

CITADEL INCOME FUND

(FORMERLY CROWN HILL FUND)

SEMI-ANNUAL REPORT 2011

(UNAUDITED)

JUNE 30, 2011

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CITADEL INCOME FUND

The units (the “Units”) of Citadel Income Fund (the “Fund”) are listed on The Toronto Stock Exchange under the symbol CTF.UN. Crown Hill Capital Corporation (“Crown Hill”) is the trustee (the “Trustee”) and manager (the “Manager”) of the Fund.

INVESTMENT HIGHLIGHTS:

For the periods ended	June 30, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Net assets per Unit ⁽¹⁾⁽³⁾	\$ 5.77	\$ 5.74	\$ 5.62	\$ 5.36	\$ 7.96	\$ 8.66
Market price per Unit ⁽¹⁾⁽³⁾	\$ 5.07	\$ 5.21	\$ 5.15	\$ 3.97	\$ 7.58	\$ 8.39
Trading premium (discount)	(12.13)%	(9.23)%	(8.69)%	(25.93)%	(4.61)%	(3.15)%
Cash distributions per Unit ⁽³⁾	\$ 0.1800	\$ 0.4800	\$ 0.4456	\$ 0.6132	\$ 0.6132	\$ 0.6132
Trailing yield ⁽²⁾	7.10%	9.21%	8.65%	18.14%	8.09%	7.31%
Market capitalization (\$ millions)	\$ 151.2	\$ 167.6	\$ 216.7	\$ 7.6	\$ 8.3	\$ 15.4
Net assets (\$ millions)	\$ 172.1	\$ 184.7	\$ 236.7	\$ 10.2	\$ 8.7	\$ 15.9

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

(2) For the interim period, trailing yield is based on the last 12 months cash distributions declared expressed as a percentage of market price.

(3) The 2008, and 2007 comparative numbers present the effects of the merger between Crown Hill Dividend Fund (CHDF) and MACCs Sustainable Yield Trust (MACCs) in 2008. On December 29, 2008, Crown Hill Fund (“CHF”) was the new name of the combined fund resulting from the merger. CHDF was deemed to be the acquirer fund given the continuation of the CHDF investment objectives and ongoing management of the Fund. The merger was recorded as a reverse acquisition, since MACCs was the continuing fund. All of the assets of CHDF were transferred to MACCs in exchange for units of MACCs and the assumption by MACCs of all of the liabilities of CHDF. The CHDF unitholders then received 1.1742 units of MACCs for each CHDF unit held. As a result, the number of Units has been increased, with the consequence that the net assets per Unit, market price per Unit, and cash distributions per Unit have been decreased.

INTERIM MANAGEMENT’S REPORT OF FUND PERFORMANCE

(August 26, 2011)

This interim report for the period ended June 30, 2011 includes both the interim management’s report of fund performance, containing financial highlights, and the unaudited interim financial statements of Citadel 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, 1300 Yonge Street, Suite 300, Toronto, Ontario, M4T 1X3, or by visiting our website at www.crownhill.ca or SEDAR at www.sedar.com to obtain a copy of the Fund’s proxy voting disclosure record or quarterly portfolio disclosure. To obtain a copy of the Fund’s proxy voting policies and procedures, Unitholders may contact us directly.

INVESTMENT OBJECTIVES AND STRATEGIES

Citadel Income Fund’s investment objectives are to provide Unitholders with a stable stream of monthly distributions and to preserve and potentially enhance the net asset value of the Fund. The investment manager will seek to achieve these objectives by investing in a diversified portfolio of securities with the focus on income generation consisting of: (i) equity securities, of principally larger capitalization companies traded on a recognized stock exchange; (ii) debt securities with a focus on yield enhancement, with a minimum of 80% of debt securities invested in investment grade debt rated BBB or higher; and (iii) income funds, each of which has, at the date of investment by the Fund, a market capitalization, excluding control positions, of \$400 million.

RISK

There are a number of risks associated with an investment in the 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, interest rates and general busi-

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

ness 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. The tax on income trusts did not directly affect Citadel Income Fund, however, the tax did affect some of the holdings within its portfolio.

RESULTS OF OPERATIONS

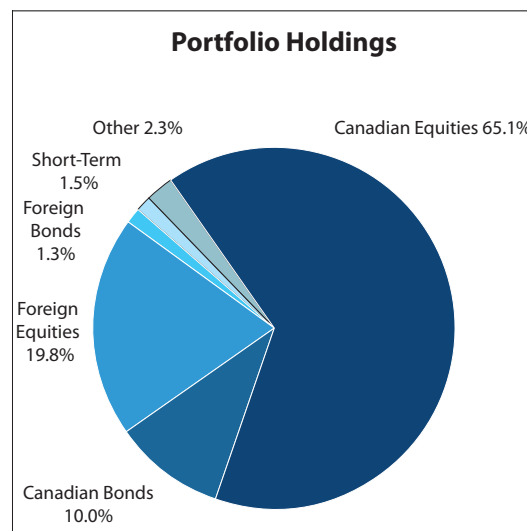
The global economy stayed the course in early 2011, surprising most by its resilience in the face of significant shocks: rising tensions in North Africa and the Middle East, a devastating natural disaster in Japan and continued problems with European sovereign debt. The second quarter, however, saw economic growth slow noticeably. Reductions in government spending programs, stubbornly high unemployment rates, and rising oil and food prices tempered growth in the developed world, while higher interest rates and lower exports to Western economies held back the developing nations (China, Brazil, Russia, etc.). Global stock markets advanced 2.6% over the six-month period, but the gains were found almost entirely in the first quarter. The second quarter saw markets stumble and return some of their earlier gains.

The current slowdown has shifted investor interest toward stable investments which can provide sustainable free cash flow and disburse regular dividends. Our portfolio is geared to such investments. We continue to favour equities over bonds and cash in the current environment, as ten year North American government bonds currently only yield approximately 3% per annum. Interest rate levels may rise in time, but are generally expected to remain low enough to continue supporting equity markets. Our diversified portfolio of more defensive, dividend paying stocks offers reasonable value for investors and dampens volatility while investment in foreign equities provides further diversification offering a much larger and broader pool of opportunities from which to choose. Emphasis on companies with good dividend yields (in many cases in excess of bond yields) and solid balance sheets will provide decent returns in an environment where earnings growth may very well be modest if economic growth remains slow.

The Citadel Income Fund outperformed its benchmark in the first six months of 2011. Canadian equities, foreign equities and bonds all outperformed their respective targets with a combination of the sector weightings and security selection. Outperformance was particularly pronounced in the second quarter as the portfolio benefitted from the flight to safety evident across most equity markets.

While some pundits are worried about a recession in the second half of 2011, we are more optimistic, believing that economic growth will stabilize in time. The global economy remains vulnerable to shocks, but is more resilient today than in 2008. Policymakers are united in their desire to maintain sustainable economic growth, keep a healthy financial system, and control inflation. While this balancing act is difficult and far from perfect in terms of timing or execution, it has been working. Western inflation has risen, but remains muted. Bond yields could increase under more optimistic circumstances, negatively impacting fixed income returns. However, we do not expect a dramatic rise in rates as central bankers are reluctant to further slow the economy.

Citadel Income Fund's net assets decreased to \$172.13 million at June 30, 2011 from \$184.67 million at December 31, 2010 due primarily to repurchases made under the Normal Course Issuer Bid ("NCIB") program of \$13.69 million throughout the first half of 2011 and distributions to Unitholders of \$5.55 million. This was partially offset by income from operations of \$6.70 million. On a per Unit basis, the Fund's net assets increased to \$5.77 per Unit at June 30, 2011 from \$5.74 per Unit at December 31, 2010. The increase in the Fund's net asset value, coupled with its monthly cash distributions, resulted in a 3.83% gain on a net assets basis over the period.



INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

Citadel Income Fund's market price decreased over the first half of 2011 to \$5.07 per Unit from \$5.21 per Unit at December 31, 2010. The Fund's market price decrease, coupled with its monthly cash distributions, resulted in a 0.77% gain over the period.

Total revenue as at June 30, 2011 was \$3.56 million compared to \$6.16 million in the same period in 2010. Total expenses for the period ended June 30, 2011 were \$2.10 million compared to \$2.71 million in the same period in 2010. Management fees, which are calculated with reference to the Fund's net asset value, totalled \$1.03 million over the first half of 2011 compared to \$1.28 million over the same period in 2010. Investment management fees, which are calculated with reference to the Fund's net asset value, totalled \$0.31 million over the first half of 2011 compared to \$0.65 million for the same period in 2010.

The Fund generated net investment income of \$1.46 million or \$0.05 per Unit for the period ended June 30, 2011. By comparison, net investment income was \$3.44 million or \$0.08 per Unit for the same period in 2010.

The Fund realized gains of \$2.22 million on the sale of investments for the first half of 2011. In the same comparative period for 2010, the Fund had realized gains of \$6.64 million. In addition to these realized gains, the Fund had unrealized appreciation in value of investments of \$3.04 million for the period ended at June 30, 2011 compared to unrealized losses of \$12.88 million for the period ended June 30, 2010. The Fund also had a net realized loss on foreign currency of \$0.02 million for the period ended June 30, 2011 compared to a loss of \$0.04 million for the same period in 2010. As a result, the Fund experienced a net income from operations of \$6.70 million or a gain of \$0.22 per Unit for the period ended June 30, 2011 compared to a loss of \$2.84 million or \$0.07 per unit for the same period in 2010.

For the period ended June 30, 2011, the Fund paid monthly distributions of \$0.03 per Unit. Distributions totalled \$5.55 million or \$0.18 per Unit compared to \$10.12 million or \$0.24 per unit for the same period in 2010.

TRADING PREMIUM/DISCOUNT TO NET ASSET VALUE

For the first half of 2011, the Fund's market price traded at an average discount to its net asset value per Unit of 11.4%, compared to an average discount of 10.1% for the same period in 2010. With this discount, the Fund repurchased 2,331,100 units for cancellation under its Normal Course Issuer Bid ("NCIB") program at an average cost of \$5.22 per Unit. The NCIB program, which commenced on February 1, 2010, provides liquidity and market price support for Unitholders and permits the Fund to repurchase units in the open market for cancellation.

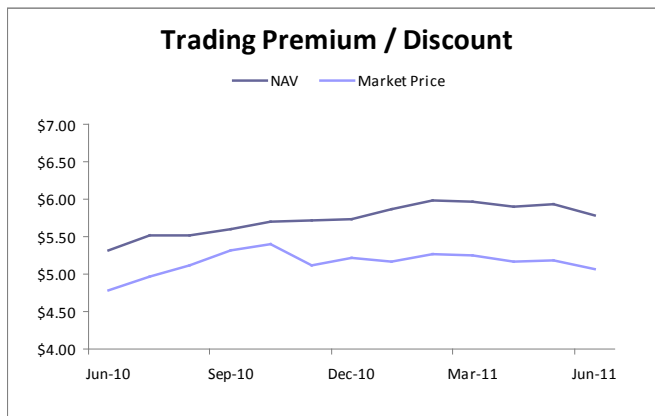
RECENT DEVELOPMENTS

Regulatory Issues

On March 4, 2011, preliminary prospectuses for offerings of warrants for both Citadel Income Fund and Energy Income Fund (the "Funds") were filed by the Manager. Staff of the Ontario Securities Commission ("Staff") recommended against receipting the prospectuses due to the widely publicized acquisition (the "Acquisition") by Crown Hill Fund of the administration contracts of the Citadel Group of Funds in June 2009 and the subsequent merger of some of those funds with the Crown Hill Fund, forming the Citadel Income Fund. At the time, Staff expressed their concerns with the Acquisition and the disclosure made in the June 3, 2009 information circular. After the Manager made changes to the proposed reorganization to address Staff's concerns, a new information circular was issued, was approved by unitholders and the reorganization was partially completed to create the Citadel Income Fund.

Despite the Manager's response, Staff continued to raise the same concerns with the Acquisition nearly two years later, and used those same arguments to recommend that the Director of Investment Funds deny the receipting of the prospectus in relation to the warrant offering.

On April 14, 2011, the Manager and the Funds availed themselves of the Opportunity to be Heard (the "OTBH") before the Director of Investment Funds. The OTBH meeting was adjourned and reconvened on May 11, 2011 with another (acting) Director. In the meantime, on May 6, 2011, Staff served the Manager and its President with an enforcement notice relating to the Acquisition. On May 11, 2011, the second (acting) Director upheld Staff's recommendation.



INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

On May 31, 2011, the Manager and the Funds sought a hearing and review (the "Hearing and Review") of the Director's decision (pursuant to subsection 8(2) of the Securities Act) before the Ontario Securities Commission (the "Commission"). The application was heard on July 12, 13 and 14, 2011. Three business days prior to the Hearing and Review, July 7, 2011, Staff issued a Notice of Hearing and Statement of Allegations against the Manager and its President. It is alleged in the Statement of Allegations that the Citadel Acquisition was undertaken primarily in the interests of the Manager rather than the Fund, contrary to s.116 of the Securities Act. This was the same submission made by Staff at the OTBH and then at the Hearing and Review. In addition, Staff allege that the acquisition of the management contracts for the Fairway Diversified Income and Growth Trust and subsequent merger in January 2009 was also primarily in the interests of the Manager. Finally, Staff allege that certain amendments to the Declaration of Trust of MACCs Sustainable Yield Trust (the predecessor Trust to Crown Hill Fund) to increase the management fee, grant broader powers to the Manager and to adopt less restrictive investment requirements, were also undertaken primarily to benefit the Manager.

Immediately following the issuance of the Notice of Hearing, Staff sought to stay the Hearing and Review on the basis that the Commission should await the outcome of the enforcement proceeding commenced on July 7, 2011, as the proceedings largely involved the same issues. The Commission dismissed Staff's motion.

On August 4, 2011, the Commission released its Order, granting the Manager's application on the Hearing and Review and overturning the acting Director's decision to deny the receipting of the preliminary prospectuses. The Commission ruled and found that there were insufficient grounds to justify the acting Director's decision and the Staff's recommendations. The Commission ruled that, contrary to Staff's submission and the Director's decision, it was not apparent that there was sufficient evidence to justify a refusal to issue a receipt for the prospectuses on the grounds that the business of the Funds may not be conducted with integrity.

The Funds intend to file final prospectuses in accordance with the Commission's Order.

On August 8, 2011, the Manager and its President attended before the Commission and requested the earliest available hearing dates to address the allegations made by Staff in the enforcement proceeding. Staff resisted setting hearing dates and the presiding Commissioner ordered that the parties return for a pre-hearing conference on September 21, 2011.

Annual Redemption

Under the Declaration of Trust, the maximum number of units redeemable at any point in time pursuant to the annual redemption privilege is 10% of the public float of the Fund as determined on the last business day of November in the preceding year (the "Maximum Redemption Amount") less the number of units repurchased for cancellation under the NCIB program by the Fund during the preceding twelve-month period. The public float as determined on November 30, 2010 was 32,408,000 units and 10% of the public float was 3,240,800 units. From December 1, 2010 to June 30, 2011, the Fund had repurchased 2,578,400 units for cancellation under its NCIB program at an average cost of \$5.20 per Unit.

As of June 30, 2011, the maximum number of units redeemable remaining under the annual redemption privilege was 662,400 units. This represents 2% of the public float of the Fund as at November 30, 2010. Once the Maximum Redemption Amount for 2011 is reached, no additional units may be redeemable under the annual redemption privilege in November 2011.

As of August 15, 2011, the Fund had repurchased 3,291,700 units for cancellation under its NCIB program. The Maximum Redemption Amount was reached prior to the end of the current twelve-month period ending November 2011 and therefore no additional units will be redeemable under the 2011 annual redemption privilege.

Warrant Offering

The Fund intends to file a final prospectus prior to December 31, 2011 for a warrant offering subject to the Fund obtaining all necessary regulatory and exchange approvals. The exercise of warrants by warrant holders will provide the Fund with additional capital that can be used to take advantage of attractive investment opportunities, reduce the management expense ratio, and increase the trading liquidity of the Fund's units.

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

Harmonized Sales Tax Introduction

On July 1, 2011, Harmonized Sales Tax ("HST") was introduced in the province of Ontario. The Fund is subject to 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 \$116,999 of HST paid in 2011 receivable as of the six-month period ended June 30, 2011. For the year ended December 31, 2010, HST receivable was \$58,195.

Future Accounting Changes

The Fund is currently required to adopt International Financial Reporting Standards ("IFRS"). On September 7, 2010, the Canadian Accounting Standards Board ("AcSB") approved an optional one year deferral of IFRS adoption for investment companies applying Accounting Guideline AcG-18, Investment Companies, until fiscal years beginning on or after January 1, 2012. On January 10, 2011, the AcSB approved an additional one year extension to the optional one year deferral until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund's financial statements will not be affected by IFRS until January 1, 2013.

RELATED PARTY TRANSACTIONS

The Manager is entitled to receive a management fee of 1.00% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly. This amount totalled \$1,026,500 for the period ended June 30, 2011 (of which \$138,134 was payable) compared to \$1,278,320 (of which \$189,545 was payable) for the same period in 2010. 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 costs for the period ended June 30, 2011 totalled \$247,016 compared to \$236,911 for the same period in 2010. In addition, a part of these administrative costs consisted of a monthly general overhead cost paid to First Paladin Inc., a company related to the Manager, of \$30,000 per month in 2011 (2010 - \$30,000 per month) to cover related administrative salaries, employee benefits, general overhead, and office supplies.

On December 18, 2009, the Fund sold its interest in the units of CH Fund Administration LP to Crown Hill. In connection with this purchase, the Fund received a promissory note (the "Note") from Crown Hill in the amount of \$9,955,000. On November 19, 2010, \$213,904 was added to the outstanding balance on the Note. For the period ended June 30, 2011, the Fund received total payments on the Note in the amounts of \$2,131,409 in principal and \$145,424 in interest. As of June 30, 2011, the undiscounted loan balance was \$4,221,005 and the present value of the expected future annual repayments on the Note using a discount rate of 7% was \$3,901,052.

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

FINANCIAL HIGHLIGHTS

Net Assets per Unit ("NAPU")

For the periods ended	June 30, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
NAPU – beginning of period	\$ 5.74	\$ 5.62	\$ 5.36	\$ 9.32	\$ 10.17	\$ 9.83
Increase (decrease) from operations:						
Total revenue	0.11	0.27	0.22	0.28	0.25	0.25
Total expenses	(0.07)	(0.12)	(0.19)	(0.35)	(0.32)	(0.28)
Realized gains (losses)	0.07	0.29	0.19	0.34	1.26	0.99
Unrealized gains (losses)	0.10	0.14	0.73	(2.29)	(1.05)	(0.16)
Total increase (decrease) from operations	\$ 0.21	\$ 0.58	\$ 0.95	\$ (2.02)	\$ 0.14	\$ 0.80
Distributions:						
Return to Unitholders	0.18	0.48	0.45	0.72	0.72	0.72
Total cash distributions	0.18	0.48	0.45	0.72	0.72	0.72
NAPU – end of period	\$ 5.77	\$ 5.74	\$ 5.62	\$ 5.36	\$ 9.32	\$ 10.17

Net assets per Unit ("NAPU") and cash distributions per Unit are based on the actual number of Units outstanding at the time. The June 30, 2011, 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 period. 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

For the periods ended	June 30, 2011	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Net Assets (\$ 000's)	\$ 172,128	\$ 184,670	\$ 236,961	\$ 10,211	\$ 8,700	\$ 15,900
Number of Units outstanding (000's)	29,831	32,163	42,128	1,903	935	1,565
Management expense ratio ⁽¹⁾	2.31%	2.08%	3.35%	4.28%	3.18%	2.93%
Portfolio turnover ratio ⁽²⁾	13.36%	48.91%	184.36%	41.11%	0.08%	7.81%
Trading expense ratio ⁽³⁾	0.01%	0.08%	0.39%	0.04%	0.07%	0.06%
Closing market price	\$ 5.07	\$ 5.21	\$ 5.15	\$ 3.97	\$ 8.90	\$ 9.85

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

(2) 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.

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

MANAGEMENT FEES

Pursuant to the Amended and Restated Declaration of Trust dated December 2, 2010, in consideration for its services as manager of the Fund, the Manager is entitled to receive a management fee of 1.00% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly in arrears. The Investment Manager receives an investment management fee payable from the Fund. Jarislowsky Fraser Ltd. receives a fee of 0.33% per annum of the average net asset value of the assets of the Fund to which it provides investment management services plus applicable taxes.

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

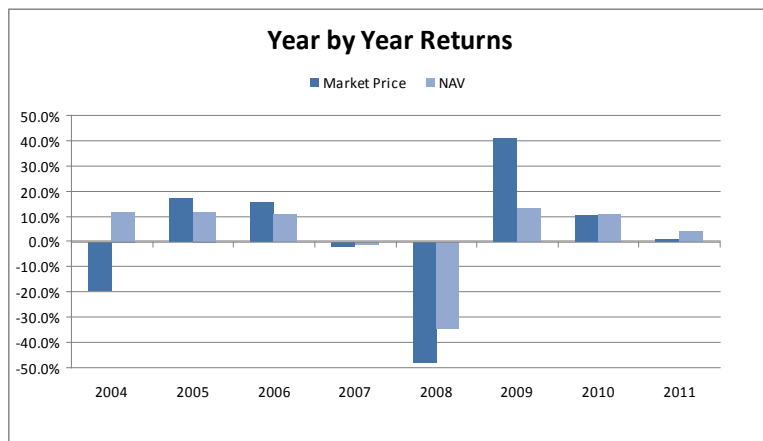
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For the period ended June 30, 2011

PAST PERFORMANCE

Citadel Income Fund's performance numbers represent the annual compound total returns over the period from inception in June 2004 to June 30, 2011 (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.



(1) For 2011, this represents the year-to-date return for the six-month period ended June 30.

ANNUAL COMPOUND RETURNS

	1 Year	3 Year	5 Year	Since Inception
Citadel Income Fund (market price)	14.61%	(9.90)%	(3.06)%	0.38%
Citadel Income Fund (net assets)	16.32%	(8.16)%	(2.74)%	2.70%
iShares S&P/TSX 60 Index Fund	14.98%	(3.91)%	3.03%	7.38%
Composite benchmark ⁽¹⁾	13.81%	(1.99)%	2.35%	5.32%

(1) The Composite benchmark consists of a 65% allocation in iShares S&P/TSX 60 Index Fund (XIU), a 15% allocation in SPDR Dow Jones Industrial Average, ETF (DIA), a 10% allocation in DEX Universe Bond Index Fund (XBB), and a 10% allocation in Canadian Treasury Bills, totaling 100% of the Composite benchmark.

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2011

Transactional Net Assets: \$172,128,442

The major portfolio categories and top holdings of the Fund at the end of the period are indicated in the following tables. The Summary of Investments Portfolio may change due to ongoing portfolio transactions of the Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at September 30, 2011. Quarterly updates are available at www.crownhill.ca.

Portfolio by Sector	% of Transactional Net Assets
Canadian Equities	
Pipeline/Energy Investments	19.1
Financial Services	17.9
Telecommunications	9.2
Consumer Goods & Services	8.4
Oil & Gas Corporations	4.5
Materials	4.7
Ongoing Business Trusts	1.3
Total Canadian Equities	65.1
Canadian Bonds	10.0
Foreign Bonds (U.S.)	1.3
Foreign Equities (U.S., U.K., France)	19.8
Short-Term Investments	1.5
Other Assets, Net of Liabilities	2.3
Total Transactional Net Assets	100.0%

TOP 25 HOLDINGS (as a % of Transactional Net Assets)

Royal Bank of Canada	4.63	Potash Corp of Sask	1.82
Toronto-Dominion Bank (The)	4.39	Philip Morris International Inc.	1.76
Bank of Nova Scotia	3.78	AXA SP ADR	1.72
Lavalin Group Inc.	2.90	Cogeco Cable Sub VTG	1.70
Cenovus Energy Inc.	2.68	Great-West Lifeco Inc.	1.68
Manulife Financial Corp.	2.23	Pfizer Inc.	1.67
Enbridge Inc.	2.13	Vodafone Group PLC, ADR	1.67
Transcanada Corp.	2.12	Rogers Communications CL B	1.62
Thomson Reuters Corp.	2.08	Colgate-Palmolive Co.	1.52
Bonavista Energy Corp. (Formerly Bonavista Energy Trust)	2.03	Suncor Energy	1.51
EnCana Corp.	2.02	Johnson & Johnson	1.51
National Grid PLC, ADR	1.95	Canadian National Railway	1.50
Shaw Communications Inc.	1.85		

INTERIM MANAGEMENT'S REPORT OF FUND PERFORMANCE

(Continued)

For the period ended June 30, 2011

CAUTION REGARDING 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, and stock market volatility. 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 semi-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.

CITADEL INCOME FUND

INTERIM FINANCIAL STATEMENTS

FOR THE PERIODS ENDED

JUNE 30, 2011 AND 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim financial statements of Citadel 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 semi-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 judgements. The significant accounting policies applicable to the Fund are described in Note 3 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 auditors of the Fund have not reviewed these financial statements.

Crown Hill, the Manager and Trustee of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.



Robert Parent
Chief Financial Officer
Crown Hill Capital Corporation



Kelly Reddy
Chief Compliance Officer
Crown Hill Capital Corporation

August 26, 2011

STATEMENTS OF NET ASSETS

As at	June 30, 2011	December 31, 2010
Assets		
Investments at fair value (Note 4)	\$ 165,574,078	\$ 174,222,884
Loan receivable (Note 5)	3,901,052	5,870,901
Cash and cash equivalents	2,516,277	6,109,365
Dividends and interest receivable	796,472	820,640
Receivable from investments sold	561,187	-
Prepaid expenses	123,733	101,319
	173,472,799	187,125,109
Liabilities		
Distributions payable	894,926	1,286,530
Accounts payable and accrued liabilities	449,431	418,726
Payable for investments purchased	-	750,000
	1,344,357	2,455,256
Net Assets Representing Unitholders' Equity (Note 7)	\$ 172,128,442	\$ 184,669,853
Units Outstanding (Note 6)	29,830,857	32,163,257
Net Assets per Unit (Note 3)	\$ 5.77	\$ 5.74

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



Robert Parent
Chief Financial Officer



Kelly Reddy
Chief Compliance Officer

STATEMENTS OF OPERATIONS

For the periods ended June 30	2011	2010
Investment Income		
Dividend income	\$ 2,805,644	\$ 2,826,107
Interest income	755,414	3,329,245
Total Investment Income	3,561,058	6,155,352
Expenses		
Management fees (Note 9)	1,026,500	1,278,320
Investment management fees (Note 9)	306,981	649,033
Administrative expenses (Note 9)	247,016	236,911
Legal fees	226,479	148,010
Regulatory and listing expenses	81,625	90,735
Custody, valuation and transfer fees	45,877	47,733
Board and IRC fees	44,361	54,127
Audit and review fees	37,063	47,519
Insurance expense	36,390	-
Unitholder servicing expenses	27,896	57,920
Transaction costs	20,097	100,398
Net Expenses	2,100,285	2,710,706
Net Investment Income (Loss)	1,460,773	3,444,646
Net Realized Gain (Loss) on Sale of Investments (Note 7)	2,222,657	6,642,738
Net Realized (Loss) Gain on Sale of Foreign Currency	(24,513)	(46,803)
Change in Unrealized Appreciation (Depreciation) in Value of Investments	3,044,795	(12,883,984)
Increase (Decrease) in Net Assets from Operations	6,703,712	(2,843,403)
Increase (Decrease) in Net Assets from Operations Per Unit⁽¹⁾	\$ 0.22	\$ (0.07)

(1) Based on the weighted average number of Units outstanding during the period.

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

STATEMENTS OF CHANGES IN NET ASSETS

For the period ended June 30	2011	2010
Net Assets – Beginning of Period	\$ 184,669,852	\$ 236,960,549
Operations:		
Net investment income (loss)	1,460,773	3,444,646
Net realized gain (loss) on sale of investments	2,222,657	6,642,738
Net realized gain (loss) on sale of foreign currency	(24,513)	(46,803)
Change in unrealized appreciation (depreciation) in value of investments	3,044,795	(12,883,984)
	6,703,712	(2,843,403)
Capital Unit Transactions: (Note 7)		
Paid for units redeemed	(13,694,578)	(205,067)
Distributions to Unitholders:		
Return to Unitholders	(5,550,544)	(10,107,550)
Increase (Decrease) in Net Assets for the Period	(12,541,410)	(13,156,020)
Net Assets – End of Period	\$ 172,128,442	\$ 223,804,529
Distributions per Unit	\$ 0.18	\$ 0.24

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

STATEMENTS OF INVESTMENTS

	As at June 30, 2011					
	Coupon	Maturity	Number of Units Held	Cost	Fair Value	% of Net Assets
Canadian Bonds						
Bank of Nova Scotia	4.100%	08/16/2017	515,000	\$ 521,438	\$ 532,294	0.31
Bell Canada	4.400%	03/16/2018	500,000	499,581	508,032	0.30
Bell Canada	4.950%	05/19/2021	141,000	140,484	141,006	0.08
Caisse Centrale Desjardins du Quebec	3.502%	05/10/2017	320,000	320,000	318,230	0.18
Canadian Imperial Bank of Commerce	3.150%	11/02/2020	1,000,000	995,671	988,780	0.57
Capital Desjardin Inc., Series 'H', Callable	3.797%	11/23/2020	500,000	500,000	503,013	0.29
Cogeco Cable Inc., Callable	5.150%	11/16/2020	325,000	324,373	322,234	0.19
Enbridge Inc., Callable	4.770%	02/09/2019	927,000	952,532	971,752	0.56
GE Capital Canada Funding Co., Callable	4.550%	01/17/2017	1,000,000	1,018,333	1,037,711	0.60
Great-West Lifeco Inc., Callable	4.650%	08/13/2020	280,000	280,000	285,463	0.17
Husky Energy Inc., Callable	5.000%	12/03/2020	1,000,000	1,029,434	1,042,162	0.61
Industrial Alliance Insurance & Financial Services Inc, Variable Rate, Callable	Variable Rate	06/30/2019	1,000,000	1,028,773	1,045,426	0.61
Loblaw Companies Ltd., Callable	5.220%	06/18/2020	530,000	552,446	553,380	0.32
Manulife Bank of Canada	4.680%	12/09/2016	1,000,000	1,019,219	1,039,703	0.60
Metro Inc.	4.980%	10/15/2015	308,000	324,844	330,238	0.19
Pembina Pipeline	4.890%	03/29/2021	210,000	210,000	215,273	0.13
Quebecor Media Inc., Callable	7.375%	01/15/2021	750,000	750,000	752,529	0.44
Rogers Communications Inc., Callable	4.700%	09/29/2020	1,000,000	999,450	974,965	0.57
Royal Bank of Canada, Callable	Variable Rate	06/15/2020	1,000,000	1,006,008	1,039,496	0.60
Shaw Communications Inc., Callable	5.650%	01/10/2019	1,000,000	1,036,070	1,026,808	0.60
Sun Life Financial Inc., Callable	4.950%	01/06/2036	1,100,000	1,140,715	1,144,787	0.67
Suncor Energy Inc., Series '4', Callable	5.800%	05/22/2018	1,030,000	1,106,275	1,148,559	0.67
Telus Corp. , Series 'CG', Callable	5.050%	04/12/2019	1,000,000	1,017,186	1,024,589	0.60
Tim Hortons Inc. , Series '1', Callable, Restricted	4.200%	01/06/2017	184,000	183,966	190,105	0.11
Total Canadian Bonds				16,956,796	17,136,535	9.96

STATEMENTS OF INVESTMENTS

(Continued)

	As at December 31, 2010					
	Coupon	Maturity	Number of Units Held	Cost	Fair Value	% of Net Assets
Canadian Bonds						
Bank of Nova Scotia	4.100%	08/06/2017	1,000,000	\$ 1,012,500	\$ 1,023,396	0.55
Caisse centrale Desjardins du Quebec	3.502%	05/10/2017	320,000	320,000	312,763	0.17
Canadian Imperial Bank of Commerce, Callable	3.150%	11/02/2020	1,000,000	995,671	978,858	0.53
Capital Desjardin Inc., Series 'H', Callable	3.797%	11/23/2020	500,000	500,000	499,061	0.27
Cogeco Cable Inc., Callable	5.150%	11/16/2020	325,000	324,373	322,677	0.17
Enbridge Inc., Callable	4.770%	02/09/2019	1,060,000	1,089,195	1,100,806	0.60
GE Capital Canada Funding Co., Callable	4.550%	01/17/2017	1,000,000	1,018,333	1,025,112	0.56
Great-West Lifeco Inc., Callable	4.650%	08/13/2020	280,000	280,000	280,426	0.15
Husky Energy Inc., Callable	5.000%	12/03/2020	1,000,000	1,029,434	1,019,425	0.55
Industrial Alliance Insurance & Financial Services Inc., Callable	Variable Rate	06/30/2019	1,000,000	1,028,773	1,044,959	0.57
Loblaw Companies Ltd., Callable	5.220%	06/18/2020	530,000	529,634	548,118	0.30
Manulife Bank of Canada	4.680%	12/09/2016	1,000,000	1,019,219	1,032,422	0.56
Metro Inc.	4.980%	10/15/2015	308,000	324,844	328,637	0.18
Quebecor Media Inc., Callable	7.375%	01/15/2021	750,000	750,000	750,000	0.41
Rogers Communications Inc., Callable	4.700%	09/29/2020	1,000,000	999,450	981,486	0.53
Royal Bank of Canada, Callable	Variable Rate	06/15/2020	1,000,000	1,006,008	1,033,685	0.56
Shaw Communications Inc., Callable	5.650%	01/10/2019	1,000,000	1,036,070	1,033,075	0.56
Sun Life Financial Inc., Callable	4.950%	01/06/2036	1,100,000	1,140,715	1,136,673	0.62
Suncor Energy Inc., Series '4', Callable	5.800%	05/22/2018	1,030,000	1,106,275	1,144,792	0.62
Telus Corp., Series 'CG', Callable	5.050%	04/12/2019	1,000,000	1,017,186	1,018,859	0.55
Thomson Reuters Corp., Callable	4.350%	09/30/2020	1,161,000	1,156,530	1,163,451	0.63
Tim Hortons Inc., Series '1', Callable, Restricted	4.200%	01/06/2017	184,000	183,966	188,853	0.10
Total Canadian Bonds				17,868,176	17,967,534	9.74

STATEMENTS OF INVESTMENTS

(Continued)

	As at June 30, 2011				As at December 31, 2010			
	Number of Units Held	Cost	Fair Value	% of Net Assets	Number of Units Held	Cost	Fair Value	% of Net Assets
Canadian Equities								
ARC Resources Ltd. (Formerly ARC Energy Trust)	93,712	\$ 1,889,349	\$ 2,339,989	1.36	118,712	\$ 2,395,366	\$ 3,015,285	1.63
Bonavista Energy Corp. (Formerly Bonavista Energy Trust)	123,005	2,555,595	3,501,952	2.03	137,005	2,846,463	3,945,744	2.14
Canadian Natural Resources Ltd.	45,000	1,899,250	1,813,950	1.05	-	-	-	-
		6,344,194	7,655,891	4.45		5,241,830	6,961,029	3.77
Ongoing Business Trusts								
Copernican British Banks Income Fund	366,400	320,427	490,976	0.29	366,400	320,427	575,248	0.31
Power Financial Corp.	60,900	1,862,763	1,809,339	1.05	60,900	1,862,763	1,867,194	1.01
Rogers Sugar Income Fund	-	-	-	-	475,700	2,045,510	2,535,481	1.37
Genivar Income Fund	-	-	-	-	79,500	2,178,475	2,401,695	1.30
		2,183,190	2,300,315	1.34		6,407,176	7,379,618	3.99
Real Estate Investment Trusts								
Boardwalk Reit	-	-	-	-	37,822	1,345,637	1,559,779	0.84
Canadian Reit	-	-	-	-	46,644	1,232,873	1,446,897	0.78
	-	-	-	-		2,578,510	3,006,676	1.62
Pipeline/Energy Investments								
Cenovus Energy Inc.	127,000	3,471,484	4,612,640	2.68	127,000	3,471,484	4,207,510	2.28
Enbridge Inc.	117,400	2,710,661	3,674,620	2.13	63,700	2,941,552	3,581,851	1.94
EnCana Corp.	117,000	3,749,429	3,474,900	2.02	106,500	3,417,525	3,092,760	1.67
Inter Pipeline Fund	142,100	1,511,943	2,250,864	1.31	164,400	1,749,215	2,451,204	1.33
Keyera Corp.	50,000	1,104,020	2,184,500	1.27	75,200	1,660,446	2,643,280	1.43
Nexen	95,100	2,118,585	2,061,768	1.20	95,100	2,118,585	2,167,329	1.17
Pembina Pipeline Corp.	88,000	1,498,029	2,230,800	1.30	126,000	2,144,905	2,721,600	1.47
Suncor Energy	69,000	2,349,372	2,601,300	1.51	85,000	2,894,153	3,245,300	1.76
Superior Plus Corp.	187,600	2,443,115	2,104,872	1.22	254,600	3,315,656	2,820,968	1.53
Talisman Energy	100,000	1,822,044	1,976,000	1.15	100,000	1,822,044	2,211,000	1.20
Transcanada Corp.	86,629	3,085,398	3,657,476	2.12	94,549	3,363,605	3,585,298	1.94
Veresen Inc.	145,300	1,429,906	2,016,764	1.17	-	-	-	-
Fort Chicago Energy Partners LP	-	-	-	-	178,300	1,754,662	2,118,204	1.15
		27,293,986	32,846,504	19.08		30,653,832	34,846,304	18.87

STATEMENTS OF INVESTMENTS

(Continued)

Materials								
Cameco	38,000	1,025,303	964,440	0.56	43,500	1,173,702	1,750,875	0.95
Labrador Iron Ore Royalty Corp	52,000	1,049,880	2,012,400	1.17	34,000	1,372,920	2,286,500	1.24
Potash Corp of Sask.	57,000	1,976,398	3,132,720	1.82	21,000	2,184,440	3,240,510	1.75
Genivar Inc. (Formerly Genivar Income Fund)	79,500	2,178,475	2,044,740	1.19	-	-	-	-
		6,230,056	8,154,300	4.74		4,731,062	7,277,885	3.94
Telecommunications								
Cogeco Cable Sub VTG	65,000	2,310,952	2,925,650	1.70	65,000	2,310,952	2,665,650	1.44
BCE	29,960	1,126,962	1,132,788	0.66	-	-	-	-
Corus Entertainment Inc.	108,500	2,043,205	2,223,165	1.29	108,500	2,043,205	2,403,275	1.30
Rogers Communications CL B	73,000	2,493,461	2,782,030	1.62	68,000	2,318,195	2,346,680	1.27
Shaw Communications Inc.	144,700	3,055,187	3,180,506	1.85	144,700	3,055,187	3,082,110	1.67
Thomson Reuters Corp.	99,000	3,398,580	3,581,820	2.08	99,000	3,398,580	3,677,850	1.99
Research In Motion	-	-	-	-	43,500	2,943,151	2,522,130	1.37
		14,428,347	15,825,959	9.19		16,069,270	16,697,695	9.04
Financial Services								
Bank of Montreal	32,000	1,736,881	1,960,320	1.14	44,000	2,388,211	2,526,920	1.37
Bank of Nova Scotia	112,300	5,416,338	6,514,523	3.78	120,300	5,802,185	6,860,709	3.72
Great-West Lifeco Inc.	113,800	3,009,088	2,895,072	1.68	113,800	3,009,088	2,999,768	1.62
Manulife Financial Corp.	225,374	4,338,996	3,838,119	2.23	221,707	4,281,134	3,791,190	2.05
Royal Bank of Canada	145,000	7,976,786	7,973,550	4.64	161,000	8,598,906	8,404,200	4.55
Toronto-Dominion Bank (The)	92,300	5,914,592	7,548,294	4.38	92,300	5,914,592	6,839,430	3.70
		28,392,681	30,729,878	17.85		29,994,116	31,422,217	17.01
Other								
Canadian National Railway Co.	33,400	1,869,345	2,573,470	1.49	33,400	1,869,345	2,212,750	1.20
George Weston Ltd.	8,700	593,690	606,216	0.35	8,700	593,690	730,365	0.40
Jean Coutu Group (PJC) Inc. (The)	64,000	636,546	700,800	0.41	64,000	636,546	616,320	0.33
Lavalin Group Inc.	85,000	4,153,279	4,998,000	2.90	85,000	4,153,279	5,053,250	2.74
Loblaw Companies Ltd.	50,776	1,711,638	1,972,648	1.15	50,225	1,690,519	2,023,565	1.10
Shoppers Drug Mart Corp.	63,200	2,480,421	2,509,040	1.46	63,200	2,480,421	2,496,400	1.35
Tim Hortons Inc.	23,900	764,501	1,124,495	0.65	23,900	764,501	982,290	0.53
		12,209,420	14,484,669	8.41		12,188,301	14,114,940	7.65
Total Canadian Equities		97,081,874	111,997,516	65.08		107,864,095	121,706,364	65.90

STATEMENTS OF INVESTMENTS

(Continued)

International Bonds and Equities								
European Equities								
AXA, ADR	135,000	2,806,881	2,965,366	1.72	135,000	2,806,881	2,233,477	1.21
BP PLC, ADR	49,300	2,955,512	2,106,817	1.22	49,300	2,955,512	2,163,753	1.17
HSBC Holdings PLC, ADR	44,200	2,590,252	2,116,661	1.23	44,200	2,590,252	2,241,643	1.21
National Grid PLC, ADR	70,400	3,645,238	3,359,104	1.95	70,400	3,645,238	3,028,292	1.64
Vodafone Group PLC, ADR	111,700	2,622,975	2,879,383	1.67	111,700	2,622,975	2,933,484	1.59
		14,620,858	13,427,331	7.79		14,620,858	12,600,649	6.82
U.S. Equities								
Automatic Data Processing Inc.	49,000	2,189,611	2,490,286	1.44	49,000	2,189,611	2,250,886	1.22
Colgate-Palmolive Co.	31,000	2,510,339	2,614,244	1.52	31,000	2,510,339	2,475,649	1.34
Emerson Electric Co.	44,000	1,986,760	2,387,773	1.39	44,000	1,986,760	2,499,507	1.35
Johnson & Johnson Inc.	40,600	2,700,880	2,604,106	1.51	40,600	2,700,880	2,494,761	1.35
Pepsico Inc.	36,100	2,307,712	2,452,047	1.42	36,100	2,307,712	2,343,078	1.27
Pfizer Inc.	144,900	2,620,069	2,879,367	1.67	144,900	2,620,069	2,521,088	1.37
Philip Morris International Inc.	47,000	2,397,401	3,027,306	1.76	47,000	2,397,401	2,733,442	1.48
Procter & Gamble Co.	37,200	2,356,679	2,280,477	1.32	37,200	2,356,679	2,377,880	1.29
		19,069,451	20,735,606	12.05		19,069,451	19,696,291	10.67
U.S. Bonds								
Anheuser-Busch	425,000	424,834	431,443	0.25	425,000	424,834	426,386	0.23
Great-West Lifeco Inc.	815,000	835,254	858,247	0.50	815,000	835,254	850,800	0.46
Molson Coors International Inc.	1,000,000	996,850	987,400	0.57	1,000,000	996,850	974,860	0.53
		2,256,938	2,277,090	1.32		2,256,938	2,252,046	1.22
Total International Bonds and Equities		35,947,247	36,440,027	21.17		35,947,247	34,548,986	18.71
Total Investments		149,985,917	165,574,078	96.19		161,679,518	174,222,884	94.37
Other Assets, Net of Liabilities			6,554,364	3.81			10,446,969	5.63
Total Net Assets			\$ 172,128,142	100.00			\$184,669,853	100.00

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

1. THE FUND

Establishment of the Fund

Citadel Income Fund (the "Fund") is the new name of the combined fund resulting from the merger on December 2, 2009 of Crown Hill Fund ("CHF") and Citadel Premium Income Fund ("Premium"), Citadel HYTES Fund ("Hytes"), Citadel S-1 Income Trust Fund ("Citadel S-1"), Citadel Stable S-1 Income Fund ("Stable") and Equal Weight Plus Fund ("Equal Weight") (collectively the "Previous Citadel Funds"). The Fund acquired the investment portfolios and other assets of the Previous Citadel Funds on December 2, 2009, but did not assume any liabilities of the Previous Citadel Funds. Since the merger was an acquisition, it was done on a taxable basis. The Previous Citadel Funds' unitholders received the following number of units of the Fund for each unit held prior to the merger: Premium unitholders received 1.1581 units; Hytes unitholders received 1.7545 units; Citadel S-1 unitholders received 1.8629 units; Stable unitholders received 1.0765 units; and Equal Weight unitholders received 0.8028 units.

Unitholders of record on December 14, 2009 received one warrant for each Fund Unit held on the record date. A total of 42,128,467 warrants were issued. Each warrant entitles the holder thereof to subscribe for and purchase from the Fund one Unit on either December 14, 2010 or December 14, 2011 at a subscription price of \$5.55. The warrants are listed on the Toronto Stock Exchange (the "TSX") under the symbol CTF.WT.

On January 23, 2009, CHF merged with Fairway Diversified Income and Growth Trust ("Fairway"). CHF was the acquirer fund given the continuation of CHF's investment objectives and ongoing management of CHF. All of the assets of Fairway were transferred to CHF in exchange for units of CHF and the assumption by CHF of all of the liabilities of Fairway. The Fairway unitholders then received 1.30587 units of CHF for each Fairway unit held. The merger was done on a tax-free basis.

On December 29, 2008, CHF was the new name of the combined fund resulting from the merger of Crown Hill Dividend Fund ("CHDF") and MACCs Sustainable Yield Trust ("MACCs"). CHDF was deemed to be the acquirer fund given the continuation of the CHDF investment objectives and ongoing management of the Fund. The merger was recorded as a reverse acquisition, since MACCs was the continuing fund. All of the assets of CHDF were transferred to MACCs in exchange for units of MACCs and the assumption by MACCs of all of the liabilities of CHDF. The CHDF unitholders then received 1.1742 units of MACCs for each CHDF unit held. The merger was done on a tax-free basis.

Predecessor Funds

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

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

Fairway was an investment fund established under the laws of the Province of Ontario on February 26, 2004. The units were listed on the TSX under the ticker symbol FDT.UN. On June 29, 2007, Fairway merged with Fairway Investment Grade Income Fund and Global Preferred Securities Trust; at that time, all three were managed by Fairway Advisors Inc., which became JovFunds Management Inc. on September 1, 2007. On January 20, 2009, Crown Hill became the manager of Fairway.

Premium was a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of June 6, 2006 and amended and restated July 13, 2006. Premium commenced operations on July 20, 2006, when it completed a merger of three Citadel Funds - MYDAS Fund, Citadel Multi-Sector Income Fund and Citadel Income & Growth Income Fund ("MMI&G Merging Funds"). On June 3, 2009, Citadel Fund Administration LP, an entity in which CHF held a beneficial interest, became the administrator of Premium.

June 30, 2011

At Special Meetings of the unitholders of the MMI&G Merging Funds held on September 14, 2005 and October 12, 2005, unitholders approved a special resolution authorizing the board of directors of these funds to merge with other similar Citadel Funds. Subsequently, the board of directors determined that each of the MMI&G Merging Funds had similar investment objectives and that such merger would result in lower general and administration expenses on a combined basis.

Effective the close of business on July 19, 2006, MMI&G Merging Funds were merged into a new fund, Premium, with unitholders of the MMI&G Merging Funds receiving units of Premium on a relative net asset value basis. The merger was recorded using the purchase method of accounting for business combinations with Premium issuing 61,000,000 units in exchange for the net assets of each of the MMI&G Merging Funds on July 19, 2006.

Hytes was a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of February 27, 2001. Hytes commenced operations upon completion of its initial public offering on April 11, 2001. On June 3, 2009 Citadel Fund Administration LP became the administrator of Hytes.

Citadel S-1 was a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 11, 2000. Citadel S-1 commenced operations upon completion of its initial public offering on October 6, 2000. On June 3, 2009, Citadel Fund Administration LP became the administrator of Citadel S-1.

Stable was a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of December 6, 2004. Stable commenced operations upon completion of its initial public offering on February 15, 2005. On June 3, 2009, Citadel Fund Administration LP became the administrator of Stable.

Equal Weight was a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of December 22, 2005 and amended and restated January 23, 2006. Equal Weight commenced operations upon completion of its initial public offering on February 28, 2006. On June 3, 2009, Citadel Fund Administration LP became the administrator of Equal Weight.

2. INVESTMENT OBJECTIVES OF THE FUND

The investment objectives of the Fund are:

- (i) to provide unitholders with a stable stream of monthly distributions; and
- (ii) to preserve and potentially enhance the Net Asset Value of the Fund.

3. 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, liabilities, income and expenses during the reporting period. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

(a) Valuation of investments

Securities listed on a recognized public stock exchange are valued at their bid price on the valuation date.

The fair value of financial assets and liabilities that are not traded in an active market (for example: non-traded investments) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement date. Valuation techniques used include the use of comparable recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs. Certain financial assets and liabilities may be estimated using valuation techniques based on assumptions that are not supportable by observable market prices or rates. Assumptions used in these techniques may include the costs paid for the security, recent news reports about the issuer and general market indicators. Their fair value may be determined using valuation models that have been tested against the prices of actual market transactions and using management's best estimate of the most appropriate model inputs. These are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counterparty credit spread and limitations in the models.

Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

NOTES TO THE FINANCIAL STATEMENTS

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June 30, 2011

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

(b) Investment transactions and income recognition

- i. Investment transactions are accounted for on the trade date.
- ii. Interest income and expense are recorded on the accrual basis.
- iii. Dividend income is recorded on the ex-dividend date.
- iv. Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost of the related investments.

(c) Foreign exchange

The fair value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rates prevailing on each valuation date. Purchases and sales of investments, income and expenses are translated into Canadian dollars at the foreign exchange rates prevailing on the respective dates of such transactions.

(d) Distributions

Distributions to unitholders are recorded by the Fund when declared.

(e) Transaction costs

Transaction costs are expensed as incurred.

(f) Application of CICA Handbook Section 3855

For purposes of preparing its financial statements, the Fund values its investments pursuant to Section 3855 of the CICA Handbook as outlined above in Note 3(a); 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 asset value of the Fund by the total number of its Units outstanding. A reconciliation of net asset value to net assets follows:

As at June 30, 2011	Net Assets	Net Assets per Unit
Transactional Net Assets	\$ 172,425,681	\$ 5.78
Difference as a result of Section 3855	(297,239)	(0.01)
Net Assets	\$ 172,128,442	\$ 5.77

As at December 31, 2010	Net Assets	Net Assets per Unit
Transactional Net Assets	\$ 185,024,728	\$ 5.75
Difference as a result of Section 3855	(354,875)	(0.01)
Net Assets	\$ 184,669,853	\$ 5.74

(g) Securities lending

The Fund 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 Fund 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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2011

As of June 30, 2011, the Fund had an aggregate value of securities on loan of \$12.5 million (for the year ended December 31, 2010 - \$12.3 million) and corresponding aggregate value of collateral for loan of \$13.2 million (for the year ended December 31, 2010 - \$12.9 million).

(h) Future accounting changes

The Fund is currently required to adopt International Financial Reporting Standards ("IFRS"). On September 7, 2010, the Canadian Accounting Standards Board ("AcSB") approved an optional one year deferral of IFRS adoption for investment companies applying Accounting Guideline AcG-18, Investment Companies, until fiscal years beginning on or after January 1, 2012. On January 10, 2011, the AcSB approved an additional one year extension to the optional one year deferral until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund's financial statements will not be affected by IFRS until January 1, 2013.

4. INVESTMENT PORTFOLIO

The following tables summarize movements in investments during the six months ended June 30, 2011 and June 30, 2010:

Investments at cost

	2011	2010
Investments at cost - beginning of period	\$ 161,679,518	\$ 204,890,577
Investments made during the period	5,350,974	82,115,051
Dispositions during the period, at cost	(17,044,575)	(68,914,896)
Investments at cost - end of period	\$ 149,985,917	\$ 218,090,732

Change in unrealized appreciation (depreciation) of investments

	2011	2010
Investments at fair value - end of period	\$ 165,574,078	\$ 211,938,910
Investments at cost - end of period	149,985,917	218,090,732
Unrealized appreciation of investments - end of period	15,588,161	(6,151,822)
Unrealized appreciation (depreciation) of investments - beginning of period	12,543,366	6,732,162
Change in unrealized appreciation (depreciation) of investments	\$ 3,044,795	\$ (12,883,984)

Net realized gain (loss) on sale of investments

	2011	2010
Proceeds of investments sold	\$ 19,267,232	\$ 75,557,634
Cost of investments sold	(17,044,575)	(68,914,896)
Net realized gain (loss) on sale of investments	\$ 2,222,657	\$ 6,642,738

5. LOAN RECEIVABLE

On June 3, 2009, the Fund invested \$28,000,000 in CH Fund Administration LP which used the proceeds to acquire a beneficial interest in the administrative contracts for various funds in the Citadel Group of Funds.

On December 3, 2009, five of the funds in the Citadel Group of Funds merged with the Fund (see Note 1).

On December 18, 2009, the Fund received a promissory note (the "Note") from Crown Hill in the amount of \$9,955,000. On November 19, 2010, \$213,904 was added to the outstanding balance on the Note. The Note has an initial term of seven years and may be extended for an additional term of up to seven years on at least 365 days' notice. It bears interest on all outstanding amounts at a rate equal to prime plus

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2011

2% per annum. The Note provides that Crown Hill will be obligated to apply: (i) the tax-adjusted amount of all redemption charges and fees; and (ii) at least 90% of the tax-adjusted amount of all net management fees from the Fund and any other funds managed by Crown Hill to the repayment of the principal and interest due on the Note. It provides for a right of set-off against the management fees and redemption amounts otherwise payable to Crown Hill as well as recourse to the other assets of Crown Hill.

In 2010, the Fund received total repayments of the Note in the amounts of \$3,816,190 in principal and \$408,981 (\$27,624 receivable which was payable on the first business day of 2011) in interest during the year. As of December 31, 2010, the undiscounted loan balance was \$6,352,414 and the present value of the expected future annual repayments on the loan using a discount rate of 7% was \$5,870,901.

The Fund received total repayments of the Note in the amounts of \$2,131,409 in principal and \$145,424 in interest. As of June 30, 2011, the undiscounted loan balance was \$4,221,005 and the present value of the expected future annual repayments on the loan using a discount rate of 7% was \$3,901,052.

6. UNITS ISSUED AND OUTSTANDING

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Unitholders are entitled to retract their Units outstanding on the last business day of each month at an amount equal to (a) the lesser of: (i) 90% of the weighted average trading price of a unit on the TSX during the preceding 15 trading days and (ii) the closing market price on the TSX on that day, less (b) any retraction costs. As well, the Board of Directors of the Trustee may set a date on which units will be retracted at the Transactional Net Asset Value per Unit (see Note 3(f)) less any retraction costs.

The following unit transactions took place during the period ended June 30, 2011.

Units Issued and Outstanding

For the periods ended	June 30, 2011	June 30, 2010
Balance of Units outstanding – beginning of period	32,163,257	42,128,467
Units cancelled or redeemed during the period	(2,332,400)	(40,911)
Balance of Units outstanding – end of period	29,830,857	42,087,556

7. UNITHOLDERS' EQUITY

Unitholders' equity is comprised of Unitholders' capital and retained earnings (deficit). The changes in Unitholders' capital and retained earnings (deficit) during the the periods ended June 30, 2011 and June 30, 2010 are summarized as follows:

For the periods ended	June 30, 2011	June 30, 2010
Unitholders' capital – beginning of period	\$ 177,006,988	\$ 233,844,749
Redemption of Units	(13,694,578)	(205,067)
Unitholders' capital – end of period	\$ 163,312,410	\$ 233,639,682

For the periods ended	June 30, 2011	June 30, 2010
Retained earnings (deficit) – beginning of period	\$ 7,662,864	\$ 3,115,800
Results from operations for the year	6,703,712	(2,843,403)
Distributions to Unitholders	(5,550,544)	(10,107,550)
Retained earnings (deficit) – end of period	\$ 8,816,032	\$ (9,835,153)

For the periods ended	June 30, 2011	June 30, 2010
Unitholders' capital – end of period	\$ 163,312,410	\$ 233,639,682
Retained earnings (deficit) – end of period	8,816,032	(9,835,153)
Unitholders' equity – end of period	\$ 172,128,442	\$ 223,804,529

June 30, 2011

8. TAXATION

The Fund qualifies as a “mutual fund trust” within the meaning of the Income Tax Act (Canada). The Fund is subject to applicable federal and provincial taxes on the amount of its net income for tax purposes for the year, including net realized taxable capital gains, to the extent such net income for tax purposes has not been paid or made payable to Unitholders in the year. No provision for income taxes has been recorded in the accompanying financial statements as all income and net realized capital gains are distributed to Unitholders.

For tax purposes, transaction costs continue to be added to the average cost (for purchases) and reduced from the sale proceeds (for sales). The total of the transaction costs incurred on the purchase of the securities held on December 31, 2009 is shown as a reduction of cost on the Statements of Investments.

The tax cost of the Citadel Merger, as a result of it being done on a taxable basis, is the market price on December 2, 2009.

9. ADMINISTRATIVE EXPENSES, INVESTMENT MANAGEMENT FEES, AND MANAGEMENT FEES

The Fund is responsible for all expenses incurred. All expenses of the Fund are initially paid by the Manager, who is then reimbursed by the Fund in a reasonable amount of time.

The Manager is entitled to an annual fee of 1.00% of the Transactional Net Asset Value of the Fund, calculated and payable monthly. For the period ended June 30, 2011, this amount totaled \$1,026,500 (for the same period in 2010 - \$1,278,320), of which \$138,134 (for the same period in 2010 - \$189,545) was payable at June 30, 2011. Jarislowsky Fraser Ltd. is the investment manager of the Fund and is entitled to an annual fee of 0.33% of the Transactional NAV of the Fund excluding the Note. For the period ended June 30, 2011, the investment management fee totaled \$306,981 (for the same period in 2010 - \$649,033).

Administrative expenses for the period ended June 30, 2011 totaled \$247,016 (for the same period in 2010 - \$236,911) and include a monthly general overhead cost paid to First Paladin Inc., a company related to the manager of the Fund, to cover related administrative salaries, employee benefits, general overhead and office supplies.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's investment activities expose it to various types of risk associated with the financial instruments in which it invests. In addition to the risks of investing in the equity markets generally, the Fund is also subject to other risks, including interest rate risk, currency risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

June 30, 2011

The following tables present as at June 30, 2011, and December 31, 2010, the level within the fair value hierarchy for each of the financial assets and liabilities measured at fair value:

Financial assets – trading investments	Level 1	Level 2	Level 3	June 30, 2011 Total Fair Value
Equities	\$ 146,160,453	\$ -	\$ -	\$ 146,160,453
Bonds	-	19,413,625	-	19,413,625
Total	\$ 146,160,453	\$ 19,413,625	\$ -	\$ 165,574,078

Financial assets – trading investments	Level 1	Level 2	Level 3	December 31, 2010 Total Fair Value
Equities	\$ 154,003,304	\$ -	\$ -	\$ 154,003,304
Bonds	-	20,219,580	-	20,219,580
Total	\$ 154,003,304	\$ 20,219,580	\$ -	\$ 174,222,884

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in being invested in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities through diversification of the investment portfolio. The Manager monitors the Fund's overall market positions on a weekly basis and positions are maintained within established ranges.

The most significant exposure to market risk is from equity securities. As at June 30, 2011, had the prices on the respective stock exchanges for these securities raised (lowered) by 10%, with all other variables held constant, net assets would have increased (decreased) by approximately \$16,557,000 (approximately 9.6% of net assets). In practice, the actual results may differ and the difference could be material.

Foreign Currency Risk

Foreign currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statements of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund invests approximately 12.9% of the investment portfolio in U.S. currency. At June 30, 2011, if the Canadian dollar had strengthened (weakened) by 5%, with all other variables held constant, net assets would have increased (decreased) by approximately \$1,108,000 (approximately 0.6% of net assets). In practice, the actual results may differ and the difference could be material.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments.

The Fund invests approximately 84.9% of the investment portfolio in equity securities. Cash and short-term investments earn minimal interest. The loan receivable bears interest at prime plus 2%.

June 30, 2011

Credit Risk

Credit risk is the risk that an issuer or a counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. 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.

The Fund invests approximately 84.9% of the investment portfolio in equity securities. Cash and short-term investments are held by the custodian. Loan receivable is collateralized by the assets of Crown Hill, including management fees, redemption payments and other assets of Crown Hill. As at June 30, 2011, the Fund has a \$23,315,000 exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial obligations. The Fund is exposed to a monthly redemption of Units at which time the Units of the Fund are redeemed at the current Transactional NAV per Unit. Liquidity risk is managed by investing 84.9% of the Fund's assets in investments that are traded in an active market and can be readily disposed. Approximately 2.3% of the net assets of the Fund are invested in a loan receivable which is an illiquid investment.

The Fund's liquid investments are considered to be in excess of the redemption requirements. Therefore, as at June 30, 2011, the Fund's liquidity risk is considered minimal.

11. BROKERAGE COMMISSIONS AND PORTFOLIO TRANSACTIONS

The brokerage commissions fees paid for the six months ended June 30, 2011 were \$20,096 (for the same period in 2010 - \$95,612). The commissions were incurred solely for order execution services. The Fund does not pay any soft dollar commissions.

12. 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. As disclosed in Note 7, Unitholders' equity consists of Unitholders' capital (total subscriptions less total redemptions calculated at the original subscription price) and retained earnings. 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, retained earnings represents unrealized gains or losses on investments plus any cumulative distributions in excess of cumulative income and realized capital gains, adjusted for the difference between the redemption amounts paid out and the applicable original subscription amounts.

13. SUBSEQUENT EVENTS**Regulatory Issues**

On March 4, 2011, preliminary prospectuses for offerings of warrants for both Citadel Income Fund and Energy Income Fund (the "Funds") were filed by the Manager. Staff of the Ontario Securities Commission ("Staff") recommended against receipting the prospectuses due to the widely publicized acquisition (the "Acquisition") by Crown Hill Fund of the administration contracts of the Citadel Group of Funds in June 2009 and the subsequent merger of some of those funds with the Crown Hill Fund, forming the Citadel Income Fund. At the time, Staff expressed their concerns with the Acquisition and the disclosure made in the June 3, 2009 information circular. After the Manager made changes to the proposed reorganization to address Staff's concerns, a new information circular was issued, was approved by unitholders and the reorganization was partially completed to create the Citadel Income Fund.

Despite the Manager's response, Staff continued to raise the same concerns with the Acquisition nearly two years later, and used those same arguments to recommend that the Director of Investment Funds deny the receipting of the prospectus in relation to the warrant offering.

On April 14, 2011, the Manager and the Fund availed themselves of the Opportunity to be Heard (the "OTBH") before the Director of Investment Funds. The OTBH meeting was adjourned and reconvened on May 11, 2011 with another (acting) Director. In the meantime,

June 30, 2011

on May 6, 2011, Staff served the Manager and its President with an enforcement notice relating to the Acquisition. On May 11, 2011, the second (acting) Director upheld Staff's recommendation.

On May 31, 2011, the Manager and the Funds sought a hearing and review (the "Hearing and Review") of the Director's decision (pursuant to subsection 8(2) of the Securities Act) before the Ontario Securities Commission (the "Commission"). The application was heard on July 12, 13 and 14, 2011. Three business days prior to the Hearing and Review, July 7, 2011, Staff issued a Notice of Hearing and Statement of Allegations against the Manager and its President. It is alleged in the Statement of Allegations that the Citadel Acquisition was undertaken primarily in the interests of the Manager rather than the Fund, contrary to s.116 of the Securities Act. This was the same submission made by Staff at the OTBH and then at the Hearing and Review. In addition, Staff allege that the acquisition of the management contracts for the Fairway Diversified Income and Growth Trust and subsequent merger in January 2009 was also primarily in the interests of the Manager. Finally, Staff allege that certain amendments to the Declaration of Trust of MACCs Sustainable Yield Trust (the predecessor Trust to Crown Hill Fund) to increase the management fee, grant broader powers to the Manager and to adopt less restrictive investment requirements, were also undertaken primarily to benefit the Manager.

Immediately following the issuance of the Notice of Hearing, Staff sought to stay the Hearing and Review on the basis that the Commission should await the outcome of the enforcement proceeding commenced on July 7, 2011, as the proceedings largely involved the same issues. The Commission dismissed Staff's motion.

On August 4, 2011, the Commission released its Order, granting the Manager's application on the Hearing and Review and overturning the acting Director's decision to deny the receipting of the preliminary prospectuses. The Commission ruled and found that there were insufficient grounds to justify the acting Director's decision and the Staff's recommendations. The Commission ruled that, contrary to Staff's submission and the Director's decision, it was not apparent that there was sufficient evidence to justify a refusal to issue a receipt for the prospectuses on the grounds that the business of the Funds may not be conducted with integrity.

The Funds intend to file final prospectuses in accordance with the Commission's Order.

On August 8, 2011, the Manager and its President attended before the Commission and requested the earliest available hearing dates to address the allegations made by Staff in the enforcement proceeding. Staff resisted setting hearing dates and the presiding Commissioner ordered that the parties return for a pre-hearing conference on September 21, 2011.

Warrant Offering

The Fund intends to file a final prospectus prior to October 4, 2011 for a warrant offering subject to the Fund obtaining all necessary regulatory and exchange approvals. The exercise of warrants by warrant holders will provide the Fund with additional capital that can be used to take advantage of attractive investment opportunities, reduce the management expense ratio, and increase the trading liquidity of the Fund's units.

14. COMPARATIVE NUMBERS

Prior period numbers have been reclassified to conform with the current period's presentation.

CORPORATE INFORMATION

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AUDITOR

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The Toronto Stock Exchange
Citadel Income Fund Units: **CTF.UN**

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INDEPENDENT REVIEW COMMITTEE

Mark Maxwell
John Campbell
Andrew Fleming
Mark Arthur

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
Robert Parent – Chief Financial Officer
Kelly Reddy – Chief Compliance Officer

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