



## **CS Trust**

### **Annual Information Form**

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

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

November 27, 2015

# TABLE OF CONTENTS

<b>1</b>	<b>DESCRIPTION OF THE BUSINESS</b> .....	<b>3</b>
1.1	NAME AND FORMATION .....	3
1.2	STATUS OF CS TRUST .....	3
<b>2</b>	<b>INVESTMENT OBJECTIVES AND STRATEGY</b> .....	<b>3</b>
2.1	INVESTMENT OBJECTIVES .....	3
2.2	INVESTMENT STRATEGY .....	3
2.3	INVESTMENT RESTRICTIONS OF CS TRUST .....	3
<b>3</b>	<b>DESCRIPTION OF THE UNITS</b> .....	<b>4</b>
3.1	THE UNITS .....	4
3.2	UNITHOLDER MATTERS .....	4
3.3	TERMINATION OF THE FUND .....	5
3.4	DISTRIBUTIONS .....	6
<b>4</b>	<b>REDEMPTIONS OF UNITS</b> .....	<b>6</b>
<b>5</b>	<b>CALCULATION OF NET ASSET VALUE</b> .....	<b>7</b>
5.1	CALCULATION OF NET ASSET VALUE .....	7
5.2	VALUATION POLICIES AND PROCEDURES .....	7
5.3	REPORTING OF NET ASSET VALUE .....	8
5.4	AUDIT OF FINANCIAL STATEMENTS .....	8
<b>6</b>	<b>MANAGEMENT OF THE FUND</b> .....	<b>8</b>
6.1	THE MANAGER .....	8
6.2	THE PORTFOLIO MANAGER .....	10
6.3	INDEPENDENT REVIEW COMMITTEE .....	11
6.4	THE TRUSTEE .....	11
6.5	THE CUSTODIAN .....	12
6.6	AUDITOR .....	12
6.7	TRANSFER AGENT AND REGISTRAR .....	12
6.8	PORTFOLIO TRANSACTIONS AND BROKERAGE .....	12
<b>7</b>	<b>FEES AND EXPENSES</b> .....	<b>12</b>
7.1	MANAGEMENT FEES .....	12
7.2	OPERATING EXPENSES .....	12
<b>8</b>	<b>CANADIAN FEDERAL INCOME TAX CONSIDERATIONS</b> .....	<b>13</b>
<b>9</b>	<b>MATERIAL CONTRACTS</b> .....	<b>13</b>

## **1 DESCRIPTION OF THE BUSINESS**

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

CS Trust (the “Fund”) is an investment fund established under the laws of the Province of Ontario and governed by the Fund’s Trust Agreement (the “Trust Agreement”) dated September 28, 2010. Aston Hill Capital Markets Inc. (the “Manager”) acts as Manager of the Fund and performs or arranges for the performance of management services, including portfolio management services, for the Fund and is responsible for the overall undertaking of the Fund. The Fund’s registered and head office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is August 31. The beneficial interest in the net assets and net income of the Fund is divided into units of two classes, Class A Units and Class U Units, with the Class U Units being denominated in U.S. dollars. The Fund is authorized to issue an unlimited number of Units of each class.

### ***1.2 STATUS OF CS TRUST***

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

## **2 INVESTMENT OBJECTIVES AND STRATEGY**

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

The Fund’s investment objectives are to:

- i) provide Unitholders with distributions; and
- ii) provide an investment in the Capital Securities.

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

The Fund seeks to achieve its investment objectives through an investment in a portfolio of Capital Securities issued by HSBC Holdings plc (“HSBC”), a conservatively positioned and strongly capitalized global bank. Specifically, exposure to (i) the 8.125% Perpetual Subordinated Capital Securities, Series 1 issued by HSBC and (ii) the 8.00% Perpetual Subordinated Capital Securities, Series 2 issued also by HSBC.

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

The Fund invests in Capital Securities denominated in U.S. dollars. The Manager intends to hedge substantially all of the value of the Portfolio’s U.S. dollar currency exposure back to the Canadian dollar in respect of the Class A Units.

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

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

### ***2.3 INVESTMENT RESTRICTIONS OF CS TRUST***

The Fund is subject to investment restrictions that are set out in the Fund Trust Agreement. The investment restrictions of the Fund provide that the Fund will not:

- a) invest at the time of purchase less than substantially all of the Total Assets of the Fund in Capital Securities; except within 30 days of the Closing Date and within 30 days of the Fund’s termination;
- b) purchase the common or preferred shares of any “substantial securityholder” of the Fund (as defined in the Securities Act (Ontario)) or the direct or indirect parent of any substantial securityholder of the Fund;

- c) make or hold any investments in entities that would be “foreign affiliates” of the Fund for purposes of the Tax Act;
- d) make or hold any investments in securities of non-resident trusts other than “exempt foreign trusts” as defined in proposed section 94 of the Tax Act set forth in proposed amendments to the Tax Act released August 27, 2010 (or pursuant to any amendments to such proposals, subsequent provisions enacted into law, or successor provisions thereto);
- e) at any time, hold any property that is a “non-portfolio property” for the purposes of the SIFT Rules;
- f) make or hold any investments that could require the Fund to include any material amount in its income pursuant to the offshore investment fund property rules in proposed amendments to section 94.1 of the Act released August 27, 2010 (or pursuant to any subsequent provisions as enacted into law, or successor provisions thereto);
- g) pledge any of its assets or employ leverage, except in connection with interest rate hedging, foreign exchange rate hedging, securities lending or use of derivatives as described under “Investment Strategy”; or
- h) purchase the securities of an issuer for the purposes of exercising control or direction, whether alone or in concert, over management of that issuer.

### **3 DESCRIPTION OF THE UNITS**

#### **3.1 THE UNITS**

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 U Units, with the Class U Units being denominated in U.S. dollars. The Fund is authorized to issue an unlimited number of units of each class.

Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units, subject to Unitholders of each class being entitled to distributions or redemptions based on the Net Asset Value of the Units of a particular class. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any.

#### **3.2 UNITHOLDER MATTERS**

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

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

Notice of all meetings of Unitholders will be given in accordance with the Fund Trust Agreement and applicable law. The quorum for a meeting of all Unitholders is one or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. The quorum for a Class A Meeting is one or more holders of Class A Units present in person or represented by proxy holding not less than five percent of the Class A Units then outstanding. The quorum for a Class U Meeting is one or more holders of Class U Units present in person or represented by proxy holding not less than five percent of the Class U Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, will be dissolved, but in any other case, the meeting will stand adjourned to such day no later than 14 days later and to such time and place as may be appointed by the chairman of the meeting (which for greater certainty can be at a later time on the date of the originally scheduled meeting), and if at such adjourned meeting a quorum is not present, the Unitholders present in person or by proxy at such adjourned meeting will be deemed to constitute a quorum.

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

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

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

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

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

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

### **3.2.3 *Amendment of Fund Trust Agreement***

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

### **3.2.4 *Reporting to Unitholders***

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

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

The Fund will have a term of approximately five years, terminating on or about December 30, 2015, and the Fund's investments will be liquidated prior to such termination at the then prevailing market prices. The Manager may, in its discretion, terminate the Fund at an earlier date without the approval of the Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund. Upon termination, the Fund will distribute to Unitholders their pro rata portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund, subject to approval of Unitholders at a meeting called for such purpose, provided that all Unitholders will be given a right to cause their Units to be redeemed on the Termination Date, regardless of whether they voted in favor of the term extension.

Pursuant to the Fund Trust Agreement, the Fund will terminate on the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund or when terminated by the Manager, as described below. In addition to such termination, the Fund Trust Agreement also provides that:

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

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

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

### **3.4 DISTRIBUTIONS**

The Fund pays distributions if, as and when declared by the Fund from time to time. Distributions, if any, that are paid on the Class A Units are in Canadian dollars and distributions, if any, that are paid on the Class U Units are in U.S. dollars.

During the year ended August 31, 2015, the Fund declared \$6,922,446 in distributions to its Class A Unitholders and \$2,386,681 to its Class U Unitholders. The amount \$1,162,917 for Class U was reinvested and the Class U Units were consolidated. (During the year ended August 31, 2014, the Fund declared \$15,450,510 in distributions to its Class A Unitholders and \$2,450,730 to its Class U Unitholders. The amount of \$6,806,138 for Class A was reinvested and the Class A Units consolidated and the amount of \$1,065,147 for Class U was reinvested and the Class U Units consolidated).

## **4 REDEMPTIONS OF UNITS**

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

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

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

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

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

## **5 CALCULATION OF NET ASSET VALUE**

### **5.1 CALCULATION OF NET ASSET VALUE**

RBC Investor Services Trust (the “Valuation Agent”) acts as Valuation Agent for the Fund. The Valuation Agent calculates the Net Asset Value per Unit of each class of Units as at the close of business on each Valuation Date. The Net Asset Value per Unit of each class of Units will also be calculated upon the demand of Unitholders at no additional cost. Such amount is also available on the Manager’s website at [www.astonhill.ca](http://www.astonhill.ca) and is also available to Unitholders upon request at no cost by calling 1-800-513-3868.

### **5.2 VALUATION POLICIES AND PROCEDURES**

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

For the purpose of calculating the Net Asset Value of the Fund on a Valuation Date, the Total Assets of the Fund on such Valuation Date is determined as follows:

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

at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Valuation Agent;

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

The Net Asset Value per Unit of a class of Units is calculated in Canadian dollars (U.S. dollars in the case of Class U Units) in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain.

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

### **5.3 REPORTING OF NET ASSET VALUE**

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

### **5.4 AUDIT OF FINANCIAL STATEMENTS**

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

## **6 MANAGEMENT OF THE FUND**

### **6.1 THE MANAGER**

Aston Hill Capital Markets Inc. acts as manager of the Fund. The Manager oversees, manages and implements the objectives of the Fund. The Manager is entitled to receive fees as compensation for management services rendered to the Fund.

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

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

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

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

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

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

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

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

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

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

### **6.1.3 Accounting and Reporting**

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

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

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

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

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

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

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

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

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

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

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

## **6.2 THE PORTFOLIO MANAGER**

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

### **6.3 INDEPENDENT REVIEW COMMITTEE**

The Manager has appointed an independent review committee (the “Independent Review Committee”) in accordance with NI 81-107 comprised of four members, each of whom is independent of the Manager and entities related to the Manager. The Independent Review Committee intends to function in accordance with applicable securities law, including NI 81-107. The mandate of the Independent Review Committee is to review and provide its decisions to the Manager on conflict of interest matters that the Manager has referred to the Independent Review Committee for review. The Manager is required to identify conflict of interest matters inherent in its management of the Fund and request input from the Independent Review Committee in respect of how it manages those conflicts of interest, as well as its written policies and procedures outlining its management of those conflicts of interest. The Independent Review Committee has adopted a written charter which it follows when performing its functions and is subject to requirements to conduct regular assessments. In performing their duties, members of the Independent Review Committee are required to act honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Independent Review Committee also serves in respect of other funds that are managed by the Manager. The Independent Review Committee report annually to the Fund which report is available free of charge upon request to the Manager and is also posted on the Manager’s website at [www.astonhill.ca](http://www.astonhill.ca).

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

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

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

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

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

### **6.4 THE TRUSTEE**

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

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

appointed within 90 days, the Fund will be terminated.

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

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

## **6.5 THE CUSTODIAN**

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

## **6.6 AUDITOR**

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

## **6.7 TRANSFER AGENT AND REGISTRAR**

The Manager maintains the securities registers of the Units and register transfers of the Units.

## **6.8 PORTFOLIO TRANSACTIONS AND BROKERAGE**

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

# **7 FEES AND EXPENSES**

## **7.1 MANAGEMENT FEES**

The Manager receives a management fee from the Fund equal in the aggregate to 0.25% per annum of the applicable Net Asset Value, calculated daily and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund during the year ended August 31, 2015 were \$223,532 plus applicable taxes (\$284,590 plus applicable taxes during the year ended August 31, 2014).

## **7.2 OPERATING EXPENSES**

The Fund pays for all expenses incurred in connection with its operation and administration, including, fees payable to the Trustee, custodial fees, legal, audit, valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Manager, fees and expenses of the members of the Independent Review Committee appointed under NI 81-107 and expenses related to compliance with NI 81-107, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of the Fund, fees and expenses relating to the voting of proxies by a third party, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the

Fund may incur, but excluding the fees payable to the Manager. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, any sub-advisor, the Custodian or the Trustee and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund.

The aggregate amount of these fees and expenses during the year ended August 31, 2015 were \$44,516 plus applicable taxes (\$35,863 plus applicable taxes during the year ended August 31, 2014).

## **8 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

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

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

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

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

## **9 MATERIAL CONTRACTS**

The only material contracts entered into by the Fund or the Manager during the past two years or to which either of them will become a party prior to the Closing, other than during the ordinary course of business, are as follows:

- a) the Fund Trust Agreement; and
- b) the Exchange Agency Agreement.

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

## CS Trust

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

- Mail: Aston Hill Capital Markets Inc.  
77 King Street West  
Suite 2110  
Toronto, ON  
M5K 1G8

[www.astonhill.ca](http://www.astonhill.ca)

- Phone: 1-800-513-3868

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