tax	21,916	-
	<u>665,538</u>	<u>732,514</u>
Income (Loss) from investment operations	645,323	(654,497)
Net realized gain (loss) on sale of investments	5,029,104	(4,223,575)
Change in unrealized appreciation (depreciation) of investments	(6,336,374)	7,484,748
Transaction costs (note 2)	(400,959)	(259,254)
Net realized and unrealized gain (loss) on investments	(1,708,229)	3,001,919
Increase (decrease) in net assets from operations	\$ (1,062,906)	\$ 2,347,422
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Increase (decrease) in net assets from operations, Series A	\$ (434,712)	\$ 2,347,422
Increase (decrease) in net assets from operations per share, Series A	<u>(0.07)</u>	<u>0.27</u>
<hr/>		
Decrease in net assets from operations, Series B	\$ (478)	\$ -
Decrease in net assets from operations per share, Series B	<u>(0.42)</u>	<u>-</u>
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Decrease in net assets from operations, Series 2010	\$ (627,716)	\$ -
Decrease in net assets from operations per unit, Series 2010	<u>(0.30)</u>	<u>-</u>

See accompanying notes to financial statements

Statements of Changes in Net Assets

For the six months ended June 30 (unaudited)	2010	2009
Net assets at the beginning of period	\$ 24,995,969	\$ 21,943,734
Increase (Decrease) in net assets from operations	(1,062,906)	2,347,422
Share Capital transactions		
Proceeds from the issue of shares	9,039,183	88,302
Amounts paid on redemption of shares	(5,259,012)	(2,894,201)
Net assets at the end of period - GAAP NAV (note 2)	\$ 27,713,234	\$ 21,485,257
Adjustment from bid market prices to last traded market prices	90,445	115,361
Net asset value per share at the end of period - Pricing NAV (note 2)	\$ 27,803,679	\$ 21,600,618

Series A

Net assets at the beginning of period, Series A	\$ 24,995,969	\$ 21,943,734
Increase (Decrease) in net assets from operations, Series 2010	(434,712)	2,347,422
Capital transactions		
Proceeds from the issue of shares	90,258	88,302
Amounts paid on redemption of shares	(3,938,245)	(2,894,201)
Net assets at the end of period - GAAP NAV, Series A (note 2)	\$ 20,713,270	\$ 21,485,257
Adjustment from bid market prices to last traded market prices	67,600	115,361
Net asset value per share at the end of period - Pricing NAV, Series A (note 2)	\$ 20,780,870	\$ 21,600,618

Series B

Net assets at the beginning of period, Series B	\$ -	-
Decrease in net assets from operations, Series B	(478)	-
Capital transactions		
Proceeds from the issue of shares	4,900	-
Net assets at the end of period - GAAP NAV, Series B (note 2)	\$ 4,422	-
Adjustment from bid market prices to last traded market prices	15	-
Net asset value per share at the end of period - Pricing NAV, Series B (note 2)	\$ 4,437	-

Series 2010

Net assets at the beginning of period, Series 2010	\$ -	-
Decrease in net assets from operations, Series 2010	(627,716)	-
Capital transactions		
Proceeds from the issue of shares	8,944,025	-
Redemptions	(1,320,767)	-
Net assets at the end of period - GAAP NAV, Series 2010 (note 2)	\$ 6,995,542	-
Adjustment from bid market prices to last traded market prices	22,830	-
Net asset value per share at the end of period - Pricing NAV, Series 2010 (note 2)	\$ 7,018,372	-

See accompanying notes to financial statements

Statement of Investment Portfolio

As at June 30, 2010

Issuer	Number of Securities	Type of Security	Cost	Fair Value
Energy				
Orleans Energy Ltd.	889,375	Common shares	\$ 2,394,864	\$ 2,356,844
Midway Energy Ltd.	705,000	Common shares	2,397,194	2,093,850
Athabasca Oil Sands Corp.	175,000	Common shares	837,420	1,926,750
Tourmaline Oil Corp.	90,999	Common shares	1,637,982	1,637,982
Wild Stream Exploration Inc.	200,000	Common shares	1,256,785	1,130,000
Advantage Oil & Gas Ltd.	150,000	Common shares	839,925	924,000
Renegade Petroleum Ltd.	200,000	Common shares	751,015	630,000
Seaview Energy Inc.	470,000	Common shares - Class A	521,827	479,400
Strategic Oil & Gas Ltd.	500,000	Common shares	427,016	470,000
Reliable Energy Ltd.	1,000,000	Common shares	300,000	290,000
Bernum Petroleum Ltd.	225,000	Common shares	225,000	225,000
Huron Energy Corp.	95,000	Common shares	190,000	190,000
Twin Butte Energy Ltd.	140,800	Common shares	188,672	188,672
Base Oil & Gas Ltd.	835,000	Common shares	192,050	141,950
Sure Energy Inc.	151,515	Common shares	142,424	116,667
Strategic Oil & Gas Ltd.	225,000	Warrants	96,740	75,971
DualEx Energy International Inc.	300,000	Warrants	-	1,690
			12,398,914	12,878,776
Base Metals				
Quadra FNX Mining Ltd	275,000	Common shares	3,424,411	2,675,749
HudBay Minerals Inc.	200,000	Common shares	2,497,230	2,234,000
Lundin Mining Corp.	650,000	Common shares	2,173,550	1,956,500
Thompson Creek Metals Co Inc.	175,000	Common shares	1,687,233	1,615,250
Teck Resources Ltd.	25,000	Common shares	866,370	787,000
Selwyn Resources Ltd.	3,636,364	Common shares	654,546	636,364
Sherritt International Corp.	100,000	Common shares	649,915	572,000
			11,953,255	10,476,863
Fertilizers & Chemicals				
Potash Corp. of Saskatchewan Inc.	20,000	Common shares	1,965,832	1,833,600
Agrium Inc.	20,000	Common shares	1,075,869	1,039,800
			3,041,701	2,873,400
Other				
RuggedCom Inc.	105,000	Common shares	2,039,611	1,218,000
Uex Corp.	200,000	Common shares	174,000	152,000
			2,213,611	1,370,000
Gold & Precious Metals				
GMV Minerals Inc.	1,000,000	Common shares	150,000	140,000
GMV Minerals Inc.	500,000	Warrants	-	44,588
			150,000	184,588
Transaction Costs (note 2)			(71,326)	
Total investments			\$ 29,686,155	\$ 27,783,627

See accompanying notes to financial statements

Notes to Financial Statements

For the six months ended June 30, 2010 and 2009

1. Creststreet Mutual Funds Limited

Creststreet Resource Fund (the “Fund”), along with Creststreet Dividend & Income Fund (formerly Creststreet Managed Equity Index 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, February 10, 2006, January 29, 2007 and October 24, 2007, January 18, 2008, February 26, 2008, January 29, 2009 and November 6, 2009. In order to conform to investment fund disclosure regulations, these financial statements present the financial position of the Fund as at June 30, 2010 and December 31, 2009, its investments held at June 30, 2010, and the results of operations and the changes in net assets for the six months ended June 30, 2010 and 2009, 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.

The Fund has been structured to provide for the tax-deferred transfer of assets from flow-through limited partnerships managed by Creststreet in exchange for shares of the Fund with an equal net asset value.

To date the following 12 partnerships have rolled their investment portfolios into the Resource Fund:

Date	Partnership	Net Assets Transferred	Ratio of Mutual Fund Shares Received
January 15, 2002	Creststreet 2000 Limited Partnership	\$7,286,890	0.728689
January 17, 2003	Creststreet 2001 Limited Partnership	\$15,312,298	0.738044
January 17, 2003	Creststreet 2001 (II) Limited Partnership	\$14,294,962	0.817004
January 23, 2004	Creststreet 2002 Limited Partnership	\$36,608,912	0.660476
January 21, 2005	Creststreet 2003 Limited Partnership	\$41,635,412	0.652611
January 21, 2005	Creststreet 2003 (II) Limited Partnership	\$25,510,837	0.557083
January 20, 2006	Creststreet 2004 Limited Partnership	\$63,593,587	0.584901
January 19, 2007	Creststreet 2005 Limited Partnership	\$30,175,192	0.761377
January 18, 2008	Creststreet 2006 Limited Partnership	\$15,524,619	0.490004
January 18, 2008	Creststreet 2006 (II) Limited Partnership	\$22,889,403	0.722459
May 28, 2010	Creststreet 2008 Limited Partnership	\$5,907,772	2.524966
May 28, 2010	Creststreet 2009 Limited Partnership	\$3,036,252	0.961274

Upon the above transfers, the partnerships were dissolved at which time the net assets were allocated 99.99 percent to the limited partners and 0.01 percent to the respective general partners.

Creststreet 2007 Limited Partnership (“2007 LP”) was expected to transfer its assets to the Fund on or about January 23, 2009, however, the 2007 LP was not permitted to transfer its assets to the Fund since the total private securities held after the transfer would be in excess of 10% of the net assets of the Fund which is not allowed under applicable securities legislation. The 2007 LP proposed an alternative liquidity transaction to its unit holders whereby the Partnership would transfer substantially all of the public securities component of its portfolio, along with cash and certain private securities, to Creststreet Energy Opportunities Fund (“CEO”) in

exchange for shares of CEOF of equal value. This initial transfer was completed on May 27, 2009. On May 31, 2010 the remaining assets in 2007 LP were transferred to CEOF.

On May 28, 2010, the Fund acquired all the assets of Creststreet 2008 Limited Partnership and Creststreet 2009 Limited Partnership in exchange for 1,567,416 and 805,501 Series 2010 shares of the Fund respectively.

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

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 7 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 Black Scholes pricing methodology is used to price the warrants held by the Fund.

The adoption of the 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 closing 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 Statements of Net Assets.

(b) Cash and cash equivalents

Cash comprises of cash on deposit. These are deemed to be held for trading and are therefore carried at fair value.

(c) Other assets and liabilities

Dividends receivable, due from broker and other receivables are designated as loans and receivable and are recorded at cost or amortized cost. Similarly, amounts due to broker, 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 and expense 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 and dividend expense on securities sold short are recognized on the record 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 shareholders 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 these services, the Fund pays the Manager an annual fee of 2.0 percent for Series A and Series 2010 and 1.5 percent for Series B, calculated and payable monthly in arrears. For the six months period ended June 30, 2010 the management fee amounted to \$279,191 (2009 - \$234,368). 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 June 30, 2010 and 2009, the Fund did not declare a capital gain dividend and hence there was no reinvestment into the Fund.

5. Valuation of Private Investments

The following table details the Fund's changes in the valuations for securities not traded on a public exchange during the six months ended June 30, 2010 and 2009. The table is arranged in alphabetical order by investment:

	Prior fair value	New fair value	Valuation basis
<u>Athabasca Oil Sands Corp.</u>			
January, 2009	\$ 2,075,000	\$ 2,740,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
March, 2009	\$ 1,750,000 ⁽¹⁾	\$ 2,000,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
May, 2009	\$ 1,000,000 ⁽¹⁾	\$ 1,750,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
May, 2009	\$ 1,750,000	\$ 1,875,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
May, 2009	\$ 1,875,000	\$ 2,250,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
June, 2009	\$ 2,250,000	\$ 2,875,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
July 2009	\$ 2,875,000	\$ 2,025,000	Write-up from prior value based on a sell trade affected by the Fund.
August 2009	\$ 2,025,000	\$ 2,625,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
September 2009	\$ 2,625,000	\$ 3,630,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
September 2009	\$ 3,630,000	\$ 3,900,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
December 2009	\$ 3,900,000	\$ 4,275,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
December 2009	\$ 4,275,000	\$ 4,575,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
February 2010	\$ 4,575,000	\$ 4,875,000	Write-up from prior value as arm's-length third party financing provided new valuation basis.
March 2010	\$ 4,875,000	\$ 3,975,000	Write-down from prior value based on the value of dividend distribution received.
March 2010	\$ 3,975,000	\$ 5,400,000	Write-up from prior value based on IPO Offering.
<u>Bernum Petroleum Ltd.</u> ⁽²⁾			
December 2009	\$ 258,750	\$ 225,000	Write-down from cost based on third party financing completed at higher value.
<u>Huron Energy Corporation</u> ⁽²⁾			
December 2009	\$ 380,010	\$ 190,000	Write-down from cost based on Manager's valuation in view of the recent rights issue by the issuer.
<u>Laricina Energy Ltd.</u>			
July 2008	\$ 2,031,250	\$ 2,500,000	Write-up from cost based on third party financing completed at higher value.
December 2008	\$ 2,500,000	\$ 687,500	Write-down from previous value due to the market conditions based on the Manager's valuation
August 2009	\$ 687,500	\$ 937,500	Write-up from previous value based on third party financing completed at higher value.
March 2010	\$ 937,500	\$ 1,578,125	Write-up from previous value based on third party financing completed at higher value.
April 2010	\$ 1,578,125	\$ 1,500,000	Write-down from prior value as arm's-length third party transactions provided new valuation basis
<u>Tourmaline Oil Corp</u> ⁽³⁾			
November 2009	\$ 268,710	\$ 403,065	Write-up from cost based on third party financing completed at higher value.
March 2010	\$ 403,065	\$ 483,678	Write-up from cost based on third party financing completed at higher value.

Notes:

- (1) Difference in this Prior Value versus the New Fair Value in the above line is due to a sale transaction.
- (2) This security came was acquired on the rollover of one of the Limited Partnerships on May 28, 2010.
- (3) Exshaw Oil Corporation merged with Tourmaline Oil Corp during 2009.

6. Financial Instrument Risk

The Fund's investment objectives are to provide for the long-term growth of capital, and to a lesser extent, the production of income, by investing primarily in the securities of Canadian resource issuers. Accordingly, the Fund's portfolio is comprised mainly of mid to large-capitalization Canadian resource issuers. The Fund also 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 10 percent of the Fund's NAV. The Fund could 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 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 of June 30, 2010 and 2009, the Fund did not hold any foreign investments or currency.

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, 2010 and 2009, or at any time during the period.

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. The Fund's Manager mitigates other price risk by managing and allocating the investment portfolio within the parameters of the Fund's investment objectives. As at June 30, 2010 and 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 \$1,410,082 and 5.08 percent higher or lower, respectively (December 31, 2009 - \$444,127 and 2.49 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 return 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 invests primarily in equity securities of Canadian Resource issuers and 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.

The Fund can invest in securities that are not listed on a public stock exchange and are therefore classified as illiquid securities. CSA regulations permit a mutual fund to have up to 15 percent of its NAV invested in illiquid assets. If the illiquid assets of the Fund account for more than 15 percent of its NAV for a period of 90 days or more, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its NAV made up of illiquid assets to 15 percent or less. As of June 30, 2010, the illiquid assets were below the 15% of the Fund's NAV.

7. Fair value measurement

The Fund's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment CICA 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 are 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.

As at June 30, 2010:

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 25,608,396	\$ -	\$ 2,052,982	\$ 27,661,378
Trust Units	-	-	-	-
Warrants	-	122,249	-	122,249
Total Assets	25,608,396	122,249	2,052,982	27,783,627
Total	\$ 25,608,396	\$ 122,249	\$ 2,052,982	\$ 27,783,627

The following table is a reconciliation of Level 3 fair value measurements from December 31, 2009 to June 30, 2010:

	Equities	Warrants
Balance at December 31, 2009	\$ 1,340,565	\$ 4,575,000
Purchases	2,052,982	-
Sales	(1,983,678)	-
Net transfers in (out)	-	(4,575,000)
Gains (Losses)		
Realized	(316,282)	-
Unrealized	959,395	-
Balance at June 30, 2010	2,052,982	-

8. Changeover to International Financial Reporting Standards (“IFRS”)

In February 2008, the Canadian Accounting Standards Board (the “AcSB”) originally confirmed January 1, 2011 as the date International Financial Reporting Standards (“IFRS”) would replace current Canadian standards and interpretations as Canadian generally accepted accounting principles (“GAAP”) for publicly accountable enterprises such as investment funds and other reporting issuers.

The AcSB has recently proposed that the implementation of IFRS for investment funds be postponed for one year and instead be adopted for all fiscal years beginning on or after January 1, 2012, though earlier application is permitted. Changing from current Canadian GAAP to IFRS will be a significant undertaking that may materially affect the Fund’s reporting requirements for the reported financial position and results of operations. It may also affect certain business functions. The Canadian Securities Administrators (the “CSA”) has issued CSA Staff Notice 52-320, which requires the Manager to provide progress updates on the changeover plan to the new reporting standards at each interim and annual reporting period up until the changeover date. For the Fund, IFRS will be effective for the interim and annual periods starting January 1, 2012, including the preparation and reporting of one year of comparative figures.

In order to prepare for the transition to IFRS, the Manager has developed an implementation plan and has commenced assessing the impact of significant accounting differences between IFRS and Canadian GAAP. The Manager has presently determined that there will be no material impact to the net asset value per unit from the changeover to IFRS. As noted above it is, however, expected that the disclosure requirements will be impacted in the financial statements of the Fund.

Further updates on implementation progress and potential reporting impact from the adoption of IFRS will be provided during the implementation period. The current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

9. Comparative Balances

Comparative figures have been reclassified where necessary to afford a meaningful comparison with the current period.

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.

Robert J. Toole, C.A.

Managing Director
Creststreet Asset Management Limited

Officers

Robert J. Toole, C.A.

President and Chief Executive Officer

Donna E. Shea, C.A.

Senior Vice-President, Finance and
Chief Financial Officer

Sheryl J. Chiddenton

Vice President, Compliance & Investment
Services

* Member of the Audit Committee and
Independent Review Committee

** Chair of the Audit Committee and
Independent Review Committee

Administrator and Custodian

RBC Dexia Investor Services Trust
Toronto, Ontario

Prime Broker

Scotia Capital Inc.
Toronto, Ontario

Investment Advisor and Investment Fund Manager

Creststreet Asset Management Limited
Toronto, Ontario

Clearing and Settlement Services

FundSERV Inc.

Fund Symbols

CAM100, CAM151, CAM152
CAM300, CAM301, CAM302
CAM400, CAM401, CAM402

Auditors

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Toronto, Ontario

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