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**Canadian 50 Advantaged
Preferred Share Fund**
Annual Report
March 31, 2014

Canadian 50 Advantaged Preferred Share Fund Message to Unitholders

June 27, 2014

Dear Investor,

We are pleased to provide you with the annual report for the Canadian 50 Advantaged Preferred Share Fund (the "Fund") for the year one year period ending March 31, 2014.

The Fund's investment objectives are to provide:

- (i) tax-advantaged quarterly cash distributions consisting primarily of returns of capital, and
- (ii) low-cost exposure to the total return approximating that of the BMO Capital Markets 50 Preferred Share Index.

The BMO Capital Markets 50 Preferred Share Index (the "BMO Index") is a market value weighted index created in 1992 to provide a benchmark representing the Canadian preferred share market and includes 50 Canadian preferred share issues that are listed on the TSX which satisfy specific inclusion criteria. BMO Asset Management Inc. is the portfolio manager and has considerable experience managing both preferred shares and index strategies.

During the year, the Fund paid distributions totalling \$1.25, equal to the Fund's target distribution rate. The Fund's one year return was -2.76%, compared to -2.33% for the S&P/TSX Preferred Share Index, the benchmark for Canadian preferred shares. The performance of the preferred share market and the Fund was largely driven by investor concerns over rising interest rates in the second half of 2013. These concerns have abated somewhat in 2014, resulting in an improvement in performance year to date. 2014 presents many interesting new opportunities in the preferred share market as Canadian banks have resumed issuing preferred shares after a long absence and investor appetite for yield continues to remain strong.

We appreciate your investment in the Fund. Please check our website for future quarterly updates.

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 **Canadian 50 Advantaged Preferred Share 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 annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (the “Manager”) to the following address: Aston Hill Capital Markets Inc., 77 King Street West, Suite 2110, PO Box 92, Toronto, Ontario, M5K 1G8 or calling 1-800-513-3868 or visiting the Manager’s website at www.astonhill.ca or by visiting www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

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

Investment Objectives and Strategy

The Fund is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement between the Manager of the Fund and RBC Investor Services Trust (the “Trustee”) dated April 24, 2012. The Fund’s principal office is located at 77 King Street West, Suite 2110, P.O. Box 92, Toronto, Ontario. The fiscal year-end of the Fund is March 31. Beneficial interest in the net assets and net income of the Fund is divided into units of two classes, Class A Units (the “Class A Units”) and Class F Units (the “Class F Units”). The Class A Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CPF.UN. The Class F Units are not listed on a stock exchange but may be converted into Class A Units on a weekly basis. The principal differences between the Class A Units and the Class F Units are that the Agents’ fees payable with respect to the original issuance of the units were lower for the Class F Units and that the Class F Units are not listed on the TSX but are convertible into Class A Units on a weekly basis.

The Fund’s investment objectives are to provide:

- (i) tax-advantaged quarterly cash distributions consisting primarily of returns of capital, and
- (ii) low-cost exposure to the total return approximating that of the BMO Capital Markets 50 Preferred Share Index.

Distributions are initially targeted to be \$0.3125 per Unit per quarter, representing an initial yield on the Unit issue price of 5.0% per annum.

In order to achieve the Fund’s investment objectives, the Fund obtained exposure to the Portfolio (the “Portfolio”) through the forward agreement entered into with the Bank of Montreal (the “Counterparty”). The Portfolio provides a total return approximating that of the BMO Capital Markets 50 Preferred Share Index (the “Preferred Share 50 Index”) and is predominantly invested in Canadian preferred share issues with a P-1 or P-2 rating from Standard & Poor’s (“S&P”). The scheduled forward termination date will be on or about May 18, 2017.

The Preferred Share 50 Index is a market value weighted index created in 1992 to provide a benchmark representing the Canadian preferred share market and includes 50 Canadian preferred share issues that are listed on the TSX which satisfy specific inclusion criteria including minimum issue size of \$100,000,000, minimum credit rating of P-3 by S&P and maximum weighting of any issuer. The Preferred Share 50 Index is rebalanced annually. In addition, the Preferred Share 50 Index Committee continually reviews and may adjust the Preferred Share 50 Index constituents at its discretion to ensure that the Preferred Share 50 Index reflects the composition for the Canadian preferred share market.

The Fund does not invest directly in the Portfolio, the Fund used the net proceeds of the initial public offering of its Class A

and Class F Units to pre-pay its purchase obligations under a forward purchase and sale agreement (the “Forward Agreement”) with the Bank of Montreal (the “Counterparty” or “BMO”) (whose credit rating is A+ by S&P as of March 31, 2014). Under the Forward Agreement, the Fund will, on or about the Forward Termination Date, acquire the Canadian Securities Portfolio from the Counterparty having an aggregate value equal to the value of the Portfolio, net of any amount owing by the Fund to the Counterparty. A fee of up to 0.20% per annum, calculated with reference to the Net Asset Value of the Portfolio, is payable monthly to BMO under the Forward Agreement.

Risk

Changes in the risk exposure of the Fund occurred in the following areas:

Use of leverage

The Fund’s exposure to the Portfolio through the Forward Agreement can be increased by up to 33% of the value of the Portfolio after giving effect to leverage. The Portfolio applied leverage in the range from 27.61% to 30.71% during the year ended March 31, 2014. The leverage factor as of March 31, 2014 was 29.94% of the value of the Portfolio after giving effect to leverage. (During the period from May 18, 2012 (commencement of operations) to March 31, 2013, the leverage factor was in the range from nil% to 28.13%. The leverage factor as of March 31, 2013 was 27.62% of the value of the Portfolio after giving effect to leverage.)

For full disclosure of risks associated with an investment in the Fund’s units, please refer to the Prospectus dated April 24, 2012 or to the Fund’s Annual Information Form. Both are available at www.astonhill.ca and www.sedar.com.

Recent Developments

International Financial Reporting Standards (IFRS)

Beginning April 1, 2014, the Fund will prepare its semi-annual and annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at April 1, 2013 (the transition date). The Fund will also report its interim financial statements for the period ending September 30, 2014, in accordance with IFRS.

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

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and asks prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates.

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

Management will continue to monitor the Fund’s IFRS changeover plan to address the key elements of the IFRS conversion.

Federal Budget Announcement

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

Results of Operations

Caution regarding forward-looking statements

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

Portfolio Manager's Commentary (June 2014)

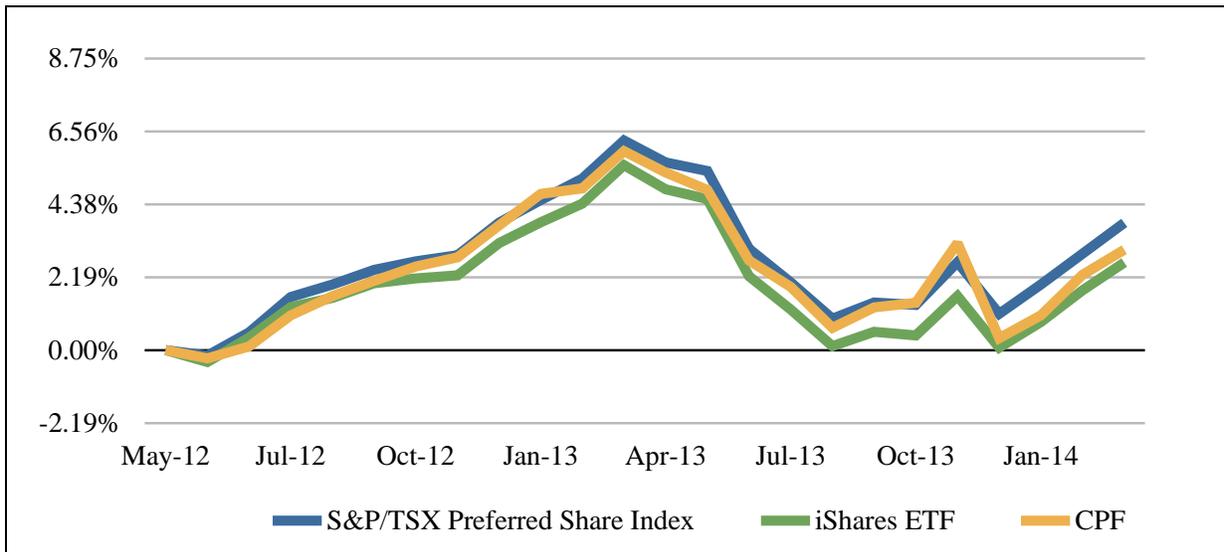
Performance

The Fund's Class A Units returned -2.76% for the year to March 31, 2014, consisting of \$1.25 in distributions and a decrease in NAV per unit of \$1.92, to \$21.57. The S&P/TSX Preferred Share Index returned -2.3% for the same period. The preferred share market was hit hard in the summer of 2013 as speculation over the US Federal Reserve's plans for winding down QE3 led to a sharp rise in fixed income yields across the board. Prices stabilized starting in September, and made up some lost ground in the quarter to March 31st. Preferred shares responded well to the relative calm that came in the wake of the Federal Reserve's December decision to begin systematically winding down QE3 asset purchases.

Within the portfolio, retractable preferred shares, which can be sold back to their issuers from time to time on pre-set terms, performed best, at 2.7% for the year. Straight preferred shares returned 1.3%, having benefitted the most from the March quarter's decline in long-term yields. Fixed-reset shares, which can be called by the issuer or have their rates reset on fixed dates every five years, returned -1.9%. And floating rate shares struggled amid subdued expectations for short-term rates, returning -8.2%. Leverage continued to add to net dividend income - the fund's running yield, at 5.8%, remains well above the BMO Index's 4.8% - but was a drag on net asset value amid falling share values. Leverage stood at 29.9% on March 31st.

Relative Performance

The following graph shows the fund’s total return since inception relative to the S&P/TSX Preferred Share Index (the “S&P/TSX Preferred Share Index”), and the iShares S&P/TSX Canadian Preferred Share Index ETF (the “iShares ETF”).



The S&P Index and the BMO Capital Markets 50 Preferred Share Index have similar criteria for including preferred share issues. The principal differences are the restriction by BMO on the number of issues to 50, annual rebalancing for BMO versus quarterly for S&P, and BMO’s committee approach versus pure quantitative selection for the S&P Index. The BMO Index includes just 50 securities from 20 issuers compared to 206 securities from 49 issuers for the S&P Index, but is constructed to match the preferred share universe more closely. The weighted average rating of the fund’s portfolio securities is P-2 (high) by S&P and the lowest rating is P-3, representing 8% of the portfolio. By contrast, about 24% of the Canadian preferred share universe and 22% of the S&P/TSX Preferred Share Index are rated P-3 or lower.

	BMO Index	S&P/TSX Index	Canadian preferred share universe
Retractables	4.8%	2.8%	3.6%
Straight perpetuals	31.7%	32.6%	31.3%
Fixed reset	58.8%	61.2%	60.7%
Floating	4.7%	3.4%	4.4%

Portfolio

There were six substitutions in the portfolio during the year.

Added:		
Bank of Nova Scotia Series 21	BNS.PR.B	Floating rate reset issue paying a + 170 coupon, the result of the October 2013 conversion of BNS.PR.Q (series 20) fixed reset shares
Brookfield Office Properties Series P	BPO.PR.P	Fixed reset issue yielding 5.15% until March 31, 2017
Great-West Lifeco Inc. Series G	GWO.PR.G	Straight perpetual with a 4.85% coupon
Pembina Pipeline Corporation Class A, Series 5	PPL.PR.E	Fixed-reset issued in January 2014 paying 5.00%, with re-set at 5-year governments plus 300 bps
Power Financial Corporation Series S	PWF.PR.S	Straight perpetual issued in February 2013 with a 4.8% coupon.
TransCanada Corp.	TRP.PR.D	Fixed-reset issued last year at 4.00%, and with a re-set provision at 5-year

Series 7		governments plus 238bps in April, 2019
Removed:		
Bank of Nova Scotia Series 12	BNS.PR.J	Non-cumulative retractable paying 5.25%, was redeemed in full at \$25 per share on October 29, 2013
Brookfield Asset Management Class A Series 13	BAM.PR.K	Floating rate series issued in December 2004, and paying 70% of the average prime rate
Great-West Lifeco Inc. Series J	GWO.PR.J	Fixed-reset paying 6.00%, with re-set at 5-year governments plus 307 bps, was redeemed in full on December 31, 2013 at \$25 per share, for \$230 million in total
Power Financial Corporation Series M	PWR.PR.M	Fixed reset from November 2008 paying 6.0% with conversion at 5-year governments plus 320 bps. PWR.PR.M was redeemed on January 31 following completion in November of the offering of Series T fixed resets at 4.20% and 237bps
Royal Bank Series AR	RY.PR.R	Fixed-reset issue that was redeemed on February 24 th along with RBC's Series AN and AP. RBC redeemed a total of \$850 million, or 1.5% of the Canadian preferred share market, on the same day
TransCanada Pipelines Limited Series U	TCA.PR.X	Cumulative Redeemable 5.6% First Preferred Shares Series U (TCA.PR.X) at \$50 per share.

There has been continued activity among fixed reset issuers since the end of the year. Both CIBC and TD elected to redeem fixed reset issues that were due for conversion on April 30th. Both shares, TD.PR.G and CM.PR.L, were issued near the peak of the financial crisis and carried high coupons of 6.25% with conversion at 5-yr governments plus 438 bps and 6.50% with conversion at 5-yr governments plus 447 respectively. As the banks re-align their capital for Basel III, redemption of these shares was expected. A further six fixed reset issues are up for conversion or possible redemption in 2014, including securities from TD and CIBC.

The preferred shares in the portfolio can be divided into four broad types based on their dividend, term and repayment features. Straight perpetuals pay a fixed rate, have no specific maturity date, and can be redeemed by the issuer. Other types of preferreds offer investors more flexibility: fixed-rate reset shares generally give the holder an option to switch to either a floating rate or a new fixed rate on specified dates; retractable shares can be sold back to the issuer at a pre-determined price from time to time. These features significantly affect interest rate risk and yield.

Security type	Percent of portfolio	Running yield
Fixed reset	58.8%	4.90%
Straight	31.7%	4.91%
Floating	4.7%	3.14%
Retractable	4.6%	4.63%
Portfolio	100%	4.80%

The mix of floating rate, rate reset and retraction features leads to a portfolio that is generally less subject to interest rate risk and whose value is more stable than might be the case for portfolios of often lower yielding fixed income securities. In addition, we expect bank prefs, which stood as tier 1 regulatory capital under Basel II, to be redeemed as Basel III is implemented over the next several years, bringing down the portfolio's expected duration and further reducing interest rate exposure.

Basel III Compliant Prefs

On January 30th, RBC issued Canada's first Basel III compliant preferred offering with its Series AZ fixed reset shares, yielding 4.00% and convertible in five years at the then government 5-yr rate plus 221 basis points. The deal was announced at \$200 million and the size later increased to \$500 million due to very strong demand. To comply with Basel III, the shares contain a non-viability trigger, which means that if the Superintendent of Financial Institutions announces that the bank is, or is about to become, non-viable or if the bank accepts a capital injection from government, the shares convert to common stock. The series AZ shares are not held in the portfolio. Basel III compliant issues have since been completed by BMO, National, Laurentian and Canadian Western banks.

Market Environment

Globally, economic activity strengthened during the second half of 2013, with GDP growth averaging 3 2/3%, a full percent better than the previous six months. Advanced economies showed signs at last of a sustained recovery, with the US leading the way at over 3% growth in the second half of 2013 and the euro area turning positive. The first quarter saw a slight retrenchment as inventories adjusted down and harsh weather affected large slices of the North American economy.

The International Monetary Fund, in its April 2014 World Economic Outlook, noted that the performance of developed economies like the US and the UK had substantially lowered the risk of another global downturn. The fund forecast global growth of 3.6% this year, rising to 3.9% in 2015 and adjusted the probability of global recession to 0.1%, down from 6% in its October WEO. According to IMF Chief Economist Oliver Blanchard "...the recovery is strongest in the US in that, for the most part, the brakes are gone. People can borrow at low rates and the fiscal consolidation is now fairly slow...in a way, it's pulling the world."

The Canadian economy performed well in 2013, growing at 2.7% for the year and 2.9% in the fourth quarter, a relative show of strength that matched juggernaut Great Britain. However, unemployment is struggling to hold under 7% and excess capacity, or slack, in the economy threatens to keep business investment low for several quarters, even as exports pick up. Inflation, as a result, remains stubbornly near the bottom of the Bank of Canada's 1% to 3% target range in spite of rising import prices (the result of a weaker Canadian dollar) and energy prices.

The waning strength of the loonie, which reached a 4 ½ year low of under 89 US cents in mid-March, and continued economic improvement south of the border are both supportive of Canadian exports. In 2014, stronger global economic activity, and especially an expected increase in US business and residential investment, should be good for Canada. In addition, higher demand for non-energy commodities and higher oil prices should ultimately help support business investment at home.

The euro area has returned to modest growth, with core economies like Germany showing higher business activity, consumption and investment. However, inflation remains extremely low and the risk of deflation, which increases the real level of debt and can drag down spending as a result, is much discussed as expectations for future inflation wane. The European central bank announced an aggressive range of measures to stimulate the economy at its June meeting, including a negative overnight rate. That is, European banks now pay a rate of 10 basis points to deposit cash with the ECB.

China's economy grew at 7.4% in the first quarter, not an alarming result but still sharply down from 7.7% in the last quarter of 2013. China faces financial risk as the government tries to shift demand from investment to consumption. The shift could lead to weakness in the housing sector, which could stress the financial system as a whole and depress activity. Real estate construction accounted for 16% of GDP in China in 2013, a level reminiscent of Ireland and Spain just prior to their property bubbles' bursting.

After a very strong second half of 2013, the US expansion stalled in the first quarter. Bad weather was to blame for much of the slowdown, however. Freezing temperatures and frequent snowstorms interrupted shipping, cutting off supply chains, and also hit construction and consumer spending. These setbacks should be fully recovered in growth over the coming months.

The US labour market has picked up somewhat in 2014, with headline unemployment down 0.7%, to 6.3% at latest reading. However, the number of part time workers who would like to be working full time remains high by historical standards, as does the proportion that has been out of work for more than six months.

About the Index

The BMO Capital Markets 50 Preferred Share Index was established in 1992 as a benchmark to represent the Canadian preferred share market. Preferred share issues may be included in the index if they have a minimum notional size of \$100 million, are TSX-listed and are rated at least P-3 by S&P. The index is market capitalization weighted, with a maximum representation in the index for any one issuer of 12%. Synthetics, such as split shares, do not qualify. Of the issues that qualify for the index (there are currently about 160), the BMO Preferred 50 Index Committee selects 50 to be included. The index is rebalanced annually at the end of the calendar year, and may otherwise be adjusted at the committee's discretion to ensure it reflects the composition of the Canadian preferred share market.

Capital transactions

On May 18, 2012, the Fund completed an initial public offering pursuant to a Prospectus dated April 24, 2012. \$60,000,000 was raised through the issue of 2,400,000 Class A Units and \$5,043,700 was raised through the issue of 201,748 Class F Units.

On June 8, 2012, the Agents exercised an over-allotment option in respect of 94,623 Class A Units, raising a further \$2,365,575. Agents' fees and other issue expenses totalled \$4,002,676.

On December 5, 2012, the Fund closed a treasury offering on the Class A Units and Class F Units pursuant to a Prospectus for a treasury offering dated November 28, 2012. \$45,010,500 was raised through the issue of 1,850,000 Class A Units and \$2,592,839 was raised through the issue of 105,787 Class F Units. The treasury offering was non-dilutive to the net asset value per unit of the existing Unitholders.

On December 20, 2012, the Agents exercised an over-allotment option for the treasury offering in respect of the Class A Units. An additional \$2,301,180 was raised through the issue of 94,582 Class A Units. Agents' fees and other issue expenses for the treasury offering totalled \$2,286,157.

During the year ended March 31, 2014, there were 19,349 Class F Units converted into 19,977 Class A Units for a total value of \$449,825. There were also redemptions of 746,762 Class A Units for total payment of \$16,549,754 and 403 Class F Units for \$ 9,225 during the same period. (During the period from May 18, 2012 (commencement of operations) to March 31, 2013, there were 140,910 Class F Units converted into 145,283 Class A Units for a total value of \$3,393,685. There were also redemptions of 1,000 Class F Units for total payment of \$24,161 during the same period).

During the same period, the Fund also purchased 15,200 Class A Units for cancellation for a total value of \$323,280. (no units were purchased for cancellation during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

Net Assets

The net assets per unit is calculated as the value of the prepaid amount to the Counterparty under the Forward Agreement plus any other investments held by the Fund, plus the value of any gain or loss on the Forward Agreement, less any net liabilities of the Fund, divided by the number of units outstanding.

On March 31, 2014, the prepaid amount to the Counterparty under the Forward Agreement was \$84,491,745 and the value of the unrealized gain on the Forward Agreement was \$3,080,044. Other liabilities net of other assets in the Fund totalled \$1,433,491, leaving net assets of \$86,138,298. This amount is assigned to the Class A and Class F Unitholders using an allocation percentage that takes into consideration any class level specific expenses. On March 31, 2014, the GAAP Net assets per unit were \$21.57 per Class A Unit and \$22.31 per Class F Unit. (On March 31, 2013, the prepaid amount to the Counterparty under the Forward Agreement was \$108,192,253 and the value of the unrealized gain on the Forward Agreement was \$5,347,068. Other liabilities net of other assets in the Fund totalled \$1,857,239, leaving net assets of \$111,682,082. This amount is assigned to the Class A and Class F Unitholders using an allocation percentage that takes into consideration any class level specific expenses. On March 31, 2013, the GAAP Net assets per unit were \$23.49 per Class A Unit and \$24.24 per Class F Unit).

Leverage

The Fund's exposure to the securities in the Portfolio, through the Forward Agreement, may be increased to a maximum of 33% of the value of the Portfolio after giving effect to leverage. The use of leverage has the potential to enhance or reduce returns.

During the year ended March 31, 2014, bank indebtedness was used to increase the Fund's exposure to the Portfolio by \$37,418,000 to \$43,318,000 or 27.61% to 30.71% of the value of the Portfolio. The related interest expense during the same period was \$542,558. As at March 31, 2014, the borrowed balance was \$ 37,418,000 and the leverage factor was 29.94%. (During the period from May 18, 2012 (commencement of operations) to March 31, 2013, bank indebtedness was used to increase the Fund's exposure to the Portfolio by \$nil to \$43,318,000 or nil% to 28.13% of the value of the Portfolio. The related interest expense during the same period was \$364,162. As at March 31, 2013, the borrowed balance was \$43,318,000 and the leverage factor was 27.62%).

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.

During the same period, the Fund also purchased 15,200 Class A Units for cancellation for a total value of \$323,280. (no units were purchased for cancellation during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

Distributions

The Fund does not have a fixed quarterly distribution amount but it sets distribution targets based on the Manager's, in consultation with the Portfolio Manager, estimate of expected returns on the Portfolio for the period. The Fund's initial distribution target is \$0.3125 per Class A Unit and Class F Unit respectively per quarter. The Fund paid an initial distribution of \$0.14726 for unitholders with record date June 29, 2012 covering the period from May 18, 2012 (commencement of operations) to June 30, 2012. The initial distribution amount represents an annualized current yield of 5.0% based on the initial offering price of \$25.00 per Unit.

In total, the Fund paid distributions of \$1.25 per Class A Unit and Class F Unit respectively during the year ended March 31, 2014. (The Fund paid distributions of \$1.08 per Class A Unit and Class F Unit respectively during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

Recommendations or Reports by the Independent Review Committee

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

Related Party Transactions

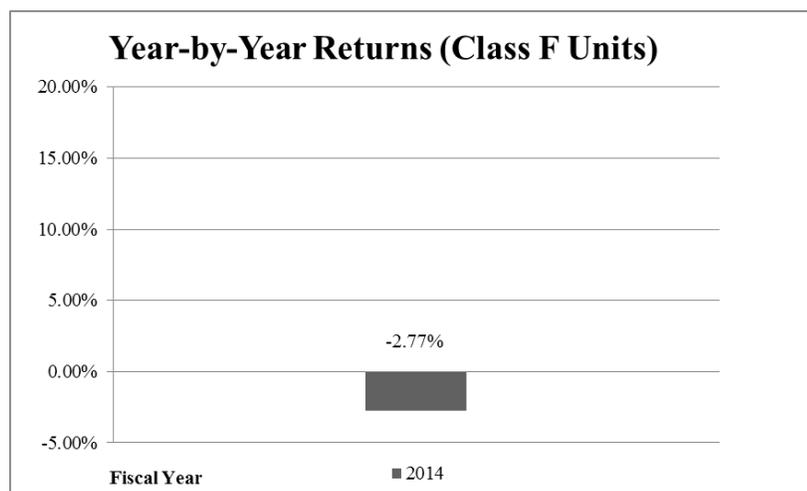
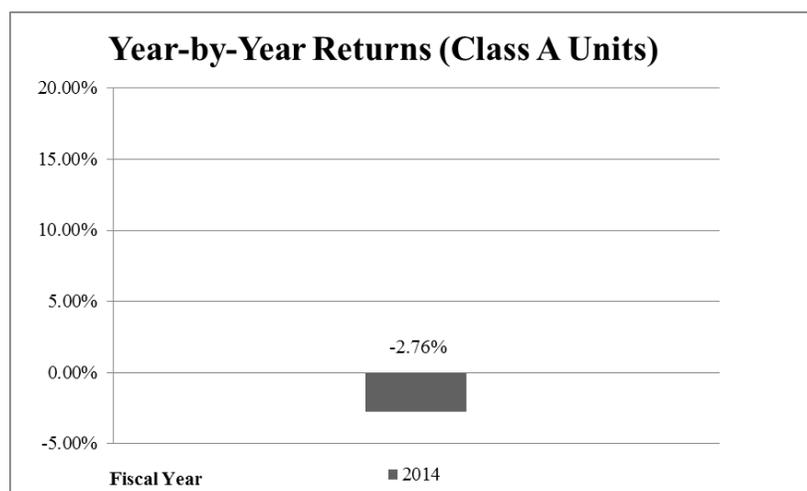
Management Fees

The Manager receives a management fee approximately equal to 0.50% per annum of the applicable Net Asset Value, by virtue of the following: (i) the Manager receives a management fee from the Fund equal to 0.40% per annum of the Net Asset Value, calculated and accrued daily and payable monthly in arrears, plus applicable taxes; and (ii) the Counterparty retains the Manager to establish and maintain the Portfolio and the amount of the Portfolio is reduced by 0.10% per annum, representing the fee paid by the Counterparty to the Manager to maintain the Portfolio. The Manager is responsible for paying the fees of the Portfolio Manager out of this amount.

The management fees charged to the Fund during the year ended March 31, 2014 were \$398,504 (\$279,766 during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

Past Performance

The following bar chart and table shows the Fund's annual performance of the Class A Units and the Class F Units by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, 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 Returns

	Past Year	Since Inception ⁽¹⁾
Based on NAV (Class A Units)	-2.76%	1.06%
Based on share price (Class A Units)	-3.70%	-4.04%
Based on NAV (Class F Units)	-2.77%	1.01%
S&P/TSX Preferred Share Index	-2.33%	2.07%

⁽¹⁾ Annualized for the period from May 18, 2012 (commencement of operations) to May 31, 2014.

The S&P/TSX Preferred Share Index is the broadest and most widely used benchmark to measure of performance of virtually all of the outstanding marketable Canadian preferred shares in the Canadian market.

Financial Highlights

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

Class A Units:

The Fund's Net Assets per Class A Unit:

	March 31, 2014	March 31, 2013 ⁽¹⁾
Net Assets, beginning of period	23.49	25.00
Unit issue expense ⁽²⁾	–	(1.86)
Increase (decrease) from operations:		
Total revenues	–	–
Total expenses	(0.30)	(0.27)
Realized gains (losses) for the period	0.09	0.02
Unrealized gains (losses) for the period	(0.50)	1.56
Total increase (decrease) from operations ⁽³⁾	(0.71)	1.31
Distributions:		
From income (excluding dividends)	–	–
From dividends	–	–
From capital gains	–	–
Return of capital	(1.25)	(1.08)
Total Distributions ⁽⁴⁾	(1.25)	(1.08)
Net Assets, end of period ⁽⁵⁾	21.57	23.49

⁽¹⁾ Results for the period from May 18, 2012 (commencement of operations) to March 31, 2013.

⁽²⁾ Issue expenses of \$6,078,682 were 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 4,338,649 units outstanding as of March 31, 2014 (March 31, 2013 - 3,271,016).

⁽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.

Ratios and Supplemental Data (Class A Units):

	March 31, 2014	March 31, 2013 ⁽¹⁾
Net asset value (000's)	82,884	107,667
Number of units outstanding	3,842,503	4,584,488
Base management expense ratio (annualized) ⁽²⁾⁽³⁾	0.80%	0.83%
Issue expenses ratio ⁽²⁾⁽³⁾	0.00%	7.97%
Interest expense ratio (annualized) ⁽²⁾⁽³⁾	0.54%	0.52%
Management expense ratio (annualized) ⁽³⁾	1.34%	9.32%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	1.34%	9.32%
Portfolio turnover rate ⁽⁴⁾	0.00%	2.85%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%
Net asset value per unit ⁽⁶⁾	21.57	23.49
Closing market price (TSX)	20.80	22.87

⁽¹⁾ Results for the period from May 18, 2012 (commencement of operations) to March 31, 2013.

⁽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 and interest expense ratio representing cost of leverage.

⁽³⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Unit issue expenses, representing all agents' fees and other offering expenses, which are one-time expenses, are not annualized.

⁽⁴⁾ The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities (including fixed income) in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

⁽⁵⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁶⁾ The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio.

Class F Units:

The Fund's Net Assets per Class F Unit:

	March 31, 2014	March 31, 2013 ⁽¹⁾
Net Assets, beginning of period	24.24	25.00
Unit issue expense ⁽²⁾	—	(1.23)
Increase (decrease) from operations:		
Total revenues	—	—
Total expenses	(0.31)	(0.29)
Realized gains (losses) for the period	0.09	0.02
Unrealized gains (losses) for the period	(0.51)	1.27
Total increase (decrease) from operations⁽³⁾	(0.73)	1.00
Distributions:		
From income (excluding dividends)	—	—
From dividends	—	—
From capital gains	—	—
Return of capital	(1.25)	(1.08)
Total Distributions⁽⁴⁾	(1.25)	(1.08)
Net Assets, end of period⁽⁵⁾	22.31	24.24

(1) Results for the period from May 18, 2012 (commencement of operations) to March 31, 2013.

(2) Issue expenses of \$210,151 were 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 units outstanding of 154,094 as of March 31, 2014 (March 31, 2013 - 170,594).

(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.

Ratios and Supplemental Data (Class F Units):

	March 31, 2014	March 31, 2013 ⁽¹⁾
Net asset value (000's)	3,254	4,015
Number of units outstanding	145,873	165,625
Base management expense ratio (annualized) ⁽²⁾⁽³⁾	0.81%	0.86%
Issue expenses ratio ⁽²⁾⁽³⁾	0.00%	5.13%
Interest expense ratio (annualized) ⁽²⁾⁽³⁾	0.55%	0.54%
Management expense ratio (annualized) ⁽³⁾	1.36%	6.53%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	1.36%	6.53%
Portfolio turnover rate ⁽⁴⁾	0.00%	2.85%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%
Net asset value per unit ⁽⁶⁾	22.31	24.24

(1) Results for the period from May 18, 2012 (commencement of operations) to March 31, 2013.

(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 and Interest expense ratio representing cost of leverage.

(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.

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

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

(6) The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio.

Summary of Investment Portfolio as of March 31, 2014

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

Investment portfolio of Canadian 50 Advantaged Preferred Share Fund

	Fair value \$	% of NAV
Portfolio by Category		
Derivative contracts	87,571,789	101.7%
Cash and Cash Equivalents	44,432	0.0%
Other liabilities net of other assets in the Fund	(1,477,923)	(1.7%)
Top 25 Holdings		
Prepaid forward agreement	87,571,789	101.7%
Cash and Cash Equivalents	44,432	0.0%
Net asset value	86,138,298	

The Fund obtained exposure to the performance of the Portfolio through the Forward Agreement (see Investment Objectives and Strategy). The following is the summary of the Portfolio as of March 31, 2014:

Portfolio	Fair value \$	% of NAV
Portfolio by Category		
Financials	73,168,146	83.6%
Energy	29,991,796	34.2%
Telecommunication Services	12,599,989	14.4%
Utilities	4,135,463	4.7%
Consumer Staples	1,819,926	2.1%
Consumer Discretionary	795,553	0.9%
Cash and Cash Equivalents	1,690,529	1.9%
Bank Indebtedness	(37,418,000)	(42.7%)
Other Assets Net of Other Liabilities	788,387	0.9%
Top 25 Holdings		
TransCanada Corp. 4.00% Series 7	4,575,830	5.2%
BCE Inc. 4.15% Series AK	4,226,954	4.8%
TransCanada Corp. 4.60% 1 st Pfd Series 1	3,903,500	4.5%
Enbridge Inc. 4.00% Series B	3,791,821	4.3%
Enbridge Inc. 4.00% Series F	3,728,247	4.3%
Manulife Financial Corp. 6.60% Non-Cum 5 Year Series 4	3,477,662	4.0%
Enbridge Inc. 4.00% Series N	3,426,240	3.9%
Enbridge Inc. 4.00% Series D	3,358,379	3.8%
Toronto Dominion Bank 4.85% Series O	3,310,892	3.8%
Bank of Montreal Class B Series 23	3,180,216	3.6%
Royal Bank of Canada 5.00% Series AJ	3,104,240	3.5%
Toronto Dominion Bank 6.25% Series AG	2,906,108	3.3%
Sun Life Financial 4.75% Series 1	2,782,712	3.2%
Bank of Montreal Class B Series 13	2,749,534	3.1%
Toronto Dominion Bank 6.25% Series AK	2,749,116	3.1%
Manulife Financial Corp. 4.10% Series 1	2,738,637	3.1%
Manulife Financial Corp. 5.60% Non-Cum 5 Year Series 1	2,717,882	3.1%
Pembina Pipeline Corp. 5.00% Series 5	2,705,850	3.1%
Bank of Nova Scotia 4.50% Series 15	2,701,325	3.1%
Bank of Nova Scotia 4.50% Series 14	2,692,902	3.1%
Canadian Utilities Ltd. 4.00% Series Y	2,554,978	2.9%
BCE Inc. 3.00% Series AD	2,480,245	2.8%
Canadian Imperial Bank of Commerce 6.50% Series 35	2,477,700	2.8%
Manulife Financial Corp. 4.65% Series 2	2,383,263	2.7%
Brookfield Asset Management Inc. 7.0% Series 22	2,351,946	2.7%
Net asset value	87,571,789	

Management's Responsibility for Financial Reporting

The accompanying financial statements of **Canadian 50 Advantaged Preferred Share Fund** (the "Fund") and all the information therein have been prepared 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 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 Canadian generally accepted accounting principles. The financial statements are not precise since they include certain amounts based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements.

The financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the 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
President and Chief Executive Officer
Aston Hill Capital Markets Inc.



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

Toronto, Canada
June 27, 2014



June 27, 2014

Independent Auditor's Report

To the Unitholders of Canadian 50 Advantaged Preferred Share Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at March 31, 2014, the statements of net assets as at March 31, 2014 and March 31, 2013, and the statements of operations, changes in net assets, retained earnings (deficit) and contributed surplus, and cash flows for the year ended March 31, 2014 and for the period from May 18, 2012 (commencement of operations) to March 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

*PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2014 and March 31, 2013 and the results of its operations, the changes in its net assets, retained earnings (deficit) and contributed surplus, and cash flows for the year ended March 31, 2014 and for the period from May 18, 2012 (commencement of operations) to March 31, 2013 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Canadian 50 Advantaged Preferred Share Fund

Statements of Net Assets

As at March 31, 2014

	2014	2013
	\$	\$
Assets		
Cash	44,432	-
Forward agreement (note 8)	87,571,789	113,539,321
Prepaid expenses	12,685	14,139
	<u>87,628,906</u>	<u>113,553,460</u>
Liabilities		
Cash overdraft	-	89,740
Interest payable (note 5)	119,090	142,407
Distributions payable	1,246,368	1,484,410
Accounts payable and accrued liabilities	102,068	112,850
Management fees payable	23,082	41,971
	<u>1,490,608</u>	<u>1,871,378</u>
Net assets and unitholders' equity	<u>86,138,298</u>	<u>111,682,082</u>
Net Assets		
Class A Units	82,884,454	107,666,922
Class F Units	<u>3,253,844</u>	<u>4,015,160</u>
	<u>86,138,298</u>	<u>111,682,082</u>
Units issued and outstanding (note 6)		
Class A Units	3,842,503	4,584,488
Class F Units	145,873	165,625
Net assets per unit		
Class A Units	21.57	23.49
Class F Units	22.31	24.24
Unitholders' equity (note 6)		
Capital	84,566,955	107,218,254
Contributed surplus	309,256	839
Retained earnings	1,262,087	4,462,989
Total Unitholders' equity	<u>86,138,298</u>	<u>111,682,082</u>

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



Director



Director

Canadian 50 Advantaged Preferred Share Fund

Statements of Operations

For the year ended March 31, 2014 and period from May 18, 2012 (commencement of operations) to March 31, 2013

	2014	2013
	\$	\$
Income		
Interest income	82	2,027
Expenses		
Interest expense (note 5)	542,558	364,162
Management fees (note 10)	398,504	279,766
Counterparty fees (note 5, note 10)	200,920	140,516
Harmonized sales tax	54,922	45,033
Audit fees	29,113	25,750
Custodial and other unitholder fees	25,113	2,022
Administration fees	25,011	19,303
TSX fees	19,314	10,899
Other fees	17,860	10,169
Transfer agent fees	9,080	13,143
Filing fees	6,095	19,796
Printing and mailing fees	5,008	6,025
Legal fees	5,001	4,343
IRC fees	3,201	3,870
	1,341,700	944,797
Investment gain (loss)	(1,341,618)	(942,770)
Unrealized gain (loss) on investments		
Unrealized gain (loss) on forward agreement (note 8)	(2,267,024)	5,347,068
Realized gain (loss) on investments		
Net realized gain (loss) on forward agreement (note 8)	407,740	37,962
Net realized gain (loss) on investments	-	20,729
	407,740	58,691
Net gain (loss) on investments	(1,859,284)	5,405,759
Increase (decrease) in net assets from operations	(3,200,902)	4,462,989
Increase (decrease) in net assets from operations		
Class A Units	(3,088,196)	4,292,247
Class F Units	(112,706)	170,742
Increase (decrease) in net assets from operations per unit *		
Class A Units	(0.71)	1.31
Class F Units	(0.73)	1.00

* (based on weighted average number of units outstanding during the year)
(See accompanying notes to financial statements)

Canadian 50 Advantaged Preferred Share Fund

Statements of Changes in Net Assets, Retained earnings (Deficit) and Contributed Surplus

For the year ended March 31, 2014 and period from May 18, 2012 (commencement of operations) to March 31, 2013

	Class A		Class F		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Increase (decrease) in net assets from operations	(3,088,196)	4,292,247	(112,706)	170,742	(3,200,902)	4,462,989
Distributions to unitholders from: (note 9)						
Return of capital	(5,271,063)	(3,617,583)	(189,560)	(164,124)	(5,460,623)	(3,781,707)
Unitholders' transactions (note 6)						
Proceeds from issuance of units	-	109,677,255	-	7,636,539	-	117,313,794
Agents' fees and issue expenses	-	(6,078,682)	-	(210,151)	-	(6,288,833)
Class F units converted to Class A	449,825	3,393,685	(449,825)	(3,393,685)	-	-
Payments on redemption/cancellation of units (note 6 & 7)	(16,873,034)	-	(9,225)	(24,161)	(16,882,259)	(24,161)
	(16,423,209)	106,992,258	(459,050)	4,008,542	(16,882,259)	111,000,800
Change in net assets during the year	(24,782,468)	107,666,922	(761,316)	4,015,160	(25,543,784)	111,682,082
Net assets - Beginning of year	107,666,922	-	4,015,160	-	111,682,082	-
Net assets - End of year	82,884,454	107,666,922	3,253,844	4,015,160	86,138,298	111,682,082
Retained earnings, beginning of year	4,292,247	-	170,742	-	4,462,989	-
Increase in net assets from operations	(3,088,196)	4,292,247	(112,706)	170,742	(3,200,902)	4,462,989
Retained earnings, end of year	1,204,051	4,292,247	58,036	170,742	1,262,087	4,462,989
Contributed surplus, beginning of year	-	-	839	-	839	-
Cost of shares redeemed at less than original issue price	308,290	-	127	839	308,417	839
Contributed surplus, end of year	308,290	-	966	839	309,256	839

Canadian 50 Advantaged Preferred Share Fund

Statements of Cash Flows

For the year ended March 31, 2014 and period from May 18, 2012 (commencement of operations) to March 31, 2013

	2014	2013
	\$	\$
Operating Activities		
Increase (decrease) in net assets from operations	(3,200,902)	4,462,989
Items not affecting cash:		
Unrealized (gain) on forward agreement	2,267,024	(5,347,068)
Net realized (gain) on forward agreement	(407,740)	(37,962)
Net realized (gain) on investments	-	(20,729)
Changes in non-cash working capital:		
(Increase) decrease in prepaid expenses	1,454	(14,139)
Increase (decrease) in interest payable	(23,317)	142,407
Increase (decrease) in accounts payable and accrued liabilities	(10,782)	112,850
Increase (decrease) in management fees payable	(18,889)	41,971
Investment in forward agreement	-	(111,160,221)
Pre-settlements received by the Fund from the Counterparty under the forward agreement	24,108,248	3,005,930
Purchase of investments	-	(2,592,353)
Proceeds on disposition of investments	-	2,613,082
Net cash flow (used in) operating activities	<u>22,715,096</u>	<u>(108,793,243)</u>
Financing Activities		
Proceeds from issuance of units	-	117,313,794
Unit issue costs	-	(6,288,833)
Payments on redemption of units	(16,882,259)	(24,161)
Distributions paid to unitholders	(5,698,665)	(2,297,297)
Net cash flow provided by financing activities	<u>(22,580,924)</u>	<u>108,703,503</u>
Net Increase (decrease) in cash	134,172	(89,740)
Cash (overdraft) - beginning of year	<u>(89,740)</u>	<u>-</u>
Cash (overdraft) - end of year	<u>44,432</u>	<u>(89,740)</u>
Supplementary Information		
Interest paid	565,875	221,755

Canadian 50 Advantaged Preferred Share Fund

Statement of Investment Portfolio

As at March 31, 2014

	Number of shares / par value \$	Average cost \$	Fair value \$	% of Net Assets
Forward Agreement:				
Notional investments held in the Portfolio under the Forward Agreement				
Preferred Shares				
Energy				
TransCanada Corp. 4.00% Series 7	183,400	4,588,735	4,575,830	5.3%
TransCanada Corp. 4.60% 1st Pfd Series 1	168,037	4,334,416	3,903,500	4.5%
Enbridge Inc. 4.00% Series B	152,896	3,877,374	3,791,821	4.4%
Enbridge Inc. 4.00% Series F	152,797	3,892,888	3,728,247	4.3%
Enbridge Inc. 4.00% Series N	137,600	3,531,752	3,426,240	4.0%
Enbridge Inc. 4.00% Series D	137,357	3,486,884	3,358,379	3.9%
Pembina Pipeline Corp. 5.00% Series 5	105,000	2,714,906	2,705,850	3.1%
TransCanada Corp. 4.40% Cum Pfd Series 5	106,977	2,773,367	2,346,006	2.7%
TransCanada Corp. 4.00% Cum Pfd Series 3	107,100	2,631,122	2,155,923	2.5%
		<u>31,831,444</u>	<u>29,991,796</u>	<u>34.7%</u>
Consumer Discretionary				
Thomson Reuters 2.12% Series B	46,119	1,028,698	795,553	0.9%
Consumer Staples				
George Weston Ltd. 5.80% Cum Pfd Series I	71,877	1,849,155	1,819,926	2.1%
Financials				
Manulife Financial Corp. 6.60% Non-Cum 5 Year Series 4	137,457	3,678,156	3,477,662	4.0%
Toronto Dominion Bank 4.85% Series O	129,788	3,382,983	3,310,892	3.8%
Bank of Montreal Class B Series 23*	122,316	3,284,258	3,180,216	3.7%
Royal Bank of Canada 5.00% Series AJ	122,118	3,159,374	3,104,240	3.6%
Toronto Dominion Bank 6.25% Series AG	114,549	3,068,610	2,906,108	3.4%
Bank of Montreal Class B Series 13*	106,778	2,804,842	2,749,534	3.3%
Sun Life Financial 4.75% Series 1	122,317	2,994,742	2,782,712	3.2%
Toronto Dominion Bank 6.25% Series AK	107,178	2,893,170	2,749,116	3.2%
Manulife Financial Corp. 4.10% Series 1	106,978	2,751,908	2,738,637	3.2%
Manulife Financial Corp. 5.60% Non-Cum 5 Year Series 1	106,877	2,799,609	2,717,882	3.2%
Bank of Nova Scotia 4.50% Series 15	105,603	2,780,048	2,701,325	3.1%
Bank of Nova Scotia 4.50% Series 14	105,604	2,767,653	2,692,902	3.1%
Canadian Imperial Bank of Commerce 6.50% Series 35	99,108	2,665,111	2,477,700	2.9%
Manulife Financial Corp. 4.65% Series 2	106,777	2,577,029	2,383,263	2.8%
Brookfield Asset Management Inc. 7.0% Series 22	91,837	2,516,785	2,351,946	2.7%
Royal Bank of Canada 4.70% Series AB	91,537	2,379,640	2,351,586	2.7%
Royal Bank of Canada 4.45% Series AA	91,937	2,371,225	2,348,990	2.7%
Bank of Nova Scotia 4.80% Series 13	91,439	2,368,449	2,312,492	2.7%
Canadian Imperial Bank of Commerce 5.35% Non-Cum 5 Year Series 33	91,538	2,422,941	2,311,335	2.7%
Royal Bank of Canada 4.90% Series W	91,737	2,344,784	2,302,599	2.7%
Brookfield Office Properties Inc. 5.15% Series P	91,600	2,256,029	2,274,428	2.6%
Sun Life Financial 4.80% Series 2	99,409	2,451,668	2,267,519	2.6%
Great-West Lifeco Inc. 5.20% Series G	91,500	2,174,984	2,221,620	2.6%
Brookfield Office Properties Inc. 5.75% Series H	61,300	1,624,829	1,563,150	1.8%
Bank of Nova Scotia 5.00% Series 20	61,176	1,553,513	1,537,353	1.8%
Power Financial Corp. 5.25% Series E	61,057	1,556,794	1,474,527	1.7%
Power Corp. of Canada 5.35% Series B	61,058	1,544,140	1,465,392	1.7%
Brookfield Asset Management Inc. 2.10% Series 2	79,923	1,441,541	1,358,691	1.6%
Power Financial Corp. 4.80% Series S	59,000	1,339,074	1,354,640	1.6%
HSBC Bank Canada 5.00% Series D	53,589	1,398,364	1,352,050	1.6%
Bank of Montreal Class B Series 16*	47,837	1,182,099	1,209,319	1.5%
Bank of Nova Scotia 2.69% Series 21	45,900	1,155,303	1,138,320	1.3%
		<u>75,689,655</u>	<u>73,168,146</u>	<u>85.1%</u>

* (Exposure to this holding is through a swap transaction)
(See accompanying notes to financial statements)

Canadian 50 Advantaged Preferred Share Fund

Statement of Investment Portfolio.... Continued

As at March 31, 2014

	Number of shares / par value \$	Average cost \$	Fair value \$	% of Net Assets
Telecommunication Services				
BCE Inc. 4.15% Series AK	190,747	4,855,137	4,226,954	4.9%
BCE Inc. 3.00% Series AD	114,297	2,603,735	2,480,245	2.9%
BCE Inc. 4.40% Series AF	111,296	2,634,590	2,351,684	2.7%
BCE Inc. 4.50% Series AG	83,056	1,986,408	1,803,976	2.1%
BCE Inc. 4.15% Series AI	82,095	1,944,318	1,737,130	2.0%
		<u>14,024,188</u>	<u>12,599,989</u>	<u>14.6%</u>
Utilities				
Canadian Utilities Ltd. 4.00% Series Y	99,107	2,573,308	2,554,978	3.0%
Fortis Inc. 4.90% Series E	60,905	1,635,218	1,580,485	1.8%
		<u>4,208,526</u>	<u>4,135,463</u>	<u>4.8%</u>
Total notional investments held in the Portfolio under the Forward Agreement		<u>128,631,666</u>	<u>122,510,873</u>	<u>142.2%</u>
Bank Indebtedness (note 5)			<u>(37,418,000)</u>	<u>-43.4%</u>
Other Portfolio assets net of other liabilities			<u>2,478,916</u>	<u>2.9%</u>
Net assets value of the Portfolio			<u>87,571,789</u>	<u>101.7%</u>
Forward Agreement			<u>87,571,789</u>	<u>101.7%</u>
Other liabilities net of other assets of the Fund			<u>(1,433,491)</u>	<u>-1.7%</u>
Net assets of the Fund			<u>86,138,298</u>	<u>100.0%</u>

* (Exposure to this holding is through a swap transaction)
(See accompanying notes to financial statements)

Canadian 50 Advantaged Preferred Share Fund

Notes to Financial Statements

March 31, 2014

1 Corporate activities

Canadian 50 Advantaged Preferred Share Fund (the “Fund”) is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement (the “Trust Agreement”) between Aston Hill Capital Markets Inc. (the “Manager”) the Manager of the Fund and RBC Investor Services Trust (the “Trustee”) dated April 24, 2012. The Fund’s principal office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The Fund commenced operations on May 18, 2012. The fiscal year-end of the Fund is March 31. The Fund is divided into units of two classes, Class A Units and Class F Units. The Class A Units are listed on the Toronto Stock Exchange (the “TSX”) under the symbol CPF.UN. The Class F Units are not listed on a stock exchange but may be converted into Class A Units on a weekly basis.

2 Investment objectives

The Fund’s investment objectives are to provide:

- (i) tax-advantaged quarterly cash distributions consisting primarily of returns of capital, and
- (ii) low-cost exposure to the total return approximating that of the BMO Capital Markets 50 Preferred Share Index.

In order to achieve the Fund’s investment objectives, the Fund obtained exposure to the Portfolio (the “Portfolio”) through the forward agreement entered into with the Bank of Montreal (the “Counterparty”). The Portfolio provides a total return approximating that of the BMO Capital Markets 50 Preferred Share Index and is predominantly invested in Canadian preferred share issues with a P-1 or P-2 rating from Standard & Poor’s (“S&P”). The scheduled forward termination date will be on or about May 18, 2017.

The Preferred Share 50 Index is a market value weighted index created in 1992 to provide a benchmark representing the Canadian preferred share market and includes 50 Canadian preferred share issues that are listed on the TSX which satisfy specific inclusion criteria including minimum issue size of \$100,000,000, minimum credit rating of P-3 by S&P and maximum weighting of any issuer. The Preferred Share 50 Index is rebalanced annually. In addition, the Preferred Share 50 Index Committee continually reviews and may adjust the Preferred Share 50 Index constituents at its discretion to ensure that the Preferred Share 50 Index reflects the composition for the Canadian preferred share market.

3 Summary of significant accounting policies

Basis of presentation

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

Valuation of investments

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

There are no differences between the Transactional NAV and the GAAP Net Assets as at March 31, 2014.

Cash and short-term investments

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

Income recognition

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

Expense recognition

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

Initial fees and expenses

The issue expenses and Agents’ fees incurred in connection with the initial units issuance and treasury offering are deducted from the unit capital for accounting purposes.

Increase (decrease) in net assets from operations per unit

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

Valuation of a class

A separate net assets per unit is calculated for each class. The net assets of a class are computed by calculating the class’ proportionate share of the assets and liabilities to all classes, less the liabilities attributable only to that class. Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses are allocated proportionately to each class based upon the relative Net Assets of each class.

Canadian 50 Advantaged Preferred Share Fund

Notes to Financial Statements

March 31, 2014

Designation of financial assets and liabilities

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

Related party transactions

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

Federal Budget Announcement

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

International Financial Reporting Standards (IFRS)

Beginning April 1, 2014, the Fund will prepare its semi-annual and annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at April 1, 2013 (the transition date). The Fund will also report its interim financial statements for the period ending September 30, 2014, in accordance with IFRS.

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

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and asks prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates.

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

Management will continue to monitor the Fund's IFRS changeover plan to address the key elements of the IFRS conversion.

4 Custodian

Pursuant to the Trust Agreement RBC Investor Services Trust (the "Custodian") acts as custodian of the assets of the Fund. The Custodian is also responsible for certain aspects of the Fund's day-to-day operations, including calculating Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by S&P as of March 31, 2014.

5 Bank indebtedness

The Fund's exposure to the securities in the Portfolio, through the Forward Agreement, may be increased to 33% of the value of the Portfolio after giving effect to leverage.

The Manager entered into a letter of agreement (the "Credit Agreement") with the Bank of Montreal (the "Counterparty" or "BMO"), to borrow amounts up to 33% of the value of the Portfolio through the Forward Agreement (see note 8). Under the provisions of the Credit Agreement, the Counterparty will also charge the Fund a fee of up to 0.25% on any unfunded leverage amount which is included in interest expense on the statement of operations (the difference between the maximum allowable leverage amount and the actual funded leverage amount).

During the year ended March 31, 2014, bank indebtedness was used to increase the Fund's exposure to the Portfolio by \$37,418,000 to \$43,318,000 or 27.61% to 30.71% of the value of the Portfolio. The interest rate is variable. The related interest expense during the same period was \$542,558. As at March 31, 2014, the borrowed balance was \$37,418,000 and the leverage factor was 29.94%. (During the period from May 18, 2012 (commencement of operations) to March 31, 2013, bank indebtedness was used to increase the Fund's exposure to the Portfolio by \$nil to \$43,318,000 or nil% to 28.13% of the value of the Portfolio. The related interest expense during the same period was \$364,162. As at March 31, 2013, the borrowed balance was \$43,318,000 and the leverage factor was 27.62%).

6 Unitholders' equity

The Fund is authorized to issue an unlimited number of redeemable, transferable units of Class A and Class F Units, each of which represents an equal, undivided interest in the Net Assets of the Fund, subject to the terms and conditions of the Trust Agreement.

On May 18, 2012, the Fund completed an initial public offering pursuant to the Prospectus dated April 24, 2012. \$60,000,000 was raised through the issue of 2,400,000 Class A Units and \$5,043,700 was raised through the issue of 201,748 Class F Units.

On June 8, 2012, the Agents exercised an over-allotment option in respect of 94,623 Class A Units, raising a further \$2,365,575. Agents' fees and other issue expenses totalled \$4,002,676.

Canadian 50 Advantaged Preferred Share Fund

Notes to Financial Statements

March 31, 2014

On December 5, 2012, the Fund closed a treasury offering on the Class A Units and Class F Units pursuant to a Prospectus for a treasury offering dated November 28, 2012. \$45,010,500 was raised through the issue of 1,850,000 Class A Units and \$2,592,839 was raised through the issue of 105,787 Class F Units. The treasury offering was non-dilutive to the net asset value per unit of the existing Unitholders.

On December 20, 2012, the Agents exercised an over-allotment option for the treasury offering in respect of the Class A Units. An additional \$2,301,180 was raised through the issue of 94,582 Class A Units.

Agents' fees and other issue expenses for the treasury offering totalled \$2,286,157.

During the year ended March 31, 2014, there were 19,349 Class F Units converted into 19,977 Class A Units for a total value of \$449,825. There were also redemptions of 746,762 Class A Units for total payment of \$16,549,754 and 403 Class F Units for \$ 9,225 during the same period. (During the period from May 18, 2012 (commencement of operations) to March 31, 2013, there were 140,910 Class F Units converted into 145,283 Class A Units for a total value of \$3,393,685. There were also redemptions of 1,000 Class F Units for total payment of \$24,161 during the same period). During the same period, the Fund also purchased 15,200 Class A Units for cancellation for a total value of \$323,280. (no units were purchased for cancellation during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

Commencing in 2013, the Class A Units and Class F Units may be redeemed on an annual redemption date, which is the second last business day in November, subject to certain conditions and in order to effect such a redemption, the Units must be surrendered during the period from October 15 until 5:00 p.m. (Toronto time) on the last Business Day in October in the year of redemption, subject to the Fund's right to suspend redemptions in certain circumstances. Unitholders whose Units are redeemed on an Annual Redemption Date will receive a redemption price in an amount equal to 100% of the Net Asset Value per Unit of the relevant class on an annual redemption date less any costs associated with the redemption, including brokerage costs and less 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, commencing in 2013, other than November, 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 date which is the last business day of the month preceding the monthly redemption date. Payment of the redemption price will be made on or before the redemption payment date, subject to the Manager's right to suspend redemptions in certain circumstances. Concurrently with the payment of the proceeds of redemption, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains or income of the Fund incurred by it to fund the payment of the redemption price. Unitholders surrendering a Class A Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the Market Price, which is the weighted average trading price on the TSX for the 10 trading days immediately preceding the monthly redemption date of a Class A Unit, and (ii) 100% of the Closing Market Price, which is the closing price on the TSX on the monthly redemption date 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 the monthly redemption date of a Class A Unit on the applicable monthly redemption date less, in each case, any costs associated with the redemption, including brokerage costs, 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 Net Asset Value per Class F Unit and the denominator of which is the most recently calculated Net Asset Value per Class A Unit.

Changes in outstanding units during the year ended March 31, 2014 and the period from May 18, 2012 (commencement of operations) to March 31, 2013 are summarized as follows:

	Class A Units March 31, 2014	Class A Units March 31, 2013	Class F Units March 31, 2014	Class F Units March 31, 2013
Balance – beginning of period	4,584,488	–	165,625	–
Units issued	–	4,439,205	–	307,535
Class F Units converted to Class A Units	19,977	145,283	(19,349)	(140,910)
Units repurchased	(15,200)	–	–	–
Units redeemed	(746,762)	–	(403)	(1,000)
Balance – end of period	<u>3,842,503</u>	<u>4,584,488</u>	<u>145,873</u>	<u>165,625</u>

The Unitholders' Capital dollar amount represents the face value of the Fund's units minus any return on capital distributions and issue costs paid since May 18, 2012 (commencement of operations) to March 31, 2014. If the redemption price is lower than the average cost per unit, the difference is included in Contributed Surplus on the Statement of Net Assets. If the redemption price is greater than the average cost per unit, the difference is first charged to Contributed Surplus until the balance in Contributed Surplus is eliminated and the remaining amount is charged to Retained Earnings.

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

7 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 purchased 15,200 Class A Units for a total value of \$323,280 for cancellation during the year ended March 31, 2014. (nil during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

8 Forward agreement

The Fund does not invest directly in the Portfolio, the Fund used the net proceeds of the initial public offering of its Class A and Class F Units and bank borrowing to pre-pay its purchase obligations under a forward purchase and sale agreement (the "Forward Agreement") with the Bank of Montreal (the "Counterparty" or "BMO") (whose credit rating is A+ by S&P as of March 31, 2013). Under the Forward Agreement, the Fund will, on or about the Forward Termination Date (the earlier of: (i) the scheduled forward termination date, on or about May 18, 2017; (ii) any other date upon which the Forward Agreement is terminated in accordance with its terms) acquire the Canadian Securities Portfolio from the Counterparty having an aggregate value equal to the value of the Portfolio, net of any amount owing by the Fund to the Counterparty. A fee of up to 0.20% per annum, calculated with reference to the NAV of the Portfolio, is payable quarterly to BMO under the Forward Agreement. The Counterparty fees charged to the Fund during the year ended March 31, 2014 were \$200,920 (during the period from May 18, 2012 (commencement of operations) to March 31, 2013 were \$140,516).

Canadian 50 Advantaged Preferred Share Fund

Notes to Financial Statements

March 31, 2014

On March 31, 2014, the prepaid amount to the Counterparty under the Forward Agreement was \$84,491,745 and the value of the unrealized gain on the Forward Agreement was \$3,080,044. Other liabilities net of other assets in the Fund totalled \$1,433,491, leaving net assets of \$86,138,298. This amount is assigned to the Class A and Class F Unitholders using an allocation percentage that takes into consideration any class level specific expenses. On March 31, 2014, the GAAP Net assets per unit were \$21.57 per Class A Unit and \$22.31 per Class F Unit. (On March 31, 2013, the prepaid amount to the Counterparty under the Forward Agreement was \$108,192,253 and the value of the unrealized gain on the Forward Agreement was \$5,347,068. Other liabilities net of other assets in the Fund totalled \$1,857,239, leaving net assets of \$111,682,082. This amount is assigned to the Class A and Class F Unitholders using an allocation percentage that takes into consideration any class level specific expenses. On March 31, 2013, the GAAP Net assets per unit were \$23.49 per Class A Unit and \$24.24 per Class F Unit).

9 Distributions

The Fund intends to make quarterly tax-advantaged distributions to Unitholders. The Fund does not have a fixed quarterly distribution amount but it sets distribution targets based on the Manager's, in consultation with the Portfolio Manager, estimate of expected returns on the Portfolio for the period. The Fund's initial distribution target is \$0.3125 per Class A Unit and Class F Unit respectively per quarter. The Fund paid an initial distribution of \$0.14726 for Unitholders with record date June 29, 2012 covering the period from May 18, 2012 (commencement of operations) to June 30, 2012. The initial distribution amount represents an annualized current yield of 5.0% based on the initial offering price of \$25.00 per Unit.

In total, the Fund paid distributions of \$1.25 per Class A Unit and Class F Unit respectively during the year ended March 31, 2014. (The Fund paid distributions of \$1.08 per Class A Unit and Class F Unit respectively during the period from May 18, 2012 (commencement of operations) to March 31, 2013.)

10 Management fees and related party transactions

The Manager receives a management fee approximately equal to 0.50% per annum of the applicable Net Asset Value, by virtue of the following: (i) the Manager receives a management fee from the Fund equal to 0.40% per annum of the Net Asset Value, calculated and accrued daily and payable monthly in arrears, plus applicable taxes; and (ii) the Counterparty retains the Manager to establish and maintain the Portfolio and the amount of the Portfolio is reduced by 0.10% per annum, representing the fee paid by the Counterparty to the Manager to maintain the Portfolio. The Manager is responsible for paying the fees of the Portfolio Manager out of this amount.

The management fees charged to the Fund during the year ended March 31, 2014 were \$398,504 (\$279,766 during the period from May 18, 2012 (commencement of operations) to March 31, 2013).

11 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 under present legislation 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.

As at tax year end December 31, 2013, the Fund had net taxable capital losses of \$648,793, which may be carried forward indefinitely to reduce future realized capital gains (the Fund had capital losses \$267,150 as at December 31, 2012). The fund also had non-capital losses of \$ 3,848,446 (non-capital losses of \$1,861,180 as at December 31, 2012), which will expire within the next twenty years as shown in the following table:

Year of the realized non-capital tax loss	Amount of tax loss	Expiry date
2012	1,861,180	2032
2013	1,987,266	2033
Total	3,848,446	

12 Broker commission charges and soft dollar services

There were \$nil of broker commissions paid during the year ended March 31, 2014 and period from May 18, 2012 (commencement of operations) to March 31, 2013 in connection with portfolio transactions. No contractual arrangements for soft dollar services exist in the broker commission charges.

13 Financial instruments

For the purposes of categorization in accordance with CPA Canada Section 3862, Financial Instruments - Disclosures, cash is reported at fair value, Interest payable, distributions payable, management fees payable and accounts payable and accrued liabilities are deemed to be financial liabilities and reported at amortized cost.

The Fund is exposed to the investments notionally held by Portfolio via a prepaid forward agreement. This is classified as a Level 2 investment given it is not actively traded. The Fund obtained exposure to the performance of the Portfolio through the Forward Agreement (see note 8) and therefore, the following table illustrate the classification of the Fund through the Portfolio's financial instruments within the fair value hierarchy as at year ended March 31, 2014 and period ended March 31, 2013:

Assets at fair value as at March 31, 2014	Level 1	Level 2	Level 3	Total
Preferred Shares	122,510,873	-	-	122,510,873
Total	122,510,873	-	-	122,510,873

Assets at fair value as at March 31, 2013	Level 1	Level 2	Level 3	Total
Preferred Shares	155,569,008	-	-	155,569,008
Total	155,569,008	-	-	155,569,008

Canadian 50 Advantaged Preferred Share Fund

Notes to Financial Statements

March 31, 2014

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

Preferred Shares: The Portfolio's long preferred share positions are classified as Level 1 as the securities held are actively traded and reliable quotes are observable.

Prepaid forward: The prepaid forward is classified as Level 2 as it is valued using observable inputs but it is not actively traded.

There were no transfers among the three levels during the year ended March 31, 2014 and period from May 18, 2012 (commencement of operations) to March 31, 2013.

14 Financial instrument risk

The Fund obtained exposure to the performance of the Portfolio through the Forward Agreement (see note 8) and therefore, the risks associated with an investment in the Fund's units are best defined by describing the financial risks associated with an investment in the Portfolio.

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 interest rates. Because many preferred shares pay dividends at a fixed rate, their market price can be sensitive to changes in interest rates in a manner similar to bonds – that is, as interest rates rise, the value of the preferred shares included in the Portfolio are likely to decline.

As at March 31, 2014, had prevailing interest rates raised or lowered by 1.0%, with all other variables held constant, net assets would have decreased or increased respectively, by approximately \$9,112,000 and \$13,029,000 (March 31, 2013 - \$11,717,000 and \$17,067,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

There is a chance that the issues of any of the preferred shares included in the Portfolio will have its ability to pay dividends deteriorate or will default (fail to make scheduled dividend payments on the preferred shares or scheduled interest payments on other obligations of the issuer not included in the Portfolio), which would negatively affect the value of any such security. The Fund is exposed to the credit risk associated with the Counterparty. The possibility exists that the Counterparty will default on its obligations under the Forward Agreement. The Counterparty is rated AA- by S&P as of March 31, 2014 and 2013.

The table below summarizes the Fund's exposure to credit risk through its investments in the Portfolio as of year ended March 31, 2014 and period ended March 31, 2013. Amounts shown are based on the carrying value of the preferred shares held by the Portfolio.

	March 31, 2014
Rating	(% of NAV)
P-1 (low)	29.6%
P-2	51.8%
P-2 (high)	35.7%
P-2 (low)	15.5%
P-3	4.4%
P-3 (high)	5.2%
Total	142.2%

	March 31, 2013
Rating	(% of NAV)
P-1 (low)	30.7%
P-2 (high)	21.4%
P-2	67.8%
P-2 (low)	15.5%
P-3 (high)	3.9%
Total	139.3%

To secure the obligations of the Counterparty under the Forward Agreement, the Counterparty pledges collateral in favour of the Fund with an aggregate value equal to 100% of the mark-to-market value of the exposure under the Forward Agreement. The amount of the collateral is reset on a weekly basis to 100%.

Liquidity risk

Liquidity risk is the risk of not being able to meet the Fund's cash requirements in a timely manner and includes the risk of not being able to liquidate assets at reasonable prices. The Fund is also exposed to unlimited annual anniversary redemptions on the second last business day of November of every year commencing in 2013 (see note 6); therefore, the Fund, which has exposure to the Portfolio through the Forward Agreement, invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions and has sufficient short-term borrowing capacity to meet its daily cash requirements. All liabilities, excluding bank indebtedness are due within three months.

Market price risk

Market price 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 Portfolio Manager moderates this risk through a careful selection of securities and other financial instruments within the

Canadian 50 Advantaged Preferred Share Fund

Notes to Financial Statements

March 31, 2014

parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on May 31, 2014, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately \$12,251,000 (2013 – \$15,557,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

The Portfolio is concentrated in preferred shares of Canadian issuers listed on the TSX and may be concentrated in preferred shares in specialized industries or market sectors. As a result, the NAV may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Units. The fund is exposed to similar concentration risk during the year ended March 31, 2014 and 2013.