CITADEL GROUP OF FUNDS

CROWN HILL Capital Corporation

MANAGEMENT'S REPORT OF FUND PERFORMANCE

INVESTMENT GRADE TRUST

SEMI-ANNUAL REPORT

DECEMBER 31, 2009

MANAGEMENT'S REPORT OF FUND PERFORMANCE

For the six months ended December 31, 2009

DISCLOSURE

This management report of fund performance contains financial highlights, but does not contain the complete financial statements of the investment fund. Unitholders may contact us by calling 416-361-1212, by writing to us at Crown Hill Capital Corporation, 141 Adelaide Street West, Suite 1006, Toronto, Ontario, M5H 3L5 or by visiting our website at www.crownhill.ca or SEDAR at www.sedar.com.

Holders of units (the "Unitholders" and the "Units"), may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

CORPORATE STRUCTURE

Investment Grade Trust (the "Fund") is an investment fund established under the laws of the Province of Ontario on January 28, 2003 (date of inception). At that time, the Fund completed an initial public offering (the "Offering") of 7,200,000 units at $10 per Unit. Subsequently, an option granted to the agents was exercised for 300,000 units at $10 per unit. The Fund's Units are listed on The Toronto Stock Exchange. The Fund will terminate operations on December 31, 2012 (the "Termination Date") and the net assets will be distributed pro rata to Unitholders. Crown Hill Investment Corporation was both the manager (the "Manager") and Trustee of the Fund until June 6, 2008, at which time it was replaced by Crown Hill Capital Corporation. Crown Hill Asset Management Inc. is the investment advisor (the "Investment Advisor") to the Fund.

INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

The Fund's investment objectives are:

(i) to pay to Unitholders on or about December 31, 2012 (the "Termination Date"), an amount equal to $10.00 per Unit; and

(ii) to provide Unitholders with a stable stream of semi-annual distributions of approximately $0.25 per Unit.

To provide the Fund with the means to meet its investment objectives, the Fund manages its assets to provide exposure to two portfolios of debt securities as follows:

(i) the "Capital Repayment Portfolio": a portfolio structured to pay, at the Termination Date, $10.00 per Unit and consist primarily of debt securities issued or guaranteed by Provinces of Canada (comprising at least 75% of the Capital Repayment Portfolio) and by global financial institutions; and

(ii) the "Distribution Portfolio": a portfolio structured to pay approximately $0.25 per Unit semi-annually commencing June 30, 2003 through to the Termination Date and consist of or provide exposure to debt securities issued by North American corporations considered investment grade, at the time of investment, by S&P or another recognized rating agency.

The Fund gains exposure to the performance of the Capital Repayment Portfolio and the Distribution Portfolio that are contained in a trust called Bond Trust through a forward purchase and sale agreement (the "Forward Agreement") with UBS AG, a major global financial institution (the "Counterparty"). The return to Unitholders will depend upon the return on the Capital Repayment Portfolio and the Distribution Portfolio by virtue of the Forward Agreement. The Fund invested a portion of the proceeds of the offering of Units in a portfolio of common shares of Canadian public companies (the "Common Share Portfolio") and entered into the Forward Agreement with the Counterparty pursuant to which the Counterparty agreed to pay to the Fund on or about the Termination Date as the purchase price for the Common Share Portfolio an amount equal to 100% of the redemption proceeds of a corresponding number of units of Bond Trust.

The Fund will partially settle the Forward Agreement prior to the Termination Date in order to fund semi-annual distributions as well as redemptions of Units by Unitholders, purchases of Units in the market by the Fund and expenses of the Fund.

The Investment Advisor actively monitors the Capital Repayment and Distribution Portfolios on behalf of the Unitholders.

RISK

An investment in Units is subject to certain risk factors, including:

(i) there can be no assurance that the Fund will be able to achieve its capital repayment objective or its distribution objective;

(ii) the Net Asset Value ("NAV") per Unit will vary according to, among other things, interest rates, the overall performance of the debt markets, the value of the securities in the Capital Repayment Portfolio and the Distribution Portfolio and distributions paid on the Units;

(iii) units may trade in the market at a premium or discount to the NAV per Unit and there can be no assurance that Units will trade at a price equal to the NAV per Unit;

(iv) counterparty risks associated with the Forward Agreement;

(v) counterparty risks associated with securities lending;

(vi) the fact that if, contrary to the advice of counsel to the Fund, or as a result of a change of law, physical settlement of the Forward Agreement the character and timing of the gain under the Forward Agreement were other than a capital gain on the sale of the securities thereunder, after-tax returns to Unitholders could be reduced;

(vii) a court could find the general anti-avoidance rule ("GAAR") contained in the Tax Act to apply and, therefore, re-characterize the distributions received by the Unitholders as income derived from the bond portfolios held by Bond Trust rather than capital gains and return of capital thereby reducing the after-tax returns to Unitholders. In the opinion of counsel, GAAR should not apply;

(viii) reliance on the Manager, the Investment Advisor and key personnel;

(ix) possible changes in tax or other legislation;

(x) legal and statutory rights;

(xi) the potential liability of Unitholders;

(xii) potential conflicts of interest;

(xiii) status of the Fund;

(xiv) there is no guarantee that the Capital Repayment Portfolio and the Distribution Portfolio will earn any return and the Capital Repayment Portfolio and the Distribution Portfolio could be subject to losses;

(xv) risks of investing in debt securities;

(xvi) risks associated with interest rate hedging;

(xvii) sensitivity of market price of Units to interest rates;

(xviii) foreign market exposure;

(xix) the possibility of Bond Trust being unable to acquire or dispose of illiquid securities or that the bond markets in general become illiquid; and

(xx) reliance on UBS AG and CIBC Mellon to provide the Manager with weekly pricing information.

Currently, the Manager believes that the main risk with investing in the Fund is risk factor (xv), the risks of investing in debt securities, and in particular the credit risks in the Distribution Portfolio. In the event that credits in the Distribution Portfolio default, there would be reductions in distributions to Unitholders.

RESULTS OF OPERATIONS

The Fund's current fiscal year began on July 1, 2009. Total expenses, inclusive of investment management fees, forward fees, general & administrative costs and interest expense, for the period ended December 31, 2009 were $462,966 compared to $555,726 for the same period last year. The increase in Net Assets from operations for the Fund was $513,590 or $0.09 per Unit compared to a decrease of $6,616,888 for the same period last year. There were distributions of $1,356,869 to Unitholders.

Overall, the Fund had a net investment loss of $457,111, compared to a loss of $537,803 for the comparable period in 2008. The Fund had net realized gains on investments of $242,224 (2008 - $526,635). The Fund had a $728,477 change in the unrealized appreciation of investments and forward agreement, compared to a depreciation of $6,605,720 in the comparable period last year.

The Fund's Net Assets decreased from $54,715,172 ($9.23 per Unit) as at June 30, 2009, the end of the previous fiscal year, to $49,326,508 ($9.09 per Unit) as at December 31, 2009. This represents a 9.85% decrease in the Net Assets over the period of which $4,545,385 was due to redemptions and $1,356,869 was from distributions.

RECENT DEVELOPMENTS

The past six months have seen a general stabilization in the credit markets. The extraordinary bailouts of the financial system by various governments around the world have reduced the risks of default of many financial institutions and corporations. The Fund's counterparty UBS AG, appears to be in much better financial condition than it was in 2008 and early 2009.

Credit spreads tightened significantly in the first half of the year, especially with respect to financial institutions, and have remained relatively stable throughout the second half of 2009.

The Fund weathered the storm in 2008 and 2009 relatively well. All of the credits in the Capital Repayment Portfolio remain intact. It has, however experienced two defaults in the Distribution Portfolio in 2009. In the fiscal year ending June 30, 2009 it experienced a default by Visteon Corporation, while in the current reporting period it experienced a default by CIT Group Inc. These two defaults will have the effect of reducing the Fund's annual revenue by 0.99% per annum until the end of December 2012.

It is expected that the semi-annual distributions of $0.25 per unit will continue until the end of 2010. The Fund has managed to contain its costs (other than some regulatory required fees) but the number of units shrinks after each annual redemption. As a result, the expenses per unit are increasing which reduces the amount available for distribution. As well, the Visteon and CIT Group defaults will reduce the interest earned on the Swap Contract. Therefore it is anticipated that the distributions in 2011 and 2012 will need to be reduced substantially, or possibly eliminated in order that the full principal is returned to unitholders on December 31, 2012.

Adoption of new accounting standards

On July 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation" and Section 1535, "Capital Disclosures". Sections 3862 and 3863 establish standards for the comprehensive disclosure and presentation requirements for financial instruments. The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks. There is no impact on the net assets or the results of operations as a result of these new standards. The detailed risks of investing in the Fund are disclosed in Note 8 of the financial statements. Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed; see Note 9 of the financial statements.

Future Accounting Changes

In February 2008, the CICA Accounting Standards Board confirmed that Canadian GAAP will be replaced by International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. These new standards are effective for the Fund beginning July 1, 2011. The Fund is currently assessing the impact of IFRS on its financial reporting.

RELATED PARTY TRANSACTIONS

The Manager is entitled to an annual fee of $562,500 plus applicable taxes, payable monthly in arrears. From this fee, the Manager is responsible to pay certain fees due under the Forward Agreement which totaled $165,672 for the period ended December 31, 2009 ($168,592 for the period ended December 31, 2008). The Manager, for its services, retains the net amount which totaled $123,545 for the period ended December 31, 2009 ($125,491 for the period ended December 31, 2008). All other expenses of the Fund are initially paid by the Manager, and the Manager is reimbursed by the Fund.

Administration expenses for the period ended December 31, 2009 totaled $47,985 ($52,942 for the period ended December 31, 2008). As part of these expenses the Fund is paying a general overhead cost to First Paladin Inc. (a company related to the Manager) which varies depending on the costs incurred. The general overhead cost for the period ended December 31, 2009 was $49,770 ($49,770 for the period ended December 31, 2008).

FINANCIAL HIGHLIGHTS

The following table shows selected key financial highlights of the Fund and is intended to help you understand the Fund's financial highlights for the past five and a half years. The information for the years ended June 30, 2005 to June 30, 2009 is derived from the Fund's annual audited financial statements and the information for the period ended December 31, 2009 is derived from the Fund's interim financial statements.

	Six months ended December 31, 2009	Year ended June 30, 2009	Year ended June 30, 2008	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005
GAAP NAV per Unit, beginning of year	**$ 9.23**	$ 8.96	$ 9.36	$ 9.22	$ 10.23	$ 9.33
Increase (decrease) from operations:						
Total revenue	**0.00**	0.01	0.01	0.01	0.88	0.86
Total expenses	**(0.08)**	(0.16)	(0.15)	(0.12)	(0.16)	0.14
Realized gains (losses) for the year	**0.04**	0.15	(1.12)	2.23	(0.47)	0.34
Partial settlement of swap contract	**-**	-	-	-	(0.54)	(0.43)
Changes in unrealized (depreciation) / appreciation	**-**	-	-	-	(0.98)	(1.29)
Non-controlling interest	**-**	-	-	-	0.76	2.05
Unrealized gains (losses) for the year	**0.12**	0.55	1.30	(1.48)	-	-
Total increase (decrease) from operations (1)	**$ 0.09**	$ 0.55	$ 0.04	$ 0.64	$ (0.51)	$ 1.40
Distributions:						
From income (excluding dividends)	**-**	-	-	-	-	-
From dividends	**-**	-	-	-	-	-
From capital gains	**-**	-	-	-	-	-
Return of capital	**0.50**	0.50	0.50	0.50	0.50	0.50
Total annual distributions (2)	**0.50**	0.50	0.50	0.50	0.50	0.50
GAAP NAV per Unit, end of year	**$ 9.09**	**$ 9.23**	**$ 8.96**	**$ 9.36**	**$ 9.22**	**$ 10.23**

1) NAV per Unit and distributions are based on the actual number of Units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of Units outstanding over the financial period.

2) Distributions were paid in cash.

Ratios and Supplemental Data

	Six months ended December 31, 2009	Year ended June 30, 2009	Year ended June 30, 2008	Year ended June 30, 2007	Year ended June 30, 2006	Year ended June 30, 2005
GAAP Net Assets (5)	$ 49,326,508	$ 54,715,172	$ 60,455,533	$ 70,197,000	$ 69,138,000	$ 76,749,000
Adjustment from bid to closing price (5)	-	-	-	-	-	-
Transactional Net Assets (5)	$ 49,326,508	$ 54,715,172	$ 60,455,533	n/a	n/a	n/a
Number of units outstanding	5,427,475	5,928,620	6,744,317	7,500,000	7,500,000	7,500,000
Transactional NAV per unit (5)	$ 9.09	$ 9.23	$ 8.96	n/a	n/a	n/a
Management expense ratio (2)	1.85 %	1.93 %	1.63 %	1.28 %	1.64 %	1.38 %
Management expense ratio before waivers or absorptions	1.85 %	1.93 %	1.63 %	1.28 %	1.64 %	1.38 %
Portfolio turnover rate (3)	-	-	13.67 %	-	-	-
Trading expense ratio (4)	-	-	-	-	-	-
Closing market price	$ 8.00	$ 7.31	$ 8.31	$ 9.97	$ 10.10	$ 10.20

1) This information is provided as at December 31, 2009 and June 30, 2005 to June 30, 2009.

2) 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 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 the year. The higher a fund's portfolio turnover rate in a year, 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.

4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Assets during the period.

5) At December 31, 2009 there was no difference between Transactional Net Assets and GAAP Net Assets.

MANAGEMENT FEES

The main costs for Investment Grade Trust are management fees, and forward fees with some increases in administration, board and audit fees over the previous year.

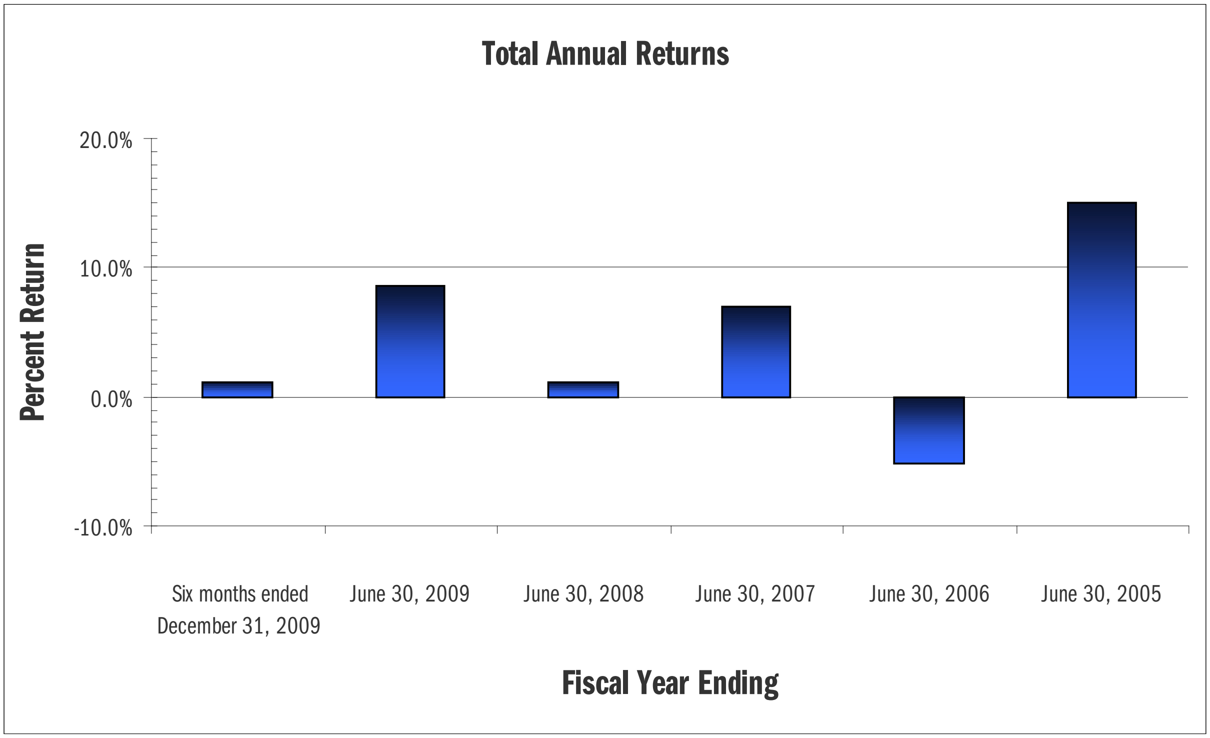
The total fees and expenses for the six months ended December 31, 2009 were $462,966, with the following breakdown.

Category	Amount Paid	Percent of Fees & Expenses
Forward agreement fees	$ 165,672	35.8 %
Management fees	123,545	26.7 %
Board and IRC fees	48,326	10.4 %
Administrative expenses	47,985	10.4 %
Audit fees	20,700	4.5 %
Custody, valuation and transfer fees	19,153	4.1 %
Regulatory and listing expenses	14,075	3.0 %
Accounting fees	8,280	1.8 %
Insurance expense	7,955	1.7 %
Legal fees	6,523	1.4 %
Unitholder servicing expense	751	0.2 %

PAST PERFORMANCE

Year-by-Year Returns

The following bar chart shows the Fund's annual performance for its past five full fiscal years plus the six months ended December 31, 2009. These charts indicate, in percentage terms, how much an investment made on the first day of each financial period (if purchased at the NAV per Unit) would have grown by the last day of each period (if sold at the NAV per Unit).



ANNUAL COMPOUND RETURNS

The benchmark index is the iShares CDN Bond Index Fund (TSX: XBB). Differences in performance between the Fund and the benchmark will arise from differences in credit quality and duration.

	1-Year	3-Year	5-Year	Since Inception
Investment Grade Trust	17.00 %	2.46 %	2.70 %	4.67 %
iShares CDN Bond Index Fund	4.26 %	3.98 %	4.13 %	4.98 %

MANAGEMENT'S REPORT OF FUND PERFORMANCE *(Continued)*

For the six months ended December 31, 2009

SUMMARY OF INVESTMENT PORTFOLIO

The following is a summary of the investment portfolio held by Bond Trust as at December 31, 2009. The entire portfolio is subject to a cash flow smoothing swap. For more information, please consult the financial statements.

Par Value	Description	Coupon	Maturity	Fair Value	% of Net Assets
Capital Repayment Portfolio (in CDN $, except as noted)					
$ 16,000,000	Ontario Hydro	0.000 %	04/15/2012	$ 15,267,685	28.4
2,494,000	Ontario Hydro	0.000 %	02/06/2013	2,288,790	4.3
4,200,000	Ontario Hydro	0.000 %	02/18/2013	3,862,163	7.2
1,500,000	Province Of British Columbia	0.000 %	06/18/2012	1,427,401	2.7
4,500,000	Province Of British Columbia	0.000 %	08/23/2012	4,242,187	7.9
4,000,000	Province Of Ontario	0.000 %	12/02/2012	3,729,200	6.9
13,900,000	Province Of Ontario	0.000 %	01/13/2013	12,846,437	23.9
7,200,000	Province Of Quebec	0.000 %	04/01/2012	6,863,165	12.8
1,600,000 US $	Credit Suisse First Boston	6.500 %	01/15/2012	1,825,287	3.4
800,000 US $	Goldman Sachs Group	5.700 %	09/01/2012	902,136	1.7
1,600,000 US $	Morgan Stanley Dean Witter	6.600 %	04/01/2012	1,824,951	3.4
12,584,000	UBS Default Contingency Zero Swap	0.000 %	12/31/2012	9,886,494	18.4
				64,965,896	**120.9**
Distribution Portfolio (in US $)					
738,000	Anthem Inc. (Wellpoint Inc.)	6.800 %	08/01/2012	853,618	1.6
165,000	AOL Time Warner Inc.	6.875 %	05/01/2012	189,366	0.4
729,000	Aon Corp.	7.375 %	12/14/2012	835,439	1.6
217,000	Arvinmeritor Inc.	8.750 %	03/01/2012	230,904	0.4
154,000	CIT Group Inc.	7.750 %	04/02/2012	115,115	0.2
512,000	Coca Cola Enterprises, Inc.	6.125 %	08/15/2011	572,541	1.1
164,000	Disney (Walt) Co.	6.375 %	03/01/2012	187,800	0.3
247,000	Falconbridge Ltd.	7.350 %	06/05/2012	277,722	0.5
618,000	Ford Motor Credit Co.	7.375 %	02/01/2011	661,089	1.2
749,000	Safeco Corp.	7.250 %	09/01/2012	810,256	1.5
931,000	Sprint Capital Corp.	8.375 %	03/15/2012	1,010,174	1.9
633,000	Teco Energy Inc.	7.200 %	05/01/2011	692,792	1.3
				6,436,816	**12.0**
Swap Contract				(17,699,234)	(32.9)
Total Investments				**$ 53,703,478**	**100.0**
Other Assets Less Liabilities				24,815	0.0
Total Net Assets				**$ 53,728,293**	**100.0**

MANAGEMENT'S REPORT OF FUND PERFORMANCE *(Continued)*

For the six months ended December 31, 2009

SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)

The following is a summary of the investment portfolio held by Investment Grade Trust as at December 31, 2009. For more information please consult the financial statements.

Number of Shares	Description	Fair Value	% of Net Assets
Canadian Equities			
60,944	Barrick Gold Corp.	$ 2,521,863	5.1
371,900	Bombardier Inc., Class 'B'	1,781,401	3.6
89,917	Brookfield Asset Management Inc., Class 'A'	2,098,663	4.3
400,000	COM DEV International Ltd.	1,368,000	2.8
41,667	Domtar Inc.	2,416,667	4.9
158,000	Forzani Group Ltd.	2,205,680	4.5
200,000	Ivanhoe Mines Ltd.	3,074,000	6.2
198,525	Kingsway Financial Services Inc.	361,316	0.7
102,540	MDS Inc.	813,142	1.6
37,661	Magna International Inc., Class 'A"	1,999,799	4.1
138,070	Nortel Networks Corporation	-	0.0
62,000	Onex Corp.	1,458,240	3.0
55,760	Open Text Corp.	2,366,454	4.8
48,710	Quebecor Inc., Class 'B'	1,325,886	2.7
31,278	Shoppers Drug Mart Corp.	1,417,206	2.9
84,707	Suncor Energy Inc.	3,143,477	6.4
Total Canadian Equities		**$ 28,351,794**	**57.5**
Canadian Bonds			
Par Value			
100,000	Province of Ontario Zero Coupon, 12/02/2012	92,999	0.2
Total Investments		**$ 28,444,793**	**57.7**
Forward Agreement		25,376,499	51.4
Receivable Under Forward Agreement		1,440,000	2.9
Distributions		(1,356,869)	(2.8)
Redemptions		(4,545,385)	(9.2)
Cash		81,006	0.2
Other Assets Less Liabilities		(113,536)	(0.2)
Total Net Assets		$ 49,326,508	100.0

This summary of the investment portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available.