Australian Banc Income Fund

Annual Report

February 28, 2015

AUSTRALIAN BANC INCOME FUND MESSAGE TO UNITHOLDERS

May 29, 2015

Dear Investor,

We are pleased to provide you with the annual report for the Australian Banc Income Fund (the "Fund") for year ended February 28, 2015. The Fund's investment objectives are to:

(i) provide Unitholders with quarterly distributions;

(ii) provide the opportunity for capital appreciation; and

(iii) lower overall volatility of portfolio returns than would be experienced by owning common shares of the Australian banks directly.

The Fund was established because we believed the Australian banks are safe, conservative financial institutions whose business models are underpinned by the strong Australian economy. The Fund provides exposure to the strong Australian economy which is similar to Canada but with less exposure to the U.S. and increased Asian exposure. The Australian banks also have higher dividend yields than Canadian banks and a good track record of growth. We continue to be pleased with the performance of the Fund. The big Australian banks have been growing, increasing their dividends and in general, have been meeting or beating the market's expectations. The Australian economy has been slowing down as the growth in demand for commodities has declined, but the economy is still strong. The Australian dollar weakened slightly during the period with a decrease of $0.02 compared to the Canadian dollar.

For the year ended February 28, 2015, the Fund generated a total return of 16.13%. Since inception, the Fund has generated a total return of 16.31% per annum and paid a total of $2.98 distribution per unit. Each of the five banks in the portfolio made a positive contribution to the Fund's performance during the year led by Macquarie Group which returned 35.86% during the year in Australian dollars.

The Australian banking system has continued to perform well, with strong profitability and improved asset performance. Combined profit of the major banks was $14.8 billion in their latest six months, up 6% from the prior year. The banks' strong performance has come, despite the lower GDP growth, and caused the downturn in commodities prices.

Please check our website for quarterly investment updates and other timely information. We appreciate your investment in the Fund and look forward to continued strong performance by the Fund.

Yours truly,

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

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for **Australian Banc Income Fund** (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.

Unitholders 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 a non-redeemable investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement dated February 24, 2011. The Fund offered Class A Units and Class F Units, each at a price of $10.00 per Unit. The Class F Units are designed for fee-based accounts and are not listed on a stock exchange but may be converted into Class A Units on a weekly basis.

The Fund was created to invest in a Portfolio of common shares of the five largest Australian banks: Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Macquarie Group Limited, National Australia Bank Limited and Westpac Banking Corporation. The Fund's investment objectives are to: (i) provide Unitholders with quarterly distributions; (ii) provide the opportunity for capital appreciation; and (iii) lower overall volatility of portfolio returns than would be experienced by owning common shares of the Australian banks directly.

The Manager may sell covered call options on approximately and not more than, 25% of the common shares of each Bank held in the Portfolio. The Manager may decide, in its discretion, not to sell covered call options from time to time if it determines that market conditions render it impracticable to do so.

On June 11, 2013, Connor, Clark & Lunn Financial Opportunities Fund ("GFO") merged with the Fund (the "Merger"). The Fund was identified as the acquirer and the continuing fund. The objectives of the Merger were to provide GFO Unitholders with the opportunity to continue their investment in foreign financial services equities in a single fund that will have a larger market capitalization, increased liquidity for the units and a lower management expense ratio including lower management fees.

RISK

No material changes in the risk profile of the Fund took place over the year. For full disclosure of risks associated with an investment in the Fund's units, please refer to the Prospectus dated February 24, 2011 or to the Fund's most recent Annual Information Form. Both are available at www.astonhill.ca or 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 March 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 March 1, 2013 and throughout all periods presented in its annual financial statements, as if these policies had always been in effect. Note 17 to the annual financial statements dated February 28, 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 February 28, 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 Manager and the Portfolio's portfolio managers regarding factors that might be reasonably expected to affect the performance and the distributions on units of the Portfolio, and are based on information available at the time of writing. The Fund's 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.

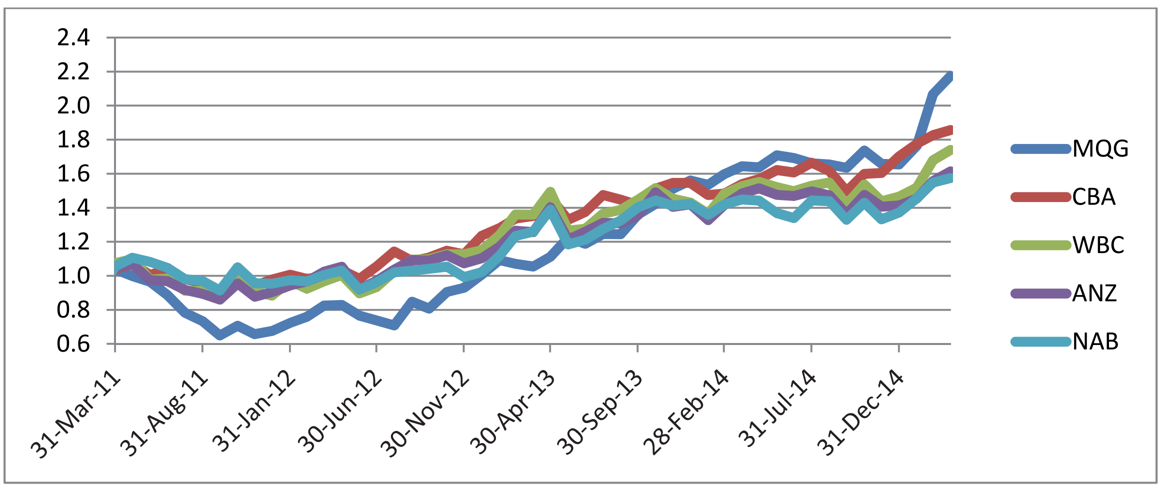
Portfolio Manager Commentary (as at May 2015)

The fund's Class A units returned 16.1% for the full year to February 28th. The Australian market rallied almost 11% in January and February, lifting the S&P ASX 200 index to a return of 10.9% for those two months to hit 14.5% for the year. The banks continue to deliver solid performance, and Australian bank stocks exceeded the broad index, with the Market Vectors Australia Banks Index returning 22.5% for the year (measured in Australian dollars). The Aussie dollar lost 2 cents against the Loonie. NAV of the Class A units went from $11.72 to $12.74 and the fund paid distributions totaling $0.775 per unit.

Key Drivers of Performance

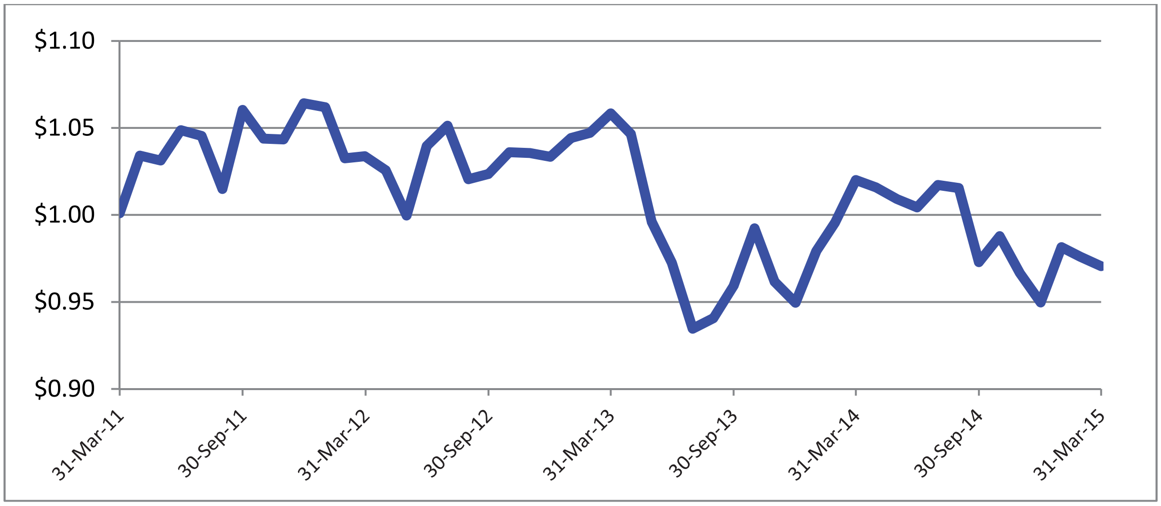
Share Prices - Positive – Bolstered by strong gains early in 2015, Australian equities enjoyed a solid year, and the banks rallied across the board. The average share price of the portfolio banks increased 19.3% over the year, led by Macquarie whose stock rallied almost 30%.

Australian Banks Price Performance (AUD) Since Fund Inception



Currency - Negative – The Australian dollar lost 2 cents against the loonie during the year. Both the Aussie and the Canadian currencies have been weighed down by falling terms of trade as commodities prices retreated over recent months, especially in comparison with the US dollar. Economic policy makers in both countries are cheering on the currency drops, which they hope will spur exports and attract visitors. With their values driven by similar factors, the currencies continued to trade in the $0.95 to $1.05 band.

Australian Dollars per Canadian Dollar Since Fund Inception



Australian Banks

The Australian banking system has continued to perform well, with strong profitability and improved asset performance. Combined profit of the major banks was $14.8 billion in their latest six months, up 6% from the prior year. Although net interest margins, the percentage difference between the banks' cost of funds and income from lending, declined slightly due to price competition, total net interest income continued to grow steadily. Charges for bad and doubtful debts, which have been falling since 2008's financial crisis, and are now at historic lows: the ratio of non-performing loans to total loans was 0.9% in December, down from its 2010 peak of 1.9%. The average return on equity for the big four banks' most recent reported period stands at 16.0%.

Commercial property loans, which deteriorated significantly after 2008, have recovered well, driven by market strength and tightened lending standards. Residential mortgages account for about 60% of bank lending and have seen strong price competition. Variable rate discounts of 100 basis points or more are common, and banks are also paying higher commissions to mortgage brokers. 40% to 50% of new housing loans now come through transaction-incented brokers, increasing the risk that banks will lend outside their risk tolerances. Nevertheless, residential mortgages continue to perform well for the banks: 0.6% of housing loans were classified as non-performing as of December 2014, down from 0.9% in 2011.

In December 2014, the Australian Prudential Regulatory Authority introduced a series of measures to combat risk in mortgage lending and cool the housing market. These included heightened restrictions on high loan-to-value and interest only transactions, restraints on the growth of mortgage lending books, and the use of larger buffers when judging a borrower's ability to service a mortgage. The Financial Services Inquiry, a major review of Australia's financial system which wrapped up in December, encouraged an increase in the risk weighting of residential mortgages when determining bank capital requirements from the current average of 18% to a range between 25% and 30%. That adjustment is now being evaluated as potential policy going forward.

The banks' cost of capital has come down in recent months, benefitting from reduced government bond yields and lower rates paid on customer deposits. Credit spreads on bank bonds have widened over the past year as volatility of global markets increased, but that has been more than offset by falling rates. Since the financial crisis, the share of customer deposits in the banks' overall funding structure has moved up from about 40% to close to 60%, while short term debt has declined from about a third to just over 20%, increasing the stability of funding. The Liquidity Coverage Ratio (LCR), a Basel III requirement, was implemented in Australia in January. The LCR requires banks to hold high quality liquid assets that exceed their expected net cash outflow during a 30-day stress period. Stress tests conducted as at January 1st saw all the banks exceed the minimum 100% requirement, with the aggregate coming in at 115%.

The Australian Economy

The downturn in commodities prices, and particularly the slowdown in China's demand for iron ore, continues to hurt Australia. Exacerbating a long anticipated fall in investment in the resource sector, terms of trade have been dramatically pushed down by price declines. Iron ore and thermal coal combined account for 35% of Australia's total exports: the iron ore price is now down over 70% from its 2011 peak and coal, which is more stable because of its use in power generation, is down 40% over the same period. The result is lower GDP growth, employment and government royalty revenues. Western Australia, a mining state that benefitted massively from the decade-long boom in investment, is particularly hard hit as mine construction winds up and revenues fall far below expectations. Unemployment has climbed from 3.8% to 5.8% in the state and tax revenues are down 12%, sparking a row with the Commonwealth Government in Canberra over transfer payments.

Countering the impact of commodity prices, Australia's weakening dollar, along with lower oil prices and accommodative monetary policy, should help boost activity. The inexpensive dollar has combined with recently relaxed visa rules to increase tourism by 10% so far this year compared to the same period in 2014. Tourists from China are now second only to New Zealanders in numbers, and are outspending the Kiwis, with an estimated $5.4 billion annually. Meanwhile, lower oil prices are showing a more muted impact at the pump as the Aussie dollar retreats versus the US greenback, with motorists paying $1.32 a litre in mid-April compared to $1.10 in February.

From a global perspective, uneven performance across economies is highlighted by the prospect of the United States and, to a lesser extent, Britain weighing a tightening of monetary policy later this year just as the ECB and Japan embark on huge stimulus programs via quantitative easing. The IMF's April World Economic Outlook pointed to near-term stronger growth in developed economies and a weakening of emerging markets. Over the medium term, the IMF now sees a weaker outlook across the board.

Capital transactions

The beneficial interest in the net assets and net income of the Fund is divided into two classes of Units, Class A Units and Class F Units. The Fund is authorized to issue an unlimited number of Units of each class.

On March 18, 2011, the Fund completed its initial public offering pursuant to the Prospectus dated February 24, 2011. $80,000,000 was raised through the issue of 8,000,000 Class A Units at $10.00 per Unit. Agents' fees and issue expenses were $4,728,283 or $0.59 per Unit. $1,603,000 was raised through the issue of 160,300 Class F Units at $10.00 per Unit. Agents' fees and issue expenses were $47,784 or $0.30 per Unit.

On April 5, 2011, the Agents exercised an over-allotment option in respect of 419,502 Class A Units, raising a further $4,195,020. Agents' fees were $220,239 or $0.53 per Unit.

On June 11, 2013, following the Merger with GFO, the Fund issued 800,969 Class A Units with an aggregated value of $7,953,862 and 30,914 Class F Units with an aggregated value of $322,000, representing the Unitholders of the GFO that accepted the merger proposal. Pursuant to the Merger, each holder of Class A Units of GFO automatically received approximately 0.557596 Class A Units of the Fund for each GFO Class A Unit held and each holder of Class F Units of GFO automatically received approximately 0.550557 Class F Units of the Fund for each GFO Class F Unit held.

During the year ended February 28, 2015, there were 3,399 Class F Units converted to 3,596 Class A Units for a total value of $43,540 (26,200 Class F Units were converted to 27,542 Class A Units for a total value of $301,455, during the year ended February 28, 2014). During the same period, there were also 315,258 Class A Units redeemed for the net payment of $3,416,577 and 900 Class F Units redeemed for net payment of $10,740 (1,264,808 Class A Units were redeemed for net payment of $13,910,379 and 10,500 Class F Units were redeemed for net payment of $121,065, during the year ended February 28, 2014).

Market repurchases

The Trust Agreement provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Class A Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders, in all cases at a price per Class A Unit not exceeding the most recently calculated Net Asset Value per Class A Unit immediately prior to the date of any such purchase of Units.

The Fund did not purchase any Class A Units for cancellation during the years ended February 28, 2015 and 2014.

DISTRIBUTIONS

The Fund pays quarterly distributions at $0.1875 per Class A Unit and Class F Unit respectively, representing an approximately 5.9% annual yield, based on the February 28, 2015 Net Assets per Class A Unit.

The Fund made all its scheduled quarterly distributions of $0.1875 per Class A and Class F Unit respectively during the year ended February 28, 2015 and 2014. On December 3, 2014, the Manager announced a special cash distribution in addition to the regular quarterly cash distribution of $0.025 per Class A and Class F Unit respectively. The total distributions paid during the year ended February 28, 2015 were $0.775 per Class A Unit and $0.775 per Class F Unit. ($0.75 per Class A Unit and $0.75 per Class F Unit during the year ended February 28, 2014).

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended February 28, 2015.

RELATED PARTY TRANSACTIONS

Management Fees and Service Fees

Pursuant to a Trust Agreement, the Fund retained Aston Hill Capital Markets Inc. to act as manager (the "Manager"). As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 0.65% per annum of the NAV of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the year ended February 28, 2015 were $586,524 plus applicable taxes ($594,803 plus applicable taxes during the year ended February 28, 2014).

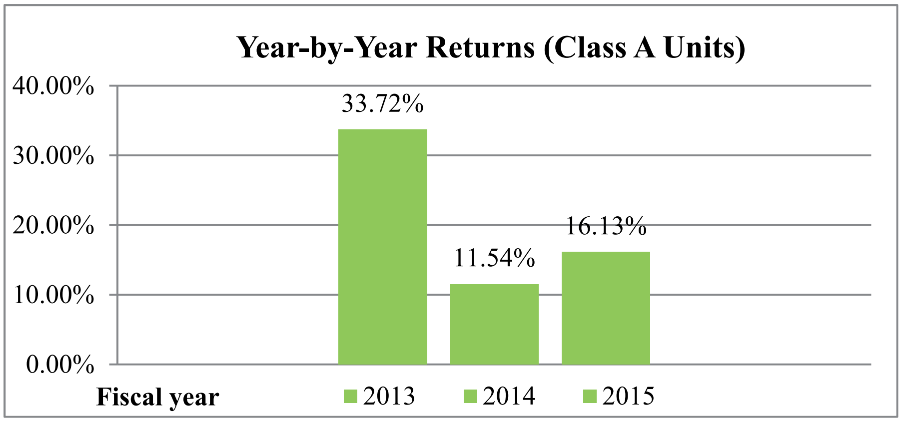
The Fund pays a service fee to dealers whose clients hold Class A Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the NAV of the Class A Units held by clients of the dealers. The total service fees charged to the Fund during year ended February 28, 2015 were $345,195 ($358,400 during the year ended February 28, 2014).

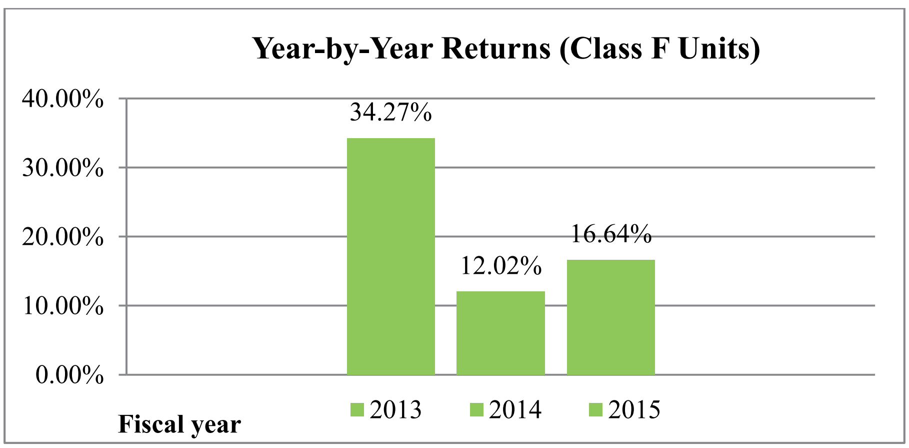
Administration Fees

The Manager allocates back to the Fund a portion of the base salaries of individuals who have spent time working on matters relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial and shareholder reporting, cost management, oversight and any other operations matter. During the year ended February 28, 2015, administration fees amounted to $24,338 ($24,880 during the year ended February 28, 2014).

PAST PERFORMANCE

The following bar charts show the Fund's annual performance of the Class A Units and Class F Units assuming all the distributions made by the Fund during the periods shown were reinvested. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. The bar charts show, 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 Return

	Past Year	Since Inception (1)
Based on NAV (Class A Units)	16.13%	16.31%
Based on share price (Class A Units)	10.57%	13.79%
Based on NAV (Class F Units)	16.64%	16.84%
S&P/ASX 200 Banks Index	19.80%	20.75%

(1) Annualized for the period from March 18, 2011 (commencement of operations) to February 28, 2015.

The Fund's performance will differ from the S&P/ASX 200 Banks Index, in part due to the different composition of the index (which include regional banks not included in the Fund's portfolio and does not include Macquarie Group which is included in the Fund's portfolio). The Fund's performance will also differ due to the Fund's covered call writing program.

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:

Class A Units:

The Fund's Net Assets per Class A Unit:	February 28, 2015	February 28, 2014	February 28, 2013	February 29, 2012(1)
Net Assets, beginning of period(6)	**11.72**	**11.26**	**9.21**	**10.00**
Unit issue expense (2)	–	–	–	**(0.59)**
Increase (decrease) from operations:				
Total revenues	0.83	0.58	0.60	0.60
Total expenses	(0.39)	(0.19)	(0.16)	(0.15)
Realized gains (losses) for the period	0.20	1.39	0.92	(0.04)
Unrealized gains (losses) for the period	1.09	(0.48)	1.51	(0.02)
Total increase (decrease) from operations (3)	**1.73**	**1.30**	**2.87**	**0.39**
Distributions:				
From income	(0.55)	(0.68)	(0.19)	(0.38)
From dividends	–	–	–	–
From capital gains	(0.23)	(0.01)	(0.67)	(0.21)
Return of capital	–	(0.06)	–	–
Total Distributions (4)	**(0.78)**	**(0.75)**	**(0.86)**	**(0.59)**
Net Assets, end of period (5) (6)	**12.74**	**11.72**	**11.26**	**9.12**

(1) Results for the period from March 18, 2011 (commencement of operations) to February 29, 2012.
(2) Issue expenses of $4,948,522 incurred in connection with the Class A Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.
(3) 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 7,529,531units outstanding as of February 28, 2015 (February 28, 2014-8,157,187 units).
(4) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.
(5) This is not a reconciliation between the opening and the closing net assets per unit.
(6) The Fund adopted International Financial Reporting Standards ("IFRS") commencing February 28, 2014. Information for periods prior to March 01, 2013 continues to be reported under Canadian GAAP.

Ratios and Supplemental Data (Class A Units):	February 28, 2015	February 28, 2014	February 28, 2013	February 29, 2012(1)
Net assets (000's)	93,575	89,769	91,136	77,656
Number of units outstanding	7,346,904	7,658,566	8,094,863	8,419,502
Base Management expense ratio (annualized) (2) (3)	1.35%	1.55%	1.41%	1.41%
Issue expenses ratio (2) (3)	0.00%	0.00%	0.00%	6.50%
Management expense ratio (annualized) (3)	1.35%	1.55%	1.41%	7.91%
Management expense ratio before waivers or absorptions (annualized) (3)	1.35%	1.55%	1.41%	7.91%
Portfolio turnover rate (4)	33.07%	184.96%	228.55%	90.16%
Trading expense ratio (5)	0.04%	0.17%	0.32%	0.31%
Closing market price (TSX)	12.25	11.44	10.80	9.12

(1) Results for the period from March 18, 2011 (commencement of operations) to February 29, 2012.
(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 excluding trading commissions and is expressed as an annualized percentage of daily average net assets 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 assets during the period.

Class F Units:

The Fund's Net Assets per Class F Unit:	**February 28, 2015**	**February 28, 2014**	**February 28, 2013**	**February 29, 2012**(1)
Net Assets, beginning of period(6)	**12.36**	**11.78**	**9.58**	**10.00**
Unit issue expense (2)	–	–	–	**(0.30)**
Increase (decrease) from operations:				
Total revenues	0.83	0.61	0.63	0.65
Total expenses	(0.01)	(0.16)	(0.13)	(0.12)
Realized gains (losses) for the period	0.20	1.46	0.95	(0.05)
Unrealized gains (losses) for the period	0.93	(0.36)	1.41	(0.02)
Total increase (decrease) from operations (3)	**1.95**	**1.55**	**2.86**	**0.46**
Distributions:				
From income	(0.55)	(0.68)	(0.20)	(0.38)
From dividends	–	–	–	–
From capital gains	(0.23)	(0.01)	(0.68)	(0.21)
Return of capital	–	(0.06)	–	–
Total Distributions (4)	**(0.78)**	**(0.75)**	**(0.88)**	**(0.59)**
Net Assets, end of period (5) (6)	**13.54**	**12.36**	**11.78**	**9.58**

(1) Results for the period from March 18, 2011 (commencement of operations) to February 29, 2012.
(2) Issue expenses of $47,784 incurred in connection with the Class F Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.
(3) 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 112,360 units outstanding as of February 28, 2015 (February 28, 2014-127,480 units).
(4) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.
(5) This is not a reconciliation between the opening and the closing net assets per unit.
(6) The Fund adopted International Financial Reporting Standards ("IFRS") commencing February 28, 2014. Information for periods prior to March 01, 2013 continues to be reported under Canadian GAAP.

Ratios and Supplemental Data (Class F Units):	**February 28, 2015**	**February 28, 2014**	**February 28, 2013**	**February 29, 2012**(1)
Net assets (000's)	1,499	1,422	1,423	1,511
Number of units outstanding	110,715	115,014	120,800	157,600
Base Management expense ratio (annualized) (2) (3)	0.93%	1.18%	1.01%	1.02%
Issue expenses ratio (2) (3)	0.00%	0.00%	0.00%	3.19%
Management expense ratio (annualized) (3)	0.93%	1.18%	1.01%	4.21%
Management expense ratio before waivers or absorptions (annualized) (3)	0.93%	1.18%	1.01%	4.21%
Portfolio turnover rate (4)	33.07%	184.96%	228.55%	90.16%
Trading expense ratio (5)	0.04%	0.17%	0.32%	0.31%

(1) Results for the period from March 18, 2011 (commencement of operations) to February 29, 2012.
(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 excluding trading commissions and is expressed as an annualized percentage of daily average net assets 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 assets during the period.

SUMMARY OF INVESTMENT PORTFOLIO AS OF FEBRUARY 28, 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 and www.sedar.com.

Portfolio by Category	**% of NAV**
Financials	99.2%
Derivative liabilities	(0.5%)
Cash	2.6%
Other assets net of other liabilities	(1.3%)
Top 25 Holdings [(1)]	
Commonwealth Bank of Australia	20.1%
Macquarie Group Limited	20.0%
National Australia Bank Limited	19.9%
Westpac Banking Corporation	19.8%
Australia and New Zealand Banking Group	19.4%
Cash	2.6%
Other assets net of other liabilities	(1.3%)
Derivative liabilities	(0.5%)
Total Net Assets	**$ 95,074,689**

[(1)] There are less than 25 holdings in the Fund.

Management's Responsibility for Financial Reporting

The accompanying financial statements of **Australian Banc Income Fund** (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 and have been approved by the Board of Directors of the Manager. 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 financial information is produced.

The financial statements have been prepared in accordance with International Financial Reporting Standards. 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 Unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the financial statements. Their report is contained within.

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

Darren N. Cabral
President
Aston Hill Capital Markets Inc.

Toronto, Canada
May 29, 2015

May 28, 2015

Independent Auditor's Report

To the Unitholders of
Australian Banc Income Fund
(the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at February 28, 2015 and February 28, 2014 and March 1, 2013 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended February 28, 2015 and February 28, 2014, 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 of the Fund in accordance with International Financial Reporting Standards, 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 of the Fund 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.

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pwc

Opinion

In our opinion, the financial statements of the Fund present fairly, in all material aspects, the financial position of the Fund as at February 28, 2015, February 28, 2014 and March 1, 2013 and the financial performance and cash flows of the Fund for the years ended February 28, 2015 and February 28, 2014 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

STATEMENTS OF FINANCIAL POSITION

As at	February 28, 2015	February 28, 2014	March 01, 2013
Assets			
Current assets			
Financial assets at fair value through profit or loss	94,349,606	71,493,171	92,081,968
Cash	2,500,370	2,323,511	21,791,982
Dividends receivable	412,831	433,625	442,309
Due from broker	313,089	17,087,963	454,539
Prepaid expenses	87	-	684
Total assets	**97,575,983**	91,338,270	114,771,482
Liabilities			
Current liabilities			
Due to broker	1,875,080	-	21,482,546
Derivative liabilities	491,846	-	570,450
Accounts payable and accrued liabilities	111,452	125,364	119,010
Management fees payable	22,916	21,711	39,690
Total liabilities	**2,501,294**	147,075	22,211,696
Net assets attributable to holders of redeemable units	**95,074,689**	91,191,195	92,559,786
Net Assets attributable to holders of redeemable units per series			
Class A	**93,575,490**	89,769,476	91,136,430
Class F	**1,499,199**	1,421,719	1,423,356
	95,074,689	91,191,195	92,559,786
Redeemable units outstanding per series (note 6)			
Class A	**7,346,904**	7,658,566	8,094,863
Class F	**110,715**	115,014	120,800
Net assets attributable to holders of redeemable units per unit			
Class A	**12.74**	11.72	11.26
Class F	**13.54**	12.36	11.78

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

Approved by the Manager
Aston Hill Capital Markets Inc.

W. Neil Murdoch
Chief Executive Officer

Darren N. Cabral
President

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended February 28		2015		2014
Income				
Interest for distribution purposes		**17,130**		42,012
Net realized appreciation (depreciation) on foreign exchange		**28,242**		(953,858)
Change in unrealized appreciation (depreciation) on foreign exchange		**(26,899)**		(18,180)
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss				
Dividend income		**6,422,811**		6,613,214
Forward fees		**-**		(200,000)
Net realized gain (loss) on investments		**3,748,158**		7,413,857
Net realized gain (loss) on derivative contracts		**(2,214,477)**		1,847,796
Change in unrealized appreciation (depreciation) on investments		**8,511,887**		(4,064,478)
Change in unrealized appreciation (depreciation) on derivative contracts		**(184,595)**		92,998
Total income (loss)		**16,302,257**		13,998,259
Expenses				
Management fees (note 11)		**586,524**		594,803
Service fees (note 11)		**345,195**		358,400
Custodial and other unitholders' fees		**55,346**		57,929
Harmonized sales tax		**114,283**		39,495
Legal fees		**785**		33,110
Audit fees		**32,566**		26,640
Administration fees		**24,338**		24,880
TSX Listing fees		**12,934**		19,409
Filing fees		**11,680**		17,707
Other fees		**10,397**		16,237
Transfer agent fees		**9,785**		10,993
Printing fees		**15,469**		2,819
Independent Review Committee fees (note 11)		**2,808**		2,210
Interest expense		**52**		615
Transaction costs (note 12)		**32,945**		150,966
Withholding taxes		**1,779,031**		1,864,035
Total expenses		**3,034,138**		3,220,248
Increase (decrease) in net assets attributable to holders of redeemable units		**13,268,119**		10,778,011
Increase (decrease) in Net Assets attributable to holders of redeemable units per series				
Class A	**$**	**13,048,886**	$	10,580,551
Class F	**$**	**219,233**	$	197,460
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit (*)				
Class A	**$**	**1.73**	$	1.30
Class F	**$**	**1.95**	$	1.55

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

(*) Based on weighted average number of units outstanding for the years (note 6)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

Class A

For the years ended February 28	2015	2014
Increase (decrease) in Net Assets attributable to holders of redeemable units	**13,048,886**	10,580,551
Distributions to unitholders from: (note 10)		
From net investment income	**(4,138,986)**	(5,757,166)
Capital gains	**(1,730,849)**	(62,085)
Return of capital	**-**	(473,192)
	(5,869,835)	(6,292,443)
Redeemable unitholder's transactions (note 6)		
Issuance of units on merger	**-**	7,953,862
Class F units converted to Class A	**43,540**	301,455
Payment on redemption / cancellation of units	**(3,416,577)**	(13,910,379)
	(3,373,037)	(5,655,062)
Change in Net Assets attributable to holders of redeemable units during the year	**3,806,014**	(1,366,954)
Net Assets attributable to holders of redeemable units, beginning of year	**89,769,476**	91,136,430
Net Assets attributable to holders of redeemable units, end of year	**93,575,490**	89,769,476

Class F

For the years ended February 28	2015	2014
Increase (decrease) in Net Assets attributable to holders of redeemable units	**219,233**	197,460
Distributions to unitholders from: (note 10)		
From net investment income	**(61,680)**	(90,191)
Capital gains	**(25,793)**	(973)
Return of capital	**-**	(7,413)
	(87,473)	(98,577)
Redeemable unitholder's transactions (note 6)		
Issuance of units on merger	**-**	322,000
Class F units converted to Class A	**(43,540)**	(301,455)
Payment on redemption / cancellation of units	**(10,740)**	(121,065)
	(54,280)	(100,520)
Change in Net Assets attributable to holders of redeemable units during the year	**77,480**	(1,637)
Net Assets attributable to holders of redeemable units, beginning of year	**1,421,719**	1,423,356
Net Assets attributable to holders of redeemable units, end of year	**1,499,199**	1,421,719

Fund Total

For the years ended February 28	2015	2014
Increase (decrease) in Net Assets attributable to holders of redeemable units	**13,268,119**	10,778,011
Distributions to unitholders from: (note 10)		
From net investment income	**(4,200,666)**	(5,847,357)
Capital gains	**(1,756,642)**	(63,058)
Return of capital	**-**	(480,605)
	(5,957,308)	(6,391,020)
Redeemable unitholder's transactions (note 6)		
Issuance of units on merger	**-**	8,275,862
Class F units converted to Class A	**-**	-
Payment on redemption / cancellation of units	**(3,427,317)**	(14,031,444)
	(3,427,317)	(5,755,582)
Change in Net Assets attributable to holders of redeemable units during the year	**3,883,494**	(1,368,591)
Net Assets attributable to holders of redeemable units, beginning of year	**91,191,195**	92,559,786
Net Assets attributable to holders of redeemable units, end of year	**95,074,689**	91,191,195

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

STATEMENTS OF CASH FLOWS

	0	2015		2014
Cash flows from operating activities				
Increase (decrease) in Net Assets attributable to holders of redeemable units	**$**	**13,268,119**	$	10,778,011
Adjustments to reconcile to operating cash flows:				
Net realized gain (loss) on foreign exchange		**(28,242)**		953,858
Net realized (gain) loss on investments		**(3,748,158)**		(7,413,857)
Change in unrealized (appreciation) depreciation on investments		**(8,511,887)**		4,064,478
Change in unrealized (appreciation) depreciation on derivative contracts		**184,595**		(92,998)
Proceeds from investments sold		**46,003,229**		163,152,028
Purchase of investments		**(39,511,656)**		(177,329,822)
(Increase) decrease in prepaid expenses		**(87)**		684
(Increase) decrease in interest and dividends receivable		**20,794**		8,684
Increase (decrease) in accounts payable and accrued liabilities		**(13,912)**		6,354
Increase (decrease) in management fees payable		**1,205**		(17,979)
Premiums received (settlements paid) from option trading		**1,869,242**		(477,452)
Net cash flow provided by (used in) operating activities	**$**	**9,533,242**		(6,368,011)
Cash flows provided by (used in) financing activities				
Proceeds from issuance of units		**-**		8,275,862
Payments on redemption/cancellation of units		**(3,427,317)**		(14,031,444)
Distributions paid to holders of redeemable units, net of reinvested distributions		**(5,957,308)**		(6,391,020)
Net cash flow provided by (used in) financing activities		**(9,384,625)**		(12,146,602)
Net realized gain (loss) on foreign exchange		**28,242**		(953,858)
Increase (decrease) in cash during the year		**176,859**		(19,468,471)
Cash - beginning of year		**2,323,511**		21,791,982
Cash - end of year	**$**	**2,500,370**		2,323,511
Supplemental information (included in operating activities):				
Dividend received, net of withholding tax	**$**	**4,664,574**	$	4,757,863
Interest received	**$**	**17,130**	$	42,012
Interest paid	**$**	**52**	$	615

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

SCHEDULE OF INVESTMENT PORTFOLIO

As at February 28, 2015

	Number of Shares/Units	Average Cost $	Fair Value $	% of Net assets
Investments				
Common Stock (Australia)				
Financials				
Macquarie Group Limited	266,592	12,769,131	18,984,590	20.0%
Westpac Banking Corporation	508,220	16,202,442	18,875,579	19.8%
Australia and New Zealand Banking Group	535,093	16,373,096	18,482,502	19.4%
Commonwealth Bank of Australia	212,651	15,463,146	19,104,795	20.1%
National Australia Bank Limited	510,278	16,526,250	18,902,140	19.9%
Total Common Stock		77,334,065	94,349,606	99.2%
Financial assets at fair value through profit or loss (before transaction costs)		77,334,065	94,349,606	99.2%
Transaction costs (note 3)		(64,208)	-	0.0%
Financial assets at fair value through profit or loss		77,269,857	94,349,606	99.2%

	Maturity date	Number of contracts	Strike price AUD	Average Cost CAD	Fair value CAD	% of NAV
Options						
Written Call Options						
National Australia Bank Limited	26/03/2015	(1,275)	37.50	(69,282)	(104,055)	-0.1%
Macquarie Group Limited	26/03/2015	(666)	71.71	(99,166)	(141,252)	-0.1%
Australia and New Zealand Banking Group	26/03/2015	(1,337)	35.50	(44,075)	(56,844)	-0.1%
Westpac Banking Corporation	26/03/2015	(1,270)	37.77	(56,939)	(88,751)	-0.1%
Commonwealth Bank of Australia	26/03/2015	(531)	91.00	(53,161)	(100,944)	-0.1%
Total options				(322,623)	(491,846)	-0.5%
Cash					2,500,370	2.6%
Other liabilities net of other assets					(1,283,441)	-1.3%
Net assets attributable to holders of redeemable units					**$ 95,074,689**	**100.0%**

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

NOTES TO THE FINANCIAL STATEMENTS (February 28, 2015)

1. GENERAL INFORMATION

Australian Banc Income Fund (the "Fund") is a close-ended investment trust established under the laws of the Province of Ontario and governed by the Trust Agreement dated February 24, 2011 (the "Trust Agreement") between Aston Hill Capital Markets Inc. (the "Manager") in its capacity as manager and RBC Investor & Treasury Services (the "Trustee") as trustee and commenced operations on March 18, 2011. The fiscal year-end of the Fund is the last day of February. The Fund offers Class A Units and Class F Units. The Class A Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol AUI.UN. The Class F Units are designed for fee-based accounts and are not listed on a stock exchange but may be converted into Class A Units on a weekly basis.

On June 11, 2013, Connor, Clark & Lunn Financial Opportunities Fund ("GFO") merged with the Fund (the "Merger"). The Fund was identified as the acquirer and the continuing fund. The objectives of the Merger were to provide GFO Unitholders with the opportunity to continue their investment in foreign financial services equities in a single fund that will have a larger market capitalization, increased liquidity for the units and a lower management expense ratio including lower management fees.

The Fund has a term of approximately ten years, terminating on or about March 31, 2021.

The Fund was created to invest in a Portfolio of common shares of the five largest Australian banks: Australia and New Zealand Banking Group, Commonwealth Bank of Australia, Macquarie Group Limited, National Australia Bank Limited and Westpac Banking Corporation (the "Banks").

The Fund's investment objectives are to: (i) provide Unitholders with quarterly distributions; (ii) provide the opportunity for capital appreciation; and (iii) lower overall volatility of portfolio returns than would be experienced by owning common shares of the Australian banks directly.

The Manager may sell call options on approximately, and not more than, 25% of the common shares of each Bank held in the Portfolio. The Manager may decide, in its discretion, not to sell call options from time to time if it determines that market conditions render it impracticable to do so.

2. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and under the historical cost convention basis, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss. The Fund adopted this basis of accounting in 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. The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at March 1, 2013 and throughout all periods presented, as if these policies had always been in effect. note 17 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 February 28, 2014 prepared under Canadian GAAP.

The policies applied in these annual financial statements are based on IFRS issued and outstanding as of May 29, 2015, which is the date on which the annual financial statements were authorized for issue by the Manager.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Funds' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Fund's long position investments in equity securities are designated at fair value through profit or loss ("FVTPL") at inception. The Fund's derivatives are categorized as held for trading. As a result of such designation and categorization, the Fund's investments and derivatives are measured at FVTPL. Interest payable, distributions payable, accounts payable, accrued liabilities and management fees payable are designated as other financial liabilities and reported at amortized cost which given its short term nature approximates its fair value. The Fund's obligation for Net Assets attributable to holders of redeemable units is presented at approximately the redemption amount. All other financial assets and liabilities are measured for at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are generally the same to those used in measuring its published Net Asset Value (NAV). The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

b) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels at the beginning of the period in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market including foreign currency forward contracts are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and others commonly used by market participants and which make the maximum us of observable inputs. Refer to note 15 for further information about the Fund's fair value measurements.

c) Cash

Cash consists of cash in hand, deposits held with banks and bank overdrafts.

d) Investment Transactions and Income Recognition

Regular purchases and sales are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment. Any realized and unrealized gains or losses are recognized using the average cost of the investments, which excludes broker commissions. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest earned by the fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Dividend incomes and dividend expenses are recognized on the ex-dividend date.

e) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are expensed and are recognized in the Statements of Comprehensive Income.

f) Income Taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). Provided the Fund makes distributions in each year of its net income and net realized capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized and unrealized capital gains on an annual basis. Accordingly, no income tax provision has been recorded. The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income.

g) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the date of the Financial Statements. 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."

h) Foreign Exchange

The fair values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the date of such transactions.

i) Derivative Contracts

Written options contracts are valued at their ask prices at the close of each Valuation Date. If no ask prices are available then they are valued at their closing prices. The premium received on these written options is included in the cost of the options. The unrealized and realized gain or loss on the written options is reflected in the Statements of comprehensive income.

j) Accounting Standards Issued But Not Yet Adopted

The final version of International Financial Reporting Standard (IFRS) 9, Financial Instruments, was issued by IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund have made in preparing the financial statements:

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that units of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity as they are all multi-series, and they are not identical and, therefore, the units have been reclassified as financial liabilities on transition to IFRS.

Functional and Presentation Currency

The Fund's investors are primarily Canadian residents, with the subscriptions and redemptions of the redeemable shares denominated in Canadian dollars. The primary activity of the Fund is to invest in Australian equities and options. The performance of the Fund is measured and reported to the investors in Canadian dollar. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

When the Fund holds financial instruments that are not quoted in active markets, the fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market markers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding.

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make judgments about the classification of financial instruments and the applicability of the fair value option to its investments which are not held for trading. The fair value option has been applied to the Fund's investments in fixed income securities as the investments are managed on a fair value basis in accordance with the Fund's investment strategy.

5. MARKET PURCHASE PROGRAM

The Trust Agreement provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Class A Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders, in all cases at a price per Class A Unit not exceeding the most recently calculated NAV per Class A Unit immediately prior to the date of any such purchase of Units.

The Fund did not purchase any Class A Units for cancellation under the market purchase program during the years ended February 28, 2015 and 2014.

6. REDEEMABLE UNITS OF THE FUND

The beneficial interest in the net assets and net income of the Fund is divided into two classes of Units, Class A Units and Class F Units. The Fund is authorized to issue an unlimited number of Units of each class.

On March 18, 2011, the Fund completed an initial public offering pursuant to the Prospectus dated February 24, 2011. $80,000,000 was raised through the issue of 8,000,000 Class A Units and $1,603,000 was raised through the issue of 160,300 Class F Units. The Class A Units were issued at $10.00 per Unit and incurred Agents' fees and issue expenses of $4,728,283 or $0.59 per Unit. The Class F Units were issued at $10.00 per Unit and incurred Agents' fees and issue expenses of $47,784 or $0.30 per Unit.

On April 5, 2011, the Agents exercised an over-allotment option in respect of 419,502 Class A Units, raising a further $4,195,020. Agents' fees were $220,239 or $0.53 per Unit.

On June 11, 2013, following the Merger mentioned in Note 1, the Fund issued 800,969 Class A Units with an aggregated value of $7,953,862 and 30,914 Class F Units with an aggregated value of $322,000, representing the Unitholders of the GFO that accepted the merger proposal. Pursuant to the Merger, each holder of Class A Units of GFO automatically received approximately 0.557596 Class A Units of the Fund for each GFO Class A Unit held and each holder of Class F Units of GFO automatically received approximately 0.550557 Class F Units of the Fund for each GFO Class F Unit held.

The Class A Units and Class F Units may be redeemed on an Annual Redemption Date, which is the second last Business Day of September of each year, subject to certain conditions and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of August in the year of redemption. Unitholders whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the Annual Redemption Price, which is the redemption price per Unit equal to 100% of the NAV per Unit of the relevant class, less any costs associated with the redemption, including brokerage costs and any net realized capital gains or income to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption.

In addition to the annual redemption right, the Class A Units and Class F Units may also be redeemed on a Monthly Redemption Date, which is the second last Business Day of each month other than the month of September, subject to certain conditions and in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the last Business Day of the month preceding the Monthly Redemption Date. Unitholders surrendering a Class A Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Class A Unit, which is the weighted average trading price on the TSX (or such other stock exchange on which such security is listed), for the 10 trading days immediately preceding such Monthly Redemption Date and (ii) 100% of the Closing Market Price of a Class A Unit on the applicable Monthly Redemption Date, which is the closing price of such security on the TSX on such Monthly Redemption Date (or such other stock exchange on which such security is listed) or, if there was no trade on the relevant Monthly Redemption date, the average of the last bid and the last asking prices of the security on the TSX on such Monthly Redemption Date (or such other stock exchange on which the security is listed), less in each case, any costs associated with the redemption, including brokerage costs and less any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the Monthly Redemption Amount. Unitholders surrendering a Class F Unit for redemption will receive an amount equal to the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated NAV per Unit of a Class F Unit and the denominator of which is the most recently calculated NAV per Unit of a Class A Unit.

The Class F Units may be converted into Class A Units on a weekly basis. A holder of Class F Units may convert such Class F Units into Class A Units from time to time and it is expected that liquidity for the Class F Units will be obtained primarily by means of conversion into Class A Units. The Class F Units may be converted in any week on the first Business Day of such week by delivering a notice and surrendering such Class F Units by 3:00 p.m. (Toronto time) at least five Business Days prior to the applicable Conversion Date. For each Class F Unit so converted, a holder will receive that number of Class A Units equal to the NAV per Class F Unit as of the close of trading on the Business Day immediately preceding the Conversion Date divided by the NAV per Class A Unit as of the close of trading on the Business Day immediately preceding the Conversion Date. No fraction of a Class A Unit will be issued upon any conversion of Class F Units.

During the year ended February 28, 2015, there were 3,399 Class F Units converted to 3,596 Class A Units for a total value of $43,540 (26,200 Class F Units were converted to 27,542 Class A Units for a total value of $301,455, during the year ended February 28, 2014). During the same period, there were also 315,258 Class A Units redeemed for the net payment of $3,416,577 and 900 Class F Units redeemed for net payment of $10,740 (1,264,808 Class A Units were redeemed for net payment of $13,910,379 and 10,500 Class F Units were redeemed for net payment of $121,065, during the year ended February 28, 2014).

As of February 28, 2015, the weighted average number of units for Class A was 7,529,531units and Class F 112,360 units (As of February 28, 2014, it was 8,157,187 units for Class A, and 127,480 units for Class F).

Changes in outstanding units during the year ended February 28, 2015 and 2014 are summarized as follows:

	Class A Units		Class F Units	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Balance – beginning of period	7,658,566	8,094,863	115,014	120,800
Units issued from merger	-	800,969	-	30,914
Class F Units converted to Class A Units	3,596	27,542	(3,399)	(26,200)
Units redeemed	(315,258)	(1,264,808)	(900)	(10,500)
Balance – end of period	7,346,904	7,658,566	110,715	115,014

7. CUSTODIAN

Pursuant to the Trust Agreement, RBC Investor & Treasury Services (the "Custodian") also acts as custodian of the assets of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by Standard & Poor's ("S&P") as of February 28, 2015, February 28, 2014 and March 1, 2013.

8. FUND ADMINISTRATION

RBC Investor & Treasury Services is responsible for certain aspects of the Fund's day-to-day operations, including calculating Net assets attributable to holders of redeemable units, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

9. CAPITAL MANAGEMENT

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The Fund's objectives when managing capital is to safeguard the Fund's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives, and to provide an adequate return to unitholders commensurate with the level of risk while maximizing the distributions to unitholders.

The Fund does not have any externally imposed capital requirements, and the Manager believes that the current level of distributions, capital and capital structure is sufficient to sustain ongoing operations. The Manager actively monitors the cash position and financial performance of the Fund to ensure there are sufficient resources to meet distributions and redemptions.

10. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

The Fund pays quarterly distributions at $0.1875 per Class A Unit and Class F Unit respectively, representing an approximately 5.9% annual yield, based on the February 28, 2015 Net Assets per Class A Unit.

The Fund made all its scheduled quarterly distributions of $0.1875 per Class A and Class F Unit respectively during the year ended February 28, 2015 and 2014. On December 3, 2014, the Manager announced a special cash distribution in addition to the regular quarterly cash distribution of $0.025 per Class A and Class F Unit respectively. The total distributions paid during the year ended February 28, 2015 were $0.775 per Class A Unit and $0.775 per Class F Unit. ($0.75 per Class A Unit and $0.75 per Class F Unit during the year ended February 28, 2014).

11. RELATED PARTY TRANSACTIONS

Management Fees and Service Fees

Pursuant to a Trust Agreement, the Fund retained Aston Hill Capital Markets Inc. to act as manager (the "Manager"). As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 0.65% per annum of the NAV of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the year ended February 28, 2015 were $586,524 plus applicable taxes ($594,803 plus applicable taxes during the year ended February 28, 2014).

The Fund pays a service fee to dealers whose clients hold Class A Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the NAV of the Class A Units held by clients of the dealers. The total service fees charged to the Fund during year ended February 28, 2015 were $345,195 ($358,400 during the year ended February 28, 2014).

Administration Fees

The Manager allocates back to the Fund a portion of the base salaries of individuals who have spent time working on matters relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial and shareholder reporting, cost management, oversight and any other operations matter. During the year ended February 28, 2015, administration fees amounted to $24,338 ($24,880 during the year ended February 28, 2014).

IRC Fee

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

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

12. INVESTMENT TRANSACTIONS AND SOFT DOLLAR SERVICES

There were $32,945 broker commissions paid during the year ended February 28, 2015 in connection with portfolio transactions ($150,966 during the year ended February 28, 2014). No soft dollar services were included in the broker commission charges.

13. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and accordingly, is subject to tax on its investment income, including net realized capital gains, for any calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its Unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to Unitholders on a calendar year basis such that Canadian income taxes payable by the Fund will be minimized. 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, 2014 and 2013.

14. FINANCIAL INSTRUMENT RISK

The Fund is exposed to a variety of financial instruments risks: credit risk, liquidity risk, portfolio concentration risk and market risk (including interest rate risk, currency risk and price risk). The level of risk to which each Fund is exposed depends on the investment objectives and the type of investments the Fund holds. The value of investments can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company-specific news related to investments held by the Fund. The Manager of the Fund may attempt to minimize the potential adverse effects of these risks on the Fund's performance by, but not limited to, regular monitoring of the Fund's positions and market events and diversification of the investments by asset type, country, sector, and term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

Concentration Risk

The Portfolio is comprised of common shares issued by the five largest Australian banks. Accordingly, the performance of the Fund is largely impacted by the performance of such Banks and the prices at which the portfolio trades in the market, all of which are in turn, impacted by the Australian banking sector and the Australian economy in general. Factors unique to each Bank, such as changes in their management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies and other events, may affect the value of the common shares and other securities in the Portfolio. Any adverse changes to the Australian banking sector or economy will have a material adverse impact on the portfolio and the return to Unitholders.

The following is a summary of concentration as at February 28, 2015, February 28, 2014 and March 1, 2013:

Portfolio by Category	February 28, 2015 % of NAV	February 28, 2014 % of NAV	March 1, 2013 % of NAV
Financials	99.2%	78.4%	99.5%
Derivative Liabilities	(0.5%)	–	(0.6%)
Cash	1.0%	2.5%	23.5%
Net Other Assets (Liabilities)	0.3%	19.1%	(22.4%)
Total	**100.0%**	**100.0%**	**100.0%**

Interest rate risk

Interest rate risk is the risk that the fair value of the Fund’s interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. Other assets and liabilities are short-term in nature and non-interest bearing. As at February 28, 2015, February 28, 2014 and March 01, 2013, interest rate risk was negligible as the Fund had no exposure to interest-bearing investments.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, 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 Fund’s portfolio is denominated in Australian dollars. The Fund’s Prospectus, dated February 24, 2011, stipulates that the Manager will take currency exposure into account in managing the Portfolio and may hedge, from time to time, all or any portion of the value of the portfolio 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. If a hedging strategy was applied, the Fund intends to use derivative instruments for currency hedging purposes only.

The tables below summarize the Fund’s exposure to foreign currencies as at February 28, 2015, February 28, 2014 and March 1, 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. The tables below summarize the Fund's exposure to foreign currencies and the approximate impact on net assets had the Canadian dollar ("CAD") weakened by 5% in relation to these currencies on Monetary instruments. 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.

As at February 28, 2015:

	Monetary instruments $	**Non-monetary instruments $**	**Derivative instruments $**	**Net Exposure $**	**% of Net Assets**	**Sensitivity (based on devaluation of CAD) $**
Australian dollar	1,082,472	94,349,606	(491,846)	94,940,232	99.9%	54,124

As at February 28, 2014:

	Monetary instruments $	Non-monetary instruments $	Derivative instruments $	Net Exposure $	% of Net Assets	Sensitivity (based on devaluation of CAD) $
Australian dollar	19,774,978	71,493,171	–	91,268,149	100.1%	988,749

As at March 01, 2013:

	Monetary instruments $	Non-monetary instruments $	Derivative instruments $	Net Exposure $	% of Net Assets	Sensitivity (based on devaluation of CAD) $
Australian dollar	1,161,650	92,081,968	(570,450)	92,673,168	100.1%	58,083

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 Fund’s Manager moderates this risk through writing at-the-money covered call options on approximately and not more than, 25% of the five securities held in its portfolio. Except for written options, the maximum risk resulting from financial instruments is equivalent to their fair value. Possible losses from written options can be unlimited. 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 February 28, 2015, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $7,076,000 and $8,943,000 (February 28, 2014 – $7,149,317 and $7,149,317 and on March 01, 2013 – $6,906,000 and $9,779,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

Credit risk is the risk that 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 Fund was exposed to the credit risk of the Custodian, whose S&P credit rating was AA- as at February 28, 2015, February 28, 2014 and March 01, 2013.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Unitholder redemption requests are the main liquidity risk for the Fund; therefore, the Fund is exposed to unlimited annual anniversary redemptions on September 30 of every year and monthly redemptions. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly. The Fund is exposed to liquidity risk through its redemptions. To manage liquidity risk, the Fund's investment portfolio comprises readily marketable securities. In addition, the Fund retains sufficient cash and/or cash equivalent positions to meet its daily cash requirements.

All of the Fund's financial liabilities at February 28, 2015, February 28, 2014 and March 01, 2013 had maturities of less than one year. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted amounts.

As at February 28, 2015:

Financial liabilities		**On Demand**		**less than 3 months**		**Total**
Due to broker	$	–	$	1,875,080	$	1,875,080
Accounts payable & accrued liabilities		–		111,452		111,452
Management fees payable		–		22,916		22,916
Total	**$**	**–**	**$**	**2,009,448**	**$**	**2,09,448**

As at February 28, 2014:

Financial liabilities		On Demand		less than 3 months		Total
Accounts payable & accrued liabilities	$	–	$	125,364	$	125,364
Management fees payable		–		21,711		21,711
Total	$	–	$	147,075	$	147,075

As at March 1, 2013:

Financial liabilities		On Demand		less than 3 months		Total
Due to broker	$	–	$	21,482,546	$	21,482,546
Accounts payable & accrued liabilities		–		119,010		119,010
Management fees payable		–		39,690		39,690
Total	$	–	$	21,641,246	$	21,641,246

15. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (level 3).

The Fund classifies its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level l: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Equities

The Fund's equity positions are classified as level 1 when the security is actively traded and a reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as level 3.

Written options

The Fund's written option positions are classified as Level 1 as all are actively traded and a reliable quote is observable.

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at February 28, 2015, February 28, 2014 and March 1, 2013.

Assets at fair value as at February 28, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	94,349,606	–	–	94,349,606
Total	**94,349,606**	–	–	**94,349,606**

Liabilities at fair value as at February 28, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivative liabilities	491,846	–	–	491,846
Total	**491,846**	–	–	**491,846**

Assets at fair value as at February 28, 2014	Level 1	Level 2	Level 3	Total
Equities	71,493,171	–	–	71,493,171
Total	71,493,171	–	–	71,493,171

Assets at fair value as at March 01, 2013	Level 1	Level 2	Level 3	Total
Equities	92,081,968	–	–	92,081,968
Total	92,081,968	–	–	92,081,968

Liabilities at fair value as at March 01, 2013	Level 1	Level 2	Level 3	Total
Derivative liabilities	570,450	–	–	570,450
Total	570,450	–	–	570,450

There were no transfers among the three levels during the years ended February 28, 2015, February 28, 2014 and March 01, 2013.

16. SHARE FORWARD AGREEMENT

On June 17, 2013, the Fund entered into a Share Forward Agreement (the "Forward Agreement") with the Bank of Nova Scotia (the "Counterparty" or "BNS") whose S&P credit rating was A+ as of August 31, 2014. The Forward Agreement had a 60 day term which expired on August 19, 2013 and was entered into for portfolio management and tax purposes. The realized gain associated with this transaction was $3,224,898 and the fees were $200,000. There were no similar agreements held during the year ended February 28, 2015.

17. TRANSITION TO IFRS

The effect of the Funds' transition to IFRS is summarized in this note as follows:

Transition Elections

The only voluntary exemption adopted by the Funds upon transition was the ability to designate financial assets or financial liability at fair value through profit and loss upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment Companies.

Classification of Redeemable Units Issued by the Funds

Under Canadian GAAP, the Fund accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

Reconciliation of investments and comprehensive income as previously reported under Canadian GAAP to IFRS

Fixed income investments	**February 28, 2014**	**March 1, 2013**
Investments as reported under Canadian GAAP	$ 91,176,581	$ 92,553,436
Revaluation of investments at fair value through profit or loss	14,614	6,350
Net assets attributable to holders of redeemable units	**$ 91,191,195**	**$ 92,559,786**

Comprehensive Income	**February 28, 2014**
Comprehensive income as reported under Canadian GAAP	$ 10,769,747
Revaluation of investments at fair value through profit or loss	8,264
Increase (decrease) in Net Assets attributable to holders of redeemable units	**$ 10,778,011**

Revaluation of investments at Fair Value through Profit or Loss

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measures the fair values of its investments using the guidance in IFRS 13, Fair Value Measurement (IFRS 13), which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, upon adoption of IFRS, an adjustment was recognized to increase the carrying amount of the Fund's investments by $6,350 at March 1, 2013 and $14,614 as at February 28, 2014. The impact of this adjustment was to increase the Fund's Net Assets attributable to holders of redeemable units by ($8,264) for the year ended February 28, 2014.

There is no difference between the transactional NAV and net assets as at February 28, 2015 and 2014 and March 1, 2013.

Reclassification adjustments

In addition to the measurement adjustments noted above, the Fund reclassified amounts upon transition in order to conform to its financial statement presentation under IFRS. Withholding taxes of $1,864,035 for the year ended February 28, 2014 which were previously netted against dividend income, interest income and securities lending income under Canadian GAAP, have been reclassified and presented separately under IFRS.

18. WITHHOLDING TAXES

The Fund incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate line item in the Statements of Comprehensive Income.

19. FINANCIAL INSTRUMENTS BY CATEGORY

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the years ended February 28, 2015 and 2014.

Net gains (losses) on financial instruments at FVTPL	Net gains (losses)			
		February 28, 2015		February 28, 2014
Financial Assets and Liabilities at FVTPL:				
Held for Trading	**$**	**(2,399,072)**	$	1,740,794
Designated at inception		**18,682,856**		9,962,593
Total financial assets and liabilities at FVTPL	**$**	**16,283,784**	$	11,703,387

20. OFFSETING OF FINANCIAL INSTRUMENTS

The Fund engaged with Credit Swiss as its sole counterparty in connection with its Option Contracts. The Fund did not enter into a master netting agreement with Credit Suisse. For the years ended February 28, 2015 and March 1, 2013, the Fund had gross liabilities under its option contracts.

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

Eric Tremblay
Director and Chairman

Larry W. Titley
Director

Kal Zakarneh
Chief Financial Officer

Manager

Aston Hill Capital Markets Inc.

Transfer Agent and Trustee

Computershare Trust Company of Canada

Custodian

RBC Investor Services Trust

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