



*Management's Report on Fund Performance of*

**CROWN HILL FUND**  
**(formerly Crown Hill Dividend Fund)**

*For the six months ended June 30, 2009*

## Management's Report of Fund Performance

### FOR THE SIX MONTH ENDED JUNE 30, 2009

#### DISCLOSURE

This management report of fund performance contains financial highlights but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, 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](http://www.crownhill.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Holders of units (the "Unitholders"), 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

The Crown Hill Fund (the "Fund") is the new name of the combined fund resulting from the merger on December 29, 2008 of Crown Hill Dividend Fund ("CHDF") and MACCs Sustainable Yield Trust ("MACCs"). CHDF is the acquirer fund due to the continuation of the CHDF investment objectives and management of the Fund. The merger was recorded as a reverse acquisition, since MACCs is the continuing fund. All of the assets of CHDF were transferred to MACCs in exchange for units of MACCs and the assumption by MACCs of all the liabilities of CHDF. The CHDF Unitholders then received 1.1742 units of MACCs for each CHDF unit held. The merger was done on a tax-free basis. On January 23, 2009, the fund merged with Fairway Diversified Income and Growth Trust ("Fairway"). The Fund was the acquirer and also the continuing fund. Each unitholder of Fairway received 1.30587 units of the fund in exchange for each unit of Fairway. The Fund's units ("Units") are listed on the Toronto Stock Exchange under the symbol MYT.UN. Crown Hill Capital Corporation is the trustee (the "Trustee") and manager (the "Manager") of the Fund. On July 20, 2009, Jarislowsky, Fraser Ltd. was appointed the investment manager (the "Investment Manager") to the Fund in respect of all aspects of the fund's investment portfolio other than the Fund's interest in CH Funds Administrator LP. Jarislowsky, Fraser Ltd. replaced Robson Capital Management Inc.

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Unitholders are entitled to retract their Units outstanding on the last business day of each month at an amount equal to (a) the lesser of: (i) 90% of the weighted average trading price of a Unit on the TSX during the preceding 15 trading days and (ii) the closing market price on the TSX on that day, less (b) any retraction costs. As well, the Board of Directors of the Trustee may set a date on which Units will be retracted at the transactional net asset value (the "Net Asset Value") per Unit.

#### *Predecessor Funds*

The Crown Hill Dividend Fund was an investment trust established under the laws of the Province of Ontario on May 19, 2004. On May 31, 2004, CHDF completed an initial public offering of 2,500,000 units at \$10 per unit. Subsequently an option granted to the agents was exercised for 193,473 units at \$10 per unit. CHDF's units were listed on the Toronto Stock Exchange under the symbol PBK.UN. CHDF began operations on May 31, 2004 when it completed its initial public offering. The manager of CHDF was Crown Hill Capital Corporation. Effective June 24, 2005 the name of CHDF changed from Profit Booking Blue Chip Trust to Crown Hill Dividend Fund.

## Management's Report on Fund Performance

continued

**CORPORATE  
STRUCTURE  
(continued)**

MACCs Sustainable Yield Trust was an investment fund established under the laws of the Province of Ontario on January 28, 2005. On February 18, 2005, MACCs completed an initial public offering of 3,250,000 units at \$10 per unit. Subsequently an option granted to the agents was exercised for 280,000 units at \$10 per unit. The units were listed on the Toronto Stock Exchange under the symbol MYT.UN. MACCs began operations on February 18, 2005 when it completed its initial public offering. The original manager of MACCs was MACCs Administrator Inc. On February 1, 2008 Crown Hill Capital Corporation became the manager.

Fairway was a closed end investment trust established under the laws of Ontario pursuant to a declaration of trust dated as of February 26, 2004 by Fairway Advisors Inc. the then manager and trustee of Fairway. Effective September 1, 2007, Fairway Advisors Inc. amalgamated with its affiliate, JovFunds Management Inc. Fairway closed its initial public offering on March 16, 2004 with issuance of 12,000,000 units at \$10.00 per unit for gross proceeds of \$120,000,000. On April 8, 2004 Fairway closed an over-allotment option of 500,000 units at \$10.00 per unit for gross proceeds of \$5,000,000. The units were listed on the TSX under the symbol FDT.UN. At the time of its merger with the Fund, Fairway has a net asset value of \$32,512,000.

On June 3, 2009, the Fund indirectly acquired the administrative services agreements of the thirteen investment funds comprising the Citadel Group of Funds including the Citadel Funds, Series S-1 Income Fund, Equal Weight Plus Fund, Energy Plus Income Trust, Sustainable Production Energy Trust, CGF Resource 2008 Flow-Through Limited Partnership, Financial Preferred Securities Corporation and CGF Mutual Funds Corporation. Citadel Group of Funds consists of thirteen investment funds with approximately \$1 billion in assets under administration as at June 30, 2009. As part of the Citadel Acquisition, the Fund invested \$28,000,000 in CH Funds Administration LP that subsequently acquired, for \$28,000,000 the legal and beneficial interest in the administrative services agreements for the management of the Citadel Group of Funds.

**INVESTMENT  
OBJECTIVES  
AND  
STRATEGY OF  
THE FUND**

The investment objectives of the Fund are: (i) to provide Unitholders with a stable stream of monthly distributions; and (ii) to preserve and potentially enhance the Net Asset Value of the Fund such that the Net Asset Value per Unit exceeds \$10.

*Investment Strategy*

The Fund will invest in a diversified portfolio of income producing securities. At least 80% of the investments will contain:

- (a) equity securities of an issuer whose market capitalization exceeds \$1 billion;
- (b) debt securities considered investment grade, at the time of investment;
- (c) income funds and income trusts each of which has, at the date of investment by the Fund, a minimum float capitalization of \$400 million.

The Manager may adjust the strategy in order to facilitate a merger with another trust or fund.

## Management's Report on Fund Performance

continued

|   |   |
|---|---|
| <b>INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND</b> | <p>The overall strategy will continue to be conservative. However, due to the substantial decline in the market the strategy has been adjusted to be more opportunistic. This could involve larger cash positions from time-to-time, fixed income positions and more frequent trading.</p>  |
| <b>RISK</b>   | <p>The risks associated with an investment in Units are the same as those listed in the MRFP and the Annual Information Form filed on SEDAR on March 31, 2009 as well as the risks of the \$ 28,000,000 investment in CH Funds Administration LP, such as:</p> <ul style="list-style-type: none"> <li>(i) the risk that the market value of the investments under administration will decrease substantially, either through greater than expected redemptions, a hostile proposal or a general stock market decline or some combination of all three; and</li> <li>(ii) the risk that interest rates will rise after the eventual interest rate used to recoup the original investment has been set.</li> </ul> <p>The two mergers and the ensuing changes to the Declaration of Trust on December 31, 2008 have altered the risk profile of the Fund. The Profit Booking Strategy in the original Crown Hill Dividend Fund was mechanistic and appropriate for a steady bull market. Once the bull market has come to an end however, the strategy is no longer appropriate. Currently, we believe that the strategy that will generate the best risk/return profile to be opportunistic and conservative. This will involve larger cash and fixed income positions as well as more frequent trading.</p> <p>The mergers have increased the liquidity in the Fund's units which lowers the unitholders' liquidity risk.</p> |
| <b>RESULTS OF OPERATIONS</b>                          | <p><i>Mergers</i></p> <p>The financial statements for six month ended June 30, 2009 present the summation of the result of operations and changes in Net Assets for the Fund alone, as it was from January 1 to 22, 2009 and for the combined fund for the period January 23 to June 30, 2009.</p> <p>The financial statements for 2008 presented the summation of the results of operations and changes in Net Assets for CHDF for the period January 1 to December 29, 2008 and for the combined fund for the period December 30 to 31, 2008. The comparative numbers are for CHDF alone. CHDF is the acquiring fund in the merger so the financial statements are prepared from its perspective. However this is a reverse acquisition since MACCs is the continuing fund. Therefore the CHDF units were converted to the equivalent number of MACCs units before the merger, using a factor of 1.1742. As a result, the number of units has been increased, with the consequence that the Net Assets per Unit and the Net Asset Value per Unit have been decreased.</p>   |

## Management's Report on Fund Performance

continued

**RESULTS OF OPERATIONS**  
**(continued)***Restatement*

As a result of changing the number of Units as described above, the Unit amounts and some of the per Unit amounts in this document have been restated to take into account the greater number of Units. This process is similar to restating "per share" data after a company has a stock split. In the financial statements, the amounts for the prior years are not restated.

*Operations*

The Fund's current fiscal period began on January 1, 2009. Total expenses, inclusive of administration and investment management fees, for the six months ended June 30, 2009 were \$355,975. The total increase from operations for the Fund was \$3,571,259 (or \$0.48 per Unit); \$1,643,389 was distributed to Unitholders.

The Fund's Net Assets per Unit increased from \$5.36 as of December 31, 2008, the end of the previous fiscal year, to \$5.62 at June 30, 2009. The Fund's Net Assets increased from \$10,210,504 as at December 31, 2008 to \$43,962,488 as at June 30, 2009. Most of this increase was the result of the merger with Fairway for \$32,740,512.

**RECENT DEVELOPMENTS**

The six-month period ended June 30, 2009 was marked by high volatility in the equity and income trust markets in Canada. The Toronto Stock Exchange Composite Index started the period at 8988, fell to 7567 by March 9 and recovered to close at 10375 on June 30. Similarly, the S&P TSX Income Trust Index started the period at 95.4, dropped to 76.4 by March 9 and recovered to close at 103.7 on June 30. Much of the recovery in Canadian markets was driven by a surge in oil prices from early March to the end of June. This was coupled with strength in the banking sector as confidence in the Canadian financial system strengthened.

Following the merger of the Fund with Fairway on January 23, 2009, many of the positions formerly held by Fairway were sold to rebalance the portfolio and focus on a core group of positions. This resulted in a large cash balance at the end of January, before the markets declined to the lows of early March. As confidence slowly returned, the cash position was gradually reduced as capital was added to existing positions and new positions were put in place by the end of May. On June 3, 2009 the Fund indirectly acquired the administrative services agreements of the thirteen investment funds comprising the Citadel Group of Funds. As part of this acquisition, the Fund invested \$28 million cash in CH Fund Administration LP.

For this reason, the Fund did not experience the high level of volatility evidenced by the fluctuations of the market indices noted above. By the end of June, the Fund's cash position was down to 4.6% of net assets, with the traded investments constituting a diversified portfolio of large cap Canadian equities and income trusts, and large cap US equities.

## Management's Report on Fund Performance

continued

**RECENT DEVELOPMENTS (continued)***Change in Accounting Policy*

On January 20, 2009, the CICA Accounting Standards Board issued Emerging Issues Committee Abstract 173: Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 supplements CICA Handbook Section 3855 wherein it states that fair value takes into account the credit quality of a financial instrument. The EIC affirms that an entity's own credit risk (in the case of financial liabilities) and a counterparty's credit risk (in the case of financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments.

The Manager has reviewed its policies over the valuation of assets and liabilities and believes that the fair value ascribed to the financial assets and financial liabilities in these financial statements incorporate appropriate levels of credit risk.

*Future Change in Accounting Policy*

The CICA Accounting Standards Board formally adopted the strategy of replacing Canadian GAAP with International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. These new standards are effective for the Fund beginning January 1, 2011. The Fund is currently assessing the impact of IFRS on its financial reporting.

On May 29, 2009 the CICA Accounting Standards Board issued amendments to CICA Handbook Section 3862 ("3862 Amendments"). As a result of these amendments, the Fund will be required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (Level 1, Level 2 and Level 3 inputs as defined in the standard). The 3862 Amendments are applicable for years ending after September 30, 2009. As a result, the Fund will be implementing the 3862 Amendments in the financial statements for the year ending December 31, 2009. Based upon its initial review, the Manager believes the 3862 Amendments will not affect the valuation of assets and liabilities held by the Fund, but will result in enhance and increased disclosure requirements.

*Merger*

On January 23, 2009, the Fund was merged with Fairway Diversified Income and Growth Trust ("Fairway"). The Fund is the acquirer and also the continuing fund. Each unitholder of Fairway received 1.30587 units of the Fund in exchange for each unit of Fairway. At the time of the merger, Fairway had a Net Asset Value of \$32,740,512. On January 20, 2009, the Fund made a loan to the parent of Crown Hill Capital Corporation in the amount of \$995,000 to enable it to complete the acquisition of 2193322 Ontario Inc., the Manager and trustee of Fairway, so as to be able to effect the merger of the funds. The loan is secured by the assets of Crown Hill Capital Corporation and bears interest at prime plus 2%, which is to be calculated and paid monthly. The loan will be repaid in equal monthly principal payments of approximately \$20,000 beginning in February 2009. Prior to this merger, the Manager appointed Robson Capital Management Inc. ("Robson") as Investment Manager to the Fund.

## Management's Report on Fund Performance

continued

**RECENT DEVELOPMENTS (continued)***Acquisition*

On June 3, 2009, the Fund indirectly acquired the administrative services agreements ("Citadel Contracts") of the thirteen investment funds comprising the Citadel Group of Funds including the Citadel Funds, Energy Plus Income Trust, Sustainable Production Energy Trust, CGF Resource 2008 Flow-Through Limited Partnership, Financial Preferred Securities corporation and CGF Mutual Funds Corporation. Citadel Group of Funds consists of thirteen investment funds with approximately \$1 billion in assets under administration as at June 30, 2009. As part of the Citadel Acquisition, the Fund invested \$28,000,000 in CH Funds Administration LP that subsequently acquired, for \$28,000,000 the legal and beneficial interest in the administrative services agreements for the management of the Citadel Group of Funds. The expectation at the time of purchase was to recoup the original investment, all costs, plus a premium of \$4,000,000 plus interest at 6%. The Declaration of Trust states that the Manager may adjust the Investment Strategy in order to facilitate a merger with another trust or fund. This investment was made in the belief that it was in keeping with this specific right.

In order to arrive at the proper fair valuation of this investment as at June 30, 2009, the Fund engaged the services of one of the four major Canadian accounting firms.

*Taxation*

Income from the Citadel Contracts will be taxed in the hands of a corporation indirectly owned by the Fund and after-tax income will flow through to the Fund as dividends. A Canadian unitholder, if an individual, upon receiving these dividend distributions from the Fund, will be entitled to claim the dividend tax credit available for eligible dividends. On June 3, 2009, with the investment in CH Fund Administration LP, the Fund became a Specified Investment Flow-Through ("SIFT") Trust and CH Fund Administration LP became a non-portfolio investment. Non-portfolio earnings, which includes generally any income earned from non-portfolio investments, excluding dividends, will be considered to be SIFT income and will be taxable in the Fund.

*Investment Manager*

On July 20, 2009 Jarislowsky, Fraser Ltd. was appointed as Investment Manager to the Fund in respect of all aspects of the Fund's investment portfolio other than the Fund's interest in CH Funds Administrator LP.

*Subsequent Events*

On July 16, 2009, Brompton Administration Limited and Bloom Investment Counsel, Inc. (the investment manager of six of the Citadel funds) announced that they were asking the unitholders of seven of the Citadel funds to support their requisition of special meetings of those funds, with a view to replacing the entity that is currently the administrator and to merge the seven funds.

The Fund has prepared a management information circular in relation to a special meeting of unitholders to be held on September 30, 2009 to approve the merger of the Fund with eight Citadel funds and to approve the divestiture of the Citadel Contracts.

|  |                  |
|--|------------------|
| <b>Management's Report on Fund Performance</b> | <b>continued</b> |
|--|------------------|

**RELATED PARTY TRANSACTIONS**

Starting on December 30, 2008, the Manager was entitled to an annual fee of 1.00% of the NAV of the Fund, calculated and payable, monthly. This amount totaled \$176,023 for the six month ended June 30, 2009 (of which \$25,000 was payable at June 30, 2009). Prior to the merger on December 30, 2008, the annual fee charged by the Manager to CHDF was 0.60%.

All other expenses of the Fund are initially paid by the Manager, which is then reimbursed by the Fund in a reasonable amount of time. Included in these expenses are things such as Administrative costs and Unitholder Servicing costs. Administrative costs for the six month period totaled \$31,683. This was made up of administrative salaries, employee benefits, general overhead and office supplies. As part of the Administration cost, the Fund is paying a fixed monthly general overhead cost to First Paladin Inc The general overhead cost for the six month period was \$31,683.

Unitholder Servicing costs for the six month period totaled \$4,388 which was made up of web site fees and payments to service providers for the filing of press releases and SEDAR filings.

As explained in Merger under Recent Developments, on January 20, 2009, the Fund made a loan of \$995,000 to the parent company of the Manager.

As explained in Acquisition under Recent Developments, on June 3, 2009, the Fund made an investment of \$28,000,000 in CH Funds Administration LP and has a beneficial ownership of the administration contracts of the Citadel Group of Funds.

## Management's Report on Fund Performance

continued

## FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past two and half years. The information for the years ended December 31, 2007 and 2008 is derived from the Fund's audited financial statements and the information for the six months ended June 30, 2009 is derived from the Fund's unaudited interim financial statements.

|  | <i>Six months ended June 30, 2009<sup>(3)</sup></i> | <i>Year ended Dec. 31, 2008<sup>(3)</sup></i> | <i>Year ended Dec. 31, 2007<sup>(3)</sup></i> |
|--|---|---|---|
| <b>GAAP Net Assets per Unit<sup>(1)</sup>, beginning of period</b>                       | <b>\$ 5.36</b>                                      | <b>\$ 9.32</b>                                | <b>\$ 10.17</b>                               |
| <b>Initial adoption of new accounting policy</b>   | <b>-</b>  | <b>-</b>                                      | <b>(0.01)</b>                                 |
| <b><u>Increase (decrease) from operations:</u></b>                                       |   |   |   |
| <b>Total revenue</b>   | <b>0.13</b>   | <b>0.28</b>                                   | <b>0.25</b>                                   |
| <b>Total expenses</b>  | <b>(0.05)</b>                                       | <b>(0.35)</b>                                 | <b>(0.32)</b>                                 |
| <b>Realized gains for the period</b>   | <b>0.23</b>   | <b>0.35</b>                                   | <b>1.26</b>                                   |
| <b>Unrealized losses for the period</b>  | <b>0.19</b>   | <b>(2.29)</b>                                 | <b>(1.04)</b>                                 |
| <b>Transaction costs</b>   | <b>(0.02)</b>                                       | <b>(0.01)</b>                                 | <b>(0.01)</b>                                 |
| <b>Total increase (decrease) from operations<sup>(1)</sup></b>                           | <b>0.48</b>   | <b>(2.02)</b>                                 | <b>0.14</b>                                   |
| <b><u>Distributions:</u></b>   |   |   |   |
| <b>From income (excluding dividends)</b>   | <b>-</b>  | <b>-</b>                                      | <b>-</b>                                      |
| <b>From dividends</b>  | <b>0.08</b>   | <b>-</b>                                      | <b>-</b>                                      |
| <b>From capital gains</b>  | <b>0.15</b>   | <b>-</b>                                      | <b>-</b>                                      |
| <b>Return of capital</b>   | <b>-</b>  | <b>0.72</b>                                   | <b>0.72</b>                                   |
| <b>Total distributions<sup>(2)</sup></b>   | <b>0.21</b>   | <b>0.72</b>                                   | <b>0.72</b>                                   |
| <b>GAAP Net Assets per Unit<sup>(1)</sup>, end of period</b>                             | <b>\$ 5.62</b>                                      | <b>\$ 5.36</b>                                | <b>\$ 9.32</b>                                |
| <b>Restated<sup>(4)</sup>:<br/>GAAP Net Assets per Unit<sup>(1)</sup>, end of period</b> | <b>\$ 5.62</b>                                      | <b>\$ 5.36</b>                                | <b>\$ 7.94</b>                                |

- 1) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase from operations is based on the weighted average number of Units outstanding over the financial period. This table is not intended to reconcile beginning and ending Net Assets per Unit.
- 2) Distributions were paid in cash.

## Management's Report on Fund Performance

continued

**FINANCIAL HIGHLIGHTS (continued)**

- 3) The amounts for 2009 are calculated using the summation of the results of operations for the Fund alone as it was for January 1-22, 2009 and for the combined fund for the period January 23 to June 30, 2009.

The amounts for 2008 are calculated using the summation of the results of operations for CHDF for the period January 1 to December 29, 2008 and for the combined fund for the period December 30 to 31, 2008.

The numbers for 2007 are for CHDF alone.

- 4) See Restatement under Results of Operations.

**RATIOS AND SUPPLEMENTAL DATA**

|   | <i>June 30, 2009</i> | <i>Dec. 31, 2008</i> | <i>Dec. 31, 2007</i> |
|---|----------------------|----------------------|----------------------|
| <b>Transactional Net Asset Value <sup>(5)</sup></b>           | <b>\$ 43,962,488</b> | <b>\$ 10,253,911</b> | <b>\$ 8,721,245</b>  |
| <b>Number of Units outstanding</b>                            | <b>7,817,492</b>     | <b>1,903,247</b>     | <b>934,633</b>       |
| <b>Management expense ratio <sup>(2)</sup></b>                | <b>1.80 %</b>        | <b>4.28 %</b>        | <b>3.18 %</b>        |
| <b>Management expense ratio before waivers or absorptions</b> | <b>1.80 %</b>        | <b>4.28 %</b>        | <b>3.18 %</b>        |
| <b>Portfolio turnover rate <sup>(3)</sup></b>                 | <b>154.81 %</b>      | <b>41.11 %</b>       | <b>0.08 %</b>        |
| <b>Trading expense ratio <sup>(4)</sup></b>                   | <b>0.59 %</b>        | <b>0.04 %</b>        | <b>0.07 %</b>        |
| <b>Transactional Net Asset Value per Unit <sup>(5)</sup></b>  | <b>\$ 5.32</b>       | <b>\$ 5.39</b>       | <b>\$ 9.33</b>       |
| <b>Closing market price</b>                                   | <b>\$ 4.17</b>       | <b>\$ 3.97</b>       | <b>\$ 8.90</b>       |
| <b>Restated <sup>(6)</sup> :</b>                              |                      |                      |                      |
| <b>Number of Units outstanding</b>                            | <b>7,817,492</b>     | <b>1,903,247</b>     | <b>1,097,446</b>     |
| <b>Transactional Net Asset Value per Unit</b>                 | <b>\$ 5.32</b>       | <b>\$ 5.39</b>       | <b>\$ 7.95</b>       |

- 1) This information is provided as at June 30, 2009 and as of December 31, 2008 and 2007.

- 2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period.

- 3) The Fund's portfolio turnover rate indicates how frequently the securities are traded in the portfolio. 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.

## Management's Report on Fund Performance

continued

### RATIOS AND SUPPLEMENTAL DATA (continued)

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

The amounts for 2009 are calculated using the summation of the results of operations for the Fund alone as it was for January 1-22, 2009 and for the combined fund for the period January 23 to June 30, 2009. The numbers for 2007 are for CHDF alone.

The amounts for 2008 are calculated using the summation of the results of operations for CHDF for the period January 1 to December 29, 2008 and for the combined fund for the period December 30 to 31, 2008.

The numbers for 2007 are for CHDF alone.

- 5) See Restatement under Results of Operations.

### MANAGEMENT FEES

The main costs of the Fund are Management fees, Administrative expenses, Legal expense and Custody, valuation and transfer fees.

The Investment Review Committee ("IRC") commenced operations on November 1, 2007. The fees and expenses related to the IRC are included in the Board and IRC fees.

The total fees and expenses for the year were \$295,968, with the following breakdown:

| <i>Category</i>                             | <i>Amount Paid</i> | <i>Percent of Fees &amp; Expenses</i> |
|---|--------------------|---------------------------------------|
| <b>Management fees</b>                      | <b>\$ 176,023</b>  | <b>59.4%</b>                          |
| <b>Investment management fees</b>           | <b>41,291</b>      | <b>11.6%</b>                          |
| <b>Board and IRC fees</b>                   | <b>11,682</b>      | <b>3.3 %</b>                          |
| <b>Administrative expenses</b>              | <b>31,683</b>      | <b>8.9 %</b>                          |
| <b>Custody, valuation and transfer fees</b> | <b>32,680</b>      | <b>9.2 %</b>                          |
| <b>Accounting fees</b>                      | <b>16,903</b>      | <b>4.7 %</b>                          |
| <b>Audit fees</b>                           | <b>22,715</b>      | <b>6.4 %</b>                          |
| <b>Regulatory and listing expenses</b>      | <b>18,070</b>      | <b>5.1 %</b>                          |
| <b>Unitholder servicing expenses</b>        | <b>4,388</b>       | <b>1.2 %</b>                          |
| <b>Legal expense</b>                        | <b>540</b>         | <b>0.2 %</b>                          |

These expenses are the summation of the results of operations for the Fund alone, as it was, for the period January 1 to 22, 2009, and the combined fund for the period January 23 to June 30, 2009.

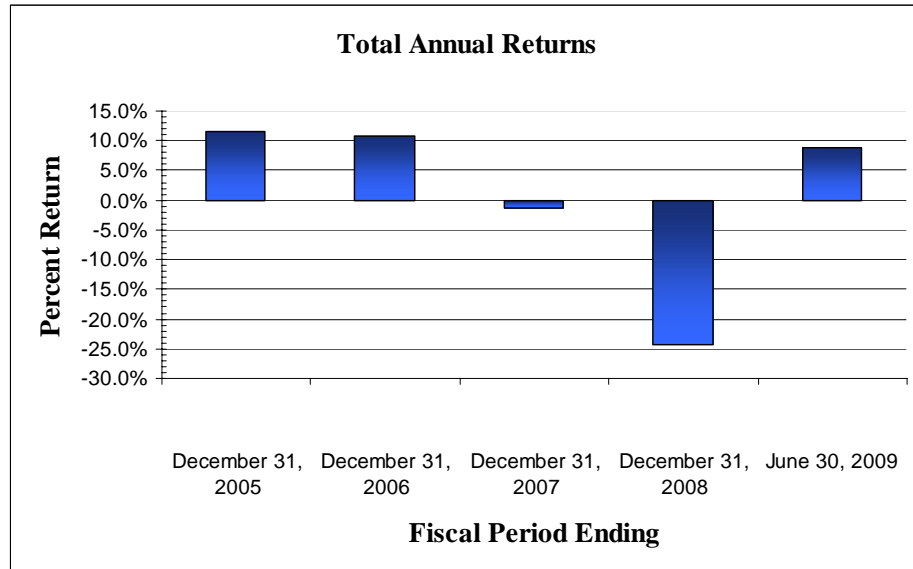
**Management's Report on Fund Performance**

continued

**PAST PERFORMANCE**

**Year-by-Year Returns**

The following bar chart shows the Fund's annual performance for its past four and one half years. 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).



The return for 2008 is adjusted for the increase in the number of units as explained in Merger under Results of Operations. The comparative numbers are for Crown Hill Dividend Fund alone.

## Management's Report on Fund Performance

continued

**ANNUAL  
COMPOUND  
RETURNS**

The Fund has typically had a 20% exposure to the U.S. equity market and 80% to the Canadian market. The benchmark, for comparison purposes is 20% Dow Jones Industrial Average (DJIA) and 80% TSX 60.

The main difference in performance is due to the more conservative securities held in the Fund versus the broader indices.

|                                     | <i>1-Year</i> | <i>3-Year</i> | <i>5-Year</i> | <i>Since<br/>Inception</i> |
|-------------------------------------|---------------|---------------|---------------|----------------------------|
| <b>Crown Hill Fund</b>              | <b>-13.1%</b> | <b>-2.4%</b>  | <b>2.0%</b>   | <b>1.9%</b>                |
| <b>Index (20% DJIA, 80% TSX 60)</b> | <b>-26.7%</b> | <b>-2.7%</b>  | <b>4.3%</b>   | <b>4.2%</b>                |

The returns for the period before December 30, 2008 are adjusted for the increase in the number of units as explained in Merger under Results of Operations and only include the operations for Crown Hill Dividend Fund.

## Management's Report on Fund Performance

continued

## SUMMARY OF INVESTMENT PORTFOLIO

The following is a summary of the investment portfolio held by the Fund as at June 30, 2009. For more information, please consult the financial statements.

| CANADIAN EQUITIES                               | NUMBER OF SHARES | AVERAGE COST         | FAIR VALUE           | % OF NET ASSETS | INDUSTRY            |
|---|------------------|----------------------|----------------------|-----------------|---------------------|
| Advantage Energy Income Fund                    | 110,000          | \$ 663,375           | \$ 539,000           |                 | Energy              |
| Angico-Eagle Mines Ltd                          | 8,000            | 503,531              | 488,560              |                 | Materials           |
| Altgas Income Trust                             | 35,000           | 547,562              | 561,400              |                 | Utilities/Pipelines |
| ARC Energy Trust                                | 650,000          | 858,825              | 885,500              |                 | Energy              |
| Baytex Energy Trust                             | 20,000           | 301,628              | 390,400              |                 | Energy              |
| Bell Aliant Regional Communications Income Fund | 35,000           | 861,682              | 921,200              |                 | Telecom             |
| Bonavista Energy Trust                          | 30,000           | 513,939              | 539,400              |                 | Energy              |
| Copernican British Banks Fund                   | 419,000          | 366,427              | 574,030              |                 | Financial           |
| Copernican World Banks Income                   | 30,900           | 47,112               | 77,250               |                 | Financial           |
| Crescent Point Energy Trust                     | 15,000           | 395,905              | 514,200              |                 | Energy              |
| Fort Chicago Energy Partners LP                 | 65,500           | 448,380              | 554,130              |                 | Energy              |
| Goldcorp Inc.                                   | 12,000           | 450,281              | 483,960              |                 | Materials           |
| Keyera Facilities Income Fund                   | 30,000           | 479,329              | 595,200              |                 | Energy              |
| Markland AGF Precious Metals Corp.              | 52,200           | 355,782              | 345,564              |                 | Materials           |
| Northland Power Income Fund                     | 66,000           | 715,184              | 645,480              |                 | Utilities/Pipelines |
| Superior Plus Corp.                             | 24,600           | 245,016              | 257,316              |                 | Utilities/Pipelines |
| Westshore Terminals Income Fund                 | 62,000           | 598,723              | 715,480              |                 | Materials           |
| Yellow Pages Income Fund                        | 100,000          | 541,945              | 534,000              |                 | Cons Disc*          |
| <b>TOTAL CANADIAN EQUITIES</b>                  |                  | <b>8,894,627</b>     | <b>9,622,070</b>     | <b>21.9</b>     |                     |
| <b>U.S. EQUITIES</b>                            |                  |                      |                      |                 |                     |
| 3M Co.  | 8,000            | 619,364              | 558,377              |                 | Industrials         |
| Johnson & Johnson                               | 8,600            | 569,244              | 566,697              |                 | Health Care         |
| Pfizer Inc.                                     | 27,900           | 697,572              | 485,701              |                 | Health Care         |
| Proctor & Gamble Co.                            | 10,000           | 578,188              | 592,985              |                 | Cons Disc*          |
| Rangold Resources Ltd., ADR                     | 8,000            | 504,565              | 595,354              |                 | Materials           |
| United States Steel Corp.                       | 20,000           | 821,964              | 830,133              |                 | Industrials         |
| <b>TOTAL U.S. EQUITIES</b>                      |                  | <b>3,790,897</b>     | <b>3,629,247</b>     | <b>8.2</b>      |                     |
| <b>NON-TRADED INVESTMENT</b>                    |                  |                      |                      |                 |                     |
| CH Fund Administration LP                       | <b>2,800,000</b> | <b>28,000,000</b>    | <b>28,000,000</b>    | <b>63.7</b>     | Non-Traded          |
| <b>TRANSACTION COSTS</b>                        |                  | <b>(17,600)</b>      |                      |                 |                     |
| <b>TOTAL INVESTMENTS</b>                        |                  | <b>\$ 40,667,894</b> | <b>41,251,317</b>    | <b>93.8</b>     |                     |
| <b>OTHER ASSETS LESS LIABILITIES</b>            |                  |                      | <b>2,711,171</b>     | <b>6.2</b>      |                     |
| <b>TOTAL NET ASSETS</b>                         |                  |                      | <b>\$ 43,962,488</b> | <b>100.0</b>    |                     |

## Management's Report on Fund Performance continued

### SUMMARY OF INVESTMENT PORTFOLIO (continued)

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

\*Cons Disc = Consumer Discretionary

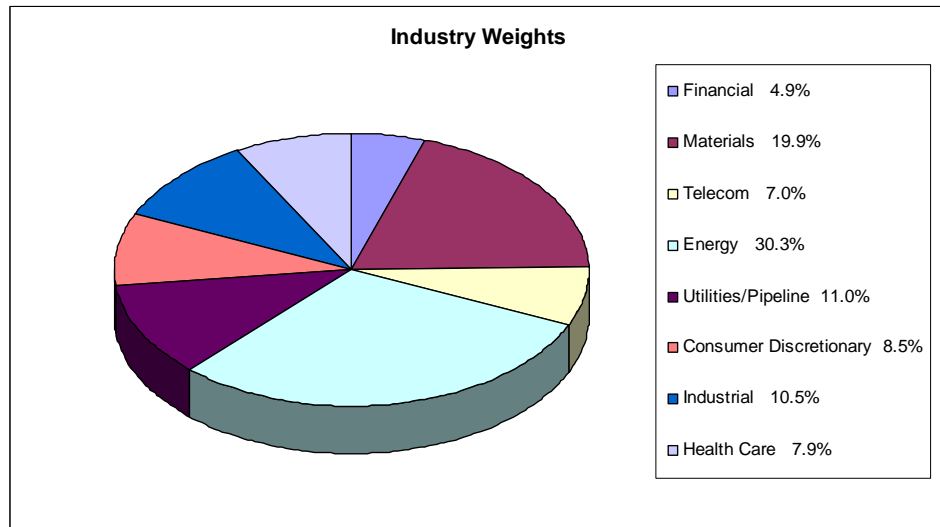
\*\*Cons Staples = Consumer Staples

The securities from the former Fairway were acquired at a cost equal to their market value as at the date of the merger January 22, 2009. The securities from the pre-existing Crown Hill Fund are recorded at historic cost.

As a result of the merger being done on a tax-free basis for the Unitholders, the total adjusted cost base of all securities of the Fund for tax purposes is \$316,000 less than the cost for accounting purposes.

The following is a summary of the investment portfolio according to industry. For more information please consult the financial statements.

#### Canadian and U.S. Equities



# Management's Report on Fund Performance

continued

## SUMMARY OF INVESTMENT PORTFOLIO (continued)

*Total investments, including non-traded investments*

