



Creststreet Energy Opportunities Fund

September 2008 Newsletter

Net Asset Value Per Share

September 30, 2008

Series A: \$17.7007

Series F: \$17.7036

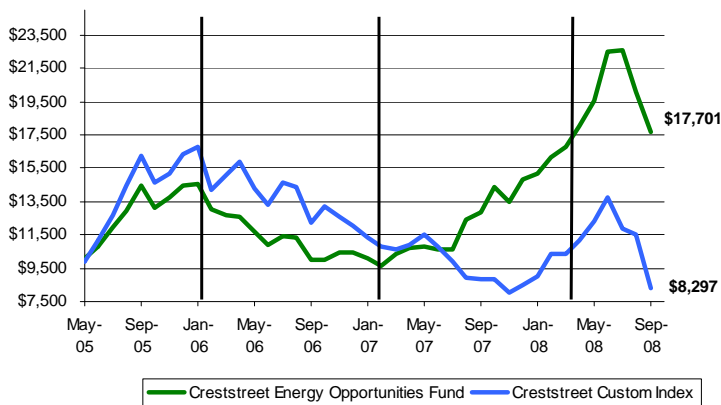
Fund Description

On September 24, 2008, Creststreet Energy Hedge Fund LP (CEHFLP) was rolled into Creststreet Energy Opportunities Fund (The Fund, CEOF), which has the identical investment mandate and strategies as CEHFLP. The Fund seeks to provide shareholders with long-term capital growth by employing fundamental securities selection by taking both long and short investment positions in equity, debt and derivative securities and through strategic trading. The Fund's portfolio will consist primarily of securities of issuers engaged in the global, albeit primarily North American, energy sector.

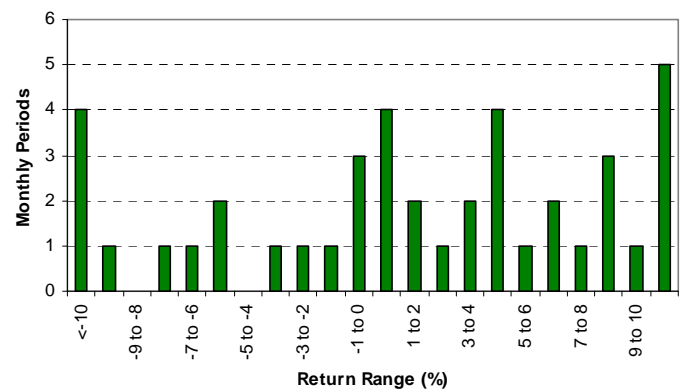
Historical Performance ⁽¹⁾

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2005					1.30%	6.65%	10.34%	8.44%	11.66%	-9.32%	4.78%	5.39%	44.53%
2006	0.43%	-10.48%	-2.52%	-0.62%	-7.25%	-6.86%	4.96%	-0.77%	-11.50%	-0.55%	4.90%	0.18%	-27.52%
2007	-3.39%	-5.08%	8.06%	3.01%	1.01%	-1.87%	0.38%	16.44%	3.94%	11.45%	-5.95%	9.57%	41.17%
2008	2.87%	6.02%	4.22%	7.38%	8.27%	15.31%	0.24%	-11.00%	-11.96%				19.69%

Performance ⁽¹⁾⁽²⁾



Distribution of Returns ⁽¹⁾



⁽¹⁾ The indicated historical performance and rate of return of the Creststreet Energy Opportunities Fund (the "Fund"), includes the historical performance of its predecessor fund, the Creststreet Energy Hedge Fund L.P. ("CEHFLP") for the period of May 5, 2005 to Sept. 24, 2008. CEHFLP, which has the identical investment mandate and strategies as the Fund, was rolled into and established the Fund on September 24, 2008. The performance and other statistics presented in this document may not be indicative of the performance or statistics of the specific series of shares held by a particular investor. ⁽²⁾ See "Use of Benchmarks" on page 2.

Statistics ⁽¹⁾⁽²⁾

	CEO F	Creststreet Custom Index	S&P/TSX Capped Energy Index	S&P/TSX Composite Index
Compounded Annual Return (since inception)	18.16%	-5.31%	10.66%	6.85%
1 Year Return	37.45%	-6.55%	-8.88%	-16.64%
Since Inception (simple return)	77.01%	-17.03%	41.44%	25.44%
R-Squared		0.44	0.30	0.25
Largest Month Gain	16.44%	15.62%	13.58%	5.97%
Largest Month Loss	-11.96%	-28.13%	-21.41%	-14.66%

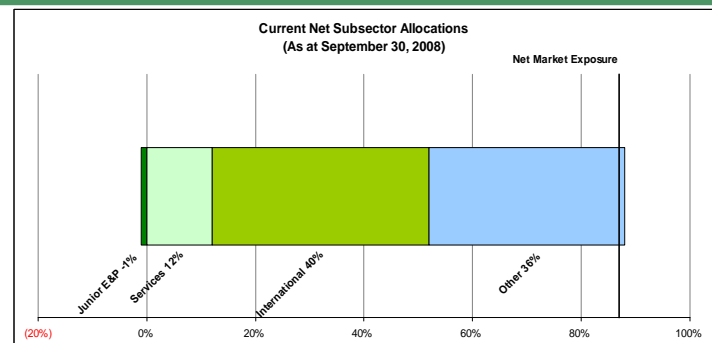
Top Ten Holdings as at September 30, 2008 ^(long positions only)

Athabasca Oil Sands Corp.	Nuvista Energy Limited
Cirrus Energy Corp.	Stoneham Drilling Corp.
Epsilon Energy Inc.	Solana Resources Ltd.
Gran Tierra Energy Inc.	Verenex Energy Inc.
Laricina Energy Ltd.	Xtreme Coil Drilling Corp.

Terms

Fund AUM	\$8.2 M	Minimum Initial Subscription	\$ 25,000
Performance Fee	20% of the increase in NAV of the Shares in each month	Year End	December 31
Management Fee	2%	Redemption	Monthly with 30 days notice
Administrator	RBC Dexia	Contributions	Monthly
Lock Up	None	Auditors	KPMG LLP
Early Redemption Fees	3% in the first 6 months, and 1.5% in the subsequent 7th through 18th month	Prime Broker	Scotia Capital Inc.

Sub-Sector Allocation as at September 30, 2008



Fund Commentary

Creststreet Energy Opportunities Fund (the "Fund") was down 11.96 percent for the month of September 2008, compared with the Creststreet Custom Index which was down 28.13 percent for the month. The Fund continued to post a positive return of 37.45 percent over the past year. We are pleased to report that during the month, the Fund was awarded the Canadian Hedge Fund Award for Best Overall Return in the AUM under \$25 million category.

Weathering the Storm

During the month, concern over the economic situation in the U.S. heightened and markets experienced the highest volatility on record since markets reopened following the September 11, 2001 attacks. The Creststreet Custom Index experienced its largest one-month drop, falling 28.12 percent, while the TSX Energy Index posted losses of 20 percent. The highly publicized bill to inject US\$700 billion into U.S. financial markets was rejected in Congress on September 29, sparking the ninth largest one day drop in the Dow Jones Industrial Index.

Early in the month we significantly reduced our market exposure and applied short positions on Canadian natural gas producers, a move that helped insulate the Fund from heavy drawdowns. We looked to the Chicago Board Options Exchange Volatility Index (VIX), as a leading indicator of an entry point, watching for the VIX to hit 36, at which point we reentered the market. However, this proved to be too early as volatility continued to increase, and we were exposed to the late-month sell-off when the VIX hit an unprecedented 52 on the back of the Paulson Plan's failure to be passed into law.

Crude Drops 12.8 Percent

NYMEX crude oil prices fell 12.8 percent during the month, closing at US\$100.64 per barrel. A rise in the U.S. dollar, as well as continued and worsening fear of a global recession fuelled by the credit crisis sent oil down to US\$90.51 per barrel near the end of the month, before rebounding sharply in the final two days of trading, back to the \$100 level.

Further pressure on the price of crude was caused by concern over slowing growth rates in China, as well as continued demand destruction in the U.S. spilling over into a slowing European economy. Bullish supply side news was largely disregarded during the month, as reports showed that Mexican production continued to fall sharply, Russia experienced ongoing geopolitical tension and production in the Niger delta was also curbed by political tension. We will continue to monitor supply and demand fundamentals closely and be cautious of how continued volatility will impact the commodity in the near-term. However, we maintain our view that crude oil in the \$100 per barrel range will be sustainable in the long-term.

Winter Heating Season Approaching

NYMEX natural gas prices followed crude oil down, dropping 6.4 percent to close the month at US\$7.438 per million British thermal units ("mmbtu"). Our previously mentioned concerns over North American natural gas supply have continued to play out, with month over month growth up materially once again. Bearish sentiment in the price of natural gas was evident during the month as the production shut-in in the Gulf of Mexico caused by hurricane Ike did not lead to a price increase.

Historically, September marks the bottom of natural gas prices as we enter winter heating season. We will look to industry producers to control the floor of natural gas prices through a combination of a reduction in capital expenditures and a shutting in of production. During the month, Chesapeake announced a reduction in their drilling capital expenditures between now and 2010 by approximately \$3 billion, which can be attributed to the large drop in natural gas prices and reduction in drilling activity at its major shale plays. We expect that natural gas prices will continue to be depressed until we see a significant slowdown in natural gas supply, and we are encouraged by recent data which suggests that month over month onshore production was essentially flat.

Outlook

The sell-off experienced during the month was exasperated by forced liquidation of energy positions due to general liquidity concerns and fund redemption expectations. This resulted in marginal trading prices being driven by market liquidity, not by fundamentals. While September saw record high volatility, we are not certain that the market has reached its bottom, and we will remain cautious as we navigate these markets where logic, trends and capital flow are uncertain and it is hard to find direction. Currently we are operating with very low leverage in order to protect capital. While we are not pleased about the Fund's negative performance over the past two months, we believe our strategy is intact and is positioned for long-term performance. We will continue to leverage our experience, including the 2006 down cycle in natural gas, to harness volatility, minimize drawdowns and protect capital, while we look to capture the upside when cooler heads prevail in the markets.

Commodity Review

NYMEX crude oil was down 12.8 percent to close the month at US\$100.64 per barrel.

NYMEX natural gas was down 6.4 percent to close the month at US\$7.438/mmbtu.

Use of Benchmarks The Creststreet Custom Index is comprised of 50 widely-followed conventional North American listed energy exploration and development companies. The Creststreet Custom Index is used to provide investors with a relevant benchmark to the Fund. The Index is reset to an equal-value weight on a monthly basis. 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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