



Management's Report on Fund Performance of

MACCS SUSTAINABLE YIELD TRUST

For the six months ended June 30, 2008

26,934,730 BND.UN \$75,900,000

Management's Report of Fund Performance

FOR THE PERIOD ENDED JUNE 30, 2008

DISCLOSURE

This management report of fund performance contains financial highlights but does not contain either interim or annual financial statements of the Fund. You can get a copy of the 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 or SEDAR at www.sedar.com.

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

CORPORATE STRUCTURE

MACCs Sustainable Yield Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario on January 28, 2005 (date of inception). On February 18, 2005, the Fund completed an initial public offering (the "Offering") of 3,250,000 Units (the "Units") at \$10 per Unit (the "Offering Price"). Subsequently an option granted to the agents was exercised for 280,000 Units at \$10 per Unit. The Fund's Units are listed on The Toronto Stock Exchange. The manager of the Fund is Crown Hill Capital Corporation (the "Manager").

As at June 30, 2008, there were 1,176,446 Units outstanding.

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 Assets of the Fund such that the Net Asset Value per Unit exceeds \$10.

In order to achieve its investment objectives, the Fund has invested its property, together with borrowings under the Loan Facility, in a diversified portfolio of income producing securities. At least 80% of this Portfolio will contain:

- (i) equity securities of an issuer whose market capitalization exceeds \$1 billion;
- (ii) debt securities considered investment grade, at the time of investment; and
- (iii) Income Funds each of which has, at the date of investment by the Fund, a minimum Float Capitalization of \$400 million.

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RISK

There were a number of changes to the Fund during the period that will likely affect the overall level of risk of an investment in the units of the Fund. On June 4, 2008 unitholders approved changes to the Declaration of Trust that broadened the investment objectives and strategy and granted the Board of Directors of the Trustee the ability to make further changes from time-to-time.

There are risks associated with an investment in Units that should be considered, including:

- (i) there is no assurance that the Fund will be able to achieve its targeted monthly distributions, enhance or preserve the Net Asset Value per Unit;
- (ii) there is no assurance that the value of the securities acquired by the Fund will not be adversely affected by a number of underlying factors including, without limitation, changes in interest rates and commodity prices;
- (iii) there can be no assurance that the Units will trade at a price equal to Net Asset Value per Unit;
- (iv) that the market price of the Units and the Net Asset Value per Unit will be affected by interest rate fluctuations;
- (v) there will be fluctuations in Net Asset Value per Unit and funds available for Distributions;
- (vi) counterparty risks associated with securities lending;
- (vii) reliance on the Manager, the Investment Advisor and key personnel;
- (viii) possible changes in tax or other legislation;
- (ix) the potential liability of Unitholders;
- (x) potential conflicts of interest;
- (xi) potential taxation of the Fund;
- (xii) the possible loss incurred on an investment;
- (xiii) the status of the Fund for securities law purposes;
- (xiv) foreign currency exposure;
- (xv) foreign market exposure;
- (xvi) the possibility of the Fund being unable to dispose of illiquid securities;
- (xvii) possible suspension of redemptions;
- (xviii) liquidity and counterparty risks associated with the writing of

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RISK (continued)	<ul style="list-style-type: none"> (xix) covered call options; and (xx) the annual redemptions are reducing the size of the fund to such a point that the fixed expenses are causing the management expense ratio to rise.
RESULTS OF OPERATIONS	<p>The Fund's current fiscal year began on January 1, 2008. Total expenses, inclusive of administration and investment management fees, general & administrative costs and interest expense, for the period ended June 30, 2008 were \$243,790. The total increase from operations for the Fund was \$493,476 (or \$0.42 per Unit); \$392,462 was distributed to Unitholders.</p> <p>The Fund's Net Asset Value per Unit increased from \$8.14 as of December 31, 2007, the end of the previous fiscal year, to \$8.23 as at June 30, 2008. The Fund's Net Assets increased from \$9,582,976 as of December 31, 2007, to \$9,681,761 as at June 30, 2008.</p> <p>The Fund's Management Expense Ratio (MER) is higher than the previous year. This is because the MER is an annualized figure in that the expenses for the first six months are multiplied by two to obtain an annual number. This is somewhat deceptive since the expenses were front end loaded. There was a fee to Standard & Poor's of \$25,000 that has been discontinued, the loan facility was cancelled in August 2008, and the expenses for the unitholder meeting were incurred in this period. It is expected that the MER for the entire year will be substantially less than what appears in the interim financial statements.</p>
RECENT DEVELOPMENTS	<p>The current slowdown in the global economy is being driven by two main factors. One is the high cost of energy, primarily due to record high oil prices and the other is the repercussion of the over inflated residential housing market in the United States (and to a lesser extent several other countries).</p> <p>In Canada, the high price of oil has continued to accelerate the economy in Alberta, but has had the effect of maintaining upward pressure on the Canadian dollar, thereby punishing the manufacturing sector in Ontario and Quebec. The high price of oil has also caused a change in automobile buying patterns with movement away from large SUVs toward more fuel-efficient vehicles. This has resulted in major losses in the North American auto sector and has damaged the economies in several communities in southern Ontario. The melt-down in the U.S. mortgage sector has created a credit crunch and has damaged the balance sheets of many banks including some in Canada.</p>

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RECENT DEVELOPMENTS (continued)

The combination of high oil prices and declining residential real estate prices has slowed down the U.S. economy in particular, and to a lesser extent the global economy. Stocks in the energy sector have done very well, but most others, particularly in the financial and manufacturing sectors have done poorly.

For the past six months, the Fund has performed well when compared to the broader market. Its substantial exposure to the Power and Pipeline and Oil and Gas sectors have kept its performance relatively stable. Its poor annual performance is predominantly due to the losses it incurred in the summer of 2007.

For the past few years the Fund has experienced substantial annual redemptions. They have been disruptive towards the investment strategy and they have caused an increase in expenses on a per unit basis. Since the unitholder meeting on June 4, 2008 the Trustee and Manager have begun taking action to stabilize the Fund and are pursuing strategies to increase the Fund's size.

Change in Manager and Trustee

In February 2008, Crown Hill Capital Corporation became the Trustee and Manager of the Fund, replacing MACCs Administrator Inc. in the role.

Unitholder Meeting and Change in Objectives and Investment Strategy

On June 4, 2008 the Fund held a unitholder meeting whereby certain amendments to the declaration of trust were approved including:

- 1) Investment Objectives and Strategy. To broaden the scope of the Investment Objectives and Investment Strategy so that the Trust assets can be invested in income securities in addition to Income Funds;
- 2) Independent Review Committee. To update the Declaration of Trust to expressly provide for an Independent Review Committee as required under National Instrument 81-107 – Independent Review Committee for Investment Funds;
- 3) To Permit the Trust to Complete Mergers Without a Special Meeting. To remove the requirement for Unitholders to approve by Extraordinary Resolution a reorganization with, or acquisition of assets of, another fund where the Trust continues after such transaction, in order to reduce transaction costs and allow the Trust to act in a more timely manner;
- 4) Increase the Flexibility of the Board of Directors of the Trustee. To enable the board of directors of the Trustee to make additional amendments to the Declaration of Trust as circumstances dictate;

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RECENT DEVELOPMENTS (continued)**Changes Effective July 9, 2008**

On June 4, 2008 the Board of Directors of the Trustee held a meeting whereby certain amendments to the declaration of trust were approved effective July 9, 2008, including:

- 1) Conforming Changes to Definitions. Certain changes to the definitions are to be made to conform with the amended declaration of trust as of June 4, 2008;
- 2) Changes to the Redemption and Addition of a Monthly Retraction Feature. The Redemption Date is to be changed from a fixed date to one that is set by the Trustee from time to time. A retraction feature will also be added enabling Unitholders to submit Units for retraction by the Trust on a monthly basis.
- 3) Investment Strategy and Investment Restriction Modification. The Investment Strategy and Investment Restrictions will be modified to facilitate fund mergers.
- 4) Removal of the Mandatory Market Purchase Program. The mandatory nature of the market purchase program will be removed, leaving market purchases to the Manager's discretion.
- 5) Notice to Unitholders Changed. The provisions for providing notice to Unitholders will be changed, such that press releases, filings on SEDAR and posting's on the Trustee's website will be sufficient for most communications.

Change in Investment Manager and Custodian

In August 2008, Crown Hill Asset Management became the Investment Manager, replacing YMG Fiera. At the same time, CIBC Mellon Global Security Services Company became responsible for Custody and Fund Valuation services, replacing RBC Dexia Investor Services Limited.

Change in accounting policy

For financial reporting purposes, on January 1, 2007, the Fund adopted a new accounting policy as per the Canadian Institute of Chartered Accountant's Handbook Section 3855, Financial Instruments: Recognition and Measurement, on a retroactive basis without restatement of prior periods. The Fund now values its securities at closing bid price (rather than using the last traded price) and transaction costs are now disclosed separately in the results of operations (rather than purchase costs being added to the cost of securities purchased and sales costs being deducted from sales proceeds).

The effect of the initial adoption of this new accounting policy, using the closing bid price as at December 31, 2006, was a decrease of \$55,247 in the Net Assets of the Fund at the beginning of the year ended December 31, 2007. The change in recording of transaction costs had no impact on the Net Assets of the Fund.

For the purpose of calculating and reporting of Net Assets and Net Asset

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<p>RECENT DEVELOPMENTS (continued)</p>	<p>Value (“NAV”) per unit (other than for financial reporting purposes) the Canadian Securities Administrators have granted temporary relief to investment funds from complying with Section 3855, until September 30, 2008, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund. As a result, we present the December 31, 2007 Net Assets and NAV per Unit calculated using the closing bid price (“GAAP”) and the Net Assets and NAV per Unit calculated using the last traded price (“Transactional”)</p>
<p>RELATED PARTY TRANSACTIONS</p>	<p>MACCs Administrator Inc. was the Trustee and Manager of the Fund and was responsible for providing and arranging for the provision of administrative services required by the Fund. MACCs was paid a management fee equal to 0.45% per annum of the Fund’s Transactional Net Assets, plus applicable taxes, calculated and payable monthly in arrears. MACCs was responsible for paying the Investment Manager, Fiera YMG Capital Inc., from its annual management fee.</p> <p>In February 2008, Crown Hill Capital Corporation replaced MACCs Administrator Inc..</p> <p>The management fee totaled \$22,367 for the six month period ended June 30, 2008, of which \$3,780 was payable at June 30, 2008.</p> <p>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. Administrative expenses for the six month period were \$22,484, which includes \$20,738 of general overhead cost paid to First Paladin Inc. (the parent company of Crown Hill Capital Corporation).</p>

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FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Trust and are intended to help you understand the Fund's financial performance for the periods shown. This information is derived from the Fund's financial statements.

	<i>Six months ended June 30, 2008</i>	<i>Year ended Dec. 31, 2007</i>	<i>Year ended Dec. 31, 2006</i>
GAAP NAV per Unit ⁽³⁾, beginning of period	\$ 8.14	\$ 8.81	\$ 9.87
Initial adoption of new accounting policy ⁽³⁾	-	(0.03)	-
<u>Increase (decrease) from operations:</u>			
Total revenue	0.55	0.86	0.70
Total expenses	(0.21)	(0.28)	(0.35)
Realized gains for the period	0.17	-	0.31
Unrealized gains (losses) for the period	(0.08)	0.30	(0.81)
Transaction costs ⁽³⁾	(0.01)	(0.04)	-
Total increase (decrease) from operations ⁽¹⁾	0.42	0.84	(0.15)
<u>Distributions:</u>			
From income (excluding dividends)	Unknown ⁽²⁾	(0.12)	(0.13)
From dividends	Unknown	(0.06)	(0.05)
From capital gains	Unknown	(0.32)	(0.33)
Return of capital	Unknown	(0.17)	(0.18)
Total distributions ⁽²⁾	(0.33)	(0.67)	(0.70)
GAAP NAV per Unit ⁽³⁾, end of period	\$ 8.23	\$ 8.14	\$ 8.81

- 1) Net asset value 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 Asset Value per Unit.
- 2) Distributions were paid in cash. The categorization of the distributions paid in 2008 cannot be determined until after the end of the year.
- 3) See Change in Accounting Policy under Recent Developments.

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RATIOS AND
SUPPLEMENTAL
DATA

	2008 ⁽¹⁾	2007	2006
GAAP Net Assets ⁽⁵⁾	\$ 9,681,761	\$ 9,582,976	\$ 22,079,167
Adjusted from bid to closing price ⁽⁵⁾	\$ 30,642	\$ 45,148	\$ -
Transactional Net Assets ⁽⁵⁾	\$ 9,712,403	\$ 9,628,124	\$ 22,079,167
Number of units outstanding	1,176,446	1,176,746	2,507,469
Management expense ratio ⁽²⁾	5.10 %	3.08 %	3.69 %
Management expense ratio before waivers or absorptions	5.10 %	3.08 %	3.69 %
Management expense ratio (not including IPO costs)	5.10 %	3.08 %	3.69 %
Portfolio turnover rate ⁽³⁾	34.40 %	61.15 %	86.93 %
Trading expense ratio ⁽⁴⁾	0.12 %	0.45 %	0.40 %
Transactional NAV per Unit ⁽⁵⁾	\$ 8.26	\$ 8.18	\$ 8.81
Closing market price	\$ 8.20	\$ 7.62	\$ 8.28

- 1) This information is provided as at June 30, 2008 and December 31, 2007 and 2006.
- 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 the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Trust 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 the 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) See Change in Accounting Policy under Recent Developments.

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MANAGEMENT FEES

The main costs in the Fund are interest and bank charges, regulatory and listing expenses and custody, valuation and transfer fees. Since the Fund was operating with a loan facility, the interest on that facility was the largest expense item for the period

The total fees and expenses for the six months were \$243,790 with the following breakdown:

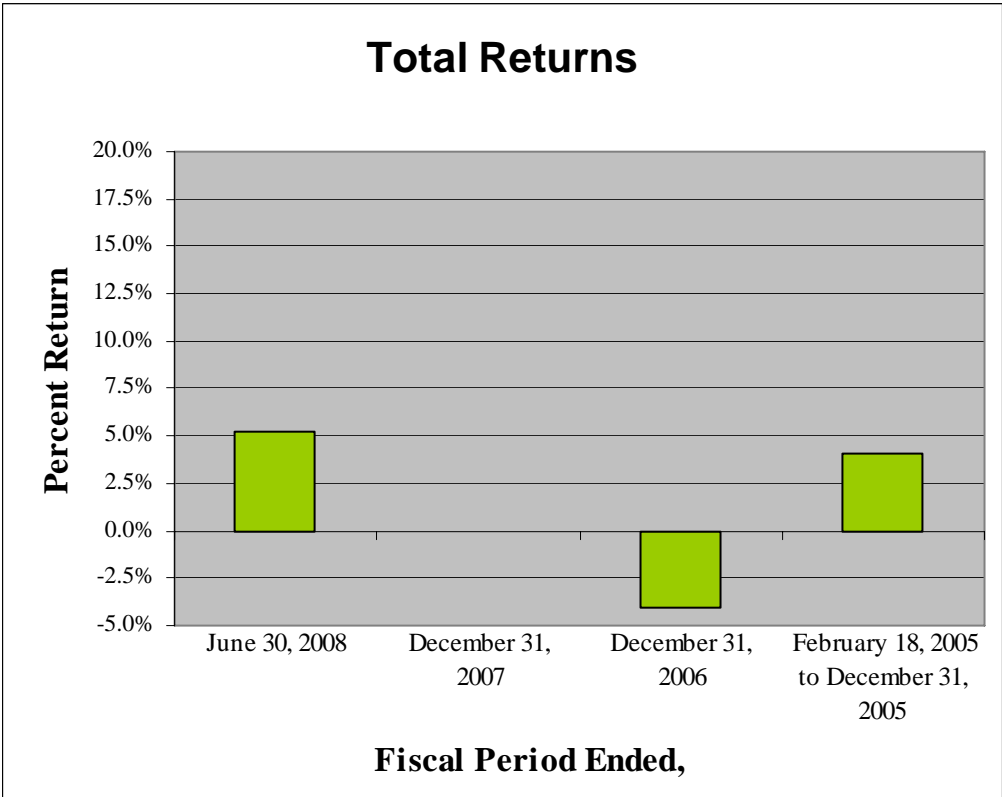
<i>Category</i>	<i>Amount Paid</i>	<i>Percent of Fees & Expenses</i>
Management fees	\$ 22,367	9.2 %
Service fees	15,401	6.3 %
Legal fees	23,807	9.8 %
Interest and bank charges	45,809	18.8 %
Administration expenses	22,484	9.2 %
Audit fees	20,034	8.2 %
Accounting fees	8,595	3.5 %
Directors' and IRC fees and expenses	14,733	6.0 %
Regulatory and listing expenses	36,992	15.2 %
Custody, valuation and transfer fees	29,718	12.2 %
Unitholder servicing expenses	3,850	1.6 %

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PAST PERFORMANCE

Year-by-Year Returns

The following bar chart shows the Fund's performance for its past three and a half fiscal 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).



ANNUAL COMPOUND RETURNS

The Fund's benchmark is the S&P/TSX Capped Income Trust Index. It is a broad-based composite index which may encompass any or all Global Industry Classifications Standard sectors of the income trust marketplace. Income trusts that qualify for inclusion derive the distribution income from actual operating entities. Relative weights of individual constituent income trusts are capped at 25%. The number of constituents is not fixed.

	<i>1-Year</i>	<i>Since Inception</i>
MACCs Sustainable Yield Trust	-7.5%	1.5%
S&P/TSX Capped Income Trust Index	9.7%	4.8%

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SUMMARY OF INVESTMENT PORTFOLIO

The following is a summary of the top 25 holdings in the investment portfolio held by the Fund as at June 30, 2008. For more information, please consult the financial statements.

TOP 25 HOLDINGS	SECTOR	% OF NET ASSETS
Bonavista Energy Trust	O	5.3 %
Fording Canadian Coal Trust	B	5.0 %
Macquarie Power & Infrastructure Income Fund	P	4.9 %
Northland Power Income Fund	P	4.8 %
Penn West Energy Trust	O	4.8 %
EPCOR Power LP	P	4.7 %
AltaGas Income Trust	P	4.6 %
Great Lakes Hydro Income Fund	P	4.5 %
Keyera Facilities Income Fund	P	4.3 %
Pembina Pipeline Income Fund	P	4.3 %
Canada Treasury Bills	Short Term	4.1 %
Fort Chicago Energy Partners LP	P	4.0 %
Algonquin Power Income Fund	P	3.9 %
H&R Real Estate Investment Trust	R	3.8 %
Enerplus Resources Fund	O	3.7 %
Bell Aliant Regional Communications Income Fund	B	3.7 %
Consumers' Waterheater Income Fund	B	3.4 %
GAZ Metro LP	P	3.4 %
TimberWest Forest Corp.	B	3.2 %
Atlantic Power Corp.	P	3.1 %
CML Healthcare Income Fund	B	3.1 %
Harvest Energy Trust	O	3.1 %
Yellow Pages Income Fund	B	3.0 %
Superior Plus Income Fund	B	2.9 %
Teranet Income Fund	B	2.7 %

P = Power and Pipeline Funds
 B = Business Funds
 R = Real Estate Investment Trusts
 O = Oil and Gas Funds

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SUMMARY OF INVESTMENT PORTFOLIO

(continued)

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

