



Creststreet Alternative Energy Fund

October 2009 Newsletter

Net Asset Value Per Share

October 31, 2009:

Series A - \$40.8675

Fund Description

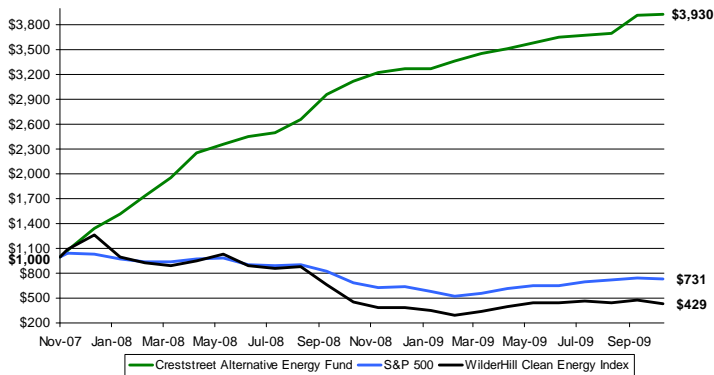
The Creststreet Alternative Energy Fund (the "Fund" or "CAEF") provides Canadian investors with exposure to a broad array of investments in sub-sectors of the energy market outside of conventional oil and natural gas. The investment objective is to provide stable long-term growth of capital while conservatively managing value at risk. The Fund invests primarily in securities of North American issuers whose businesses exploit opportunities to generate energy beyond what traditional dependence on carbon-emitting sources supply.

Historical Performance ⁽¹⁾

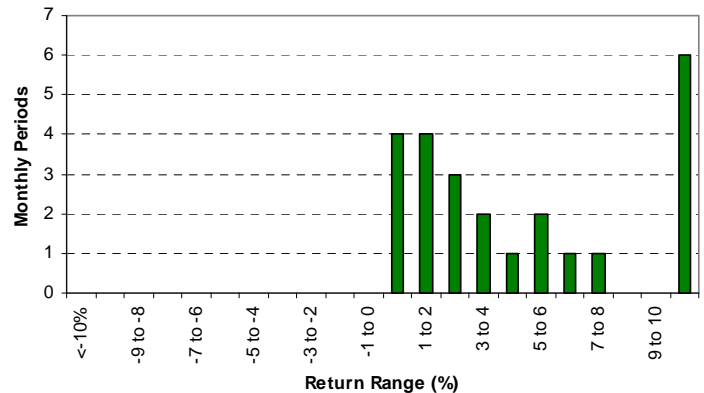
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007													34.8%
2008	12.6%	14.5%	12.9%	14.9%	4.7%	3.8%	2.0%	6.4%	11.3% *	5.7%	7.6%	25.3%	142.1%
2009	0.1%	2.8%	2.7%	1.5%	2.1%	1.8%	0.9%	0.4%	5.9%	0.4%			20.2%

* Manager clarified performance fee calculation language in prospectus in favor of unitholders resulting in a +9.6% increase in NAV.

Performance ⁽¹⁾⁽²⁾



Distribution of Returns ⁽¹⁾



Statistics ⁽¹⁾⁽²⁾

	CAEF	S&P 500 Index	WilderHill Clean Energy Index
Compounded Annual Return (since inception)	102.1%	-14.9%	-35.3%
1 Year Return	25.9%	7.0%	-4.5%
Since Inception (simple return)	293.0%	-26.9%	-57.1%
Standard Deviation	6.2%	6.7%	13.5%
R-Squared		0.01	0.00
Correlation		(0.10)	0.06
Beta		(0.09)	0.03
Monthly Alpha		5.9%	6.1%
Sharpe Ratio	6.50	-1.51	-1.12
Largest Month Gain	25.3%	9.4%	17.5%
Largest Month Loss	n.a.	-16.9%	-32.1%

Top 5 Holdings as at October 31, 2009 ^{long positions only}

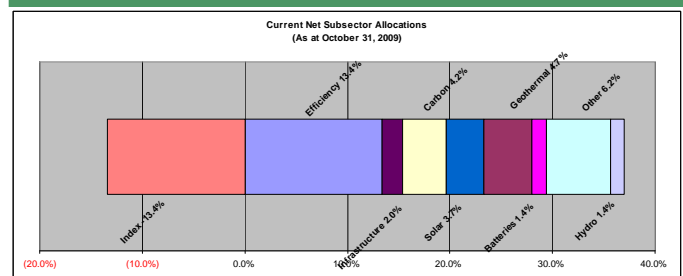
- 5N Plus Inc.
- Advantage Oil & Gas Ltd.
- Fairborne Energy Ltd.
- HTC Purenergy Inc.
- RuggedCom Inc.

⁽¹⁾ Inception date of the Fund is November 21, 2007. The indicated rates of return are historical annual compound total returns and do not take into account sales, redemption, distribution or operational charges or income taxes payable by any security holder that would have reduced returns. Performance shown is based on Series A of the Fund. Performance is calculated net of fees.
⁽²⁾ See Use of Benchmarks Disclaimer on page 3.

Highlights

- Exposure to high growth emerging sector with a North American focus
- Ability to engage in short selling as a complement to the Fund's primary discipline of buying securities with the expectation that they will appreciate in market value
- Specialist renewable energy investment manager with extensive renewable energy project development experience
- Leverage existing energy investment platform
- Intensive in-house due diligence and research to identify investment opportunities

Sub-Sector Allocation as at October 31, 2009



Fund Commentary

The Creststreet Alternative Energy Fund was up 0.4 percent during the month of October compared to the S&P 500 Index, which was down 2.0%, and the Wilderhill Clean Energy Index, which was down 10.5 percent.

Outlook

Following several months of positive returns, North American equity markets experienced a moderate correction in October, with the S&P declining 2.0%, the TSX falling 4.2%, and the Dow staying flat. This downward movement, however, has since reversed itself in early November and at the time of this newsletter's writing market levels remain in the vicinity of the peak levels reached in the middle of October.

The levels that the aforementioned indexes have now reached are between 50 and 65% above this year's lows reached in March 2009, and while by several indicators the economy has stabilized, recent data releases indicate that economic growth in the near to medium-term will be low to moderate in a best case scenario, with a significant risk that a further contraction occurs as part of a double-dip recession.

We have long focused on the US Consumer as the epicenter of the economic downturn. With the US representing 30% of the World Economy and with Personal Consumption being 70% of that country's GDP (and 80% of its growth!) the story remains the same – without a strong US consumer the growth prospects for the American, and by extension, the world remain low to moderate at best.

With that in mind, we turn to analyze some recently released data on the US consumer. First, in October real disposable personal income fell 0.1%, the fourth straight monthly decline. This helped contribute to a 0.6% monthly decline in Real Personal Consumption Expenditures and a 1.6% monthly decline in Retail Sales. Second, the core and expanded measures of the unemployment rate continue to climb (hitting 10.2% and 17.5% respectively during October) with the number of unemployed persons increasing by 558,000 to 15.7 million for the month. This is an all-time high and fully 30% greater than the previous high reached in 1982. In addition, the labour force continues to contract and the average hourly work-week remains at an all-time low of 33.0 hrs. Finally, while personal consumption did rise overall 3.4% at an annual rate in the third quarter (July to September vs. April to May), this was largely due to the fiscal stimulus providing tax breaks to the consumer and the cash for clunkers program which encouraged forward time-shifting of auto purchases. In our view there is significant risk that personal consumption will be able to continue at the same pace going forwards, especially as the marginal impact of the tax cuts associated with the fiscal stimulus is now behind us.

All of this analysis is supportive of our thesis that the current recession will not likely have a strong V shaped recovery, but will more likely be followed by a period of stagnation with the risk that a further economic contraction occurs in the near to medium-term. In such an environment, we believe it will be difficult for corporate profits to reach their current forecasts and consequently we believe there continues to be considerable downside risk in North American equity markets.

As a result of our somewhat gloomy general market outlook, the Fund continues to maintain its market neutral bias with our long exposure focused on positions where we continue to believe that there are potential catalysts that will be realized before the end of 2009 within our sector. In October two such catalysts were realized. The US Department of Energy announced the results of its Smart Grid Investment Grant Program, providing \$3.4 billion in matching funds to utility applicants. Additionally, the DoE awarded \$338 million in grants for geothermal exploration and drilling under the American Reinvestment and Recovery Act Geothermal Technologies Program. Some of the Fund's core holdings were either direct or indirect beneficiaries of these announcements that will have a positive impact on the bottom line in the quarters ahead.

Use of Benchmarks - WilderHill Clean Energy Index (WCEI) is comprised of North American renewable energy companies and is used as a benchmark to show how the Fund is performing in relation to a basket of similar companies to those in which the Fund invests. The S&P 500 is comprised of 500 U.S. large cap companies and is used as a benchmark to show how the Fund is performing in relation to the broader North American 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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