



# **ACS Trust**

## **Annual Information Form**

**For the year ended August 31, 2015**

No securities regulatory authority has expressed an opinion about these Units and it is an offence to claim otherwise.

November 27, 2015

# TABLE OF CONTENTS

<b>1</b>	<b>DESCRIPTION OF THE BUSINESS</b> .....	<b>3</b>
1.1	NAME AND FORMATION.....	3
1.2	STATUS OF ACS TRUST .....	3
<b>2</b>	<b>INVESTMENT OBJECTIVES</b> .....	<b>3</b>
2.1	INVESTMENT OBJECTIVES.....	3
2.2	INVESTMENT STRATEGY .....	3
2.3	INVESTMENT RESTRICTIONS OF ACS TRUST.....	3
<b>3</b>	<b>UNITHOLDER’S EQUITY</b> .....	<b>4</b>
3.1	DESCRIPTION OF UNITHOLDER’S EQUITY .....	4
3.2	UNITHOLDER MATTERS .....	4
3.3	TERMINATION OF THE FUND .....	6
3.4	DISTRIBUTIONS .....	6
3.5	REDEMPTION OF UNITS.....	6
<b>4</b>	<b>CALCULATION OF NET ASSET VALUE</b> .....	<b>7</b>
4.1	CALCULATION OF NET ASSET VALUE.....	7
4.2	VALUATION POLICIES AND PROCEDURES.....	7
4.3	REPORTING OF NET ASSET VALUE .....	8
4.4	AUDIT OF FINANCIAL STATEMENTS .....	8
<b>5</b>	<b>MANAGEMENT OF THE FUND</b> .....	<b>8</b>
5.1	THE MANAGER .....	8
5.2	THE PORTFOLIO MANAGER.....	10
5.3	INDEPENDENT REVIEW COMMITTEE.....	10
5.4	THE TRUSTEE .....	12
5.5	THE CUSTODIAN .....	12
5.6	AUDITOR .....	12
5.7	TRANSFER AGENT AND REGISTRAR .....	12
5.8	PORTFOLIO TRANSACTIONS AND BROKERAGE .....	12
<b>6</b>	<b>FEES AND EXPENSES</b> .....	<b>12</b>
6.1	MANAGEMENT FEES .....	12
6.2	OPERATING EXPENSES.....	13
<b>7</b>	<b>CANADIAN FEDERAL INCOME TAX CONSIDERATIONS</b> .....	<b>13</b>
<b>8</b>	<b>MATERIAL CONTRACTS</b> .....	<b>13</b>

## **1 DESCRIPTION OF THE BUSINESS**

### ***1.1 NAME AND FORMATION***

ACS Trust (the “Fund”) is an investment fund established under the laws of the Province of Ontario and governed by the Fund’s Trust Agreement (the “Trust Agreement”) dated November 23, 2010. Aston Hill Capital Markets Inc. (formerly “Connor, Clark & Lunn Capital Markets Inc.”) (the “Manager”) acts as Manager of the Fund and performs or arranges for the performance of management services, including portfolio management services, for the Fund and is responsible for the overall undertaking of the Fund. The Fund’s registered and head office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is August 31. The beneficial interest in the net assets and net income of the Fund is divided into units of one class.

### ***1.2 STATUS OF ACS TRUST***

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation.

## **2 INVESTMENT OBJECTIVES**

### ***2.1 INVESTMENT OBJECTIVES***

The Fund’s investment objectives are to:

- (i) provide Unitholder with distributions; and
- (ii) provide an investment primarily in Capital Securities issued by the four major Australian banks (Australia and New Zealand Banking group, Commonwealth Bank of Australia, National Australia Bank, and Westpac Banking Corporation).

### ***2.2 INVESTMENT STRATEGY***

The Fund seeks to achieve its investment objectives through an investment in a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks. The Fund invests in Capital Securities that pay both fixed rate and floating rate distributions. The Fund may also invest in other income securities, such as subordinated debt and preferred shares, issued by Australian banks and Australian subsidiaries of international banks. The Fund does not employ leverage except in connection with foreign exchange rate hedging.

#### ***2.2.1 Foreign Exchange Hedging***

The Fund invests in Capital Securities denominated primarily in Australian dollars and U.S. dollars. The Manager takes currency exposure into account in managing the Portfolio and reserves the right to hedge, from time to time, all or any portion of the value of the Capital Securities back to the Canadian dollar. Although the Manager does not expect to hedge any amounts in respect of Australian dollars, the Manager may utilize a hedging strategy from time to time in respect of Australian dollars when it considers it appropriate to do so. The Manager hedges back to the Canadian dollar substantially all of the value of the Capital Securities that is denominated in U.S. dollars or U.K. Pounds Sterling. The Fund uses derivative instruments for currency hedging purposes only.

#### ***2.2.2 Use of Derivatives***

The Fund invests in and uses derivative instruments for hedging purposes to the extent considered appropriate by the Manager taking into account factors including transaction costs. There can be no assurance that the Fund’s hedging strategies will be effective.

### ***2.3 INVESTMENT RESTRICTIONS OF ACS TRUST***

The Fund is subject to certain investment restrictions that are set out in the Trust Agreement. The investment restrictions of the Fund

provide that the Fund will not:

- a) invest at the time of purchase less than substantially all of the Total Assets of the Fund in Capital Securities and other income securities such as subordinated debt and preferred shares; except within 60 days of the Closing Date and within 60 days of the Fund's termination;
- b) invest more than 40% of the Total Assets in any given bank, and more than 25% of the Total Assets in any given issue, in each case, at the time of purchase;
- c) purchase the common or preferred shares of any "substantial securityholder" of the Fund (as defined in the Securities Act (Ontario)) or the direct or indirect parent of any substantial securityholder of the Fund;
- d) make or hold any investments in entities that would be "foreign affiliates" of the Fund for purposes of the Tax Act;
- e) make or hold any investments in securities of non-resident trusts other than "exempt foreign trusts" as defined in proposed section 94 of the Tax Act set forth in proposed amendments to the Tax Act released August 27, 2010 (or pursuant to any amendments to such proposals, subsequent provisions enacted into law, or successor provisions thereto);
- f) at any time, hold any property that is a "non-portfolio property" for the purposes of the SIFT Rules;
- g) make or hold any investments that could require the Fund to include any material amount in its income pursuant to the offshore investment fund property rules in proposed amendments to section 94.1 of the Tax Act released August 27, 2010 (or pursuant to any subsequent provisions as enacted into law, or successor provisions thereto);
- h) acquire any interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in proposed section 94.2 of the Tax Act, as set forth in the proposed amendments to the Tax Act dated August 27, 2010 (or amendments to such proposals, provisions as enacted into law or successor provisions thereto);
- i) pledge any of its assets or employ leverage, except in connection with foreign exchange rate hedging; or
- j) purchase the securities of an issuer for the purposes of exercising control or direction, whether alone or in concert, over management of that issuer.

### **3 UNITHOLDER'S EQUITY**

#### **3.1 DESCRIPTION OF UNITHOLDER'S EQUITY**

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest of a single class, each of which represents an equal undivided interest in the net assets of the Fund.

Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred. On termination or liquidation of the Fund, the Unitholders of record are entitled to receive on a pro rata basis with other holders of Units the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. Unitholders have no voting rights in respect of securities held by the Fund.

#### **3.2 UNITHOLDER MATTERS**

##### **3.2.1 Meetings of Unitholders**

A meeting of Unitholders may be convened by the Trustee or the Manager by a written requisition specifying the purpose of the meeting and must be convened by the Trustee if requisitioned by Unitholders holding not less than 10% of the then outstanding Units entitled to vote on the matter.

Notice of all meetings of Unitholders will be given in accordance with the Trust Agreement and applicable law. The quorum for a meeting of all Unitholders is one or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, will be dissolved, but in any other case, the meeting will stand adjourned to

such day no later than 14 days later and to such time and place as may be appointed by the chairman of the meeting (which for greater certainty can be at a later time on the date of the originally scheduled meeting) and if at such adjourned meeting a quorum is not present, the Unitholders present in person or by proxy at such adjourned meeting will be deemed to constitute a quorum.

A matter requiring an Extraordinary Resolution requires an affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

### **3.2.2 Matters Requiring Unitholder Approval**

The following matters may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

- a) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- b) any change of the Manager except where the new manager is an affiliate of the Manager;
- c) any increase in the Management Fee;
- d) any amendment, modification or variation in the provisions or rights attaching to the Units;
- e) any change in the frequency of calculating the Net Asset Value per Unit to less often than daily;
- f) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course;
- g) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the terms of the Trust Agreement; and
- h) any amendment to the above provisions except as permitted by the Trust Agreement.

Notwithstanding the foregoing, the Trustee is entitled to amend the Trust Agreement without the consent of, or notice to, the Unitholders, to:

- a) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;
- b) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- c) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
- d) provide added protection or benefit to Unitholders.

### **3.2.3 Amendment of the Trust Agreement**

Except as provided above, the Trust Agreement may be amended by an Ordinary Resolution approved at a meeting of Unitholders duly convened and held in accordance with the provisions in that regard contained in the Trust Agreement, or by the written consent in lieu of a meeting if there is only one Unitholder.

### **3.2.4 Reporting to Unitholders**

The Fund makes available to Unitholders such financial statements and other continuous disclosure documents as are required by applicable law, including (i) unaudited interim and audited annual financial statements of the Fund, prepared in accordance with Canadian generally accepted accounting principles and, (ii) interim and annual management reports of fund performance in respect of the Fund. Such financial statements and other continuous disclosure documents are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Fund makes available to each Unitholder annually and within the time prescribed by law, information necessary to enable such Unitholder to complete an income tax return with respect to the amounts payable by the Fund.

### **3.3 TERMINATION OF THE FUND**

The Fund has a term of approximately five years, terminating on or about January 29, 2016, unless terminated earlier in accordance with the Trust Agreement. Pursuant to the Trust Agreement, the Fund will terminate on the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund or when terminated by the Manager, as described below. In addition to such termination, the Trust Agreement also provides that:

- a) in the event that the Manager resigns and no new Manager is appointed by the Unitholders within 120 days of the Manager giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is 60 days following the end of such 120 day period;
- b) the Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders.

The Trust Agreement provides that prior to the termination of the Fund, the Manager will use commercially reasonable efforts to dispose of all of its assets and will satisfy or make appropriate provision for all liabilities of the Fund. The Trust Agreement provides that the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders, postpone any termination date by a period of up to 180 days if the Manager determines that it will be unable to convert all of its assets to cash prior to any termination date and the Manager determines that it would be in the best interests of the Unitholders to do so.

Upon termination, the Trust Agreement provides that the Fund will distribute to Unitholders their pro rata portions of the remaining assets of the Fund attributable to each class, which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to any termination date, such unliquidated assets in specie rather than in cash. The value of any remaining assets of the Fund will be determined by the Manager, acting reasonably. Following such distribution, the Fund will be dissolved.

### **3.4 DISTRIBUTIONS**

The Fund pays distributions if, as and when declared by the Fund from time to time.

The Fund paid \$5,650,251 in distributions during the year ended August 31, 2015 (The Fund paid \$10,295,223 in distributions during the year ended August 31, 2015 and the amount of \$3,639,035 was reinvested and the units consolidated).

### **3.5 REDEMPTION OF UNITS**

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit on a Redemption Date. Units surrendered for redemption by a Unitholder on or before 5:00 p.m. (Toronto time) on any Redemption Date will be redeemed on such Redemption Date, subject to the Manager's right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors including the value of the securities included in the portfolio.

A Unitholder who desires to exercise redemption privileges must deliver to the Manager at its office in the City of Toronto, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the relevant notice date.

By delivering to the Manager a notice of intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption. Any redemption notice that the Manager determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby.

The Manager may suspend the redemption of Units or payment of redemption proceeds (i) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the securities included in the Portfolio are listed and traded, and if the securities are not traded on any other exchange that represents a reasonable, practical alternative for the Fund or (ii) for any period not exceeding five days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been

made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager will be conclusive.

## **4 CALCULATION OF NET ASSET VALUE**

### **4.1 CALCULATION OF NET ASSET VALUE**

RBC Investor Services Trust (formerly “RBC Dexia Investor Services Trust”) acts as Valuation Agent for the Fund (the “Valuation Agent”). The Valuation Agent calculates the Net Asset Value per Unit as at the close of business on each Valuation Date. The Fund makes available to the financial press for publication on a daily basis the Net Asset Value per Unit. The Net Asset Value per Unit will also be calculated upon the demand of Unitholders at no additional cost.

### **4.2 VALUATION POLICIES AND PROCEDURES**

For transactional reporting purposes, the Net Asset Value of the Fund on a particular date is equal to (i) the Total Assets of the Fund less (ii) the aggregate value of the liabilities of the Fund. The Net Asset Value per Unit is obtained by dividing the Net Asset Value on such day by the number of Units then outstanding.

For the purpose of calculating Net Asset Value (i.e., for purposes other than financial statements) of the Fund on a Valuation Date, the Total Assets of the Fund on such Valuation Date is determined as follows:

- a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Valuation Agent has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Valuation Agent determines to be the fair market value thereof;
- b) the value of any bonds, debentures and other debt obligations will be valued by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such securities on a Valuation Date at such times as the Valuation Agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Valuation Agent) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Valuation Agent such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use;
- d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total Assets are being determined as determined by the Valuation Agent (generally the Valuation Agent will value such security at cost until there is a clear indication of an increase or decrease in value);
- f) any market price reported in currency other than Canadian dollars will be translated into U.S. dollars at the rate of exchange available from the Valuation Agent on the Valuation Date on which the Total Assets are being determined;
- g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Valuation Agent and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm’s length transaction

which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Valuation Agent;

- h) the value of any forward contract or other derivatives, such as future contracts, swap contracts or options on financial futures, will be the value that would be realized by the Fund if, on the date on which the Total Assets are being determined, the forward contract or other derivatives were closed out in accordance with its terms; and
- i) the value of any security or property to which, in the opinion of the Valuation Agent, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided or for any other reason) will be the fair market value thereof determined in good faith in such manner as the Valuation Agent determines in consultation with the Manager from time to time.

The Net Asset Value per Unit is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain.

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit on a Redemption Date. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors, including the value of the securities included in the Portfolio.

### **4.3 REPORTING OF NET ASSET VALUE**

The Net Asset Value per Unit is available to Unitholders upon request, at no cost, by calling 1-800-513-3868.

### **4.4 AUDIT OF FINANCIAL STATEMENTS**

The annual financial statements of the Fund are audited by the Fund's auditor in accordance with the International Financial Reporting Standards. The auditor is asked to report on the fair presentation of the annual financial statements in accordance with the International Financial Reporting Standards.

## **5 MANAGEMENT OF THE FUND**

### **5.1 THE MANAGER**

Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") oversees, manages and implements the objectives of the Fund pursuant to the terms of the Management Agreement. The Manager is entitled to receive fees as compensation for management services rendered to ACS Trust. See "Duties and Services to be provided by the Manager" below and "Fees and Expenses".

#### **5.1.1 Duties and Services to be provided by the Manager**

Pursuant to the Trust Agreement, the Manager has exclusive authority to manage the operations and affairs of the Fund, to make all decisions regarding the undertaking of the Fund and to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of Fund to do so.

The Manager's duties include maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund's reports to unitholders and to the Canadian securities regulators; providing the Custodian with information and reports necessary for the Custodian to fulfill its fiduciary responsibilities; currency hedging; administering the redemption of Units; arranging for any payment required on the termination of the Fund; dealing and communicating with unitholders; and negotiating contracts with third party providers of services, including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers.

The Manager also implements the Fund's investment strategy to ensure compliance with the Fund's investment restrictions.

### **5.1.2 Details of the Manager's Obligations under the Trust Agreement**

Pursuant to the Trust Agreement, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Fund and its Unitholders, as applicable, and in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances. The Trust Agreement provides that the Manager is not liable in any way for any default, failure or defect in the securities held by the Fund or for any loss or diminution in the value of such securities or other loss or damage suffered by any such person or for any errors of judgement, acts or omissions if it has satisfied the duties and standard of care, diligence and skill set forth above. The Manager will, however, incur liability in cases of wilful misconduct, bad faith or negligence or breach of its obligations under the Trust Agreement and is responsible for any investment advisory and portfolio management services provided to the Fund.

The Manager may resign as manager of the Fund upon 60 days' notice to the unitholders and to the Fund or upon such lesser notice period as the Fund may accept. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by unitholders of the Fund. If the Manager is in material default of its obligations under the Trust Agreement and such default has not been cured within 20 business days after notice of same has been given to the Manager or the Fund shall give notice thereof to its unitholders, and such unitholders may remove the Manager and appoint a successor manager.

The Manager is entitled to fees for its services under the Trust Agreement as described under "Fees and Expenses" and is reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Fund.

The Manager and each of its directors, officers, employees and agents is indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from the Manager's wilful misconduct, bad faith or negligence or the Manager's failure to meet the standard of care set forth above.

### **5.1.3 Conflicts of Interest – Manager and Trustee**

The management and administrative services provided by the Manager to the Fund pursuant to the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents the Manager from providing similar management services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investment decisions for the Fund are made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may manage the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

### **5.1.4 Accounting and Reporting**

The Fund's fiscal year-end is August 31. The Manager ensures that the Fund complies with all applicable reporting and administrative requirements.

The Manager keeps adequate books and records reflecting the activities of the Fund. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the Fund during normal business hours at the offices of the Manager. Notwithstanding the foregoing, subject to applicable law, a Unitholder shall not have access to any information which, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

### **5.1.5 Sale of Connor, Clark & Lunn Capital Markets Inc.**

Connor, Clark & Lunn Financial Group and the principals of the Manager entered into a Sale Transaction to sell to Aston Hill Financial Inc. ("Aston Hill") shares in the Manager, Connor, Clark & Lunn Capital Markets Inc. (the "Company"). The terms of the transaction involved Aston Hill purchasing 80% of the Company from Connor, Clark & Lunn Financial Group, Neil Murdoch (President and Chief Executive Officer) and Darren Cabral (Chief Financial Officer). Neil Murdoch and Darren Cabral hold the remaining 20% of the Company not owned by Aston Hill. Completion of the Sale Transaction occurred on August 15, 2013. The business acquired by Aston Hill included the management agreement related to this Fund.

### 5.1.6 *Officers and Directors of the Manager*

The name and municipality of residence of the directors and officers of the Manager and their principal occupations are as follows:

<b>Name and Municipality</b>	<b>Position with the Manager</b>	<b>Principal Occupation</b>
W. Neil Murdoch Oakville, Ontario	Director and Chief Executive Officer	Director and Chief Executive Officer, Aston Hill Capital Markets Inc.
Darren N. Cabral Toronto, Ontario	Director and President and Chief Financial Officer	President, Aston Hill Capital Markets Inc.
Kal Zakarneh Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Aston Hill Capital Market Inc.
Peter Anderson Toronto, Ontario	Director	Director, Aston Hill Capital Market Inc. Interim Chief Executive Officer, Aston Hill Financial Inc.
Derek Slemko Alberta, Calgary	Director	Director, Aston Hill Capital Market Inc. Interim Chief Financial Officer, Aston Hill Financial Inc.
Sasha Rnjak Woodbridge, Ontario	Chief Compliance Officer and Corporate Secretary	Vice President, Fund Operations and Chief Compliance Officer, Aston Hill Asset Management Inc.

**W. Neil Murdoch:** CFA; BComm, McGill University; LLB, University of Toronto; Master of Management, Kellogg Graduate School of Management, Northwestern University. Mr. Murdoch joined Aston Hill Capital Markets Inc. (formerly Connor, Clark & Lunn Capital Markets Inc.) in December 2003. Prior thereto, Mr. Murdoch was Executive Vice President and Portfolio Manager at AIC Group of Funds.

**Darren N. Cabral:** CFA; BA (Hons.), York University; MBA, Schulich School of Business, York University. Mr. Cabral joined Aston Hill Capital Markets Inc. (formerly Connor, Clark & Lunn Capital Markets Inc.) in May 2007. Prior thereto, Mr. Cabral held various positions with affiliates of Middlefield Group Limited from September 2001 to April 2007, including Executive Director of Research at Middlefield Capital Corporation and Managing Director of Middlefield International Limited.

**Kal Zakarneh:** B.Comm, University of Jordan. Mr. Zakarneh joined Aston Hill Capital Markets Inc. in 2013. Prior thereto Mr. Zakarneh was a Fund Accounting Controller with Connor, Clark & Lunn Financial Group since 2005.

**Peter Anderson:** C.A.; B.Comm, University of New Brunswick. Mr. Anderson joined Aston Hill Financial Inc. in 2014. Prior thereto, Mr. Anderson was Chief Executive Officer of CI Investments from 2003 to 2010. Prior to joining CI, he was Managing Director with ScotiaMcLeod Inc.

**Derek Slemko:** C.A.; B.Comm, University of Alberta. Mr. Slemko joined Aston Hill Financial Inc. in 2006. Prior thereto, Mr. Slemko was controller of Vault Energy Trust from 2005 to 2006.

**Sasha Rnjak:** BA Economics, University of Western Ontario, Vice President, Fund Operations and Chief Compliance Officer, Aston Hill Asset Management Inc., since April 2011; prior thereto, Compliance Manager, CI Investments Inc., since September 2007.

### 5.2 *THE PORTFOLIO MANAGER*

The Manager provides portfolio management services for the Fund or may appoint a sub-advisor pursuant to the Trust Agreement.

### 5.3 *INDEPENDENT REVIEW COMMITTEE*

The Manager has appointed an independent review committee (the “Independent Review Committee”) in accordance with NI 81-107 comprised of four members, each of whom is independent of the Manager and entities related to the Manager. The Independent Review Committee intends to function in accordance with applicable securities law, including NI 81-107. The mandate of the Independent Review Committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager

has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the Independent Review Committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The Independent Review Committee has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the Independent Review Committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Independent Review Committee report annually to the Fund which report is available free of charge upon request to the Manager and is also posted on the Manager's website at [www.astonhill.ca](http://www.astonhill.ca).

The members of the Independent Review Committee are John Crow (chair), C. Scott Browning, Robert B. Falconer, and Joseph H. Wright. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager and its affiliates.

The principal occupations and biographies of the Independent Review Committee members are set out below:

**John Crow (chair)** is the former Governor of the Bank of Canada and a noted economist. He is a director or advisor to a number of companies, and is also a Senior Fellow of the C.D. Howe Institute. In 1999, he chaired a committee of international experts that was commissioned by the Executive Board of the International Monetary Fund (the "IMF") to evaluate IMF bilateral, regional, and multilateral surveillance activities, and in 2002, he took part in a high level international mission to advise on monetary problems in Argentina. In 2003, he chaired an international task force commissioned by the International Federation of Accountants to examine the loss of credibility in financial reporting and how to restore it. Mr. Crow is the author (2002) of *Making Money: An Insider's Perspective on Finance, Politics, and Canada's Central Bank*.

**C. Scott Browning** received his doctorate in chemistry from the University of Toronto in 1992. He returned to join the faculty at UofT after a sixteen month term as a post-doctoral Fellow at the National Institute of Bioscience in Japan. His research on the modular design, synthesis and properties of tunable phosphine ligands has been published in the journals of the Royal Society of Chemistry and the American Chemical Society and presented at international conferences. Dr. Browning is a Fellow of the University of St. Michael's College and is currently coauthoring a textbook that emphasizes a strong mechanistic approach to understanding organic chemistry.

**Robert B. Falconer** is a Member of Board of Directors, Audit and Valuation, Investment and Independent Review Committee (chair) of VentureLink Funds and has financial consulting contracts with Altamira Financial Services, Ontario Clean Water Agency and GHD International. He recently worked as a Director of Community Loans Policy & Risk Control for Ontario Strategic Infrastructure Financing Authority and as a Vice President of Corporate Finance for Altamira Financial Services.

**Joseph H. Wright** spent 23 years with Citibank in New York, Geneva and Toronto. He left Citibank in 1986 to join Burns Fry Limited where he worked until 1994, finishing as a Vice Chairman. In 1995, he joined Swiss Bank Corporation (Canada) as President & CEO. Following Swiss Bank, he has spent 16 years as a corporate director, serving on the boards of Loblaw Companies Limited, O & Y Real Estate Investment Trust, Call-Net Enterprises Inc. and St. Laurent Paperboard Inc., to name a few. He also served for 5 years as the Chair of the Connor, Clark & Lunn Financial Group's independent review committee.

Effective August 15, 2013 Aston Hill Financial Inc., the parent company to Aston Hill Asset Management Inc., announced that it had completed its acquisition of an 80% interest (the Acquisition) in Connor, Clark & Lunn Capital Markets Inc. (Capital Markets). Concurrent with completion of the Acquisition, Capital Markets has been renamed Aston Hill Capital Markets Inc. and the IRC of the funds managed by Aston Hill Asset Management Inc. became the IRC of the funds managed by Capital Markets that were included in the Acquisition. Additionally, Mr. Wright joined the IRC as its fourth member.

The IRC members perform a similar function as the independent review committee for other investment funds managed by the Manager and its affiliates. The current IRC members each receive \$15,000 per annum (\$20,000 for the Chairman) plus \$1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties.

Each year the IRC determines and discloses its compensation in its annual report to Unitholders in the Fund. The annual fees are allocated across all investment funds managed by the Manager and its affiliates with the result that only a small portion of the annual fees of the IRC are charged to the Fund. The annual fees are determined by the IRC and disclosed in its annual report to Unitholders of the Fund.

The IRC reviews its compensation on an annual basis, giving consideration to: industry practice; the number, nature and complexity of the funds; and the nature and extent of the workload.

#### **5.4 THE TRUSTEE**

RBC Investor Services Trust (formerly “RBC Dexia Investor Services Trust”) is the trustee (the “Trustee”) of the Fund under the Trust Agreement and, as such, is responsible for certain aspects of the day-to-day administration of the Fund as described in the Trust Agreement. The Trustee’s office is located in Toronto, Ontario.

The Trustee may resign upon 60 days’ notice to Unitholders and the Manager. The Trustee may be removed with the approval of a simple majority vote cast at a meeting of Unitholders called for such purpose or by the Manager, if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Trust Agreement which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. If the Trustee resigns, its successor may be appointed by the Manager. The successor must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 90 days, the Fund will be terminated.

The Trust Agreement provides that the Trustee shall not be liable in carrying out its duties under the Trust Agreement except where it is in breach of its obligations under the Trust Agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of Unitholders to the extent required by laws applicable to trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, the Trust Agreement contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Fund as described under “Fees and Expenses”. The Trustee is entitled to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of the Fund.

#### **5.5 THE CUSTODIAN**

RBC Investor Services Trust (formerly “RBC Dexia Investor Services Trust”) also acts as Custodian (the “Custodian”) of the assets of the Fund pursuant to the Trust Agreement. The Custodian, in its capacity as valuation services agent, carries out certain aspects of the day-to-day administration of the Fund, including calculating the Net Asset Value, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. The Custodian’s office is located in Toronto, Ontario.

#### **5.6 AUDITOR**

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Professional Accountants, located at 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2

#### **5.7 TRANSFER AGENT AND REGISTRAR**

The Manager, at its office in Toronto, Ontario, maintains the securities registers of the Units and register transfers of the Units.

#### **5.8 PORTFOLIO TRANSACTIONS AND BROKERAGE**

The Manager and the Investment advisor are responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund’s investments and, when applicable, the negotiation of commissions in connection therewith. The Fund is responsible to pay those commissions.

### **6 FEES AND EXPENSES**

#### **6.1 MANAGEMENT FEES**

As compensation for management services rendered to the Fund, the Manager receives a Management Fee from the Fund equal in the

aggregate to 0.30% per annum of the applicable Net Asset Value, calculated daily and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund during the year ended August 31, 2015 were \$245,763 plus applicable taxes (\$306,917 plus applicable taxes during the year ended August 31, 2015).

## **6.2 OPERATING EXPENSES**

The Fund pays for all expenses incurred in connection with its operation and administration, including, fees payable to the Trustee, custodial fees, legal, audit, valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Manager, fees and expenses of the members of the Independent Review Committee appointed under NI 81-107 and expenses related to compliance with NI 81-107, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Fund, fees and expenses relating to the voting of proxies by a third party, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur, but excluding the fees payable to the Manager. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, any sub-advisor, the Custodian or the Trustee and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The aggregate amount of these fees and expenses during the year ended August 31, 2015 were \$34,510 plus applicable taxes (\$32,361 plus applicable taxes during the year ended August 31, 2014).

## **7 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

**This summary is of a general nature only, is not exhaustive of all possible Canadian federal income tax considerations that may be relevant to the Fund, and is not intended to be legal or tax advice to any particular investor. Prospective investors should consult their own tax advisors with respect to the income tax consequences of an investment in Units in their particular circumstances including, in the case of an investor that is a “financial institution” for the purposes of the “mark-to-market” rules contained in the Tax Act, whether Units would constitute “mark-to-market property”.**

The Fund is a “financial institution” for purposes of the “mark-to-market” rules contained in the Tax Act at any time if more than 50% of the fair market value of all interests in the Fund is held at that time by one or more such financial institutions. The Tax Act contains special rules for determining the income of financial institutions.

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under “Unitholders’ Equity - Distributions”, it will generally not be liable in such year for income tax under Part I of the Tax Act. In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income.

The Fund may be subject to “minimum tax” under the Act. The Manager will endeavour to manage the Fund in a manner such that the Fund will not be subject to a minimum tax. The Tax Act provides for a special tax on designated income of certain trusts which have designated beneficiaries. The Trust Agreement prohibits ownership of Units by any person that would be a designated beneficiary for purposes of the Tax Act.

## **8 MATERIAL CONTRACTS**

The material contracts entered into by the Fund are as follows:

- a) the Trust Agreement;
- b) the Exchange Agency Agreement; and
- c) the Registrar, Transfer Agency and Distribution Agency Agreement.

Copies of the foregoing documents may be examined during normal business hours at the principal office of the Fund. Copies of the Trust Agreement may be obtained at any time from the Manager on written request.

[Back Cover]

### **ACS Trust**

Additional information about ACS Trust is available in the financial statements. You can obtain a copy of the financial statements, including a statement of portfolio transactions, at no charge, by contacting the Manager by:

➤ Mail: Aston Hill Capital Markets Inc.  
77 King Street West  
Suite 2110, PO Box 92  
Toronto, Ontario  
M5K 1G8  
  
[www.astonhill.ca](http://www.astonhill.ca)

➤ Phone: 1-800-513-3868

➤ E-mail: [dcabral@astonhill.ca](mailto:dcabral@astonhill.ca)