ACS Trust

Annual Report

August 31, 2014

Management Report of Fund Performance

This annual management report of fund performance for **ACS Trust** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (the "Manager") to the following address: Aston Hill Capital Markets Inc., 77 King Street West, Suite 2110, PO Box 92, Toronto, Ontario, M5K 1G8, or calling 1-800-513-3868 or visiting the Manager's website at www.astonhill.ca or by visiting www.sedar.com.

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

Note that any reference to "Net Assets" or "Net Assets per Unit" or "GAAP Net Assets" means that the value was determined in accordance with the Canadian Generally Accepted Accounting Principles "GAAP" for financial statements purposes. Also, any reference to "Net Asset Value" or "Net Asset Value per Unit" or "Transactional NAV" means that the value was determined for valuation and transactional purposes. An explanation of the difference between both values can be found in Note 3 to the financial statements.

Investment Objectives and Strategy

The Fund is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement (the "Trust Agreement") between the Manager of the Fund and RBC Investor Services Trust (formerly "RBC Dexia Investor Services Trust") (the "Trustee") dated November 23, 2010. The Fund's principal 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 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).

In order to achieve the Fund's investment objectives, Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") (the "Portfolio Manager"), the Fund's Portfolio Manager, actively manages its Portfolio. The Portfolio consists primarily of Capital Securities issued by the Big Four Australian Banks and Australian subsidiaries of global banks. 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.

Risk

There were no changes in the risk exposure of the Fund during the year ended August 31, 2014.

For full disclosure of risks associated with an investment in the Fund's units, please refer to the Prospectus dated November 29, 2010 and to the Fund's most recent Annual Information Form. Both are available at www.sedar.com.

Recent Developments

International Financial Reporting Standards (IFRS)

Beginning September 1, 2014, the Fund will prepare its semi-annual and annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at September 1, 2014 (the transition date). The Fund will also report its interim financial statements for the period ending February 28, 2015, in accordance with IFRS.

The Manager has reviewed and developed its IFRS changeover plan that included performing an impact assessment and identifying differences between existing Canadian GAAP and IFRS. Management has monitored developments in IFRS and has assessed the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training. Based on management's assessment to date, the more significant changes impacting the financial statements may be how the Fund measures the classification of net assets representing unitholders' equity. The Manager does not consider this to be comprehensive list of the accounting changes when the Fund adopts IFRS but in the view of the Manager represent the key differences. See Note 3 of the Financial Statements.

The Fund's outstanding redeemable unit entitlement includes a contractual obligation to deliver cash or another financial asset on the Fund's fixed termination date, and therefore the ongoing redemption feature is not the units only contractual obligation. The impact of the requirements of International Auditing Standards 32 - Financial Instruments Presentation is on classification only and does not impact net assets per unit. Management will continue to monitor the Fund's IFRS changeover plan to address the key elements of the IFRS conversion.

Federal Budget Announcement

On March 21, 2013, the Minister of Finance announced proposals in a federal budget that would treat the gain realized by a mutual fund under forward agreements such as the one entered into by the Fund as ordinary income rather than a capital gain, if the forward agreement was entered into or extended on or after March 21, 2013. On July 11, 2013, the Department of Finance announced proposed technical changes to the transitional rules related to character conversion transactions announced in the federal budget. One of the announced changes includes the extension of the transition period for short-term agreements. The extended grandfathered period allows investment funds, whose forward agreements were entered into prior to March 21, 2013 and the terms of which provide for settlement or are a part of series of agreements that provide for settlement prior to 2015, to extend their forward agreements until end of 2014. For longer-dated forward agreements, the grandfathering transitional period will not extend beyond March 21, 2018. Grandfathering is subject to certain growth rules with which the Fund intends to comply. The federal budget, part of Bill C-4, was enacted into law on December 12, 2013.

Results of Operations

Caution regarding forward-looking statements

The analysis in the document includes forward-looking statements. The use of any of the words anticipate, may, will, expect, estimate, should, believe and similar expressions are intended to identify forward-looking statements. Such statements reflect the opinion of the Portfolio Manager regarding factors that might be reasonably expected to affect the performance and the distributions on units of the Fund and are based on information available at the time of writing. The Portfolio Manager believes that the expectations reflected in these forward-looking statements and in the analysis are reasonable but no assurance can be given that these expectations or the analysis will prove to be correct and accordingly, they should not be unduly relied on. These statements speak only as of the date of this report. Actual events and outcomes may differ materially from those described in these forward-looking statements or analysis.

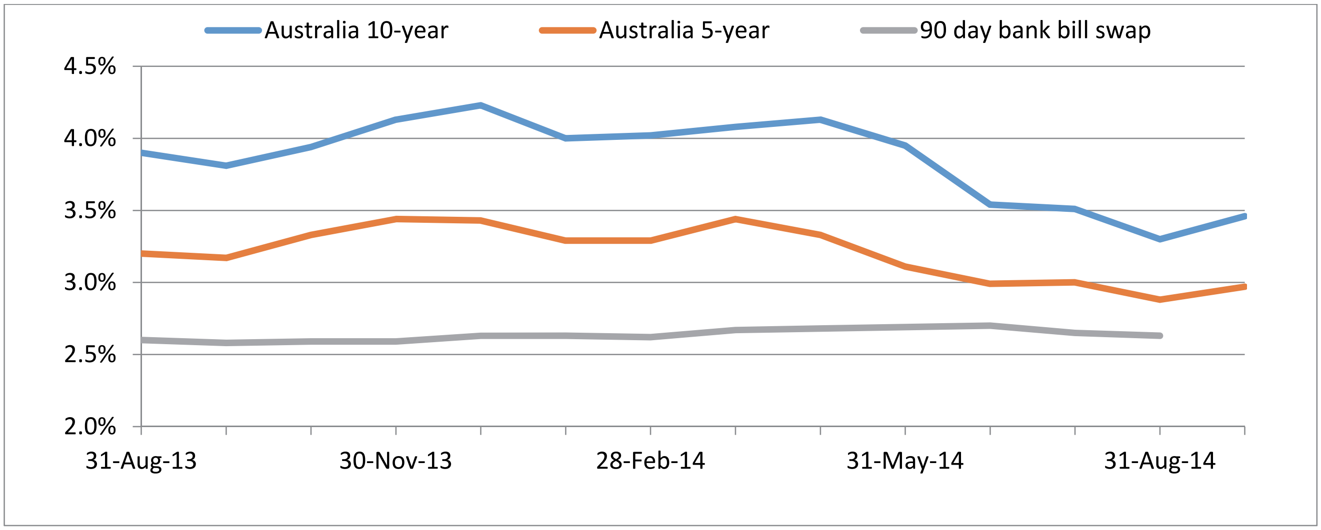
Manager's Commentary (November 2014)

Performance

The fund's Class A units returned 10.7% for the year to August 31st. Performance was boosted by rates, as both Australian and US Government bond yields declined during the year. Credit spreads also boosted performance as spreads for Australian banks' senior debt obligations came down gradually through the year, from 1.28% to 1.00%. The Aussie dollar strengthened by 7.5 cents against the loonie, ending the year at $1.02. NAV of the Class A units increased from $9.52 to $9.97, and the fund paid a regular quarterly distributions of $0.14 per unit, for a total of $0.56 on the year.

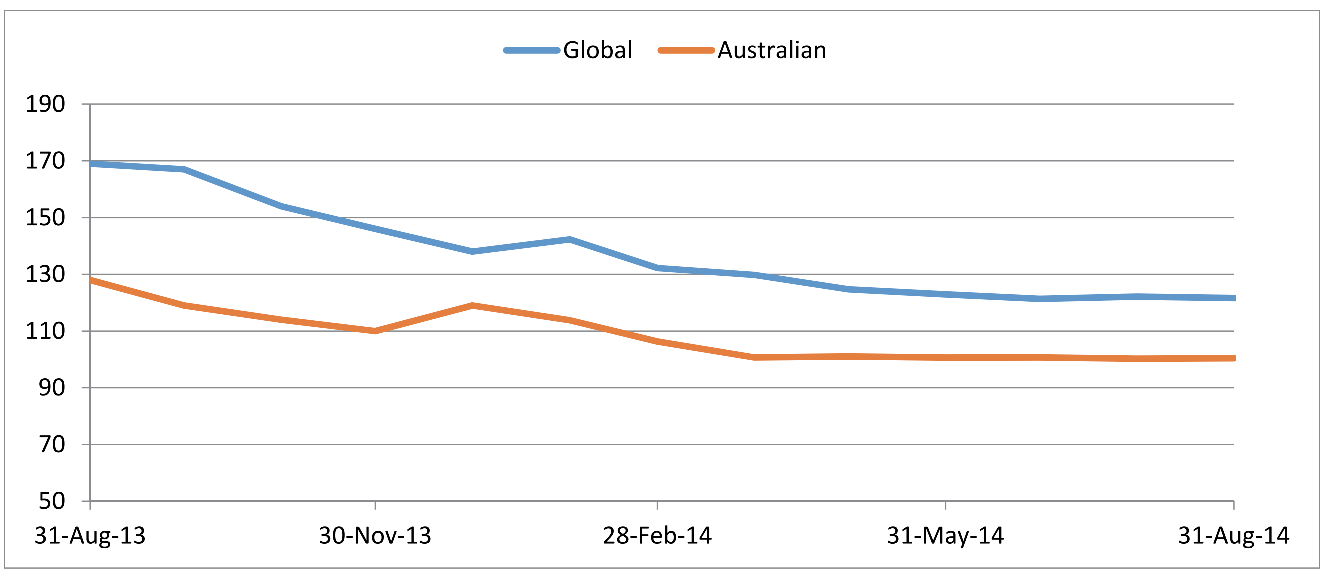
Key Drivers of Performance

Rates – Positive – With the end of the US Federal Reserve's QE3 asset purchases in sight and accelerating forecasts for global growth, most commentators in the fall of 2013 would not have called for government bonds to rally significantly in 2014. Factors including continued downward revision of economic growth forecasts globally, stagnation in continental Europe, an uncertain and prolonged US recovery, confidence in central bank resolve to hold rates down, lower expectations from the developing economies including China, and the escalation of regional conflicts contributed to a rally in government yields. The 10-year US Treasury yield went down 43 basis points over the year to August, to 2.35% and the Aussie 10-year was down 60 bps, to 3.30%. About 59% of the fund's portfolio is denominated in US dollars thus directly affected by US rates; the 26% of the portfolio in Australian dollar investments is chiefly held in floating rate notes, and so exposed to the 90-day inter-bank rate. Falling rates indicate an increase in the value of fixed income securities, but the impact is muted for the fund by the portfolio's short weighted average duration. With about 20% of assets in floating rate notes and all of the remaining securities with maturities under 5 years, the portfolio is not highly sensitive to rate changes.

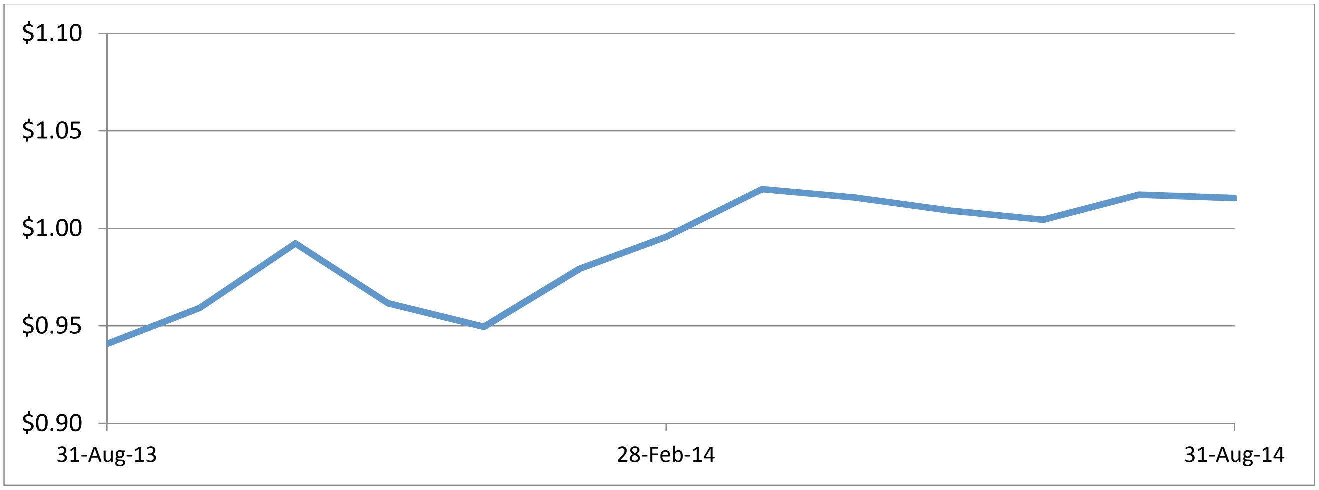


90-Day Bank Bill Swap Rate - Neutral - The BBSW is the rate at which Australian banks lend to each other, roughly the equivalent of LIBOR, and is the basis for Australian floating rate coupons. For instance, a typical coupon payment on a floating rate security might be the BBSW plus 1.50%. The BBSW is calculated from actual market transactions by the Australian Financial Markets Association. The rate held steady, climbing 3 basis points over the year, to 2.63%, near its historic low. Floating rate securities make up about 20% of the fund's portfolio.

Credit Spreads - Positive – The yield in excess of government securities of new long-term debt for Australian financial institutions declined from 128 basis points at the start of the period to a post-financial crisis low of 100 basis points by March 2014,where it has held since. Globally, financial institutions' credit spreads fell more steeply, coming in 48 basis points to an average spread of 121 bps. Credit spreads are the extra yield, or risk premium, investors demand in order to purchase corporate and other non-government bonds. The chart below compares average spread on debt of Australian financial institutions to the spread on the debt of global financial issuers.



Currency - Positive – The Aussie dollar gained 7.5 cents on the loonie over the year. The fund has full currency exposure to its Australian dollar holdings, about 24% of the total portfolio, while US Dollar and Pound Sterling investments are fully hedged.



Australian Banks

Australia's financial system continues to be anchored by the strong performance of her banks. The banks' capital ratios have increased steadily and profitability remains robust, aided by declines in charges for bad and doubtful debts. Improved wholesale funding conditions have decreased price competition for retail deposits, although spurring competition for some types of loans. The Australian Prudential Regulatory Authority has recently taken measures to promote stronger risk management by lenders, and there is more to come, especially for lending to investors. With the country's role as G20 chair this year, Australia's policy makers have been motivated to focus on four core areas of financial system reform: i) system resilience and the implementation of Basel III; ii) the "too-big-to-fail" issue; iii) oversight and regulation of shadow banking; and, iv) the derivatives market.

Asset performance for the big four has continued its steady improvement. The banks' ratio of non-performing assets to total loans stood at 1.1% at June 30th, compared to its peak of 1.9% in mid-2010. The reduction in impaired assets has been concentrated in business loans and especially commercial property loans, and the sharp recovery in the commercial property market in the first half of 2014 induced another sharp fall in impaired loans. Further improvement in asset performance will depend on other industries. The risk profile of business loans has benefitted from tighter lending standards implemented since 2008-2009. Household loan performance has been steady of late, aided by the tailwind of a strong housing market.

Lending growth has been good to date in 2014, with overall loans expanding at an annualized 7%. Investor housing credit has led the way at near 10%. Business credit is also up but remains subdued outside the mining sector. There has been some increase in price competition, especially in the rates on mortgages and large value loans, but this does not appear to have been accompanied by a drop in standards. Foreign banks, which account for about 15% of total business credit, have been pricing more aggressively.

Profitability has largely been driven by the fall in bad and doubtful debts, which dropped 17% in the latest half-year. Aggregate profit for the big four topped $14 billion in the latest half-year, up 13% on a year earlier. Net interest income was also up as strong growth in interest earning assets offset a small decline in net interest margins. The Banks' returns on equity, averaging around 15%, are high by global standards, reflecting both strong asset performance and a lower cost to income ratio than the large European and U.S. banks. With bad debt charges at historically low levels and costs low compared to the industry, the banks' profit growth is expected to moderate going forward.

The Australian Economy

The year to September was generally characterized by strong investor risk appetite, stable financial markets, and low volatility. These conditions were nurtured in part by highly expansionary monetary policies in the major economies and the ongoing stretch for yield by investors. As the third quarter ended, factors including continued slow global economic growth, the escalation of regional conflicts in the middle east and Ukraine, the end of the Federal Reserve Board's QE3 asset purchases, and the Ebola scare appeared to be pushing markets off balance, resulting in a rapid spike in overall market volatility in late September and October.

The Reserve Bank of Australia elected to leave its cash rate target at 2.5% at its October 7th meeting. The Aussie overnight target has now been held at that historic low for 15 consecutive months. In its media release, the Reserve Bank Board maintained its assertion that a "period of stability in interest rates" remains appropriate, a turn of phrase that economists have been watching closely. The implication is that Board members believe the overall economy needs low rates and a low dollar, and that Australian regulators will initially use prudential regulatory policy to achieve economic tightening in targeted sectors, such as the housing market, as opposed to the comparatively blunt instrument of policy rates.
The RBA release described the Australian dollar as "high by historical standards" in spite of having dropped 6.6% versus the US dollar in September, and 7.4% for the full quarter. Rising volatility, weak iron ore prices and weakness in the euro all contributed to the drop.

Australia's unemployment rate climbed from 5.9% in June to 6.0% in July and remained there through the quarter. 6.0% marks the highest rate since July 2003. While the economy gained about 22 thousand jobs over the quarter, September saw a decline of 30 thousand, a result 45 thousand worse than expected. Year-over-year employment growth was very soft, at 1.1%, while the number of full time jobs barely moved, up only 0.2% for the year. Leading indicators show a slight improvement in the jobs growth rate, however, to 1.5%.

As the fiscal year closed, monthly surveys continued to highlight Australians' disappointment in their near-term economic prospects. The Westpac Melbourne Institute Index of Consumer Sentiment rose 0.9% from 94.0 in September to 94.8 in October, marking the eighth consecutive month at below 100, a sign that pessimists outnumber optimists. Prior to March, the Index had spent 16 months above 100. The Index surveys attitudes about family finances, economic conditions, and whether now is a good time for a major purchase. National Australia Bank's September business survey turned in the lowest confidence reading since before last year's election. A soft operating environment, low forward orders, falling profits and lower employment expectations characterized business conditions.

Globally, the sluggish and uneven recovery continued to disappoint. After a weaker than expected first half, the International Monetary Fund's October World Economic Outlook revised the agency's global GDP growth projection to 3.3% for 2014, 0.4% lower than April's forecast. The forecast for 2015 is for a slight improvement, to 3.8%. The report cited increasing short-term risks including the current bumper crop of geopolitical issues, whose effects have thus far been largely confined to the regions involved, and the fear that investors have been mispricing risk, such that very low investor risk premiums and market volatility could rapidly reverse. Over the medium term, the report pointed to low potential growth in advanced economies, particularly as a result of high public and private debt, and a decline in the potential growth of emerging markets.

Capital transactions

The Fund is authorized to issue an unlimited number of redeemable, transferable one class of units (the "Units"), each of which represents an equal, undivided interest in the net assets of the Fund, subject to the terms and conditions of the Trust Agreement.

On December 17, 2010, the Fund completed a unit offering pursuant to the Prospectus dated November 29, 2010. $136,292,000 was raised through the issue of 14,581,576 Units. The Units were issued at $9.35 per Unit.

During the year ended August 31, 2014, 2,541,212 Units were redeemed for net payment of $25,131,509 (39,150 Units were issued for $380,628 and 3,460,569 Units were redeemed for $32,634,356 during the year ended August 31, 2013).

Distributions

The Fund pays distributions if, as and when declared by the Fund from time to time. During the year ended August 31, 2014, the Fund paid $10,295,223 in distributions and the amount of $3,639,035 was reinvested and the Units consolidated ($15,178,590 during the year ended August 31, 2013 and the amount of $6,226,726 was reinvested and the Units consolidated).

Recommendations or Reports by the Independent Review Committee

The Independent Review Committee of the Fund tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended August 31, 2014.

Related Party Transactions

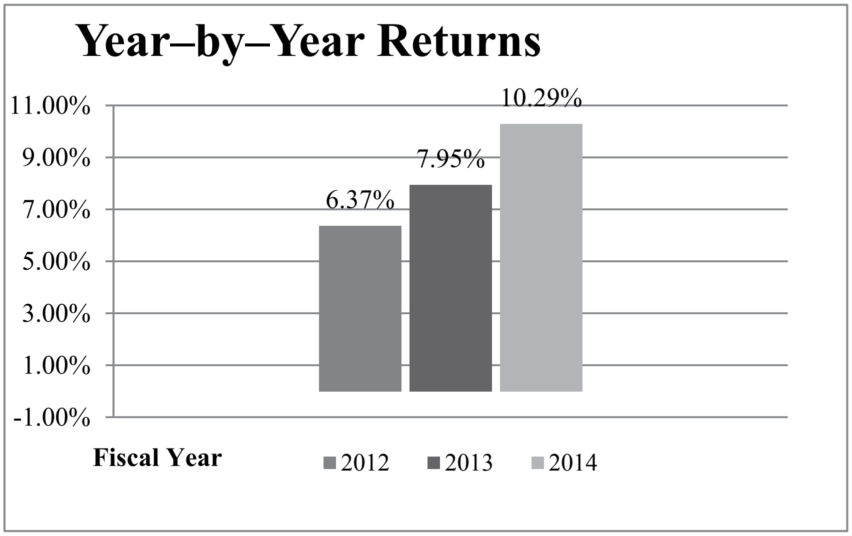
Management Fees

In consideration for management services and investment advice, 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, 2014 was $306,917 plus applicable taxes ($385,186 plus applicable taxes during the year ended August 31, 2013).

Past Performance

The following bar chart and table shows the Fund's annual performance by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, redemptions or other optional charges that would have reduced returns or performance. The bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



Annual Compound Returns

	Past Year	Since Inception [(1)]
Based on NAV	10.29%	7.77%
Bank of America Merrill Lynch Australia Financial Index	6.71%	8.48%

(1) Annualized for the period from December 17, 2010 (commencement of operations) to August 31, 2014.

The Bank of America Merrill Lynch Australia Financial Index tracks the performance of investment grade debt of financial issuers publicly issued in the Australian domestic market and denominated in Australian dollars with at least one year remaining until maturity. The index includes securities issued by regional banks, non-bank financials and non-Australian banks that have issued securities in the domestic Australian market which the Fund does not have exposure to. The index total returns are presented in and calculated in Canadian dollars.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to aid in understanding the Fund's financial performance since inception. This information is derived from the Fund's audited annual financial statements.

	August 31, 2014	August 31, 2013	August 31, 2012	August 31, 2011 (1)
Net Assets, beginning of period	**9.48**	**9.30**	**9.27**	**9.35**
Increase (decrease) from operations:				
Total revenues	0.58	0.54	0.59	0.35
Total expenses	(0.03)	(0.03)	(0.03)	(0.03)
Realized gains (losses) for the period	0.07	(0.04)	0.05	(0.01)
Unrealized gains (losses) for the period	0.31	0.25	(0.04)	0.03
Total increase (decrease) from operations (2)	**0.93**	**0.72**	**0.57**	**0.34**
Distributions:				
From income (excluding dividends)	(0.50)	(0.54)	(0.55)	–
From dividends	–	–	–	–
From capital gains	–	–	–	–
Return of capital	–	–	–	(0.37)
Total Distributions (3)	**(0.50)**	**(0.54)**	**(0.55)**	**(0.37)**
Net Assets, end of period (4)	**9.90**	**9.48**	**9.30**	**9.27**

(1) Results for the period from December 17, 2010 (commencement of operations) to August 31, 2011.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of 13,336,002 units outstanding as of August 31, 2014 (August 31, 2013 – 16,638,672 units).

(3) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.

(4) This is not a reconciliation between the opening and the closing net assets per unit.

	August 31, 2014	August 31, 2013	August 31, 2012	August 31, 2011 (1)
Net asset value (000's)	110,855	130,333	159,675	181,617
Number of units outstanding	11,170,750	13,711,962	17,133,381	19,543,757
Management expense ratio (2)	0.29%	0.30%	0.30%	0.32%
Management expense ratio before waivers or absorptions (annualized) (2)	0.29%	0.30%	0.30%	0.32%
Portfolio turnover rate (3)	0.00%	3.57%	0.00%	0.03%
Trading expense ratio (4)	0.00%	0.00%	0.00%	0.07%
Net asset value per unit (5)	9.92	9.51	9.32	9.29

(1) Results for the period from December 17, 2010 (commencement of operations) to August 31, 2011.

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

(3) The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities (including fixed income) in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(5) The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio, whereas the net assets per unit (GAAP Net Assets) is based on the closing bid prices of the underlying portfolio; hence the difference between the two amounts

Summary of Investment Portfolio as of August 31, 2014

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available at www.astonhill.ca.

	Coupon Rate %	Maturity date	Fair value CAD $	% of NAV
Portfolio by Category				
Foreign Corporate Bonds			109,552,107	98.8%
Foreign Preferred Stock (AUD) / Financials			3,199,089	2.9%
Other assets net of other liabilities			1,916,889	1.7%
Cash			299,504	0.3%
Foreign currency forward contracts			(4,112,925)	-3.7%
Top 25 Holdings				
CBA Capital Trust II (U.S. Dollars) *	6.02%	3/15/2016	29,380,621	26.5%
HSBC Bank Australia Ltd. (Australian Dollars) *	5.43%	11/25/2020	19,696,149	17.8%
National Capital Trust I (British Pounds) *	5.62%	12/17/2018	19,199,562	17.2%
National Australia Bank/New York (U.S. Dollars) *	8.00%	9/24/2016	18,803,650	17.0%
Westpac Capital Trust IV (U.S. Dollars) *	5.26%	3/31/2016	10,153,275	9.2%
National Capital Trust II (U.S. Dollars) *	5.49%	3/23/2015	5,069,695	4.6%
National Australia Bank Ltd. (floating rate) (Australian Dollars)	6.30%		3,199,089	2.9%
Commonwealth Bank of Australia (Australian Dollars)	6.50%	7/21/2015	2,930,052	2.6%
Westpac Banking Corporation (Australian Dollars)	7.25%	11/18/2016	2,206,089	2.0%
Westpac Banking Corporation (Australian Dollars)	6.50%	11/18/2016	2,113,013	1.9%
Cash and Short term investments			299,504	0.3%
Bought CAD 20,355,700, sold USD 19,000,000		03/10/2014	(318,900)	-0.3%
Bought CAD 18,660,510, sold USD 18,300,000		11/01/2016	(1,420,547)	-1.3%
Bought CAD 14,777,000, sold GBP 9,500,000		03/10/2014	(2,373,478)	-2.1%

*Maturity date is first call date.

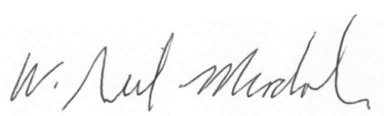
Net asset value		**$ 110,854,663**

Management's Responsibility for Financial Reporting

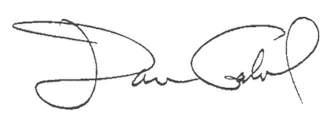
The accompanying financial statements to **ACS Trust** (the "Fund") and all of the information therein have been prepared by Aston Hill Capital Markets Inc. In its capacity as Manager of the Fund. The Fund's Manager is responsible for all of the information and representations contained in these financial statements and other sections of the Annual Report. Management maintains appropriate process to ensure that relevant and reliable information is produced.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements are not precise since they include certain amounts based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this Annual Report is consistent with the financial statements.

The financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the Unitholder. They have audited the financial statements in accordance with the Canadian generally accepted auditing standards to enable them to express to the Unitholder their opinion on the financial statements. Their report is set below.



W. Neil Murdoch
President and Chief Executive Officer
Aston Hill Capital Markets
Inc.



Darren N. Cabral
Vice President and Chief Financial Officer
Aston Hill Capital Markets Inc.

Toronto, Canada
November 28, 2014

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November 28, 2014

Independent Auditor's Report

To the Unitholder of
ACS Trust (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at August 31, 2014, the statements of net assets as at August 31, 2014 and August 31, 2013, and the statements of operations, and changes in net assets and, retained earnings, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

PricewaterhouseCoopers LLP
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T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at August 31, 2014 and August 31, 2013 and the results of its operations, the changes in its net assets its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

ACS Trust

Statements of Net Assets

As at August 31, 2014 and 2013

	2014	2013
	$	$
Assets		
Cash	299,504	758,724
Short-term investments	-	316,372
Investments at fair value (average cost - $100,380,754 ; 2013 - $122,685,708)	112,490,578	128,858,194
Interest and dividends receivable	1,961,077	2,305,383
	114,751,159	132,238,673
Liabilities		
Accounts payable and accrued liabilities	18,198	19,269
Management fees payable	25,990	39,690
Unrealized loss on foreign currency forward contracts	4,112,925	2,187,289
	4,157,113	2,246,248
Net assets and unitholder's equity	110,594,046	129,992,425
Units outstanding (note 5)	11,170,750	13,711,962
Net assets per unit	9.90	9.48
Unitholder's equity (note 5)		
Unit Capital	108,899,456	129,205,910
Retained Earnings	1,694,590	786,515
Total Unitholder's equity	110,594,046	129,992,425

Approved on behalf of the Manager,
Aston Hill Capital Markets Inc.

Director **Director**

(See accompanying notes to financial statements)

ACS Trust

Statements of Operations

For the years ended August 31, 2014 and 2013

	2014	2013
	$	$
Income		
Interest income	7,609,863	8,699,751
Dividends (net of withholding taxes)	151,555	313,047
	7,761,418	9,012,798
Expenses		
Management fees (note 7)	306,917	385,186
Harmonized sales tax	43,857	54,922
Custodial and other unitholder fees	19,277	25,782
Audit fees	10,721	11,510
Interest expense	1,052	2,675
Filing fees	861	2,201
Broker commission charges (note 9)	-	1,326
Other fees	450	-
	383,135	483,602
Investment income	7,378,283	8,529,196
Unrealized gain (loss)		
Change in unrealized gain (loss) on investments	5,937,340	6,907,889
Change in unrealized gain (loss) on foreign currency forward contracts	(1,925,637)	(2,791,293)
Change in unrealized gain (loss) on foreign exchange	6,856	417
	4,018,559	4,117,013
Realized gain (loss)		
Net realized gain (loss) on investments	2,152,592	(506,314)
Net realized gain (loss) on foreign currency forward contracts	(1,027,000)	-
Net realized gain (loss) on foreign exchange	(133,116)	(223,945)
	992,476	(730,259)
Net gain on investments	5,011,035	3,386,754
Increase in net assets from operations	12,389,318	11,915,950
Increase in net assets from operations per unit *	0.93	0.72

* (based on weighted average number of units outstanding during the period)

(See accompanying notes to financial statements)

ACS Trust

Statements of Changes in Net Assets and Retained Earnings

For the years ended August 31, 2014 and 2013

	2014	2013
	$	$
Increase in net assets from operations	12,389,318	11,915,950
Distributions to unitholder from: (note 6)		
Net investment income	(10,295,223)	(15,178,590)
Unitholder's transactions (note 5)		
Proceeds from issue of units	-	380,628
Distributions reinvested	3,639,035	6,226,726
Payments on redemption of units	(25,131,509)	(32,634,356)
	(21,492,474)	(26,027,002)
Change in net assets during the year	(19,398,379)	(29,289,642)
Net assets - beginning of year	129,992,425	159,282,067
Net assets - end of year	110,594,046	129,992,425
Retained Earnings, beginning of year	786,515	5,653,993
Increase in net assets from operations	12,389,318	11,915,950
Distributions to unitholder	(10,295,223)	(15,178,590)
Cost of shares redeemed in excess of average price per unit	(1,186,020)	(1,604,838)
Retained Earnings, end of year	1,694,590	786,515

(See accompanying notes to financial statements)

ACS Trust

Statements of Cash Flows

For the years ended August 31, 2014 and 2013

	2014	2013
	$	$
Operating Activities		
Increase in net assets from operations	12,389,318	11,915,950
Items not affecting cash:		
Change in unrealized (gain) loss on investments	(5,937,340)	(6,907,889)
Change in unrealized (gain) loss on foreign currency forward contracts	1,925,637	2,791,293
Net realized (gain) loss on investments	(2,152,592)	506,314
Changes in non-cash working capital:		
(Increase) decrease in interest and dividends receivable	344,306	(7,333)
Increase (decrease) in accounts payable and accrued liabilities	(1,071)	(604)
(Decrease) in management fees payable	(13,700)	(8,900)
Purchase of investment	-	(5,562,921)
Proceeds on disposition of investment	24,457,547	38,855,726
Net cash flow provided by operating activities	31,012,105	41,581,636
Financing Activities		
Proceeds from issuance of units	-	380,628
Distributions to unitholder	(6,656,188)	(8,951,864)
Payments on redemption of units	(25,131,509)	(32,634,356)
Net cash flow (used in) financing activities	(31,787,697)	(41,205,592)
Net increase (decrease) in cash	(775,592)	376,044
Cash - beginning of year	758,724	699,052
Short-term investments - beginning of year	316,372	-
Total cash and short-term investments - beginning of year	1,075,096	699,052
Cash - end of year	299,504	758,724
Short-term investments - end of year	-	316,372
Total cash and short-term investments - end of year	299,504	1,075,096

Supplementary Information

	2014	2013
Interest paid	1,052	2,675

(See accompanying notes to financial statements)

ACS Trust

Statement of Investment Portfolio

As at August 31, 2014

	% Rate	Maturity date	Number of shares / par value $	Average cost $	Fair value $	% of Net Assets
Investments						
Fixed Income						
Fixed Rate Bonds						
CBA Capital Trust II (U.S. Dollars) **	6.02%	3/15/2016	25,850,000	26,063,999	29,302,667	26.5%
National Capital Trust I (British Pounds) **	5.62%	12/17/2018	10,078,000	14,745,432	19,199,562	17.4%
National Australia Bank/New York (U.S. Dollars) **	8.00%	9/24/2016	15,590,000	16,896,224	18,686,962	16.9%
Westpac Capital Trust IV (U.S. Dollars) **	5.26%	3/31/2016	9,000,000	8,824,625	10,104,462	9.1%
National Capital Trust II (U.S. Dollars) **	5.49%	3/23/2015	4,600,000	4,650,627	5,057,221	4.6%
Commonwealth Bank of Australia (Australian Dollars)	6.50%	7/21/2015	2,800,000	2,777,565	2,929,427	2.6%
Westpac Banking Corporation (Australian Dollars)	7.25%	11/18/2016	2,000,000	2,041,119	2,204,963	2.0%
Westpac Banking Corporation (Australian Dollars)	6.50%	11/9/2015	2,000,000	1,968,842	2,112,414	1.9%
Floating Rate Bonds						
HSBC Bank Australia Ltd. (Australian Dollars) **	5.43%	11/25/2020	19,200,000	19,229,095	19,693,811	17.8%
Total Fixed Income				97,197,528	109,291,489	98.8%
Foreign Preferred Stock						
Financials						
National Australia Bank Ltd. (floating rate) (Australian Dollars)	6.30%		39,000	3,209,395	3,199,089	2.9%
Total Foreign Preferred Stock				3,209,395	3,199,089	2.9%
Total investments				100,406,923	112,490,578	101.7%
Transaction costs - Section 3855 adjustment (note 3)				(26,169)	-	0.0%
Total investments				100,380,754	112,490,578	101.7%

	Maturity date	Contract price / rate $	Fair value $	Unrealized gain (loss) $	% of Net Assets
Foreign currency forward contracts					
Bought CAD 20,355,700, sold USD 19,000,000	10/3/2014	0.93340	19,318,900	(318,900)	-0.3%
Bought CAD 14,777,000, sold GBP 9,500,000	10/3/2014	0.64289	11,873,478	(2,373,478)	-2.1%
Bought CAD 18,660,510, sold USD 18,300,000	1/11/2016	0.98068	19,720,547	(1,420,547)	-1.3%
				(4,112,925)	-3.7%
Other assets net of other liabilities				2,216,393	2.0%
Net assets				110,594,046	100.0%

* Maturity date is first call date.

(See accompanying notes to financial statements)

1 Trust activities

ACS Trust (the "Fund") is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement between Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") (the "Manager") the Manager of the Fund and RBC Investor Services Trust (formerly "RBC Dexia Investor Services Trust") (the "Trustee") dated November 23, 2010. The Fund's principal office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The Fund commenced operations on December 17, 2010. The fiscal year-end of the Fund is August 31. The Fund is divided into units of one class.

2 Investment objectives

The Fund's investment objectives are to:

(i) provide the Unitholder ("BMO") with distributions; and
(ii) provide an investment in a portfolio consisting primarily of Capital Securities issued by the Big Four Australian Banks (Australia and New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation).

In order to achieve the Fund's investment objectives, Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") (the "Portfolio Manager"), the Fund's Portfolio Manager, manages its Portfolio. The Portfolio consists primarily of Capital Securities issued by the Big Four Australian Banks and Australian subsidiaries of global banks. The Fund may also invest in other income securities, such as subordinated debt and preferred shares, issued by Australian banks and Australian subsidiaries of global banks. Scheduled termination date is on Jan 29 2016.

3 Summary of significant accounting policies

Basis of presentation

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

Valuation of investments

Investments are deemed to be categorized as "held for trading" in accordance with CPA Canada Section 3862, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore, are recorded at fair value, established by the closing bid price for a security on the recognized exchange on which it is principally traded ("GAAP Net Assets" or "net assets"). Should the quoted value for a security, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques. Fair value is determined by the Manager on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active. Investment purchase and sale transactions are recorded as of the trade date and realized and unrealized gains and losses on investments are determined using average cost. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred. The Canadian Securities Administrators allow investment funds to calculate the daily net asset value for the purpose of processing unitholder transactions using the last traded price for the day as fair value of financial instruments traded in an active market, which is referred to as a "Transactional NAV" or "NAV". The Fund processes unitholder transactions using Transactional NAV. The Forward Agreement is priced at close and therefore equals transactional NAV.

The difference between the net asset value per unit and the net assets per unit as shown on the Statements of Net Assets is due to the different pricing methodology discussed above. The reconciliation between the Transactional NAV and the GAAP Net Assets is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
Per Unit			
August 31, 2014	9.92	(0.02)	9.90
August 31, 2013	9.51	(0.03)	9.48

Cash and short-term investments

Cash and short-term investments include cash and cash equivalents with maturities of less than 90 days from the date of acquisition.

Income recognition

Income from investments is recognized on an accrual basis. Dividend income is recognized at the time a security trades on an ex-dividend basis. Interest income is accrued based on the number of days the investment is held during the period. All income, realized and unrealized net gains (losses) and transaction costs (apart from an insignificant amount of income arising from cash) are attributable to investments and derivatives, which are deemed held for trading. Realized gains (losses) are recorded on the transaction date they are incurred.

Expense recognition

Expenses that are directly attributable to the Fund are recorded on an accrual basis as incurred.

Related party transactions

All related party transactions occur in the normal course of operations and are recorded at an amount of consideration agreed to by the parties.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the end of the year. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates.

Realized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in “Net realized gain (loss) on foreign exchange”. Unrealized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statements of Operations in “Change in unrealized gain (loss) on foreign exchange”.

Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the positions were closed out on the valuation date and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on foreign currency forward contracts.

Increase (decrease) in net assets from operations per unit

This calculation is based on the increase (decrease) in net assets from operations divided by the weighted average number of units outstanding during the period.

Designation of financial assets and liabilities

For the purpose of measuring and recognizing assets and liabilities, the following designations have been made: All investments, including derivatives, if any, are initially recognized at fair value and are designated as held for trading. Accrued interest and dividends receivable, amounts receivable for capital shares sold and securities sold and other assets are designated as loans and receivables and reported at cost or amortized cost. Amounts payable for securities purchased and capital shares redeemed, other liabilities and accrued expenses are designated as other financials liabilities and reported at amortized cost.

International Financial Reporting Standards (IFRS)

Beginning September 1, 2014, the Fund will prepare its semi-annual and annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at September 1, 2014 (the transition date). The Fund will also report its interim financial statements for the period ending February 28, 2015, in accordance with IFRS.

The Manager has reviewed and developed its IFRS changeover plan that included performing an impact assessment and identifying differences between existing Canadian GAAP and IFRS. Management has monitored developments in IFRS and has assessed the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training. Based on management’s assessment to date, the more significant changes impacting the financial statements maybe how the Fund measures the classification of net assets representing unitholders’ equity. The Manager does not consider this to be comprehensive list of the accounting changes when the Fund adopts IFRS but in the view of the Manager represent the key differences. See Note 3 of the Financial Statements.

The Fund’s outstanding redeemable unit entitlement includes a contractual obligation to deliver cash or another financial asset on the Fund’s fixed termination date, and therefore the ongoing redemption feature is not the units only contractual obligation. The impact of the requirements of International Auditing Standards 32 - Financial Instruments Presentation is on classification only and does not impact net assets per unit. Management will continue to monitor the Fund's IFRS changeover plan to address the key elements of the IFRS conversion.

4 Custodian

Pursuant to the Trust Agreement, RBC Investor Services Trust (formerly “RBC Dexia Investor Services Trust”) (the “Custodian”) also acts as Custodian of the assets of the Fund. The Custodian carries out certain aspects of the day-to-day administration of the Fund, including calculating Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by S&P as of August 31, 2014 and 2013.

5 Unitholder’s equity

The Fund is authorized to issue an unlimited number of redeemable, transferable single class of units (the “Units”), each of which represents an equal, undivided interest in the net assets of the Fund, subject to the terms and conditions of the Trust Agreement. All units of the Fund are held by one unitholder.

On December 17, 2010, the Fund completed a unit offering pursuant to the Prospectus dated November 29, 2010. $136,292,000 was raised through the issue of 14,581,576 Units. The Units were issued at $9.35 per Unit.

During the year ended August 31, 2014, the Fund redeemed 2,541,212 Units for net payment of $25,131,509 (39,150 Units for a total value of $380,628 and redeemed 3,460,569 Units for net payment of $32,634,356 during the year ended August 31, 2013).

Changes in outstanding units during the years ended August 31, 2014 and 2013 are summarized as follows:

	August 31, 2014	**August 31, 2013**
Balance – beginning of year	13,711,962	17,133,381
Units issued	-	39,150
Units redeemed	(2,541,212)	(3,460,569)
Balance – end of year	11,170,750	13,711,962

The Unit Capital dollar amount represents the face value of the Fund’s Units minus any return on capital distributions. If the redemption price is lower than the average cost per unit, the difference is included in Contributed Surplus on the Statements of Net Assets. If the price is greater than the average cost per unit, the difference is first charged to Contributed Surplus until the balance in Contributed Surplus is eliminated and the remaining amount is charged to Retained Earnings (Deficit).

The Fund considers capital to include all units issued and outstanding. The Fund manages its capital in accordance with the objectives outlined in Note 2.

6 Distributions

The Fund pays distributions if, as and when declared by the Fund from time to time. During the year ended August 31, 2014, the Fund paid $10,295,223 in distributions and the amount of $3,639,035 was reinvested and the Units consolidated ($15,178,590 during the year ended August 31, 2013 and the amount of $6,226,726 was reinvested and the Units consolidated).

7 Management fees

The Manager receives a management fee from the Fund equal in the aggregate to 0.30% per annum of the applicable NAV, calculated daily and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund during the year ended August 31, 2014 were $306,917 plus applicable taxes ($385,186 plus applicable taxes during the year ended August 31, 2013).

8 Income taxes

The Fund is a financial institution for purposes of the "specified debt obligation" and "mark-to-market" rules contained in the Income Tax Act (Canada) as more than 50% of the fair market value of all interests in the Fund are held any time by one or more such financial institutions. The Fund will be subject to tax in each taxation year under Part I of the Income Tax Act (Canada) on the amount of its income for the year, including net unrealized gains, if any, less the portion thereof that it deducts in respect of the amount paid or payable to unitholders in the year. The Fund may also be subject to "minimum tax" under the Tax Act.

It is the intention of the Manager that all annual net taxable income will be distributed to the unitholder on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be eliminated. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

The Fund did not have any net taxable capital losses or non-capital losses carry forward balances as at tax year ends December 31, 2013 and 2012.

9 Broker commission charges and soft dollar services

There were $nil of broker commissions paid during the year ended August 31, 2014 in connection with portfolio transactions ($1,326 during the year ended August 31, 2013). No contractual arrangements for soft dollar services exist in the broker commission charges.

10 Financial instruments

For the purposes of categorization in accordance with CPA Canada Section 3862, Financial Instruments – Disclosures, cash is reported at fair value, while interest and dividends receivable is deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, management fees payable and accounts payable and accrued liabilities are deemed to be financial liabilities and reported at amortized cost.

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at August 31, 2014 and 2013:

Assets at fair value as at August 31, 2014	Level 1	Level 2	Level 3	Total
Equities	3,199,089	–	–	3,199,089
Bonds	–	109,291,489	–	109,291,489
Total	**3,199,089**	**109,291,489**	–	**112,490,578**

Liabilities at fair value as at August 31, 2014	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	(4,112,925)	–	(4,112,925)
Total	–	**(4,112,925)**	–	**(4,112,925)**

Assets at fair value as at August 31, 2013	Level 1	Level 2	Level 3	Total
Equities	2,640,063	–	–	2,640,063
Bonds	–	126,218,131	–	126,218,131
Short-term investments	–	316,372	–	316,372
Total	**2,640,063**	**126,534,503**	–	**129,174,566**

Liabilities at fair value as at August 31, 2013	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	2,187,289	–	2,187,289
Total	–	**2,187,289**	–	**2,187,289**

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Equities: The Fund's long equity positions are classified as Level 1 as the security held is actively traded based on a exchange rated price

Bonds and short-term investments: Bonds and short-term investments are classified as Level 2 as they are valued using observable inputs, including interest rate curves, credit spreads and volatilities and are not actively traded. The prepaid forward agreement is a level 2 security as its value is based on observable input which is not actively traded.

Foreign currency forward contracts: Foreign currency forward contracts for which inputs, including interest rates, forward market rates and credit spreads are observable and reliable or for which unobservable inputs are determined not to be significant to the fair value, are classified as Level 2.

There were no transfers among the three levels during the years ended August 31, 2014 and 2013.

11 Financial instrument risk

The Fund's activities expose it to a variety of financial risks. The Portfolio Manager may invest in derivatives for the purpose of hedging interest rate exposure. The Investment Manager also invests in foreign currency forward contracts to hedge the Fund's foreign exchange risk exposure.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio, such as bonds and short-term notes. The Fund is exposed to the risk that the value of interest-sensitive financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The tables below summarize the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

August 31, 2014:

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Non-interest bearing	Total
Investments	7,999,747	62,656,649	19,199,562	19,693,811	(913,836)	**108,635,933**
Cash and cash equivalents	–	–	–	–	299,504	**299,504**
Other assets	–	–	–	–	1,961,077	**1,961,077**
Liabilities	–	–	–	–	(44,188)	**(44,188)**
Net assets value	**7,999,747**	**62,656,649**	**19,199,562**	**19,693,811**	**1,302,557**	**110,852,326**

August 31, 2013:

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Non-interest bearing	Total
Investments	–	84,278,251	23,766,688	18,173,192	452,774	**126,670,905**
Cash and short-term investments	316,372	–	–	–	758,724	**1,075,096**
Other assets	–	–	–	–	2,305,383	**2,305,383**
Liabilities	–	–	–	–	(58,959)	**(58,959)**
Net assets	**316,372**	**84,278,251**	**23,766,688**	**18,173,192**	**3,457,892**	**129,992,425**

As at August 31, 2014, had prevailing interest rates raised or lowered by 1.0%, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately $1,831,000 and ($1,779,000) (as at August 31, 2013, net assets would have decreased or increased, respectively, by approximately $2,774,000 and $2,873,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar ("CAD"), which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Statement of Investment Portfolio identifies all securities denominated in foreign currencies.

The tables below summarize the Fund's exposure to foreign currencies as at August 31, 2014 and 2013. Amounts shown are based on the carrying values of monetary and non-monetary assets as well as the underlying principal amounts of foreign currency derivatives such as forward contracts. Other financial assets and liabilities such denominated in foreign currencies do not expose the Fund to significant currency risk. The tables below summarize the Fund's significant exposure to foreign currencies and the approximate impact on net assets had the Canadian dollar weakened by 5% in relation to these currencies. If the Canadian dollar were to strengthen relative to these currencies, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

August 31, 2014:

	Monetary instruments $	**Non-monetary instruments $**	**Derivative instruments $**	**Net Exposure $**	**% of Net Assets**	**Sensitivity (based on devaluation of CAD) $**
Australian Dollar	27,212,036	3,199,089	-	30,411,125	27.5%	1,521,000
British Pound	19,199,562	-	(17,150,478)	1,536,484	1.4%	77,,000
U.S. Dollar	63,151,312	-	(40,755,657)	22,908,255	20.7%	1,145,,000
	109,562,910	3,199,089	(57,906,135)	54,855,864	49.6%	2,743,000

August 31, 2013:

	Monetary instruments $	**Non-monetary instruments $**	**Derivative instruments $**	**Net Exposure $**	**% of Net Assets**	**Sensitivity (based on devaluation of CAD) $**
Australian Dollar	32,541,949	2,640,063	–	35,182,012	27.1%	1,759,000
British Pound	18,199,876	–	(17,950,099)	249,777	0.2%	12,000
U.S. Dollar	76,560,173	–	(49,791,130)	26,769,043	20.6%	1,338,000
	127,301,998	2,640,063	(67,741,229)	62,200,831	47.9%	3,109,000

Credit risk

The Fund is exposed to the risk that a security issuer or counterparty will be unable to pay amounts in full when due. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt investments and unrealized gain on derivative instruments outstanding with counterparties represents the maximum credit risk exposure as at August 31, 2014 and 2013.

The tables below summarize the Fund's exposure to credit risk as of August 31, 2014 and 2013. Amounts shown are based on the carrying value of debt investments and the unrealized gain on derivative instruments outstanding with counterparties.

Rating	August 31, 2014 (% of Net Assets)
AA-	5.7%
A	17.8%
BBB+	74.5%
A-1+	0.0%
Total	98.0%

Rating	August 31, 2013 (% of Net Assets)
AA-	6.4%
A	18.4%
BBB+	72.6%
A-1+	0.2%
Total	97.6%

As at August 31, 2014 and 2013, no debt securities were contractually past due and no longer meeting interest payment obligations.

All transactions in listed securities are settled or 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.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Fund's cash requirements in a timely manner and includes the risk of not being able to liquidate assets at reasonable prices. This risk arises mainly from the Fund's exposure to unlimited annual redemptions in any given year; therefore, the Fund invests the majority of its assets in investments that can be readily disposed. In addition, the Fund retains sufficient cash positions to maintain liquidity. All liabilities, with the exception of one foreign currency forward contract, are due within three months.

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on August 31, 2014, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $319,909 (August 31, 2013 – $264,006). In practice, actual results may differ from this sensitivity analysis and the difference could be material.