



Management's Report on Fund Performance of

CROWN HILL DIVIDEND FUND

For the six months ended June 30, 2008

Management's Report of Fund Performance

FOR THE SIX MONTHS 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 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 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 investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

CORPORATE STRUCTURE

Effective June 24, 2005 Profit Booking Blue Chip Trust changed its name to Crown Hill Dividend Fund (the "Fund"). The Fund is an investment trust established under the laws of the Province of Ontario on May 19, 2004 (date of inception). On May 31, 2004, the Fund completed an initial public offering (the "Offering") of 2,500,000 Units (the "Units") at \$10 per Unit (the "Offering Price"). Subsequently an option granted to the agents was exercised for 193,473 Units at \$10 per Unit. The Fund's Units are listed on The Toronto Stock Exchange. The Fund will terminate operations on December 31, 2011 (the "Termination Date") and the net assets will be distributed pro rata to unitholders (the "Unitholders"). The manager of the Fund is Crown Hill Capital Corporation (the "Manager").

As at June 30, 2008, there are 768,076 Units outstanding.

INVESTMENT OBJECTIVES AND STRATEGY OF THE FUND

The Fund's objectives are: (i) to provide Unitholders with a stable stream of monthly distributions targeted at \$0.06 per Unit (\$0.72 per annum or 7.2% of the Offering Price); and (ii) to preserve and potentially enhance the net asset value of the Fund in order to return at least the Offering Price to Unitholders upon the Termination date.

In order to meet its investment objectives, the Fund adopted the following strategies:

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	<p>1) Investment Strategy: The Fund invested the net proceeds of the Offering in a highly diversified equally weighted portfolio of equity securities (the Blue Chip Portfolio) which was comprised of the securities of 40 different issuers. Each issuer whose securities were included in the Blue Chip Portfolio had a market capitalization of at least \$1 billion at the time of investment and met the other investment criteria of the Fund. To generate additional returns, the Fund may, from time to time, write covered call options in respect of individual securities held in the Blue Chip Portfolio.</p> <p>2) Profit Booking: If and when the value of any security held in the Blue Chip Portfolio exceeds the original acquisition value by at least 10% the Fund will lock in that 10% or greater gain by using its Profit Booking strategy. The net proceeds of any disposition of securities (after providing for distributions to Unitholders) will be invested in a portfolio of High Quality Fixed Income Securities (the Profit Booking Portfolio) maturing on or about the Termination Date of the Fund.</p>
<p>RISK</p>	<p>There are risks associated with an investment in Units that should be considered, including:</p> <ul style="list-style-type: none"> (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) because the Profit Booking strategy locks in returns, the Trust may forego potential returns under certain market conditions; (iii) 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; (iv) there can be no assurance that the Units will trade at a price equal to Net Asset Value per Unit; (v) that the market price of the Units and the Net Asset Value per Unit will be affected by interest rate fluctuations; (vi) there will be fluctuations in Net Asset Value per Unit and funds available for Distributions; (vii) counterparty risks associated with securities lending;

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	<ul style="list-style-type: none"> (viii) reliance on the Manager, the Investment Advisor and key personnel; (ix) possible changes in tax or other legislation; (x) the potential liability of Unitholders; (xi) potential conflicts of interest; (xii) potential taxation of the Fund; (xiii) the possible loss incurred on an investment; (xiv) the status of the Fund for securities law purposes; (xv) foreign currency exposure; (xvi) foreign market exposure; (xvii) the possibility of the Fund being unable to dispose of illiquid securities; (xviii) possible suspension of redemptions; and (xix) liquidity and counterparty risks associated with the writing of covered call options. (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.
<p>RESULTS OF OPERATIONS</p>	<p>The Fund's current fiscal period began on January 1, 2008. Total expenses, inclusive of administration and investment management fees, general & administrative costs and interest expense, for the six month period ended June 30, 2008 were \$147,043. The total decrease from operations for the Fund was \$495,530 (or \$0.54 per Unit); \$326,474 was distributed to Unitholders.</p> <p>The Fund's net asset value per Unit decreased from \$9.32 as of December 31, 2007, the end of the previous fiscal year, to \$8.35 as at June 30, 2008. The Fund's net asset value decreased from \$8,711,169 as at December 31, 2007, to \$6,413,470 as at June 30, 2008. This difference is largely due to redemptions of 166,557 Units for a reduction in net asset value of \$1,475,695, on the redemption date, May 31, 2008.</p> <p>The decrease in the unrealized appreciation of the Fund was caused by the realization of these gains, as a result of selling the securities to fund the redemptions.</p> <p>The MER has continued to rise, primarily due to the reduction in the Fund's size from annual redemptions. With fixed costs and fewer units outstanding, the cost per unit increases.</p>

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RECENT DEVELOPMENTS

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).

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.

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.

The Fund has not performed well recently when compared with the TSX. The main reason for this is that the Fund has a 10% exposure to the oil and gas sector while the TSX has seen its exposure to this sector increase to over 40%. Also, the Fund has a bias towards value stocks (higher dividends) while growth stocks (lower dividends) have been the top performers of late.

For the past few years the Fund has experienced substantial annual redemptions, with its number of units outstanding having fallen from 2,693,473 in June 2004 to 768,076 in June 2008. These redemptions have had a tendency to be negatively correlated with the Fund's performance in that when the Fund performs well redemptions increase and when it performs poorly they decrease. These redemptions have had several negative effects on the Fund. They have been disruptive towards the investment strategy and they have caused an increase in expenses on a per unit basis. While the Manager has reduced fixed expenses through various cost cutting measures, these can only go so far. In order to address this issue, the Manager has called for a Unitholder meeting in August.

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<p>RECENT DEVELOPMENTS (continued)</p>	<p>Change in accounting policy</p> <p>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 charged to the results of operations (rather than purchase costs being added to the cost of securities purchased and sales costs being deducted from sales proceeds).</p> <p>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 \$15,006 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.</p> <p>For the purpose of calculating and reporting of NAV (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 June 30, 2008 and the December 31, 2007, net assets and net asset value per unit calculated using both the last traded price ("Transactional") and the closing bid price ("GAAP").</p>
<p>RELATED PARTY TRANSACTIONS</p>	<p>The Manager is entitled to an annual fee of 0.60% of the NAV of the Fund, calculated and payable, monthly. This amount totaled \$26,160 for the six month period ended June 30, 2008 (of which \$4,607 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. Included in these expenses are things such as Administrative costs and Unitholder Servicing costs. Administrative costs for the six month period totaled \$25,021. 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 monthly general overhead cost to First Paladin Inc. The general overhead cost for the six month period was \$24,885.</p>

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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 one-half years. The information for the years ended December 31, 2006 and 2007 is derived from the Fund's audited financial statements and the information for the six months ended June 30, 2008 is derived from the Fund's interim 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	\$ 9.32	\$ 10.17	\$ 9.83
Initial adoption of new accounting policy ⁽³⁾	-	(0.01)	-
<u>Increase (decrease) from operations:</u>			
Total revenue	0.14	0.25	0.25
Total expenses	(0.16)	(0.32)	(0.28)
Realized gains for the period	0.61	1.26	0.99
Unrealized gains (losses) for the period	(1.13)	(1.04)	(0.16)
Transaction costs ⁽³⁾	-	(0.01)	-
Total increase (decrease) from operations ⁽¹⁾	(0.54)	0.14	0.80
<u>Distributions:</u>			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	0.36	0.72	0.72
Total distributions ⁽²⁾	0.36	0.72	0.72
GAAP NAV per Unit ⁽³⁾, end of period	\$ 8.35	\$ 9.32	\$ 10.17

- 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.
- 3) See Change in Accounting Policy under Recent Developments.

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RATIOS AND
SUPPLEMENTAL
DATA

	Six months ended June 30, 2008 ⁽¹⁾	Year ended Dec 31, 2007	Year ended Dec 31, 2006
Transactional Net Asset Value ⁽⁵⁾	\$ 6,430,858	\$ 8,721,245	\$ 15,910,584
Number of Units outstanding	768,076	934,633	1,564,951
Management expense ratio ⁽²⁾	3.62 %	3.18 %	2.93 %
Management expense ratio before waivers or absorptions	3.62 %	3.18 %	2.93 %
Portfolio turnover rate ⁽³⁾	- %	0.08 %	7.81 %
Trading expense ratio ⁽⁴⁾	0.02 %	0.07 %	0.06 %
Transactional Net Asset Value per unit ⁽⁵⁾	\$ 8.37	\$ 9.33	\$ 10.17
Closing market price	\$ 7.66	\$ 8.90	\$ 9.85

- 1) This information is provided as at June 30, 2008 and as at 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 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) See Change in Accounting Policy under Recent Developments.

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MANAGEMENT FEES

The main costs in the Fund are management fees, administrative expenses and the service fees that are paid to brokers and investment advisors.

The total fees and expenses for the period were \$147,043, with the following breakdown:

<i>Category</i>	<i>Amount Paid</i>	<i>Percent of Fees & Expenses</i>
Management fees	\$ 26,160	17.8 %
Service fees	16,653	11.3 %
Directors fees and expenses	13,414	9.1 %
Insurance expense	4,500	3.1%
Administrative expenses	25,021	17.1 %
Custody, valuation and transfer fees	23,828	16.2 %
Accounting fees	6,848	4.6 %
Audit fees	13,100	8.9 %
Regulatory and listing expenses	16,764	11.4 %
Unitholder servicing expenses	755	0.5 %

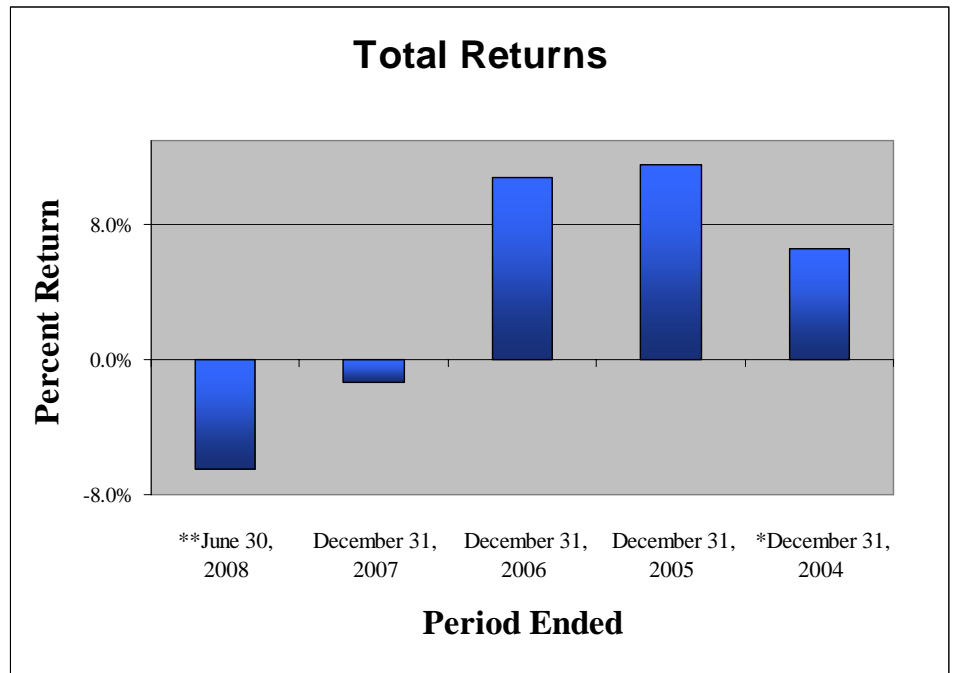
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PAST PERFORMANCE

Year-by-Year Returns

The following bar chart shows the Fund's 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).



*Seven months
 **Six months

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**ANNUAL
COMPOUND
RETURNS**

It is difficult to construct a benchmark for the Fund. The purpose behind the Profit Booking strategy is to take profits in a bull market and invest those profits in low risk bonds. This strategy results in a low volatility portfolio that underperforms in a bull market and outperforms in a bear market.

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

The main difference in performance is due to the lower exposure in the Fund to the Oil & Gas sector than exists in the TSX 60.

	<i>1-Year</i>	<i>3-Year</i>	<i>Since Inception</i>
Crown Hill Dividend Fund	-9.3 %	3.8 %	5.1 %
Index (TSX 60)	7.5 %	16.0 %	16.3 %
Index (DIIA)	-15.5 %	3.3 %	2.5 %
Index (20% DJIA, 80% TSX 60)	2.9 %	13.5 %	13.5 %

**SUMMARY OF
INVESTMENT
PORTFOLIO**

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

CANADIAN EQUITIES	NUMBER OF SHARES	AVERAGE COST	MARKET VALUE	% OF NET ASSETS	INDUSTRY
Bank of Montreal	3,474	\$ 182,001	\$ 146,082	2.3	Financial
Bank of Nova Scotia	3,600	122,777	168,012	2.6	Financial
BCE Inc.	4,847	129,665	172,311	2.7	Telecom
Bell Aliant Regional Communications Income Fund	5,781	190,786	168,053	2.6	Telecom
CIBC	2,315	153,760	129,455	2.0	Financial
Canadian Oil Sands Trust	3,400	35,556	185,946	2.9	Energy
Canadian Tire Corp	2,800	130,592	148,064	2.3	Cons Cyc*
Canadian Utilities Ltd.	3,700	99,971	162,245	2.5	Utility
Cascades Inc.	20,300	278,892	135,401	2.1	Materials
Emera Inc.	7,550	128,763	174,178	2.7	Utility
Enbridge Inc.	3,900	95,641	171,717	2.7	Utility
EnCana Corp.	1,886	52,851	174,926	2.7	Energy
Finning International Inc.	5,800	93,402	147,842	2.3	Industrial
Great-West Lifeco Inc.	5,400	132,462	157,356	2.5	Financial
IGM Financial, Inc.	3,800	127,569	160,436	2.5	Financial

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SUMMARY OF
INVESTMENT
PORTFOLIO

(continued)

CANADIAN EQUITIES	NUMBER OF SHARES	AVERAGE COST	MARKET VALUE	% OF NET ASSETS	INDUSTRY
Imperial Oil Ltd.	2,960	\$ 60,264	\$ 165,198	2.6	Energy
Loblaw Companies Ltd.	4,800	299,542	145,968	2.3	Cons Non-Cyc*
Manitoba Telecom Services	4,006	187,566	160,240	2.5	Telecom
Manulife Financial Corp.	4,510	118,858	159,699	2.5	Financial
MDS Inc.	9,100	196,534	150,605	2.3	Health Care
Molson Coors Canada Inc	2,908	132,896	160,609	2.5	Cons Non-Cyc*
National Bank of Canada	3,200	140,270	161,472	2.5	Financial
Petro-Canada	2,900	81,927	164,575	2.6	Energy
RioCan REIT	8,050	106,508	159,390	2.5	Financial
Royal Bank of Canada	3,470	102,860	157,815	2.5	Financial
Saputo Inc.	6,500	106,962	188,370	2.9	Cons Non-Cyc*
Sun Life Financial Inc.	3,700	135,729	154,475	2.4	Financial
The Thomson Corporation	4,700	210,033	153,972	2.4	Cons Cyc**
TD Bank	2,443	109,048	155,350	2.4	Financial
Westshore Terminals Income Fund	9,500	118,737	187,815	2.9	Materials
TOTAL CANADIAN EQUITIES		4,065,422	4,827,579	75.2	
U.S. EQUITIES					
3M Co.	2,200	259,405	155,147	2.4	Industrial
General Electric Company	5,610	238,298	151,283	2.4	Industrial
Hewlett-Packard Company	3,700	107,429	165,619	2.6	Technology
Intel Corporation	7,200	281,399	156,906	2.5	Technology
IBM	1,300	156,786	156,041	2.4	Technology
Johnson & Johnson	2,600	197,248	169,560	2.6	Health Care
Microsoft Corporation	6,000	215,111	167,583	2.6	Technology
Pfizer Inc.	7,900	378,659	139,861	2.2	Health Care
The Home Depot, Inc.	5,600	271,099	132,719	2.1	Cons Cyc**
TOTAL U.S. EQUITIES		2,105,764	1,394,719	21.8	
TRANSACTION COSTS		(10,100)			
TOTAL INVESTMENTS		\$ 6,161,006	6,222,298	97.0	
OTHER ASSETS LESS LIABILITIES			191,172	3.0	
TOTAL NET ASSETS			\$ 6,413,470	100.0	

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

*Cons Cyc = Consumer Cyclical

**Cons Non-Cyc = Consumer Non-Cyclical

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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.

