



August 27, 2009

Dear Unitholders,

The strategic growth initiative is well underway and is showing impressive results.

The first half of the year has been a very eventful period for the Crown Hill Fund. The fund has been busy implementing the strategic growth initiative approved last summer. One of the main objectives of the strategy is to grow the size of the fund in order to lower the management expense ratio. That strategy is well underway, with one merger already completed in 2009 (which resulted in a reduction of over 50% in per unit operating expenses) and several more mergers proposed for approval at the upcoming meeting.

Special Meeting

We have called a special meeting of the fund to consider a reorganization proposal. The meeting will be held on September 30, 2009 at 8:30 a.m. Toronto time on the 44th floor of Scotia Plaza, 40 King Street West, Toronto, ON.

New Investment Manager

Jarislowsky, Fraser will be your new investment manager. They are one of Canada's pre-eminent money managers.

As part of our efforts on your behalf, we have retained Jarislowsky, Fraser Limited, one of Canada's pre-eminent money managers, as the investment manager for the liquid portfolio of the fund. In addition to being Canada's largest independent money manager, with over \$40 billion in assets under management, they are also considered to be one of Canada's leading authorities on matters of shareholder rights and corporate governance. Their reputation is unparalleled and they have the breadth and depth of qualifications necessary to manage a broadly diversified, conservative, income oriented portfolio. As a Unitholder in the fund you will have direct access to one of Canada's premier institutional investment teams.

Citadel Group of Funds Acquisition

In June of this year, the Crown Hill Fund made a \$28 million investment to indirectly acquire the administration rights for the 13 investment funds operating under the Citadel Group of Funds brand. Together, these funds had approximately \$1 billion in assets. At the upcoming meeting, we ask you to approve the merger of many of these funds into the Crown Hill Fund. This would allow us to achieve further significant benefits for the Crown Hill Fund.

Benefits of the Proposed Mergers

If our proposals are approved at the meeting, you will see a number of changes in your fund, including:



You will continue to receive high distributions.

The proposals will result in cost savings for the fund.

Unitholders will be given redemption rights.

Continued High Level of Distributions

The fund intends to pay a high level of monthly distributions. Currently, the annual distribution is set at approximately 8.5% of net asset value and this is not expected to change for the remainder of 2009.

Greater Liquidity and Continued TSX Listing

Following the merger, the fund is expected to have a significantly larger market capitalization than it currently has. We expect that this will result in improved trading and liquidity in the units of the fund, which will continue to be listed on the TSX.

Lower Expenses

The fund will merge with a number of similar Citadel funds. Savings will be achieved by rationalizing, reducing or eliminating some expenses currently being paid by the merged funds and by spreading the fixed costs across a much larger asset base. Any savings will be passed on to Unitholders.

Other Benefits

We will be increasing the fund's normal course issuer bid (a share buyback mechanism) from 5% to 10% to provide greater support for the units in the market. In addition, the fund will be issuing warrants to Unitholders to acquire additional units of the fund during the next two years. Finally, we will be changing the name of the fund to "Citadel Income Fund", which will better reflect its history and investment objectives.

Redemptions

Unitholders who do not wish to have units in the fund will be allowed to redeem their units following the meeting. In addition, we have introduced a redemption right in 2010 and a limited annual redemption right in subsequent years.



**The board of directors
unanimously
recommends that you
vote in favour of the
proposals.**

Recommendation

The Independent Review Committee of the fund has reviewed the proposal and determined that the proposal achieves a fair and reasonable result for the fund. The board of directors of the fund has determined that the proposal is in the best interests of Unitholders and has unanimously recommended that Unitholders vote in favour.

The Way Forward

We have taken a number of steps to prepare the fund for the future and now we need your support to implement them. **If you wish to implement the proposed changes, vote in favour of the proposal. If you wish to redeem your units, you must vote in favour of the proposal and then use the redemption mechanism.** Please take a moment to complete the proxy and send it in.

Regards,

A handwritten signature in black ink, appearing to read "W. Pushka", is written over a white background.

Wayne Pushka
President
Crown Hill Capital Corporation