ACS Trust

Annual Management Report of Fund Performance

August 31, 2015

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 semi-annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (the "Manager") to the following address: 77 King Street West, Suite 2110, 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.

INVESTMENT OBJECTIVES AND STRATEGIES

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 (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 Unitholders with quarterly, tax-advantaged distributions consisting primarily of returns of capital; and

(ii) provide exposure to 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. (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, 2015.

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)

The Fund adopted IFRS as published by the International Accounting Standards Board (IASB) as of September 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at September 1, 2013 and throughout all years presented in its annual financial statements, as if these policies had always been in effect. Note 16 to the annual financial statements dated March 31, 2015 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended August 31, 2014 prepared under Canadian GAAP.

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 Investment 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 Investment 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.

PORTFOLIO MANAGER COMMENTARY (AS AT NOVEMBER 11, 2015)

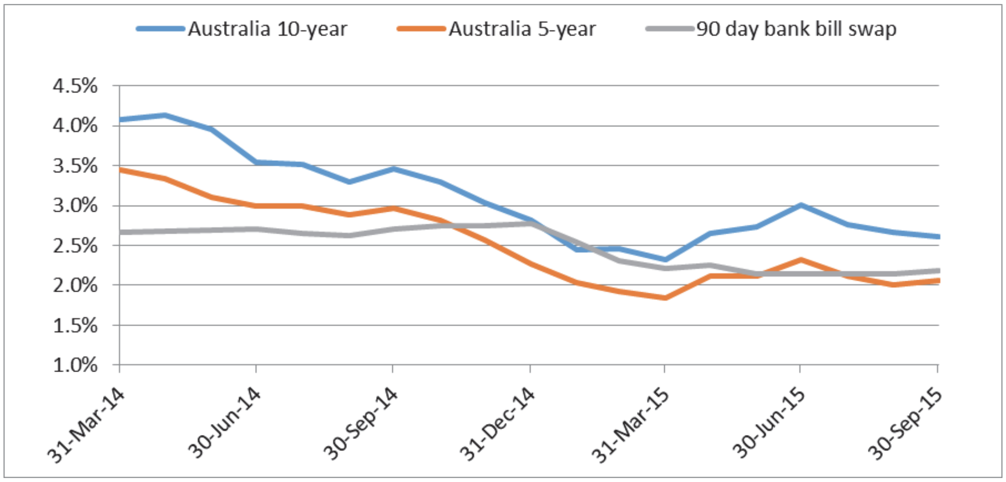
Key Drivers of Performance

Rates - Positive – Australian Government bonds rallied along with their international peers over the year, driven by continued slow economic growth and risk aversion amid market volatility. Treasury bond prices peaked in February then fell back as it became clear the US was going through a slow first quarter before returning to year highs in August, as investors sought safe haven amid concerns about China and emerging economies in general.

Selected Benchmark Yields			
	29-Aug-14	27-Feb-15	31-Aug-15
Australia 10-yr	3.30%	2.31%	2.66%
Australia 5-yr	2.88%	1.93%	2.00%
United States 10-yr	2.35%	2.00%	2.21%
United States 5-yr	1.63%	1.50%	1.54%
UK 10-yr	2.38%	1.86%	1.99%
UK 5-yr	1.66%	1.24%	1.29%

As at the end of the September quarter, 54.3% of the Fund's portfolio is denominated in US dollars thus directly affected by US rates. The 24.5% of the portfolio in Australian dollar investments is chiefly held in floating rate notes, and so exposed to the 90-day inter-bank rate (BBSW). A further 21.3% is invested in NBA's National Capital Trust I, denominated in pound sterling. Falling rates indicate an increase in the value of fixed-rate 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 of 5 years or less, the portfolio is not highly sensitive to rate changes.

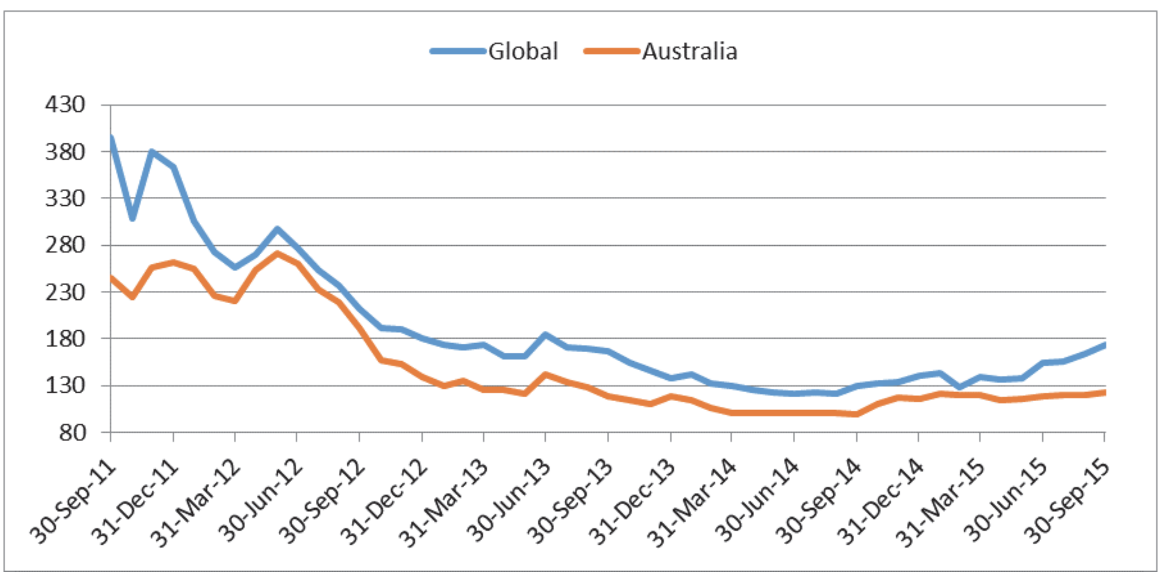
Australia Rates (18 months)



90-Day Bank Bill Swap Rate - Negative - 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 fell to record lows during 2015, dropping 49 bps over the year to August, from 2.63% to 2.14%. Floating rate securities make up about 20% of the Fund's portfolio.

Credit Spreads – Negative – The yield in excess of government securities on bank capital securities increased over the year along with credit spreads in general, offsetting gains from falling government rates. The average spread on global bank capital securities rose from 1.74% to 2.02%, as measured by the Barclays Global Capital Securities – Banking Index. Credit spreads are the extra yield, or risk premium, investors demand in order to purchase corporate and other non-government bonds; climbing credit spreads are negative for the Fund. The chart below compares average spread on debt of Australian financial institutions to the spread on the debt of global financial issuers.

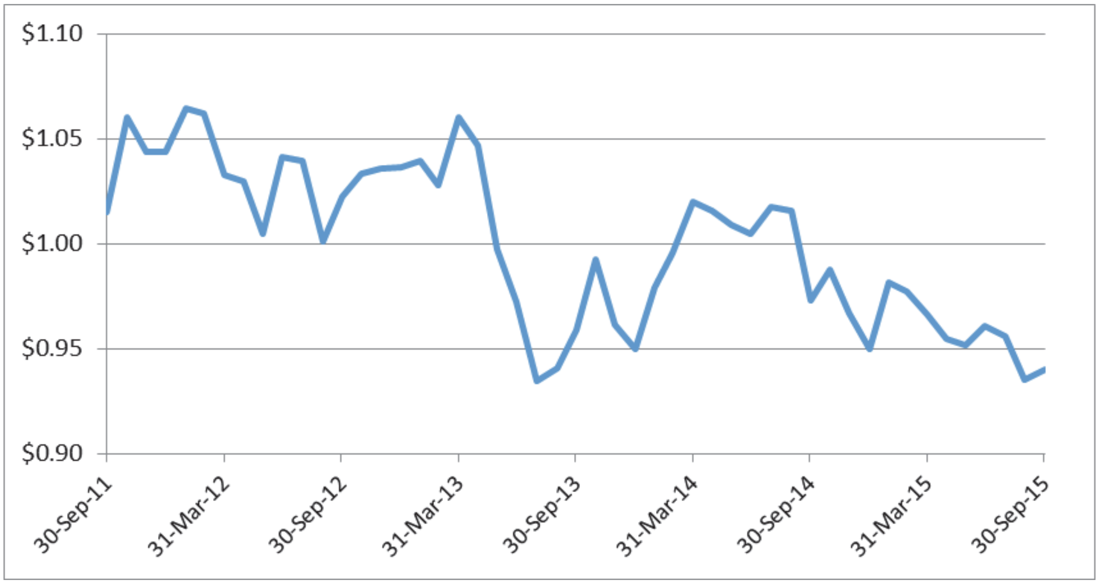
Australia Compared to Global Financial Issuer Credit Spreads (since Fund inception - basis points)



Currency - Negative– The Australian dollar lost 8.1 cents against the loonie during the year. Both the Aussie and Canadian currencies have been weighed down by falling terms of trade as commodities prices retreated over the past eighteen months, especially in comparison with the US dollar. Economic policy makers in both countries are cheering on the currency drops: the minutes of the RBA's July meeting called further erosion of its currency "both likely and necessary". Although their values are driven by similar factors, the Aussie dollar is now trading just below the $0.95 to

$1.05 band in which it has generally been locked since the Fund's inception. The Fund hedges exposure to the pound and U.S. dollar, but is exposed to moves in the Australian dollar, which accounts for 24.5% of the portfolio at the end of the most recent quarter.

Canadian Dollars per Australian Dollar (Since Fund Inception)



Australian Banks

The Australian Banks have benefitted from continued strong overall asset performance in the year thus far, with charges for bad and doubtful debts just beginning to climb from a historically low base. Losses from business lending have declined steadily in the years since the financial crisis. Recent capital raising and tougher credit standards, both motivated by regulatory changes, have reduced risk but hit share prices, which are off almost 20% from their March 2015 peak. RBA's October Financial Stability Review points to increased but manageable risk in a number of key lending sectors, including commercial property, which has been the target of aggressive competition from Asian-owned local banks.

In the year to September 30th, the four major banks earned aggregate cash profit of $30.1 billion, up from $28.7 billion the previous year. Net interest income held steady, with moderate asset growth offset by tighter margins due to vigorous competition for loans. Profit growth was supported by revenues from one-time items and market-based businesses, such as trading. As the banks bolster their capital positions, however, return on equity is falling. Average ROE among the big four slipped from 15.5% in 2014 to 15.0% in 2015. In presenting 2015 results, ANZ announced the abandonment of its 16% ROE target with CEO Mike Smith commenting that it would be an impossible task. Earnings have long been supported by declining bad debts, which stand near record lows. But that could soon reverse: borrowers exposed to mining and agri-business are starting to fall behind on their payments, according to the banks. Charges for bad debts increased in 2015 for the first time since 2012.

The big four banks have added substantially to their capital positions in recent months in response to increased regulatory requirements. About $18 billion in common equity has been raised this year, most recently in a $3.5 billion issue from Westpac. The banks procured a further $10.5 billion through the issue of additional Tier 1 and Tier 2 instruments, or "hybrids", an amount well in excess of the value of such securities maturing in 2015. Asset divestments have also boosted capital, including the sale of ANZ's Esanda automotive finance business (to Macquarie), Westpac's asset management business, and NAB's US commercial bank. The sale of NAB's UK subsidiary, Clydesdale Bank, long seen as a distraction for management and a drag on results, is also in process. The big four's aggregate tier 1 capital ratio stands at approximately 10.0% as of mid-October 2015, well above Australia's regulatory minimum for D-SIB (Domestic Strategically Important Banks) of 8.0% and in excess of the median of the banks' international peers. The banks have more to do, however, to meet incoming liquidity and total loss absorbing capacity requirements, particularly by issuing longer-term debt to match the profiles of their mortgage books.

A key outcome of the low growth and highly competitive banking environment is that dividends are rising more slowly then in the recent past. In their most recent announcements, NAB and ANZ held dividends flat while Westpac and CBA slowed the rate of increase. To the extent that lower payouts are diverted to increased capital, fixed income investors are the beneficiaries.

While credit growth has been modest, margins are under pressure. Low rates mean that customers pay down loans sooner, making turnover higher and competition sharper as a result. The banks' average net interest margin has been declining since 2011, and its 2.02% result for the 2nd half of 2015 was a record low. Westpac surprised markets in October by announcing that it would lift its residential mortgage rates by 0.2%, with chief executive Brian Hartzer commenting that regulatory changes "impact the cost of providing mortgages". The other majors quickly followed Westpac's lead. According to analysts at Morgan Stanley, JPMorgan and Deutsche Bank, the latest rise combined with smaller hikes in May and July should add $2.5 billion in aggregate to Australian banks' bottom lines.

World Markets Update

Financial markets around the globe endured a volatile summer, as investor uncertainty over the path of global growth led equities to turn in their worst quarter since 2011. Credit spreads widened, commodity prices softened, and high quality government debt rallied. Reflecting the immense and growing global power of the world's second largest economy (measured at market rates), news from China was the big factor driving sentiment throughout the third quarter. First came the collapse of Chinese shares, which commenced in late June and by the end of August had substantially reversed a yearlong, 150% rally. Then the unexpected move by the PBoC, China's central bank, in early August to increase exchange rate flexibility sent the renminbi down 4% against the U.S. dollar, a relatively modest move that nonetheless had big repercussions for market volatility as investors worried that it might be a portent of future devaluations. An increasingly pessimistic outlook for global growth from key commentators, such as the IMF, continued to depress commodities prices, while the persistent strength of the U.S. dollar weighed on trade and capital flows, especially impacting emerging markets. The ongoing debate over the Federal Reserve's possible 2015 U.S. rate increase transfixed markets through late September and ended with no action; that question, too, would ultimately be settled by news from China. Recent data from the US, including an unexpectedly strong October jobs report, have increased the chances of a US rate rise this year.

The Australian Economy

Australia's economy has lost momentum as the year progresses, with GDP expansion of 0.9% in the first quarter of 2015 falling to 0.2% in the second, indicating an annual rate well below the current trend estimate of 2.75%. Leading indicators point to further slowing: the Westpac-Melbourne Institute Leading Index's August print projected growth of 1.1% below trend for the six months beginning in November. Among the downside risks is an exceptionally strong El Nino, which is likely to lead to drought conditions across eastern and northern Australia. While low interest rates are lifting residential construction and consumer spending and the lower dollar is contributing to tourism and exports, the continued trend of falling mining investment remains a significant detractor. Commodities prices, especially for Australia's key exports, iron ore and coal, continue to hold down terms of trade and thus the nominal economy, which expanded by just 1.6% in 2014/2015, the lowest annual growth since 1961/1962.

The Australian Bureau of Statistics reported that the unemployment rate held steady at 6.2% in September following a drop in total employment of 5,100 jobs, and a 0.1% fall in the participation rate to 64.9%. 6.2% is near what policy makers consider to be full employment, and year on year growth in total employment remains on trend at 2.0%. Record levels of new residential construction are resulting in a rise in related employment, helping to offset job losses in the mining sector. While hours worked rose by an encouraging 0.7% for September, wage growth remains paltry, running at a two decades low rate of around 2.25% p.a.

A key dynamic as the economy moves away from over a decade of being propelled by mining investment is the wherewithal of consumers to take up the ensuing slack. The Westpac-Melbourne Institute Index of Consumer Sentiment rose sharply from 93.9 in September to 97.8 in October. However, the index remains below 100, the level at which pessimists begin to outnumber optimists, as it has for 18 of the last 20 months. While sentiment about the security of family finances increased, and the assessment of whether it's a good time to buy a major household item rose by over 6%, confidence in the outlook for the economy and house prices remains weak. The survey's assessment of whether now is a good time to buy a dwelling is about 30% off its 2013 peak.

The Reserve Bank of Australia left the cash rate unchanged at 2.0% at its September meeting. The Board judged that with growth having been below long run potential for some time, significant spare capacity remains in the economy. The dollar has declined substantially against the U.S. dollar, in line with the drop in commodity prices, and currently trades at U.S. $0.73 as compared to U.S. $0.87 a year ago. Given low risk of inflation, the Board has been playing off the desire for a softer currency to stimulate exports against the danger of spurring already stratospheric property values in Sydney and Melbourne. The recent move by the banks to increase mortgage rates by 20 basis points may provide the leeway required for RBA to drop rates again this year.

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, 2015, 1,846,267 Units were redeemed for net payment of $18,507,717 (during the year ended August 31, 2014, 2,541,212 Units were redeemed for net payment of $25,131,509).

DISTRIBUTIONS

The Fund pays distributions if, as and when declared by the Fund from time to time. During the year ended August 31, 2015, the Fund declared distributions of $5,650,251 (during the year ended August 31, 2014, the Fund declared distributions of $10,295,223 and the amount of $3,639,035 was reinvested and units were consolidated).

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 Assets, 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).

IRC Fee

The IRC has four 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. These fees and expense reimbursements are allocated across investment Funds that are managed by the Manager in a manner that is fair and reasonable.

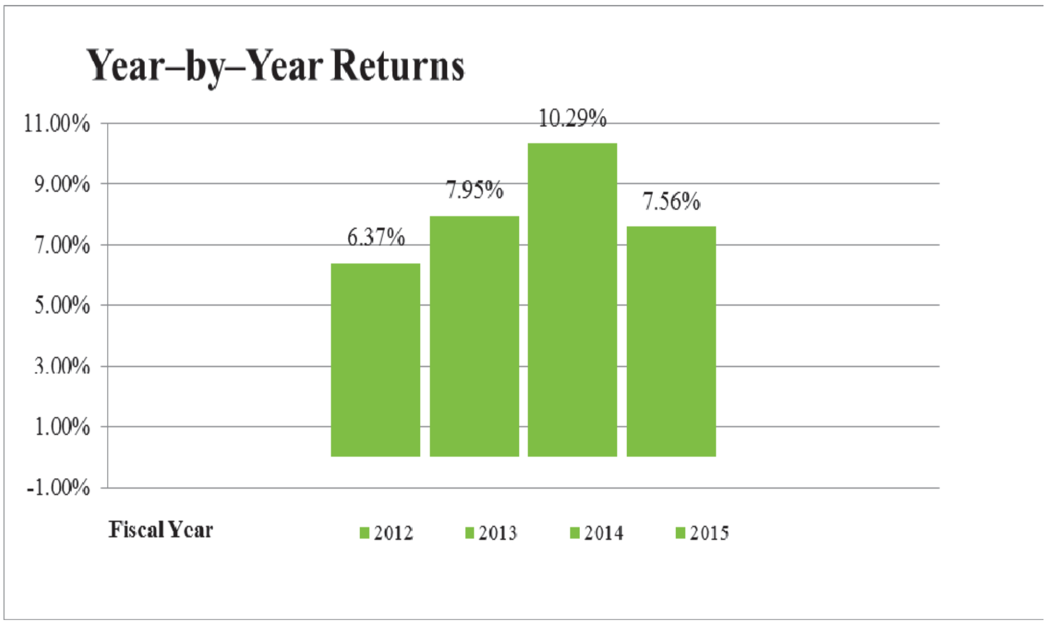
RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

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, 2015.

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 year would have grown or decreased by the last day of the year. Past performance is not necessarily indicative of future performance.

Year-by-Year Returns



Annual Compound Returns

	Past Year	Past 3 Years	Since Inception [1]
Based on NAV	7.56%	7.95%	7.73%
Bloomberg AusBond Credit Financials Index.	5.34%	5.68%	6.95%

[1] Annualized for the period from December 17, 2010 (commencement of operations) to August 31, 2015.
[2] Bloomberg AusBond Credit Financials Index is a rules based, market value weighted index which includes bonds classified as financials by the Bloomberg Industry Classification Standard.

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 statement:

	August 31, 2015	August 31, 2014	August 31, 2013	August 31, 2012	August 31, 2011 (1)
Net Assets, beginning of year	**9.92**	**9.51**	**9.30**	**9.27**	**9.35**
Increase (decrease) from operations:					
Total revenues	0.63	0.58	0.54	0.59	0.35
Total expenses	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Realized gains (losses) for the year	0.06	0.07	(0.04)	0.05	(0.01)
Unrealized gains (losses) for the year	0.06	0.31	0.25	(0.04)	0.03
Total increase (decrease) from operations (2)	**0.72**	**0.93**	**0.72**	**0.57**	**0.34**
Distributions:					
From income (excluding dividends)	(0.53)	(0.50)	(0.54)	(0.55)	–
From dividends	–	–	–	–	–
From capital gains	–	–	–	–	–
Return of capital	–	–	–	–	(0.37)
Total Distributions (3)	**(0.53)**	**(0.50)**	**(0.54)**	**(0.55)**	**(0.37)**
Net Assets, end of year (4) (5)	**10.12**	**9.92**	**9.51**	**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 10,712,990 units outstanding as of August 31, 2015 (August 31, 2014 – 13,336,002 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 reconciliation between the opening and the closing net assets per unit.

(5) The Fund adopted International Financial Reporting Standards ("IFRS") commencing September 01, 2013. This information for the years up to 2012 is stated under Canadian GAAP. Starting 2013 and onwards, this information is restated under IFRS. Information for periods prior to September 01, 2013 continues to be reported under Canadian GAAP.

Ratios and Supplemental Data (Class A Units):	August 31, 2015	August 31, 2014	August 31, 2013	August 31, 2012	August 31, 2011 (1)
Net Assets ($000's)	94,371	110,855	130,333	159,675	181,617
Number of units outstanding	9,324,483	11,170,750	13,711,962	17,133,381	19,543,757
Management expense ratio (annualized) (2)	0.30%	0.29%	0.30%	0.30%	0.32%
Management expense ratio before waivers or absorptions (annualized) (3)	0.30%	0.29%	0.30%	0.30%	0.32%
Portfolio turnover rate (4)	0.00%	0.00%	3.57%	0.00%	0.03%
Trading expense ratio (5)	0.00%	0.00%	0.00%	0.00%	0.07%

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

(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the issue expense ratio representing all agents' fees and unit issue expenses.

(3) 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. Unit issue expenses, representing all agents' fees and other offering expenses, which are one-time expenses, are not annualized.

(4) 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.

(5) 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.

SUMMARY OF INVESTMENT PORTFOLIO AS OF AUGUST 31, 2015

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

Portfolio by Category	**% of Net Asset**
Foreign Corporate Bonds	103.7%
Foreign Preferred Stock (AUD) / Financials	2.8%
Other assets net of other liabilities	1.9%
Cash	2.4%
Derivative contracts	-10.8%
Total	**100.0%**

Top 25 Holdings			
CBA Capital Trust II (U.S. Dollars) **	6.02%	3/15/2016	31.0%
National Capital Trust I (British Pounds) **	5.62%	12/17/2018	23.0%
HSBC Bank Australia Ltd. (Australian Dollars) **	4.92%	11/26/2015	19.3%
National Australia Bank/New York (U.S. Dollars) **	8.00%	9/24/2016	13.4%
Westpac Capital Trust IV (U.S. Dollars) **	5.26%	3/31/2016	12.9%
National Australia Bank Ltd. (floating rate) (Australian Dollars)			2.8%
Cash			2.4%
Westpac Banking Corporation (Australian Dollars)	7.25%	11/18/2016	2.1%
Westpac Banking Corporation (Australian Dollars)	6.50%	11/9/2015	2.0%
Foreign currency forward contracts	6.02%	3/15/2016	-10.8%
Net Assets			**$ 94,370,835**

**Maturity date is first call date.*

**There are less than 25 holdings in the Fund*

CORPORATE INFORMATION

Independent Review Committee

John Crow
Chairman

C. Scott Browning

Robert Falconer

Joseph H. Wright

Directors and Senior Officers of the Manager

W. Neil Murdoch
Director and Chief Executive Officer

Darren Cabral
Director and President

Kal Zakarneh
Chief Financial Officer

Manager

Aston Hill Capital Management Inc.

Portfolio Manager

Macquarie Capital Investment Management LLC

Transfer Agent and Trustee

Computershare Trust Company of Canada

Custodian

RBC Investor Services Trust

Auditor

PricewaterhouseCoopers LLP

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