Crown Hill Capital Corporation

CITADEL GROUP OF FUNDS™
Setting the standard in structured products.

ENERGY INCOME FUND

(FORMERLY SUSTAINABLE PRODUCTION ENERGY TRUST)

ANNUAL REPORT 2010

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ENERGY INCOME FUND

The units (the "Units") of Energy Income Fund (the "Fund" or "Energy" and formerly Sustainable Production Energy Trust) are listed on The Toronto Stock Exchange under the symbol ENI.UN. Crown Hill Capital Corporation ("Crown Hill") is the trustee (the "Trustee") and manager (the "Manager") of the Fund.

INVESTMENT HIGHLIGHTS:		2010		2009		2008		2007		2006
Net assets per Unit [1]	**$**	**6.80**	$	5.85	$	4.06	$	5.12	$	6.43
Market price per Unit [1]	**$**	**5.66**	$	5.38	$	3.65	$	4.80	$	6.00
Trading premium (discount)		**(16.8)%**		(8.5)%		(10.0)%		(6.3)%		(6.7)%
Cash distributions per Unit	**$**	**0.36**	$	0.45	$	0.90	$	0.90	$	0.90
Trailing yield [2]		**6.4%**		8.4%		24.7%		18.8%		15.0%
Market capitalization ($ millions)	**$**	**39.82**	$	24.30	$	19.40	$	34.80	$	49.40
Net assets ($ millions)	**$**	**47.86**	$	26.43	$	21.60	$	37.10	$	53.00

(1) Net assets and market price per Unit are based on year end values.

(2) Trailing yield is based on the respective 12 months cash distributions declared expressed as a percentage of market price.

MANAGEMENT'S REPORT OF FUND PERFORMANCE

(March 31, 2011)

This report for the year ended December 31, 2010 includes both the management's report of fund performance, containing financial highlights, and the audited financial statements of Energy Income Fund.

Holders of Units (the "Unitholders") may contact us by calling toll-free 1-877-261-9674, 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.

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.

INVESTMENT OBJECTIVES AND STRATEGIES

Energy's investment objectives are to (i) provide Unitholders with monthly cash distributions; and (ii) achieve a total return on the Portfolio that is greater than the total return provided by the Benchmark Index, as selected by the Manager from time to time. The initial Benchmark Index is the S&P/TSX Capped Energy Trust Index.

RISK

There are a number of risks associated with an investment in Energy Income Fund. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result reduce distributions to its Unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks.

INCOME TRUST TAX

Bill C-52, an Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, was given Royal Assent on June 22, 2007 thereby passing into law the Government's imposition of a tax on income trusts starting in 2011. Since the announcement of the income trust tax in October 2006, takeover activity in the trust sector has been significant. The tax on income trusts does not directly affect Energy Income Fund. However, the tax does affect some of the holdings within its portfolio.

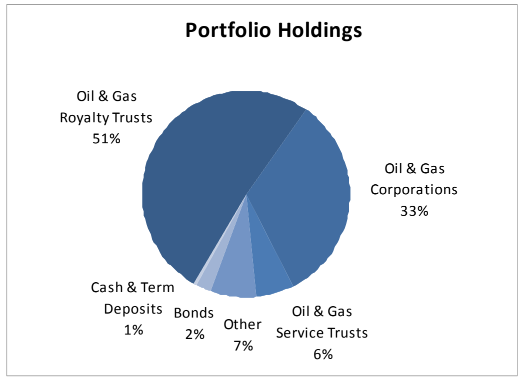
RESULTS OF OPERATIONS

While the global economic recovery is ongoing, it is anemic in the developed world. Unlike past recoveries, the United States is not leading the way out, rather the recovery is being driven by growth in Asia and Latin America.

With regards to the energy market, China is particularly relevant because of its voracious appetite for oil. The growth in automobile ownership continues unabated and there is no indication that China's energy demands will slow anytime soon. On the supply side, Mexico's giant Cantarell oil field in the Bay of Campeche continues to experience significant declines in production. From a peak of 2.3 million barrels per day ("bpd") in 2004, the field is now producing just 500,000 bpd. Mexico is a mature oil producer in secular decline and may be a net importer by 2015. The unfortunate BP oil spill in the Gulf of Mexico has highlighted the inherent risks in deep offshore drilling. The industry is pushing technology to the limits in pursuing these offshore exploration plays. Going forward, offshore drilling will be more costly with longer regulatory delays in virtually every jurisdiction.

Increasing demand from Asia coupled with evolving supply challenges suggest that the price of oil is headed higher in the future. The Fund's portfolio is focused on holding the highest quality companies that have reasonable payout ratios.

On January 4, 2010, Unitholders exercised their redemption privilege and redeemed 1,469,614 Units at a redemption price of $5.88 per Unit for a total cost of $8.6 million. The Fund (formerly known as Sustainable Production Energy Trust) merged on October 4, 2010 with Energy Plus Income Trust ("Energy Plus") and CGF Resource 2008 Flow Through LP ("CGF LP") by acquiring their investment portfolios and other assets. As a result of the merger and special redemption right, the Fund's net asset value increased to $41.34 million on October 4, 2010. Energy's net assets increased to $47.9 million at December 31, 2010 from $26.4 million at December 31, 2009. On a per Unit basis, the Fund's net assets increased to $6.80 per Unit at December 31, 2010 from $5.85 per Unit at December 31, 2009.



The Fund's market price increased over the year to $5.66 per Unit at December 31, 2010 from $5.38 per Unit at December 31, 2009. Energy's market price increase, along with its monthly cash distributions resulted in an 11.9% total return over the year. Energy's net asset value increase, along with its monthly cash distributions, resulted in a 22.4% total return on a net assets basis over the year.

Total revenue for 2010 was $1.54 million compared to $1.75 million in 2009. This decline in revenue was a result of the diminished asset base for a large part of the year prior to the October 4, 2010 merger. Total expenses for 2010 were $1.10 million compared to $0.65 million in 2009. The increase in expenses was primarily due to merger related expenses. Management fees, which are calculated in reference to the Fund's net asset value, increased to $0.18 million for 2010 compared to $0.16 million in 2009. Investment management fees, which are calculated in reference to the Fund's net asset value, increased to $0.10 million for 2010 compared to $0.09 million in 2009. Administrative fees stayed at $0.08 million for 2010 compared to $0.08 million in 2009. Trailer fees (terminated in October), which are also calculated in reference to the Fund's net asset value, were $0.04 million for 2010 compared to $0.09 million in 2009. The Fund did not utilize leverage throughout the year, and as such, the Fund did not incur any loan interest in 2010 compared to $1,089 in 2009. The credit facility was fully repaid and cancelled in July 2009.

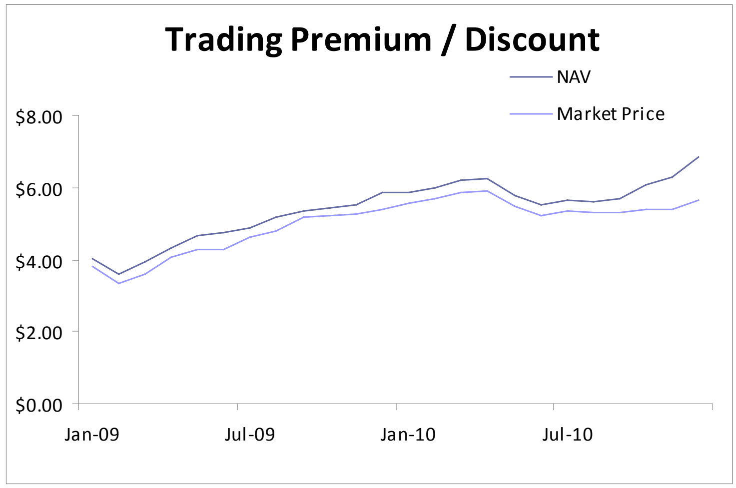
After total expenses of $1.10 million in 2010, the Fund generated net investment income of $0.45 million or $0.11 per Unit compared to $1.0 million or $0.21 per Unit in 2009.

The Fund realized gains of $1.63 million on the sale of investments in 2010 and recorded $6.23 million in unrealized gains. In 2009, the Fund realized losses of $2.5 million and recorded unrealized gains of $11.7 million. For 2010, the Fund's comprehensive gains from operations were $8.16 million (including the impact of $0.15 million in transaction costs) or a gain of $2.03 per Unit, compared to comprehensive gains from operations of $10.2 million or $2.20 per Unit in 2009.

During 2010, Energy paid total cash distributions of $0.36 per Unit based on monthly distributions of $0.03 per Unit. In the prior year, the Fund paid total cash distributions of $0.45 per Unit based on monthly distributions of $0.075 per Unit in January and February and $0.03 per Unit for the remainder of the year.

TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

For 2010, Energy's Unit price traded at an average discount to its net asset value of 7.7% compared to an average discount of 7.1% for the prior year. With this discount, the Fund repurchased 80,900 Units for cancellation under its mandatory repurchase program at an average cost of $5.65 per Unit (2009 – 232,000 Units at an average cost of $4.45 per Unit). Under its mandatory repurchase program, the Fund was obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%, subject to 1.25% per quarter of the Units outstanding. As of October 4, 2010 the mandatory repurchase program was cancelled and replaced with a normal course issuer bid ("NCIB") program. Since then, the Fund repurchased 45,300 Units for cancellation under its NCIB program at an average cost of $5.45 per Unit.



RECENT DEVELOPMENTS

Energy Income Fund is the new name of the combined fund resulting from the merger on October 4, 2010 of Sustainable Production Energy Trust, Energy Plus and CGF LP. The merger involved the Fund acquiring the investment portfolios and other assets of Energy Plus and CGF LP. Since the merger was an acquisition, it was done on a taxable basis. The Energy Plus unitholders received 1.2818 units of the Fund for each unit of Energy Plus held, while the CGF LP unitholders received 3.0177 units of the Fund for each unit of CGF LP held.

As part of the October 4, 2010 merger the Fund's declaration of trust was altered. One alteration involved adjusting the investment restrictions. In the nine month period prior to the merger, the Fund's total return on net assets was 4.6% vs. 18.6% for the benchmark, and for the three month period after the merger the Fund's total return on the net assets was 17.8% vs. 23.7% for the benchmark.

On June 3, 2009 Citadel Fund Administration LP acquired the administrative contract of the Fund. On August 27, 2009 Valiant Trust Company replaced Computershare Trust Company as the trustee of the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. On December 18, 2009, Crown Hill acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. On October 4, 2010, Crown Hill became the Manager and Trustee of Energy and the jurisdiction of the Fund was transferred to Ontario from Alberta.

Harmonized Sales Tax Introduction

On July 1, 2011, Harmonized Sales Tax ("HST") was introduced in the province of Ontario. The Fund is subject to the HST in Ontario, increasing its operating costs. The Fund pays an adjusted HST based on the distribution of unitholders and the value of their holdings in the different tax jurisdictions. The Fund will recover $13,564 of HST paid in 2010, receivable as of the end of 2010.

Future accounting changes

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian generally accepted accounting principles will be replaced by International Financial Reporting Standards ("IFRS") for Canadian enterprises with public accountability. These new standards are effective for the Fund beginning January 1, 2013. The Fund is currently assessing the impact of IFRS on its financial reporting. The Fund expects to adopt IFRS effective January 1, 2013.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that will derive therefrom. The forward looking statements contained in this annual report are expressly qualified by this cautionary statement. Except as may be required by applicable securities law, we undertake no obligation to publicly update or revise any forward looking statements.

RELATED PARTY TRANSACTIONS

Prior to June 4, 2009, Sustainable PE Management LP ("SPEM") was the administrator of the Fund and therefore a related party to the Fund. CIFSG Funds Inc., an affiliate of Sustainable PE Management Inc. and therefore also a related party to the Fund, provided administrative services to the Fund. On June 3, 2009, Citadel Fund Administration LP became the administrator of the Citadel Group of Funds and therefore, a related party to the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. ("2223785"). On December 18, 2009, Crown Hill acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. On October 4, 2010, the Fund's declaration of trust was amended and Crown Hill was appointed Manager and Trustee of the Fund.

Pursuant to the administrative services agreement, total annual administrative and investment manager fees were based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable monthly in arrears based on the average daily closing price. With the change to the declaration of trust on October 4, 2010, management and investment management fees were separated, such that total management fees payable by the Fund to the Manager for its services as manager of the Fund are 0.70% per annum of the average net asset value of the Fund plus applicable taxes, while investment manager fees are 1/12 of 0.40% of the average of the net asset value of the Fund for the appicable month. The administrator and manager are also reimbursed for all general and administrative expenses that relate to the operation of the Fund. First Paladin Inc., a company related to the manager and administrator of the Fund received $65,400 in 2010 ($16,940 - 2009) to cover related administrative salaries, employee benefits, general overhead and office supplies. trust.

On June 3, 2009, CIFSG Funds Inc. made severance payments of $2.2 million to its employees. As well, payments of $0.54 million were made to terminate the office lease held by CIFSG Funds Inc. and guaranteed by one of the Citadel Group of Funds. These costs were allocated to the Citadel Group of Funds. Severance and other costs included severance payments of $44,534 made on June 3, 2009 to the departing employees of an affiliate of SPEM, as well as $8,862 to terminate the office lease for the period ended June 30, 2009. On October 1, 2010, the Fund made severance and other costs payments of $0.11 million to 2223785.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements for each year since inception to December 31, 2010.

Net Assets per Unit ("NAPU")

	2010	2009	2008	2007	2006
NAPU – beginning of year	$ **5.85**	$ 4.06	$ 5.12	$ 6.43	$ 9.64
Increase (decrease) from operations:					
Total revenue	**0.38**	0.38	0.62	0.68	0.87
Total expenses	**(0.31)**	(0.17)	(0.16)	(0.18)	(0.21)
Realized gains (losses)	**0.41**	(0.54)	(1.49)	(1.15)	0.80
Unrealized gains (losses)	**1.55**	2.53	0.87	0.27	(2.18)
Total increase (decrease) from operations	$ **2.03**	$ 2.20	$ (0.16)	$ (0.38)	$ (2.32)
Distributions:					
From net investment income	**0.06**	0.20	0.52	0.57	0.76
Return of capital	**0.30**	0.25	0.38	0.33	0.14
Total cash distributions	**0.36**	0.45	0.90	0.90	0.90
NAPU – end of year	$ **6.80**	$ 5.85	$ 4.06	$ 5.12	$ 6.43

Net assets per Unit ("NAPU") and cash distributions per Unit are based on the actual number of Units outstanding at the time. The December 31, 2010, 2009 and 2008 NAPU are based on bid prices and all prior NAPU are based on closing prices. The increase (decrease) from operations is based on the weighted average number of Units outstanding over the financial year. This schedule is not a reconciliation of NAPU since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets and accordingly columns may not add.

Ratios and Supplemental Data

	2010	2009	2008	2007	2006
Net assets ($ 000's)	$ **47,856**	$ 26,413	$ 21,593	$ 37,117	$ 52,951
Number of Units outstanding	**7,035,664**	4,517,137	5,321,841	7,251,978	8,240,155
Management expense ratio	**4.51%**	2.95%	2.51%	2.69%	2.52%
Portfolio turnover ratio	**111.38%**	108.51%	53.34%	31.92%	86.89%
Trading expense ratio	**0.61%**	0.55%	0.40%	0.38%	0.50%
Closing market price	$ **5.66**	$ 5.38	$ 3.65	$ 4.80	$ 6.00

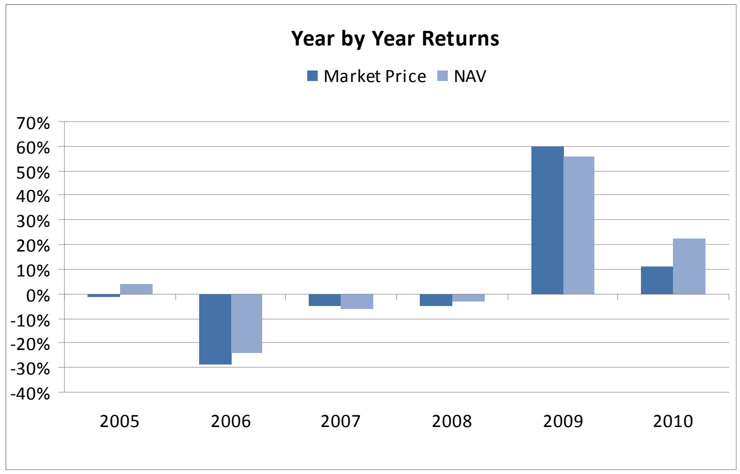
Management expense ratio is based on total expenses (excluding portfolio transaction costs) for the year and is expressed as an annualized percentage of weekly average net assets during the year.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value. The portfolio turnover rate indicates how actively the Fund's investment manager manages the portfolio investments. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the year.

MANAGEMENT FEES

Pursuant to the declaration of trust (amended and restated October 4, 2010), total annual administrative fees payable by the Fund to the Manager for its services as manager of the Fund, is 0.70% per annum of the average net asset value of the Fund plus applicable taxes. Pursuant to the Investment Management Agreement, for the provision of the investment management services and facilities, the Fund shall pay to the Investment Manager a monthly investment management fee (the "Investment Manager Fee"), payable in cash monthly in arrears, in an amount equal to 1/12 of 0.40% of the average of the net asset value of the Fund for the applicable month. Galileo Equity Management Inc., as investment manager to the Fund, provides investment management services to the Fund in exchange for the Investment Manager Fee.



PAST PERFORMANCE

Energy's performance numbers represent the compound total returns over the year from inception in October 2005 to December 31, 2010 (except for returns of less than one year which are compound total returns). Total returns are based upon both the Fund's change in market price and net assets per Unit plus the reinvestment of all distributions in additional units of the Fund.

Returns do not take into account sales, redemptions or income taxes payable that would have reduced returns. Past performance of the Fund does not necessarily indicate how it will perform in the future.

ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for Energy based on market price and net asset value with comparison to the S&P/TSX Capped Energy Trust Index for the years indicated to December 31, 2010. The S&P/ TSX Capped Energy Trust Index is a market cap weighted total return index of income trusts which are classified in the energy sector of the Global Industry Classification Standards. In 2010, Energy's net assets return underperformed the index.

	1 Year	3 Year	5 Year	Since inception
Energy Income Fund (market price)	10.97%	15.10%	(1.23)%	(1.44)%
Energy Income Fund (net assets)	22.45%	18.64%	1.43%	2.13%
S&P/TSX Capped Energy Trust Index	49.36%	17.32%	N/A	11.00%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2010

Transactional Net Assets: $47,647,634

Portfolio by Sector	% of Transactional Net Assets
Oil & Gas Royalty Trusts	51.3%
Oil & Gas Corporations	32.9%
Oil & Gas Service Trusts	5.8%
Industrials	5.5%
Materials	1.7%
Bonds	2.1%
Other Assets, Net of Liabilities	0.7%
Total Transactional Net Assets	100.0 %

TOP HOLDINGS (as a % of Transactional Net Assets)

Bonterra Oil & Gas Ltd.	8.55%
Bonavista Energy Trust	7.82%
Baytex Energy Trust	7.79%
Freehold Royalty Trust	7.06%
Crescent Point Energy Corp.	6.92%
Phoenix Technology Income Fund	6.49%
Vermilion Energy Trust	6.47%
NAL Oil & Gas Trust	6.23%
Penn West Energy Trust	6.22%
Black Diamond Group	5.50%
Daylight Energy Trust	5.38%
ARC Energy Trust	4.25%

Badger Income Fund	3.96%
Renegade Petroleum	2.96%
Trinidad Drilling Ltd.	2.09%
Spartan Exploration	1.94%
Cathedral Energy Services	1.88%
East Asia Minerals Corp.	1.71%
Ceres Capital Corp.	1.68%
Secure Energy Services	1.58%
Canadian Energy Services	1.53%
Bankers Petroleum Ltd.	1.27%
Ravenwood Energy Corp.	0.02%

The summary of investment portfolio may change due to ongoing portfolio transactions. Quarterly updates are available at www.crownhill.ca.

ENERGY INCOME FUND

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2010 AND 2009

MANAGEMENT'S RESPONSIBILTY STATEMENT

The financial statements of Energy Income Fund (the "Fund") have been prepared by Crown Hill Capital Corporation ("Crown Hill") and approved by the Board of Directors of Crown Hill (the "Board"). Crown Hill is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

Crown Hill maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of the independent directors of the Board.

The Audit Committee on behalf of Crown Hill and its Board has appointed the external audit firm of Ernst & Young LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

Wayne L.Pushka
Chief Executive Officer
Crown Hill Capital Corporation

Robert Parent
Chief Financial Officer
Crown Hill Capital Corporation

INDEPENDENT AUDITORS' REPORT

To the Unitholders of **Energy Income Fund**

We have audited the accompanying financial statements which comprise the statements of portfolio investments and net assets of **Energy Income Fund** as at December 31, 2010 and 2009, and the statements of operations, changes in net assets and cash flows for 2010 then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is reponsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accpeted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from materail misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made my management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **Energy Income Fund** as at December 31, 2010 and 2009, and results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada

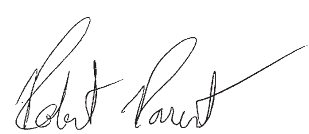
February 22, 2011

STATEMENTS OF NET ASSETS

As at December 31		2010		2009
Assets				
Investments, at fair value	$	**47,527,323**	$	20,915,100
Cash and cash equivalents		**497,779**		4,847,719
Receivable for investments sold		**151,218**		787,847
Revenue receivable		**181,805**		127,400
		48,358,125		26,678,066
Liabilities				
Accounts payable and accrued liabilities (Note 4)		**200,178**		114,421
Payable for investments purchased		**90,848**		14,615
Distributions payable		**211,070**		135,514
		502,096		264,550
Net Assets Representing Unitholders' Equity	$	**47,856,029**	$	26,413,516
Units Outstanding (Note 3)		**7,035,664**		4,517,137
Net Asset Value per Unit	$	**6.80**	$	5.85

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board,



Wayne L. Pushka
Chief Executive Officer

Robert Parent
Chief Financial Officer

STATEMENTS OF OPERATIONS

For the years ended December 31		2010		2009
Revenue				
Distribution income	$	**1,506,762**	$	1,615,754
Interest income		**37,594**		130,987
		1,544,356		1,746,741
Expenses				
Legal fees		**280,413**		26,392
Management fees (Note 4)		**182,409**		162,128
Unitholder servicing expenses		**121,141**		10,831
Severance and other costs (Note 4)		**112,676**		58,415
Investment Management fees		**104,234**		92,644
Administrative expenses		**81,342**		75,104
Custody, valuation and transfer fees		**52,934**		21,015
Audit and review fees		**47,863**		38,468
Trailer fees (Note 5)		**37,577**		89,830
Regulatory and listing expenses		**29,119**		11,375
Board and IRC fees		**28,035**		46,082
Trustee fees		**11,071**		12,760
Insurance expense		**6,861**		5,860
Interest expense (Note 8)		**-**		1,089
		1,095,675		651,991
Net investment income		**448,681**		1,094,750
Net Realized Gain (Loss) on Sale of Investments (Note 6)		**1,633,133**		(2,496,359)
Net Change in Unrealized Gain on Investments		**6,229,151**		11,726,105
Transaction costs (Note 9)		**(148,595)**		(121,502)
Total Results of Operations	$	**8,162,370**	$	10,202,994
Results of Operations per Unit (1)	$	**2.03**	$	2.20

(1) Based on the weighted average number of units outstanding.

See accompanying notes.

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31	2010	2009
Net Assets — Beginning of Year	$ **26,413,516**	$ 21,592,531
Operations:		
Net investment income	**300,086**	973,248
Net realized gain (loss) on sale of investments	**1,633,133**	(2,496,359)
Net change in unrealized gain on investments	**6,229,151**	11,726,105
	8,162,370	10,202,994
Capital Unit Transactions: (Note 3)		
Fair Value of Net Assets Contributed on Merger (Note 1)	**39,459,629**	-
Paid for Units redeemed - Special Redemption (Note 3)	**(15,407,409)**	-
Proceeds from distribution reinvestment plan	**17,018**	22,267
Repurchase of trust units	**(456,934)**	(1,046,549)
Units cancelled under the Normal Course Issuer Bid	**(247,015)**	-
Paid for Units redeemed - Annual Redemption	**(8,641,330)**	(2,270,151)
	14,723,959	(3,294,434)
Distributions to Unitholders: (Note 7)		
From net investment income	**(256,980)**	(1,157,827)
Return of capital	**(1,186,836)**	(929,748)
	(1,443,816)	(2,087,575)
Increase in Net Assets for the Year	**21,442,513**	4,820,986
Net Assets — End of Year	$ **47,856,029**	$ 26,413,516
Distributions per Unit	$ **0.36**	$ 0.45

See accompanying notes.

STATEMENTS OF CASH FLOWS

For the years ended December 31		**2010**		2009
Cash Flows from Operating Activities:				
Net investment income	$	**300,086**	$	973,248
Net change in non-cash working capital		**819,771**		(397,723)
Purchase of investments		**(45,628,415)**		(23,643,313)
Proceeds from sale of investments		**26,878,476**		29,911,455
		(17,630,082)		6,843,667
Cash Flows from Financing Activities (Note 3):				
Cash proceeds from Merger		**39,459,629**		-
Proceeds from distribution reinvestment plan		**17,018**		22,267
Cash distributions to unitholders		**(1,443,816)**		(2,351,198)
Cash used in the repurchase of trust units		**(456,934)**		(1,046,549)
Cash used in the purchase of units - Normal Course Issuer Bid		**(247,015)**		-
Cash used for the Special Redemption		**(15,407,409)**		-
Cash used for the Annual Redemption of trust units		**(8,641,330)**		(2,270,151)
		13,280,143		(5,645,632)
Net Decrease (Increase) in Cash and Equivalents	$	**(4,349,940)**	$	1,198,035
Cash and Equivalents, Beginning of Year		**4,847,719**		3,649,684
Cash and Equivalents, End of Year	$	**497,779**	$	4,847,719

Supplementary Information				
Interest paid	$	**-**	$	1,089

See accompanying notes.

STATEMENTS OF INVESTMENTS

	As at December 31, 2010				As at December 31, 2009			
	Number of Units held	**Cost**	**Fair Value**	**% of Net Assets**	Number of Units held	Cost	Fair Value	% of Net Assets
Oil & Gas Royalty Trusts								
ARC Energy Trust	**80,000**	**$ 1,721,518**	**$ 2,032,000**	**4.3**	80,000	$ 1,805,440	$ 1,595,200	6.0
Badger Income Fund	**100,000**	**1,649,284**	**1,895,000**	**3.9**				
Baytex Energy Trust	**80,000**	**2,499,811**	**3,728,800**	**7.8**	60,000	1,110,252	1,771,800	6.7
Bonavista Energy Trust	**130,000**	**3,289,307**	**3,744,000**	**7.8**	70,000	1,878,073	1,558,900	5.9
Cathedral Energy Services	**100,000**	**731,871**	**900,000**	**1.9**	-	-	-	-
Daylight Energy Ltd.	**250,000**	**2,626,657**	**2,575,000**	**5.4**	130,000	1,489,467	1,322,100	5.0
Freehold Royalty Trust	**165,000**	**2,847,829**	**3,380,850**	**7.1**	120,000	1,943,363	1,806,000	6.8
NAL Oil & Gas Trust	**230,559**	**3,009,572**	**2,983,433**	**6.2**	130,000	2,025,035	1,775,800	6.7
Penn West Energy Trust	**125,000**	**2,772,368**	**2,977,500**	**6.2**	-	-	-	-
Peyto Energy Trust	**-**	**-**	**-**	**-**	70,000	900,912	977,900	3.7
Phoenix Technology Income Fund	**235,000**	**2,326,500**	**3,106,700**	**6.5**	-	-	-	-
Vermilion Energy Trust	**67,000**	**2,437,535**	**3,094,060**	**6.4**	40,000	1,257,808	1,296,000	4.9
Zargon Energy Trust	**-**	**-**	**-**	**-**	60,000	1,758,324	1,147,200	4.3
		23,474,717	**27,323,283**	**57.1**		12,910,866	11,954,900	45.3
Oil & Gas Corporations								
Alange Energy Corp.	**-**	**-**	**-**	**-**	1,500,000	738,733	945,000	3.6
Bankers Petroleum Ltd.	**80,000**	**583,493**	**608,000**	**1.3**	50,000	254,527	310,500	1.2
Bonterra Oil & Gas Ltd.	**80,000**	**3,080,655**	**4,092,000**	**8.6**	50,000	1,212,274	1,733,000	6.6
Canadian Energy Services & Technology Corp.	**25,000**	**509,252**	**730,000**	**1.5**	-	-	-	-
Ceres Capital Corp.	**2,400,000**	**876,000**	**804,000**	**1.7**	-	-	-	-
Crescent Point Energy Corp.	**75,000**	**2,634,233**	**3,312,750**	**6.9**	50,000	988,685	1,972,500	7.5
Husky Energy Inc.	**-**	**-**	**-**	**-**	40,000	1,233,111	1,200,800	4.5
Pacific Rubiales Energy Corp. Wts - July 12, 2012	**-**	**-**	**-**	**-**	80,000	484,490	713,600	2.7
Ravenwood Energy Corp.[1]	**3,880**	**10,398**	**8,342**	**0.1**	-	-	-	-
Renegade Petroleum Ltd.	**350,000**	**1,166,935**	**1,417,500**	**3.0**	-	-	-	-
Secure Energy Services Inc.	**130,000**	**518,460**	**756,600**	**1.6**	-	-	-	-
Spartan Exploration Ltd.	**188,900**	**859,789**	**929,388**	**1.9**	-	-	-	-
		12,676,750	**15,752,640**	**32.9**		6,169,628	8,171,400	30.9

STATEMENTS OF INVESTMENTS *(Continued)*

Industrials								
Black Diamond Group	**122,500**	**2,237,977**	**2,631,300**	**5.5**	-	-	-	-
		2,237,977	**2,631,300**	**5.5**	-	-	-	-
Materials								
East Asia Minerals Corp.	**100,000**	**691,372**	**820,000**	**1.7**	-	-	-	-
		691,372	**820,000**	**1.7**	-	-	-	-
Total Equities		**39,080,816**	**46,527,223**	**97.2**		12,910,866	20,126,300	76.2
Bonds								
Trinidad Drilling Ltd., Convertible, Callable, 7.75%, July 31, 2012	**1,000,000**	**1,021,100**	**1,000,100**	**2.1**	-	-	-	-
Daylight Resources Trust - 10% - Con. Debenture - Dec 31, 2013	**-**	**-**	**-**	**-**	680,000	638,350	788,800	3.0
Total Bonds		**1,021,100**	**1,000,100**	**2.1**		638,350	788,800	3.0
Other Assets, Net of Liabilities			**328,706**	**0.7**			5,498,416	20.8
Total Net Assets			**$ 47,856,029**	**100.0**			$ 26,413,516	100.0

(1) Private company.

All of the oil & gas royalty trusts are trust units, while all of the oil & gas corporations are common shares unless otherwise noted.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010 and 2009

1. THE FUND

Establishment of the Fund

Energy Income Fund (the "Fund") is the new name of the combined fund resulting from the merger on October 4, 2010 of Sustainable Production Energy Trust ("Sustainable"), Energy Plus Income Trust ("Energy Plus") and CGF Resource 2008 Flow Through LP ("CGF LP"). The Fund acquired the investment portfolios and other assets of Energy Plus and CGF LP. Since the merger was an acquisition, it was done on a taxable basis. The Energy Plus unitholders received 1.2818 units of the Fund for each unit of Energy Plus held, while the CGF LP unitholders received 3.0177 units of the Fund for each unit of CGF LP held.

Predecessor Funds

Sustainable was an investment fund established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 29, 2005. Sustainable commenced operations upon completion of its initial public offering on October 17, 2005.

Energy Plus was an investment fund established under the laws of Alberta pursuant to a Declaration of Trust dated as of September 23, 2004. Energy Plus commenced operations upon completion of its initial public offering on November 16, 2004.

CGF LP was a limited partnership established under the laws of Alberta pursuant to a Partnership Agreement dated as of December 19, 2007. CGF LP commenced operations on October 21, 2008, when it completed its initial public offering.

On June 3, 2009 Citadel Fund Administration LP became the administrator of Sustainable, Energy Plus and CGF LP. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785 Ontario Inc. ("2223785"). On December 18, 2009, Crown Hill Capital Corporation ("Crown Hill") acquired Citadel Fund Administration LP and subsequently became the administrative agent of Sustainable, Energy Plus and CGF LP. On August 27, 2009, Valiant Trust Company, a wholly-owned subsidiary of Canadian Western Bank, replaced Computershare Trust Company of Canada as trustee for Sustainable and Energy Plus.

On October 4, 2010, Energy Plus and CGF LP were merged into Sustainable and the fund was renamed Energy Income Fund. The Declaration of Trust was amended, establishing the Fund under the laws of Ontario and appointing Crown Hill as Manager and Trustee.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and equivalents

Cash consists of cash on hand and short-term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are valued at fair value. Securities which are actively traded are valued at bid price as published on the recognized stock exchange on which the investment is listed or principally traded. Investments not traded on the valuation date are valued at the average of the closing bid and ask prices. Average cost is used to compute realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

(c) Income taxes

The Fund qualified as a mutual fund trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its Unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to Unitholders, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) Application of CICA Handbook Section 3855

For purposes of preparing its financial statements, the Fund values its investments pursuant to Section 3855 of the Canadian Institute of Chartered Accountants ("CICA") Handbook as outlined above in Note 2(b); the resulting net assets balance is referred to as "Net Assets". For all other purposes, including the processing of unitholder transactions, the value of its investments that trade in an active market continues to be determined using the last traded price; the resulting net assets balance is referred to as "Transactional Net Assets". On each valuation date, the Net Asset Value per Unit is computed by dividing the net assets of the Fund by the total number of its Units outstanding.

As at December 31, 2010		Net assets		Net assets per Unit
Transactional Net Assets	$	47,976,340	$	6.82
Difference as a result of Section 3855		(120,311)		(0.02)
Net Assets	$	47,856,029	$	6.80

As at December 31, 2009		Net assets		Net assets per Unit
Transactional Net Assets	$	26,488,205	$	5.86
Difference as a result of Section 3855		(74,689)		(0.01)
Net Assets	$	26,413,516	$	5.85

f) Securities lending

The Funds may lend portfolio securities in order to earn additional revenue. The minimum allowable collateral is 102% of the current value of the loaned securities as per the requirements of National Instrument 81-102.

The market value of the loaned securities is determined on the close of any valuation date, and any additional required collateral is delivered to the Funds on the next business day. The securities on loan continue to be included on the Statement of Investment Portfolio, and are included in the total value on the Statements of Net Assets in Investments at current value.

As of December 31st, 2010, the Fund had an aggregate value of securities on loan of $14,821,150 and corresponding aggregate value of collateral for loan of $15,576,654.

(g) Future accounting changes

In February 2008, the Canadian 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 January 1, 2012. The Fund is currently assessing the impact of IFRS on its financial reporting.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

	December 31, 2010		December 31, 2009	
Issued and outstanding	**Number**	**Amount**	Number	Amount
Trust units – beginning of year	**4,517,137**	**$ 59,008,957**	5,321,841	$ 62,303,390
Issued under DRIP	**3,107**	**17,018**	6,416	22,267
Issued under Merger (Note 1)	**6,744,790**	**39,459,629**	-	-
Units repurchased or cancelled	**(126,200)**	**(703,949)**	(232,000)	(1,046,549)
Units redeemed	**(4,103,170)**	**(24,048,739)**	(579,120)	(2,270,151)
Trust units – end of year	**7,035,664**	**$ 73,732,916**	4,517,137	$ 59,008,957

The weighted average number of Units outstanding for the year ended December 31, 2010 was 4,013,921 Units (2009 – 4,638,939 Units).

On January 4, 2010, Unitholders exercised their redemption privilege and redeemed 1,469,614 Units at a redemption price of $5.88 per Unit for a total cost of $8.6 million. The Fund merged on October 4, 2010 with Energy Plus and CGF LP by acquiring their investment portfolios and other assets. As a result of the merger and special redemption right, the Fund's net asset value increased to $41.34 million on October 4, 2010.

The Fund had a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per Unit of greater than 5% were repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of Units outstanding at the beginning of such quarter. For the year ended December 31, 2010, 80,900 trust Units were repurchased under this program at an average cost of $5.65 per Unit (2009 - 232,000 units at an average cost of $4.45 per unit). As of October 4, 2010 the mandatory repurchase program was cancelled and was replaced with a normal course issuer bid ("NCIB") program. The Fund repurchased 45,300 units for cancellation under its NCIB program at an average cost of $5.45 per unit.

Unitholders can acquire additional units by participating in the Distribution Reinvestment Plan ("DRIP"). The DRIP enables Unitholders to reinvest their monthly distributions in additional units of the Fund at the five-day weighted average market price of the Fund's units. For the year ended December 31, 2010, a total of 3,107 units were issued under the DRIP (2009 - 6,416 units).

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 Toronto Stock Exchange (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.

4. ADMINISTRATIVE AND INVESTMENT MANAGER FEES AND OTHER RELATED PARTY EXPENSES

Prior to June 4, 2009, Sustainable PE Management LP was the administrator of the Fund and therefore a related party to the Fund. CIFSG Funds Inc., an affiliate of Sustainable PE Management Inc. ("SPEM") and therefore also a related party to the Fund, provided administrative services to the Fund. On June 3, 2009, Citadel Fund Administration LP became the administrator of the Citadel Group of Funds and therefore, a related party to the Fund. On November 16, 2009 Citadel Fund Administration LP transferred the Administration Agreement to a wholly-owned subsidiary 2223785. On December 18, 2009, Crown Hill acquired Citadel Fund Administration LP and subsequently became the administrative agent of the Fund. On October 4, 2010, the Fund's Declaration of Trust was amended and Crown Hill was appointed Manager and Trustee of the Fund. Pursuant to the Administrative Services Agreement, total annual administrative and investment manager fees were based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable monthly in arrears based on the average daily closing price. With the change to the Declaration of Trust on October 4, 2010, management and investment management fees were separated, such that total management fees payable by the Fund to the Manager for its services as manager of the Fund are 0.70% per annum of the average net asset value of the Fund plus applicable taxes, while investment manager fees are 1/12 of 0.40% of the average of the net asset value of the Fund for the appicable month. The administrator and manager are also reimbursed for all general and administrative expenses that relate to the operation of the Fund.

For the year ended December 31, 2010, the Fund paid administrative and investment management fees of $185,576 (2009 - $128,148). The Administrative Services Agreement also provides for the reimbursement of certain expenses incurred by the administrator and/or its agent during the performance of its duties. First Paladin Inc., a company related to the manager of the Fund, received $65,400 including applicable taxes over the year to cover related administrative salaries, employee benefits, general overhead and office supplies (2009 - $16,940). As at December 31, 2010, included in accounts payable were amounts owed to the manager of the Fund of $34,390 (2009 - $16,184).

On June 3, 2009, CIFSG Funds Inc. made severance payments of $2.2 million to its employees. As well, payments of $0.54 million were made to terminate the office lease held by CIFSG Funds Inc. and guaranteed by one of the Citadel Group of Funds. These costs were allocated to the Citadel Group of Funds. Severance and other costs included severance payments of $44,534 made on June 3, 2009 to the departing employees of an affiliate of SPEM, as well as $8,862 to terminate the office lease for the period ended June 30, 2009. On October 1, 2010, the Fund made severance and other costs payments of $0.11 million to 2223785.

5. TRAILER FEE

Prior to October 4, 2010, Energy paid a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by Unitholders in accounts with investment dealers. For the year ended December 31, 2010, the Fund recorded an expense of $37,577 relating to the trailer fee (2009 - $89,830). The Fund no longer pays trailer fees.

6. INVESTMENTS

The net realized gain (loss) on the sale of investments was determined as follows:

For the years ended December 31	**2010**	2009
Proceeds from the sale of investments	$ **26,878,476**	$ 29,911,455
Less cost of investments sold:		
Investments at cost – beginning of year	**19,718,844**	28,483,345
Investments purchased during year	**45,628,415**	23,643,313
Investments at cost – end of year	**(40,101,916)**	(19,718,844)
Cost of investments disposed of during the year	**25,245,343**	32,407,814
Net realized gain (loss) on sale of investments	$ **1,633,133**	$ (2,496,359)

7. CASH DISTRIBUTIONS

The Fund pays out monthly cash distributions based upon cash distributions received by the Fund less estimated expenses. For the year ended December 31, 2010 and 2009, the Fund also distributed a portion of its realized capital gains and/or return of capital.

For the years ended December 31	**2010**	2009
Net investment income for the year	$ **256,980**	$ 1,157,827
Capital distributed	**1,186,836**	929,748
Cash distributions	$ **1,443,816**	$ 2,087,575
Cash distributions per Unit	$ **0.36**	$ 0.45

8. LOAN FACILITY

The Fund had a revolving credit facility with a Canadian chartered bank to a maximum of $20 million or 25% of the total assets of the Fund. The maximum and minimum borrowings during 2009 were $1.3 million and nil respectively. In July 2009 the loan facility was fully repaid and cancelled. There was no loan facility for 2010.

9. PORTFOLIO TRANSACTION COSTS

For the year ended December 31, 2010, the Fund incurred portfolio transaction costs of $148,595 (2009 – $121,502) and they are recorded separately in the Statements of Operations as an expense for the year.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund aims to provide unitholders with monthly distributions primarily through investments in oil and gas royalty trusts and oil and gas corporations. As a result, the Fund is exposed to the risk of being invested, on a concentrated basis, in these asset classes. The Fund's investment manager uses a disciplined, fundamental approach in its investment selection and portfolio management approach which consists of an intensive and ongoing research process of investment opportunities. The investment manager purchases and holds securities for the Fund for the short to medium term and also determines the timing of when to rotate the Fund's portfolio in order to enhance the Fund's portfolio performance and/or limit risk.

Financial Instruments

CICA Handbook Section 3862 requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows: (i) Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets; (ii) Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; (iii) Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

The following tables present as at December 31, 2010, and December 31, 2009, the level within the fair value hierarchy for each of the financial assets measured at fair value:

Financial assets — trading investments	Level 1	Level 2	Level 3	December 31, 2010 Total Fair Value
Equities	$ 46,527,223	$ -	$ -	$ 46,527,223
Convertible Debenture	-	1,000,100		1,000,100
Total	$ 46,527,223	$ 1,000,100	$ -	$ 47,527,323

Financial assets — trading investments	Level 1	Level 2	Level 3	December 31, 2009 Total Fair Value
Equities	$ 20,126,300	$ -	$ -	$ 20,126,300
Convertible Debenture	788,800	-	-	788,800
Total	$ 20,915,100	$ -	$ -	$ 20,915,100

Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. The investments of the Fund are subject to normal market fluctuations and the risks inherent in being invested in the trust market. The Fund will continue to invest taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for Unitholders. The best estimate of the effect on net assets due to a reasonably possible change in the S&P/TSX Capped Energy Trust index ("Energy index"), with other variables held constant, is as follows. If income trust prices on the energy index had increased or decreased by 10.00%, all other variables held constant, the net assets of the Fund would increase or decrease by 9.7%, respectively. In practice the actual results may differ from the above sensitivity analysis and the difference could be material.

Interest Rate Risk

The majority of the Fund's assets are non-interest bearing. The Fund is also exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its investments. Excess cash and cash equivalents are invested in overnight deposits and bankers' acceptances.

Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform to the terms of their obligations to the Fund. The Fund maintains all of its cash and equivalents at its custodian. All transactions in listed securities are settled (paid for) upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Foreign Currency Risk

The assets and liabilities of the Fund are predominately held in the functional currency of the Fund which is the Canadian dollar; therefore, the Fund is not exposed to significant foreign currency risk.

Liquidity Risk

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times or that the prices at which the securities trade accurately reflect their fair values. Thin trading in a security could make it difficult to liquidate holdings in a short period of time. The Fund generally maintains a sufficient cash balance to meet its daily operating expenses.

11. CAPITAL MANAGEMENT

The Fund's capital consists solely of Unitholders' equity. The Fund's Manager maintains the Fund's capital in accordance with its investment objectives, strategies and restrictions as detailed in its Declaration of Trust. Unitholders' equity consists of issued units, undistributed net investment income, if any, undistributed realized gains (losses) on sale of investments, if any, and unrealized gains (losses) in value of investments. Pursuant to its Declaration of Trust, the Fund is required to distribute all of its net income and net realized capital gains (as calculated for tax purposes); therefore, unitholders' equity mainly represents issued units and unrealized gains or losses in the value of investments.

CORPORATE INFORMATION

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The Toronto Stock Exchange
Energy Income Fund Units: **ENI.un**

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INDEPENDENT REVIEW COMMITTEE

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John Campbell
Andrew Fleming
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DIRECTORS OF THE MANAGER/TRUSTEE

Wayne Pushka – Director
Michael Burns – Independent Director
Gary Van Nest – Independent Director

OFFICERS OF THE MANAGER/TRUSTEE

Wayne Pushka – Chief Executive Officer
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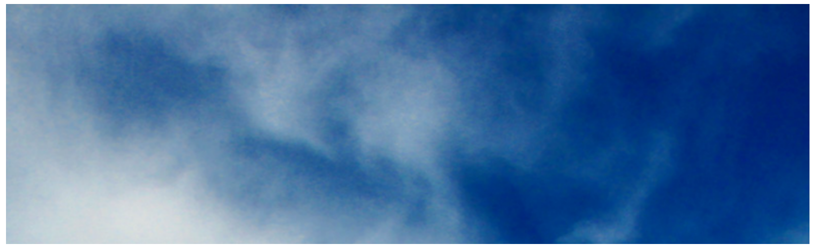

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