Australian Banc Income Fund

Semi-Annual Management Report of Fund Performance

August 31, 2016

MANAGEMENT REPORT OF FUND PERFORMANCE

This semi-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 semi-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.

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 October 2016)

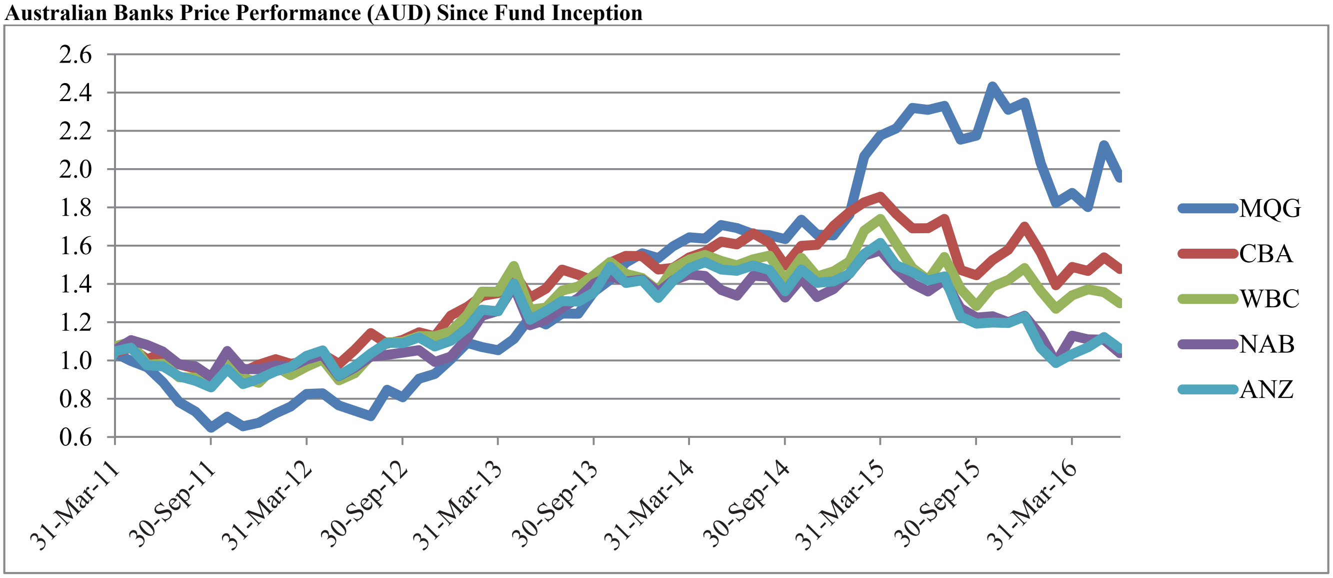
Overall Performance

The Fund's Class A units returned 17.0% for first half of fiscal 2017 and as of August 31 had delivered 9.2% annualized return since inception. Australian bank share prices were mixed over the six months. NAB and ANZ, which had previously underperformed the group, recorded solid price gains of 13% and 20% respectively while CBA and Westpac's prices increased by about 2.5% each. Meanwhile, Macquarie rode solid 2016 results and the exposure of its predominately international revenues to the falling Aussie dollar to a 25% price gain. The Australian dollar was little changed against the loonie, moving down about 3/10ths of a cent. The broad Australian stock market as represented by the S&P ASX 200 Index (measured in Australian dollars) returned 13.8% for the half-year. The Market Vectors Australia Banks Index, which includes the Big Four, Macquarie and a small exposure to regional banks, returned 15.7% for the period. NAV of the Class A units increased from $9.34 to $10.52 and the Fund paid regular quarterly distributions totaling $0.375 per unit.

Key Drivers of Performance

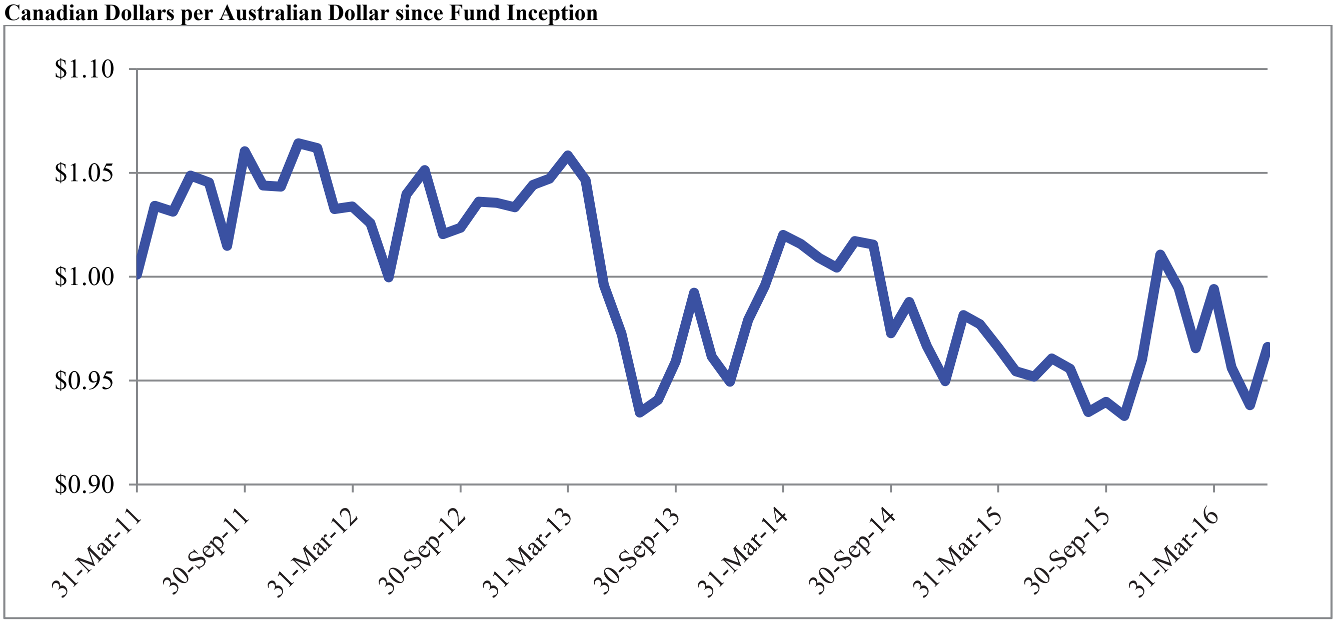
Share Prices - Neutral – Australian shares continue to ride a choppy rally that began in mid-February. Bank shares gained sharply for the period, although they remain down about 15% from highs reached in the middle of 2015. The banks are hampered by slow earnings growth, rising allowances for bad debt (which are coming off record lows), increased regulatory requirements, political challenges and a generally difficult global environment for banking. However, their strong domestic franchises continue to deliver solid returns on equity.

Australian Banks Price Performance (AUD) Since Fund Inception



Currency – Negative – The Australian dollar gained a nickle against the loonie in the spring of 2016, reaching above par before falling back to its February marker of about 96 cents. The Fund's portfolio is fully exposed to changes in the Australia/Canada exchange rate. Both the Aussie and the Canadian currencies have been weighed down by falling terms of trade due to commodities prices weakness over the past two years, especially in comparison with the US dollar. Climbing oil and commodities prices, including for iron ore, in recent months were positive for both currencies, with the effects countered somewhat by slow growth prospects and, in Australia at least, the spectre of further drops in policy interest rates. With similar factors influencing the two resource-sensitive advanced economies, the AUD/CAD currency pair continues to trade largely within the $0.95 to $1.05 band it has occupied since the fund's inception.

Canadian Dollars per Australian Dollar since Fund Inception



Australian Economy

Australia was thrown into a rare “double-dissolution” election this spring, the first since 1987, after the Senate, for the third time, blocked a bill restoring the Australian Building and Construction Commission. The government can call a double-dissolution election when the Senate twice blocks a piece of legislation that has been passed by the House of Representatives. Prime Minister Malcolm Turnbull, leader of the conservative Liberal-National coalition and Australia’s fifth PM in 10 years, hoped that voters would restore stability by delivering a “strong, stable majority government.” It was not to be. Since replacing Tony Abbott in September last year, and in spite of solid economic progress during his short tenure, Mr. Turnbull had disappointed voters by allowing his popular liberal opinions on issues such as gay marriage and climate change take a back seat to political maneuvering. Bill Shorten, the opposition leader, ran a strong campaign with the result that Turnbull was only able to form a slim, one-seat majority Government with 76 of 150 seats after protracted negotiations with crossbenchers.

Immediately following the election, S&P put Australia’s AAA credit rating on negative watch, signalling that the next ratings action is most likely to be downward from here. S&P’s concerns included high offshore debt and a current account deficit at the high end of the historical range. The messy election outcome, with a slim and vulnerable majority in the House and the Senate remaining unresolved several weeks after the vote, cast doubt on the Government’s ability to budget prudently or raise taxes, and S&P felt that projected Government revenues were in any case unrealistically high. The ratings agency simultaneously put the big four banks AA- ratings on watch, citing the reduced ratings benefit from government support should the sovereign rating be lowered.

Moody’s followed with a ratings action of its own against the banks in August, shifting the big four from Aa (stable) to Aa (negative). Moody’s assessment was based on the risk of deterioration in operating environment, asset quality and capital. Notably, lower (though rebounding) commodity prices would continue to pressure the mining industry, as well as commercial and household borrowers in mining regions. In addition, Moody’s expects profitability to be challenged on a number of fronts including from low interest rates, strong competition for both loans and deposits and moderately rising credit costs. On the positive side, Moody’s noted that the banks have improved capital buffers, funding structures and liquidity in recent years and that those improvements are expected to continue. The big four remain among the world’s highest rated banks, and all were ranked among the 20 safest global banks by Global Finance magazine in 2015.

The Australian economy continues to grow at a moderate pace, with GDP growth having registered 3.3% for the year to June. The economy has largely worked through a period of difficult re-adjustment as the biggest boom in mining investment in over 100 years, which drove GDP growth of over 7% for much of the 2000’s, unwinds. Export prices have fallen by about 1/3rd since 2011, mainly driven by falling commodities prices. At the same time, low interest rates and a substantial depreciation of the exchange rate since 2013 have helped drive export volume, construction and tourism. Household consumption has been growing at a healthy pace and household and business sentiments are both tracking above average.

The Westpac-Melbourne Institute consumer sentiment index increased by 0.3% in September, to 101.4, having held steady at around 100 since March. This period of stability is impressive given the number of significant events that often affect confidence that have occurred, including a Federal election, two interest rate cuts, a Commonwealth Budget, and global uncertainty including over the Brexit drama and the US election farce. Expectations concerning unemployment and the housing market improved while confidence in the economic outlook over the next year faltered, falling 4.6%.

Business confidence has eased somewhat but remains healthy, according to NAB’s September Business Survey. The survey’s +6 confidence reading indicates consistent expectations for the non-mining economy, while business conditions, an aggregate of sales, profitability and employment, registered in positive territory at +8 slightly down versus its long term trend. According to the report: “Business confidence is in line with its long-run average and while we would like to see confidence at even higher levels as a precursor to stronger non-mining business investment, this is still a good outcome given numerous uncertainties facing business, especially from offshore”.

The August unemployment reading came in at a seasonally adjusted 5.6%, a three-year low, as the economy added 11,500 full time jobs while the labour participation rate fell by 2/10ths of a percent to 64.7%. Over the year to August, unemployment fell from 6.1% as 180,000 net new jobs were created. However, job creation this year has been largely part-time overall, and there are now 105,300 more people working part time than at the end of 2015, compared with 21,500 fewer in full time work. The difference reflects a shift in the economy toward sectors that are more concentrated in part-time jobs, such as hospitality.

At the July Monetary Policy Meeting of the Reserve Bank Board, members noted that inflation and rates remain low amid moderate economic growth. Growth in mortgage lending and turnover in the housing market had both slowed, easing recent fears of an overheating market in the major urban centres. With two 25 basis point rate eases already on the books for 2016, the Board voted to leave the cash rate unchanged at 1.50%.

In early October the International Monetary Fund warned on exploding private debt in many economies, particularly citing real estate debt in Australia and Canada. Private debt in Australia has doubled over the past 20 years, to about 160% of GDP, and Australia’s household debt ratio of 180% debt to income is among the highest in the developed world. Australia’s gross government debt (federal plus state) of about 40% of GDP, however, is low by international standards.

Australian Banks

The CEOs of each of the big four took turns being grilled by the House of Representatives Standing Committee on Economics in Canberra in the first week of October, with the goal of which was to determine whether a Royal Commission into banking should be launched. There is significant public discontent among Australians over the high profitability of the banks, banking culture that is perceived to put profitability ahead of customer welfare, high rates on credit cards and small business loans, and the difficulty of moving accounts between banks.

While an enquiry was avoided for the time being, the banks gave some concessions including acquiescence to an “open data” regime that will allow bank account numbers and automatic payments arrangements to be retained when moving accounts, among other things, presumably increasing competition. Representing businesses that are already the most regulated in the economy, the CEO’s balked at new rules and especially rules constraining bank profitability, which they argued was key to the stability of the financial system overall.

Westpac, National Australia Bank and ANZ each have September 30th year-ends and will report annual results at the end of October or early November. In its third quarter (June 30) trading update, NAB reported stable revenue compared to the first two quarters with a 3% drop in earnings due to lower net interest margins, the result of an increase in funding costs, and a 21% increase in charges for bad and doubtful debts, a significant amount of which was due to an increase in the general provision for agriculture and mining. Tighter cost control result in a 1% decline in expenses. NAB’s common equity tier 1 ratio (CET 1) was 9.5% at June 30, down from 9.7% at the start of the quarter as a result of the interim dividend payment. Group CEO Andrew Thorburn commented that “the Australia and New Zealand economies remain resilient…while we saw higher funding costs during the quarter, asset quality remains strong and cost control was pleasing.”

ANZ also reported a 3% reduction in cash profit, although net interest margin remained stable in spite of higher funding costs. Provisions for bad and doubtful debt were little changed from the first half, and the Group’s CET 1 ratio was 9.7% at June 30, an increase of 44 bps for the quarter driven by cash earnings and the shedding of lower return assets. CEO Shayne Elliott cited strong cost management as well as growth opportunities both domestically and in Asia.

Westpac’s Q3 capital, funding and asset quality report boasted a CET1 ratio of 10.1%, putting it in the top quartile of international banks. The bank reported sound asset quality as impaired assets dropped by $52 million though stressed assets increased as a result of mortgage delinquencies in the mining regions and corporate loans exposure to both mining and New Zealand dairy.

The Commonwealth Bank of Australia (CBA) announced full year earnings to June 30th in August, reporting cash profits up 3% to $9.23 billion and cash return on equity of 16.5% on the back of a 5% increase in operating income, to $24.6 billion. The bank finished the year with a CET1 ratio of 10.6%, up a very healthy 1.5%. Loan impairment expenses increased by 27% over the prior year due to higher provisions for resource, commodity and dairy exposures. CEO Ian Narev pointed to benefits from growth in home and business lending, deposits and transaction banking revenues, as well as an improved ratio of cost to income, at 42.4%. The bank announced a year-end dividend of $2.22 a share, taking the full year’s payout to $4.20, the same as in 2015.

Macquarie Group will release its first half results on October 28th. Macquarie’s most recent report, for the 2016 fiscal year ended in March, showed a net profit of $2.0 billion, up 29% from 2015. Macquarie’s annuity style businesses: asset management, corporate finance and banking, and financial services, delivered a 10% profit increase for the year while the contribution from the capital markets facing businesses: Macquarie Securities, Macquarie Capital and Commodities and Financial Markets, declined by 3%. Macquarie’s business is largely international, accounting for 68% of total income, and the decline in the Aussie dollar provided a boost for the year. The final dividend of $2.40/share brought the full year’s payment to $4.00, up from $3.30 the prior year.

World Economy

Global industrial production is nudging up but trade volumes were down in the second quarter after fairly strong run since mid-2015. The International Monetary Fund (IMF) recently pegged global growth at 2.9% for the first half of 2016, down slightly from the same period in 2015. The IMF concurrently revised its forecast lower by 0.1% for both 2016 (3.1%) and 2017 (3.4%), the latest in a long string of downward revisions framed against a backdrop of disappointing performance. World economic growth of around 3% is not far off the 40-year average, but with fast-growing emerging markets now making up over half of the global economy, it points to ongoing disappointment from developed countries. The many challenges for advanced economies include uncertainty precipitated by Brexit, which is weighing more heavily on expectations as the political dialogue meanders between “hard” and “soft” outcomes, and lower than forecast US growth in the first half of 2016.

Hard Brexit – a complete break with the EU single market and customs union - is looking more likely based on comments from politicians and pundits both sides of the Channel. The fear of Britain’s becoming economically severed from the continent has shaken the confidence of foreign investors in recent weeks: Matthias Wissmann, head of Germany’s auto industry lobby, asserted that car production will shift from the UK to south central and southeast Europe; Nick Clegg, erstwhile Deputy Prime Minister under David Cameron, warned of the allowable 22.3% tariff on agricultural products that a hard Brexit would likely bring into force under WTO rules; and the US Chamber of Commerce chimed in that a post Brexit UK would need unfettered access to the common market and that without such access, about $600 billion of planned investment by US companies is at risk.

The medium-term impact of Brexit is still unclear and will hinge on ability of UK to negotiate favourable trade arrangements and financial flows with EU. Current difficulties with Canada-European Union Comprehensive Trade Agreement (CETA) should raise a red flag for those who have assumed a reversion to something like business-as-usual once the reactionary turmoil is past.

The IMF growth forecast for the advanced economies in 2016 was been marked down to just 1.6% in October. Key forces behind slowing growth include aging populations, declining labour force participation and a slowdown in productivity growth. An extended period of weak growth is lending a political foothold to economically regressive, inward looking and populist political movements that may serve to inhibit investment and increase geo-political tensions. The growing influence of Trump, Marine Le-Pen, the Brexiters, and others of their ilk spells serious uncertainty for investment and trade, and thus global economic wellbeing.

Emerging economies are mixed but improving, with the market's growing confidence in EM prospects highlighted by the recent strong interest in debt issues from Mexico, Qatar and Argentina, even as long bonds issued by the EU, Australia, and the UK sell off (gilts have just gone through their worst month since 1992). Emerging economies in Asia including India are generally performing well while the large sub Saharan Africa economies have slowed sharply, partly due to the impact of drought in the south and east regions of the continent. Brazil and Russia are managing through their respective macro-economic and political turmoil and showing improved prospects. Developed and developing economies exposed to commodity prices continue to struggle, but with some emerging and developing economies especially hard hit.

US growth has sputtered since mid-2015, and GDP crept ahead at a rate of just 1.1% in the second quarter. Consumption has been reasonably robust and the labour market is delivering growth in both jobs and compensation, but business investment has been weak, compounded by a prolonged draw-down in inventories. Investment in the energy sector is off sharply, and the strong dollar has discouraged investment in production for export. Notably, non-farm productivity, among the key factors driving long-term, broad-based prosperity, declined for the third consecutive quarter in Q2.

After delivering below trend results for the past five quarters, the US-based global banks turned in a surprisingly strong Q3 earnings season, especially in their fixed-income, currency and commodities (FICC) trading divisions. Goldman-Sachs saw a 58% rise in Q3 profits from a year earlier and a 48% rise in FICC trading revenue. JP Morgan Chase FICC revenues rose 48% while Citigroup and Bank of America both reported FICC revenue up by over a third. The banks have pursued a "last man standing" strategy, holding onto trading capacity as European institutions including Credit Suisse, Deutsche and UBS make cuts.

In China, a gradual slowdown and rebalancing continues apace. Growth is north of 6%, buoyed by a short-term stimulus package introduced earlier this year, along with the continued rise in overall debt. China's focus on near-term growth, according to the IMF, risks serious misallocation of investment amid a potential debt bubble, including through the exacerbation of excess capacity built up in barely-viable state-owned enterprises. China's reported 3rd quarter growth matched the first and second quarters at an official 6.7%, above international expectations and causing concern that the economy is being buoyed by credit expansion that is outstripping GDP growth. Consumer spending (up 10.7% in the year to September) and investment (up 8.2%) have been the key drivers of recent growth.

The developed economies continue to suffer from a combination of below-zero real long term interest rates (the cost of money after expected inflation); perpetually weak gains in consumer prices; and soft demand traceable to the financial crisis and the build-up of debt that preceded it. These factors underlie continued aggressive accommodation by central banks struggling to support growth and investment, and to revive some small degree of inflation. The Bank of Japan grabbed headlines during the third quarter: faced with five straight months of declining consumer prices as of the end of August and core inflation (omitting volatile food and energy prices) of just 0.2% for the year, Japan launched a volley of experimental monetary adjustments in September. Bank of Japan Governor Haruhiko Kuroda promised that the Bank would henceforth aim to overshoot its 2.0% inflation target while taking the unprecedented step of capping 10-year bond yields at 0% (that is, Japan will buy any of its own ten-year bonds offered at a 0% yield or lower). The bank left its policy rate unchanged at -0.1% and maintained its quantitative easing target of buying 80 trillion yen of bonds annually, but announced that fewer long bonds would be purchased in order to allow the yield curve to steepen. Switzerland, Sweden and the European Central Bank (deposit rate) currently run with negative central bank rates and the ECB, Sweden and the Bank of England are continuing with quantitative easing programs.

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.

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 six-month ended August 31, 2016, there were 11,200 Class F Units converted to 12,046 Class A Units for a total value of $116,468.48.

The Fund did not have any redemption for Class F Units and 5,000 Class A Units were redeemed for a total value of $46,213.50 (During the same period ended August 31, 2015, there were 4,500 Class F Units converted to 4,790 Class A Units for a total value of $60,522. The Fund did not have any redemption for Class F and Class A Units).

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 six-month ended August 31, 2016 and 2015.

DISTRIBUTIONS

The Fund pays quarterly distributions at $0.1875 per Class A Unit and Class F Unit respectively, representing an approximately 7.1% annual yield, based on the August 31, 2016 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 six-month ended August 31, 2016, and August 31, 2015. The total distributions paid during the six-month ended August 31, 2016 were $0.375 per Class A Unit and $0.375 per Class F Unit. ($0.375 per Class A Unit and $0.375 per Class F Unit during the same period ended August 31, 2015).

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 six-month ended August 31, 2016.

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 six-month ended August 31, 2016 were $235,181 plus applicable taxes ($292,901 plus applicable taxes during the same period ended August 31, 2015).

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 the six-month ended August 31, 2016 were $137,672 ($177,629 during the same period ended August 31, 2015).

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 six-month ended August 31, 2016, administration fees amounted to $19,297 ($9,015 during the same period ended August 31, 2015).

INDEPENDENT REVIEW COMMITTEE ("IRC") FEE

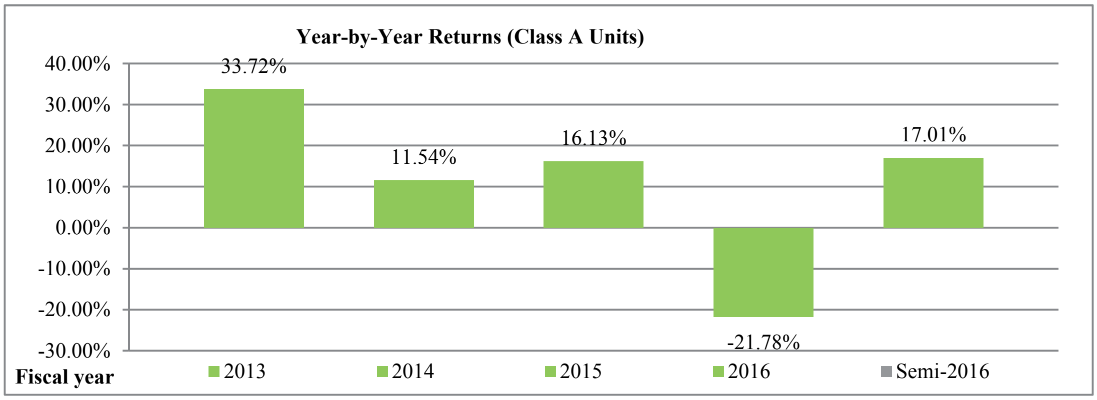
The members of the Independent Review Committee are John Crow (chair), Joseph Wright, Robert B. Falconer and Scott Browning. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager.

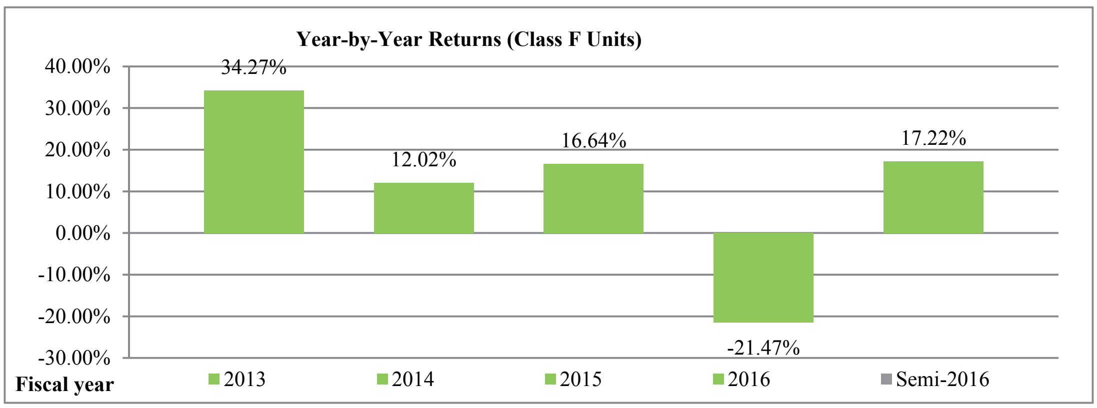
The IRC members each receive $15,000 per annum ($20,000 for the Chairman) plus $1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties. These fees and expense reimbursements are allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable.

The IRC fees charged to the Fund during the six-month ended August 31, 2016 were $1,397 ($1,503 during the same period ended February 28, 2015).

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.





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:	August 31, 2016[(1)]	February 29, 2016	February 28, 2015	February 28, 2014	February 28, 2013
Net Assets, beginning of period [(6)]	**9.34**	**12.74**	**11.72**	**11.26**	**9.21**
Unit issue expense	–	–	–	–	–
Increase (decrease) from operations:					
Total revenues	0.42	0.81	0.83	0.58	0.60
Total expenses	(0.20)	(0.34)	(0.39)	(0.19)	(0.16)
Realized gains (losses) for the period	(0.08)	0.50	0.20	1.39	0.92
Unrealized gains (losses) for the period	1.42	(3.66)	1.09	(0.48)	1.51
Total increase (decrease) from operations [(2)]	**1.56**	**(2.69)**	**1.73**	**1.30**	**2.87**
Distributions:					
From income	(0.22)	(0.42)	(0.55)	(0.68)	(0.19)
From dividends	–	–	–	–	–
From capital gains	(0.09)	(0.19)	(0.23)	(0.01)	(0.67)
Return of capital	(0.07)	(0.14)	–	(0.06)	–
Total Distributions [(3)]	**(0.38)**	**(0.75)**	**(0.78)**	**(0.75)**	**(0.86)**
Net Assets, end of period [(4) (5)]	**10.52**	**9.34**	**12.74**	**11.72**	**11.26**

(1) Results are for the six-month period ended August 31, 2016.
(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 7,042,585 units outstanding as of August 31, 2016 (August 31, 2015 - 7,350,757 units).
(3) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.
(4) This is not a reconciliation between the opening and the closing net assets per unit.
(5) The Fund adopted International Financial Reporting Standards ("IFRS") commencing March 01, 2014. This information for the period up to February 28, 2013 is presented under Canadian GAAP.

Ratios and Supplemental Data (Class A Units):	August 31, 2016[(1)]	February 29, 2016	February 28, 2015	February 28, 2014	February 28, 2013
Net assets (000's)	74,158	65,753	93,575	89,769	91,136
Number of units outstanding	7,049,117	7,042,071	7,346,904	7,658,566	8,094,863
Base Management expense ratio (annualized) [(2) (3)]	1.34%	1.33%	1.35%	1.55%	1.41%
Issue expenses ratio [(2) (3)]	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio (annualized) [(3)]	1.34%	1.33%	1.35%	1.55%	1.41%
Management expense ratio before waivers or absorptions (annualized) [(3)]	1.34%	1.33%	1.35%	1.55%	1.41%
Portfolio turnover rate [(4)]	55.71%	9.09%	33.07%	184.96%	228.55%
Trading expense ratio [(5)]	0.24%	0.02%	0.04%	0.17%	0.32%
Closing market price (TSX)	10.50	9.28	12.25	11.44	10.80

(1) Results are for the six-month period ended August 31, 2016.
(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:	**August 31, 2016**[1]	**February 29, 2016**	**February 28, 2015**	**February 28, 2014**	**February 28, 2013**
Net Assets, beginning of period[6]	**10.01**	**13.54**	**12.36**	**11.78**	**9.58**
Unit issue expense	–	–	–	–	–
Increase (decrease) from operations:					
Total revenues	0.42	0.86	0.83	0.61	0.63
Total expenses	(0.20)	(0.32)	(0.01)	(0.16)	(0.13)
Realized gains (losses) for the period	(0.09)	0.54	0.20	1.46	0.95
Unrealized gains (losses) for the period	1.58	(3.85)	0.93	(0.36)	1.41
Total increase (decrease) from operations [2]	**1.65**	**(2.77)**	**1.95**	**1.55**	**2.86**
Distributions:					
From income	(0.22)	(0.42)	(0.55)	(0.68)	(0.20)
From dividends	–	–	–	–	–
From capital gains	(0.09)	(0.19)	(0.23)	(0.01)	(0.68)
Return of capital	(0.07)	(0.14)	–	(0.06)	–
Total Distributions [3]	**(0.38)**	**(0.75)**	**(0.78)**	**(0.75)**	**(0.88)**
Net Assets, end of period [4] [5]	**11.33**	**10.01**	**13.54**	**12.36**	**11.78**

(1) Results are for the six-month period ended August 31, 2016.

(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 101,578 units outstanding as of August 31, 2016 (August 31, 2015 – 107,095 units).

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

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

(5) The Fund adopted International Financial Reporting Standards ("IFRS") commencing March 01, 2014. This information for the period up to February 28, 2013 is presented under Canadian GAAP.

Ratios and Supplemental Data (Class F Units):	**August 31, 2016**[1]	**February 29, 2016**	**February 28, 2015**	**February 28, 2014**	**February 28, 2013**
Net assets (000's)	1,065	1,053	1,499	1,422	1,423
Number of units outstanding	94,015	105,215	110,715	115,014	120,800
Base Management expense ratio (annualized) [2] [3]	0.97%	0.93%	0.93%	1.18%	1.01%
Issue expenses ratio [2] [3]	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio (annualized) [3]	0.97%	0.93%	0.93%	1.18%	1.01%
Management expense ratio before waivers or absorptions (annualized) [3]	0.97%	0.93%	0.93%	1.18%	1.01%
Portfolio turnover rate [4]	55.71%	9.09%	33.07%	184.96%	228.55%
Trading expense ratio [5]	0.24%	0.02%	0.04%	0.17%	0.32%

(1) Results are for the six-month period ended August 31, 2016.

(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 AUGUST 31, 2016

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	98.0%
Cash	18.4%
Other net assets (liabilities)	-16.3%
Top 25 Holdings [1]	
Commonwealth Bank of Australia	19.1%
Westpac Banking Corporation	19.3%
Australia and New Zealand Banking Group	19.7%
National Australia Bank Limited	19.7%
Macquarie Group Limited	20.2%
Cash	18.4%
Total Net Assets	**$75,222,670**

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