Euro Banc Capital Securities Trust

Annual Report

April 30, 2015

EURO BANC CAPITAL SECURITIES TRUST MESSAGE TO UNITHOLDERS

July 29, 2015

Dear Investor,

We are pleased to provide you with the first annual report for Euro Banc Capital Securities Trust (the "Fund") for the period from June 24, 2014 (commencement of operations) to April 30, 2015. Thank you for investing in the Fund.

The Fund's investment objectives are to (i) provide quarterly cash distributions; and (ii) preserve capital, in each case through investment in a portfolio (the ''Portfolio'') consisting primarily of investment grade and non-investment grade capital securities issued by European financial institutions that have an investment grade issuer rating, actively managed by Cairn Capital Limited ("Portfolio Manager").

The Fund raised gross proceeds of approximately $45.0 million on June 24, 2014 and an additional $2.4 million pursuant to the exercise of the over-allotment option by the Agents on July 11, 2014, resulting in total gross proceeds to $47.4 million.

The Fund's net asset value per Unit moved from $9.33 at launch to $9.15 as at April 30, 2015, in addition to $0.4615 distributions per unit paid as of the date of this writing. The portfolio has performed well on both an absolute and relative basis with 2015 YTD performance outpacing the Merrill Convertible High Yield Bonds and Contingent Convertible Bonds YTD excess performance by more than 1% and 2% respectively as of the end of April. UK banks, Socgen and the new UBS AT1 issue have been the largest contributors to the portfolio with the PEARL Insurance Tier 1 note being another notable early contributor on the back of a generous exchange offer from the issuer.

On the back of improving economic growth prospects, which should translate into improving asset quality trends (helped by an easier environment to dispose Non-Performing Loans ("NPLs")), the Portfolio Manager expects stronger internal capital generation by financial institution in Europe in the future. As a result there should be a greater ability to meet future regulatory capital requirements without the need to turn to external support. There is a risk that Quantitative easing will add pressure on banks' top lines in the event that interest rate curves remained anchored close to 2015 levels. Also, litigation costs remain a significant burden for some. High regulatory capital and leverage ratio requirements, in combination with total loss absorbing capacity requirements, would imply that some European banks will continue preserving capital over the coming years. Significant capital distribution is still not on the agenda for most banks, which is a big contrast to US banks. These trends are all good for the fixed income instruments that the Fund holds

Please check our web site for quarterly investment updates and other timely information. We appreciate your investment in the Fund and look forward to good performance as the Fund matures.

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 **Euro Banc Capital Securities Trust** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (the "Manager") to the following address: 77 King Street West, Suite 2110, Toronto, Ontario M5K 1G8, or calling 1-800-513-3868 or visiting the Manager's website at www.astonhill.ca or by visiting www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement (the "Trust Agreement") between the Manager of the Fund and RBC Investor & Treasury Services (the "Trustee") dated May 28, 2014. The Fund's principal office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is April 30th. The beneficial interest in the net assets and net income of the Fund is divided into units of such classes as may be determined by the Manager from time to time. Initially, only a single class of units has been authorized for issuance. The Units of the Fund are listed on the Toronto Stock Exchange (the "TSX") under the symbol EBT.UN. The Fund will have a term of approximately ten years, terminating on or about July 31, 2024.

The Fund's investment objectives are to:

(i) provide quarterly cash distributions; and

(ii) preserve capital, in each case through investment in a portfolio consisting primarily of investment grade and non-investment grade Capital Securities issued by European financial institutions that have an investment grade issuer rating, actively managed by the Cairn Capital Ltd. (the "Portfolio Manager").

Distributions are targeted to be $0.60 per annum per Unit consisting primarily of returns of capital, representing a return on the issue price of 6.0% per annum.

In order to achieve the Fund's investment objectives, the Portfolio Manager invested in a diversified portfolio of primarily Capital Securities issued by European financial institutions that have an investment grade issuer rating. The Portfolio Manager team generally seeks to make investments in capital securities ("Capital Securities") issued by large, well-capitalized financial institutions which are domiciled in Europe or financial institutions where the Portfolio Manager believes that the recapitalization process is on a path to recovery, in each case that are domiciled in Europe. The Portfolio's exposure to non-systemically important issuers with capital shortfalls is therefore expected to be limited and opportunistic in nature. The Portfolio Manager also intends to limit the Portfolio's exposure to peripheral countries in Europe. Currently, the Portfolio Manager considers Portugal, Ireland, Italy, Greece and Spain to be European peripheral countries. The Portfolio Manager may also invest up to 20% of the total assets ("Total Assets") in Capital Securities issued by financial institutions domiciled in jurisdictions outside of Europe.

RISK

Leverage through a Total Return Swap ("TRS") Facility

The Fund employs leverage (through a TRS Facility) of up to 25% of Total Assets for the purposes of acquiring assets for the Portfolio and such other short term funding purposes as determined by the Portfolio Manager, in consultation with the Manager and in accordance with the investment strategy. Accordingly, the maximum amount of leverage that the Fund could employ is 1.33:1.

The Fund entered into a TRS facility with the Bank of Nova Scotia ("BNS" or "TRS Counterparty") whose S&P credit rating as of April 30, 2015 was A+. Pursuant to the TRS Facility, the counterparty agrees to pay the Fund a total return of a defined underlying asset during the specified period in return for periodic payments based on a fixed or variable interest rate or on the basket of assets. For example, if the Fund wishes to invest in a security, it could instead enter into a total return swap pursuant to a TRS Facility and receive the total return of the security, less the "funding cost", which would be a floating interest rate payment to the counterparty (see Schedule of Investment Portfolio in the Fund's Annual Financial Statements for a breakdown of assets acquired under the TRS). The debt ratio as of April 30, 2015 was 1.26:1. The leverage cost was $100,979 during the period from June 24, 2014 (commencement of operations) to April 30, 2015.

For full disclosure of risks associated with an investment in the Fund's units, please refer to the Prospectus dated May 28, 2014 available at www.astonhill.ca or www.sedar.com.

RECENT DEVELOPMENTS

International Financial Reporting Standards (IFRS)

The Fund's financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the

International Accounting Standards Board (IASB). And as required by Canadian securities legislation and the Canadian Accounting Standards Board. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss and investment property that have been measured at fair value.

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

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 distributions on units of the Fund and are based on information available at the time of writing. The Manager believes that the expectations reflected in these forward-looking statements and in the analysis are reasonable but no assurance can be given that these expectations or the analysis will prove to be correct and accordingly, they should not be unduly relied on. These statements speak only as of the date of this report. Actual events and outcomes may differ materially from those described in these forward-looking statements or analysis.

Portfolio Manager Commentary (May 2015)

Performance overview

The portfolio has performed strongly on both an absolute and relative basis with 2015 YTD performance outpacing the Merrill COHY and COCO YTD excess performance by more than 1% and 2% respectively as of the end of April.

UK banks, Socgen and the new UBS AT1 issue have been the largest contributors to the portfolio with the PEALLN 6.5864 £ insurance T1 another notable early contributor on the back of a generous exchange offer from the issuer.

Market environment for capital securities

Despite a significant increase in supply since the beginning of 2015, subordinated financial bonds have performed strongly on an absolute and relative basis, with capital structure compression a major theme. New issues and periodic bouts of volatility have created attractive trading opportunities over the last few months in the context of improved liquidity conditions and lower transaction costs. Even after the strong performance in early 2015, spreads remain wide, being only marginally tighter than their Q4 2014 average, and bode well for return prospects over the rest of the year, especially if the resolution of Greece's debt issues does not involve the country leaving the Eurozone.

Outlook for the European economy

After lagging the economic performance of most developed countries since the global financial crisis, the European region's short to medium term growth prospects have started to improve materially in 2015.

The main tailwinds are:

- Significant loosening of monetary policy announced in January through PSPP (Public Sector Purchase Programme) and the ECB's Asset Purchase Programme targeting €60bn of securities per month for at least 18 months, with a strong focus on sovereign bonds. This is likely to provide a strong boost to 2015's economic performance through further falls in the exchange rate, wealth effects and portfolio rebalancing impact;

- The fall in oil prices provides a welcome boost to most businesses and household finances, which is expected to eventually translate in stronger consumer spending;

- Money supply and lending surveys point to stronger credit growth for 2015 as the private sector becomes less focused on balance sheet repair;

- Fiscal consolidation is ebbing in most countries, implying the public sector is less likely to be a drag on growth going forward.

The renegotiation and extension of Greece's bailout remains the major risk factor for European risk assets as an unintended exit from the currency union could spark an increase in systemic risk premium. While Greek assets have fallen sharply since Syriza was elected, contagion to other areas has for now remained relatively muted. This appears rather logical in the context of a Greek population that is overwhelmingly deemed to want to stay in the Eurozone while European governments and the ECB have established numerous vehicles or programmes that are expected to act as powerful defences against serious contagion effects from a Greek default and/or exit from the Eurozone (PSPP, OMT, ESM and EFSF). We view a Greek exit from the Eurozone as a still relatively unlikely outcome in the short term. If it was to happen in 2015, we view it as likely to generate material volatility for a short period of time but believe it is unlikely to affect the fair value of the bonds held in the portfolio.

Results

In the UK, bank results have been mixed over recent quarters. Domestically focused UK banks and building societies (e.g. Lloyds, Nationwide) have shown a pretty consistent and strong performance in our view, with good improvements in underlying profitability and capitalisation, whilst the performance of the more internationally focused UK banks (HSBC and Standard Chartered) was weaker on the back of revenue pressures, limited cost control, and adverse asset quality trends.

Results outside the UK have also shown a certain level of dispersion, with the Nordic banks generally showing strong sets of results, but also geographically diversified and well capitalised peripheral banks like BBVA and Santander are showing improvements in profitability (lower provisioning needs for Spanish exposures) and capitalisation. Furthermore, for European banks with large investment banking operations the results vary a lot. UBS is firing on all cylinders as the 1Q15 results underlined, with strong profit generation and a further significant improvement of already strong capital ratios, whilst Deutsche Bank is suffering badly from low levels of profitability, relatively weak regulatory capital ratios, and too high leverage. As a result, Deutsche Bank announced a change in strategy which means that Postbank will be deconsolidated and the investment bank will be reduced in size in order to reach a more comfortable leverage ratio (target > 5%), although there is likely to be negative implications for the bank's geographical/funding mix.

Capitalisation

The latest sets of quarterly results underlined again that European banks are at very different stages in the recapitalisation process and that banks with weaker capital bases are trying to address investor concerns. Pressure from the ECB, as the new single supervisor, appears to be increasing. In this context, it is relevant to highlight that European banks have been given updated minimum requirements for capital levels by the ECB's Single Supervisory Mechanism, and that the new supervisor is looking for more standardisation of national regulations (similar treatment of all banks), and higher quantity and quality of capital for a number of undisclosed banks. The latter is mostly relevant for some peripheral banks which benefit from weaker forms of capital (e.g. DTAs).

After Santander finally decided to strengthen the capital base by raising €7.5bn of equity in January and by reducing the dividend pay-out, Commerzbank announced late in April that it would raise €1.4bn to lift the CET1 ratio over 10%. Also, Standard Chartered's capital base has been subject to much (investor) scrutiny, and the incoming CEO (Bill Winters) may very well launch a capital raising exercise as one of his first action points. At the other end of the spectrum we note that Nordea announced a 70% dividend pay-out ratio after reaching a FL CET1 ratio of 15.7% at 14YE, which indicates that its regulator is already very comfortable with the capital strength of the bank.

Whilst the future direction for the capital position of European banks (i.e. still further strengthening) is clear, 1Q15 results revealed that improvements do not necessarily come in a straight line. Many banks actually showed either unchanged or slight reductions in fully loaded CET1 ratios, largely on the back of adverse accounting/regulatory and FX effects. From this perspective, the UK banks actually stood out with RBS, LBG, HSBC and Barclays all reporting improvements.

Fundamental Outlook

On the back of improving economic growth prospects, which should translate into improving asset quality trends (helped by an easier environment to dispose Non-Performing Loans ("NPLs")), we would expect stronger internal capital generation in the future. As a result there should be a greater ability to meet future regulatory capital requirements without the need to turn to external support. There is a risk that Quantitative easing ("QE") will add pressure on banks' top lines in the event that interest rate curves remained anchored close to 2015 levels. Also, litigation costs remain a significant burden for some. High regulatory capital and leverage ratio requirements, in combination with total loss absorbing capacity ("TLAC") requirements, would imply that some European banks will continue preserving capital over the coming years. Significant capital distribution is still not on the agenda for most banks, which is a big contrast to US banks.

Ratings

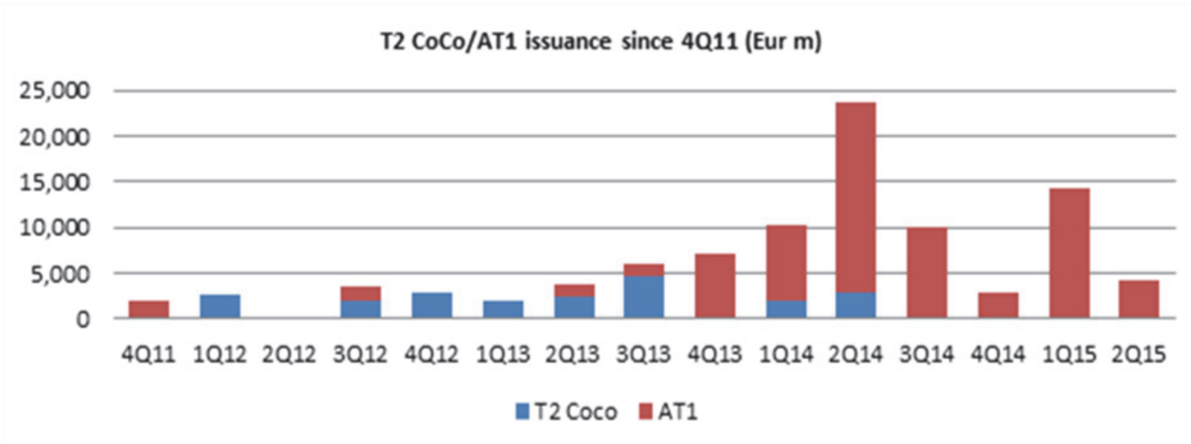
Both Moody's and S&P have updated the market with new rating methodologies on the back of the changing regulatory environment (introduction of senior bail-in and TLAC), which will be rolled out over the coming months. Both rating agencies have reduced (Moody's) or fully taken out (S&P) government support assumptions from senior unsecured bond ratings. The negative impact on senior unsecured ratings, however, may be mitigated by an improvement in the standalone credit profile of the issuer or a significant buffer of TLAC sitting below senior unsecured bonds. The ratings of capital securities are unaffected by this change in rating methodology, but could be affected if the rating agencies change their views on the standalone credit profile of an issuer (from which the capital securities are notched down).

Issuance

AT1 issuance was significant over the first four months of 2015, but nevertheless quite easily absorbed by the market. Total issuance stood at €14bn in 1Q15 (and €4bn was issued during April), which was the second highest quarterly issuance after €23bn was issued in 2Q14. For FY15, it is likely that issuance will be quite similar to what we have seen over FY14 (€46bn), a level that has been anticipated by the market for some time.

The AT1 market has now grown to €79bn, roughly half the expected ultimate market size for this asset class (€160-180bn). We have seen predominantly high quality issuers coming to the market, although we are still awaiting issuance announcements by major banks like Intesa and BNP, for example. Some weaker issuers have also entered (or tried to enter) the market more recently. Permanent TSB, the largest residential mortgage lender in Ireland, issued a € PerpNC6 structure at a yield of 8.625%, whilst NordLB tried to issue a $ PerpNC5 in the first week of May, but had to pull the deal due to 'adverse market conditions'.

Issuance expectations for vanilla T2 instruments remain potentially very significant in view of the TLAC proposals, although it is difficult to put a finger on the ultimate size of the asset class as the regulations are not set in stone yet. Under certain conditions, issuers may include senior unsecured bonds in TLAC, which would reduce T2 issuance needs quite dramatically but this is not clear yet. We would expect more clarity on this at the end of this year following the publication of an impact study (to be published by the Financial Stability Board), and more disclosure from issuers regarding discussions with their regulators. Until then we would not expect a material increase in net issuance of T2 instruments



(Source: Cairn Capital Limited).

Capital transactions

On June 24, 2014, the Fund completed its initial public offering pursuant to the Prospectus dated May 28, 2014. $45,000,000 was raised through the issue of 4,500,000 units at $10.00 per Unit. On July 11, 2014, the Agents exercised an over-allotment option in respect of 244,900 units, raising a further $2,449,000. Agents' fees and issue expenses were $3,211,750 or $0.68 per unit.

During the period from June 24, 2014 (commencement of operations) to April 30, 2015 there were no unitholders' transactions.

Market repurchases

The Trust Agreement provides that the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase Units for cancellation at prices not exceeding the Net Asset Value per Unit, subject to any applicable regulatory requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Units are listed, if applicable, as provided for in the Trust Agreement or as otherwise permitted by applicable securities laws.

The Fund did not purchase any Units for cancellation during the period from June 24, 2014 (commencement of operations) to April 30, 2015.

Distributions

The Fund paid quarterly distributions initially at $0.15 per Unit, representing a return of 6.0% per annum on the Unit issue price.

The Fund paid an initial distribution of $0.1615 for Unitholders with record date September 30, 2014 and regular quarterly distributions of $0.15 per calendar quarter thereafter.

The Fund has made all its scheduled distributions since its commencement of operations on June 24, 2014. The fund paid total distribution of $0.4615 per Unit during the period from June 24, 2014 (commencement of operations) to April 30, 2015.

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 period from June 24, 2014 (commencement of operations) to April 30, 2015.

RELATED PARTY TRANSACTIONS

Management Fees

As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.10% per annum of the Net Asset Value of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the period from June 24, 2014 (commencement of operations) to April 30, 2015 were $401,295 plus applicable taxes.

The Manager pays the Portfolio Manager out of the above management fees.

IRC Fee

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

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

Administration Fees

The Manager allocates back to the Fund a portion of the base salaries of individuals who have spent time working on matters relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial and shareholder reporting, cost management, oversight and any other operations matter. During the year ended April 30, 2015, administration fees amounted to $19,138.

FINANCIAL HIGHLIGHTS

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

For the Period ended	April 30, 2015[1]
	$
Net Assets, beginning of period	**10.00**
Unit issue expenses [2]	**(0.68)**
Increase (decrease) from operations	
Total revenues	0.52
Total expenses	(0.14)
Realized gains (losses) for the period	(0.18)
Unrealized gains (losses) for the period	0.09
Total increase (decrease) from operations [3]	**0.29**
Distributions to unitholders	
From income (excluding dividends)	(0.31)
From dividends	–
From capital gains	(0.01)
Return of capital	(0.14)
Total Distributions to unitholders [4]	**(0.46)**
Net Assets, end of period [5]	**$ 9.15**

(1) Results for the period from June 24, 2014 (commencement of operations) to April 30, 2015.
(2) Issue expense of $3,211,750 incurred in connection with the initial units issuance at inception. The full amount of issue expenses was treated as a reduction of 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 4,731,513 units outstanding over the financial period.
(4) Distributions are paid in cash. The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on the Fund's tax return.
(5) This is not reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

As at	April 30, 2015[1]
Net asset value (in 000's)	43,439
Number of units outstanding (in 000s)	4,745
Base management expense ratio [2] [3]	1.59%
Issue expense ratio [2] [3]	7.53%
Interest expense ratio [2] [3]	0.28%
Management expense ratio (annualized) [3]	9.40%
Management expense ratio before waivers or absorptions (annualized) [3]	9.40%
Portfolio turnover rate [4]	129.82%
Trading expense ratio [5]	0.00%
Closing market price (TSX) – units	**$8.75**

(1) Results for the period from June 24, 2014 (commencement of operations) to April 30, 2015.
(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude broker commission charges and the Issue expense ratio, representing all agents' fees and unit issue expenses.
(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized and expensed as a percentage of average net assets.
(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 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 values during the period.

Summary of Investment Portfolio as of April 30, 2015

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

Portfolio by Category (1)	**% of NAV**
Foreign Corporate Bonds	129.8%
Interest Rate Swap	(2.5%)
Foreign Currency Forward Contracts	1.0%
Cash	2.7%
Net Other Assets (Liabilities) (2)	(31.0%)
Total	**100.0%**

Top 25 Holdings (1) (3)	**% Rate**	**Maturity Date** (4)	**% of NAV**
Credit Agricole SA	7.875%	Jan/23/2024	12.9%
Deutsche Bank AG	6.000%	Apr/30/2022	12.7%
Nationwide Building Society	6.875%	Jun/20/2019	12.7%
KBC Groep NV	5.625%	Mar/19/2019	12.3%
Coventry Building Society	6.375%	Nov/01/2019	11.3%
UBS Group AG	7.125%	Feb/19/2020	11.1%
Credit Suisse Group AG	7.500%	Dec/11/2023	10.5%
Societe Generale SA	6.750%	Apr/07/2021	8.4%
Barclays PLC	7.000%	Sep/15/2019	7.7%
Danske Bank A/S	5.875%	Apr/06/2022	6.4%
Banco Bilbao Vizcaya Argentaria SA	6.750%	Feb/18/2020	6.4%
Lloyds Banking Group PLC	7.000%	Jun/27/2019	4.4%
Deutsche Bank AG	7.500%	Apr/30/2025	3.4%
Banco Bilbao Vizcaya Argentaria SA	7.000%	Feb/19/2019	3.2%
Banco Santander SA	6.250%	Mar/12/2019	3.1%
Cash			2.7%
UniCredit SpA	8.000%	Jun/03/2024	2.0%
Virgin Money Holdings UK PLC	7.875%	Jul/31/2019	1.3%
Foreign Currency Forward Contracts			1.0%
Interest Rate Swap			-2.5%
Total Net asset value:			**$43,438,779**

(1) The information in the above table shows a look through the investments held in the Total Return Swap.

(2) Includes effective leverage obtained through the Total Return Swap.

(3) There are less than 25 holdings in the Fund.

(4) The maturity date is the first call date.

Management's Responsibility for Financial Reporting

The accompanying financial statements of **Euro Banc Capital Securities Trust** (the "Fund") and all of the information therein have been prepared by Aston Hill Capital Markets Inc. in its capacity as Manager of the Fund and have been approved by the Board of Directors of the Manager. The Fund's Manager is responsible for all of the information and representations contained in these financial statements and other sections of the annual report. Management maintains appropriate processes to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements are not precise since they include certain amounts based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements.

The financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the Unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholders their opinion on the financial statements. Their report is contained within.

Darren N. Cabral
President
Aston Hill Capital Markets Inc.

Kal Zakarneh
Chief Financial Officer
Aston Hill Capital Markets Inc.

Toronto, Canada
July 29, 2015

July 29, 2015

Independent Auditor's Report

To the Unitholders of
Euro Banc Capital Securities Trust
(the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of financial position as at April 30, 2015 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the period from June 24, 2014 (commencement of operations) to April 30, 2015, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Fund in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of the Fund based on our audit. We conducted our audit 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 audit 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

Opinion

In our opinion, the financial statements of the Fund present fairly, in all material aspects, the financial position of the Fund as at April 30, 2015 and the financial performance and cash flows of the Fund for the period from June 24, 2014 (commencement of operations) to April 30, 2015 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

STATEMENT OF FINANCIAL POSITION

As at April 30		**2015**
Assets		
Current assets		
Financial assets at fair value through profit or loss	**$**	**42,495,362**
Cash		**1,152,021**
Derivative assets (note 16)		**689,619**
Receivable from investment sales		**550,715**
Interest and dividends receivable		**584,433**
Prepaid expenses and other receivables		**24,508**
Total assets		**45,496,658**
Liabilities		
Current liabilities		
Derivative liabilities (note 6)		**1,113,052**
Accounts payable and accrued liabilities		**59,084**
Payable on securities purchased		**845,188**
Management fees payable		**40,555**
Total liabilities		**2,057,879**
Net assets attributable to holders of redeemable units	**$**	**43,438,779**
Redeemable units outstanding (note 7)		**4,744,900**
Net assets attributable to holders of redeemable units per unit		**9.15**

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

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

President

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the period from June 24, 2014 (commencement of operations) to April 30, 2015		2015
Income		
Interest income for distribution purposes	$	**2,422,588**
Net foreign currency gain (loss)		**171,735**
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain (loss) on derivative contracts		**(1,896,460)**
Net realized gain (loss) on sale of investments		**777,945**
Change in unrealized appreciation (depreciation) on investments		**894,559**
Change in unrealized appreciation (depreciation) on foreign currency		**19,718**
Change in unrealized appreciation (depreciation) on derivative contracts		**(423,433)**
Total income (loss)		**1,966,652**
Expenses		
Management fees (note 10)		**401,295**
Harmonized sales tax		**52,023**
Custodial and other unitholder fees (Note 5)		**27,900**
Audit fees		**25,431**
Administration fees (note 10)		**19,138**
Filing fees		**12,500**
Printing and mailing fees		**9,290**
TSX sustaining fees		**9,223**
Transfer agent fees		**7,929**
Other expense		**7,327**
Legal fees		**2,548**
IRC fees (note 10)		**748**
Total expenses		**575,352**
Increase (decrease) in net assets attributable to holders of redeemable units		**1,391,300**
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit [(1)]		**0.29**

(1) Based on the weighted average number of 4,731,513 units outstanding for the period.

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

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

For the period from June 24, 2014 (commencement of operations) to April 30, 2015	**2015**
Increase (decrease) in Net Assets attributable to holders of redeemable units	**1,391,300**
Distributions to unitholder from: (note 9)	
Net investment income	**(1,473,007)**
Capital gain	**(49,774)**
Return of capital	**(666,990)**
	(2,189,771)
Redeemable unitholder's transactions (note 7)	
Proceeds from issuance of redeemable units	**47,449,000**
Agents' fees and issue expenses	**(3,211,750)**
Distributions reinvested	**-**
Payments on redemption /cancellation of redeemable units	**-**
	44,237,250
Change in Net Assets attributable to holders of redeemable units during the period	**43,438,779**
Net Assets attributable to holders of redeemable units, beginning of period	**-**
Net Assets attributable to holders of redeemable units, end of period	**43,438,779**

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

STATEMENT OF CASH FLOWS

For the period from June 24, 2014 (commencement of operations) to April 30, 2015		2015
Cash flows from operating activities		
Increase (decrease) in Net Assets attributable to holders of redeemable units	$	1,391,300
Adjustments to reconcile to operating cash flows:		
Net unrealized foreign exchange (gain) loss on cash		(19,718)
Net realized (gain) loss on sale of investments		(777,945)
Change in unrealized (appreciation) depreciation on investments		(894,559)
Change in unrealized (appreciation) depreciation on derivative contracts		423,433
Proceeds from investments sold		55,279,787
Purchase of investment		(96,102,645)
(Increase) decrease in interest and dividends receivable		(584,433)
(Increase) decrease in investments receivable		(550,715)
(Increase) decrease in prepaid expenses and other receivables		(24,508)
Increase (decrease) in accounts payable and accrued liabilities		59,084
Increase (decrease) in investments payable		845,188
Increase (decrease) in management fees payable		40,555
Net cash flow provided by (used in) operating activities		(40,915,176)
Cash flows from financing activities		
Proceeds from issuance of redeemable units		47,449,000
Unit issue costs		(3,211,750)
Distributions paid to holders of redeemable units, net of reinvested distributions		(2,189,771)
Net cash flow provided by (used in) financing activities		42,047,479
Increase (decrease) in cash during the period		1,132,303
Net unrealized foreign exchange (gain) loss on cash		19,718
Cash - beginning of period		-
Cash - end of period	$	1,152,021
Interest received on bonds directly hold		1,838,155

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

SCHEDULE OF INVESTMENT PORTFOLIO

As at April 30, 2015

Fixed Income	**Currency**	**Coupon Rate %**	**Maturity date ***	**Number of shares / Par value**	**Average cost $**	**Fair value $**	**% of net assets**
Foreign Corporate Bonds							
Deutsche Bank AG	EUR	6.000%	04/30/2022	4,000,000	5,504,058	5,524,112	12.8%
Crédit Agricole SA	USD	7.875%	01/23/2024	3,630,000	4,265,379	4,689,247	10.9%
Credit Suisse Group AG	USD	7.500%	12/11/2023	3,500,000	4,127,323	4,546,748	10.5%
Nationwide Building Society	GBP	6.875%	06/20/2019	2,345,000	4,429,093	4,402,522	10.1%
KBC Groep NV	EUR	5.625%	03/19/2019	2,810,000	3,914,014	3,840,833	8.8%
UBS Group AG	USD	7.125%	02/19/2020	3,010,000	3,851,257	3,806,296	8.8%
Coventry Building Society	GBP	6.375%	11/01/2019	2,000,000	3,599,208	3,651,136	8.4%
Barclays PLC	GBP	7.000%	09/15/2019	1,500,000	2,728,967	2,802,571	6.5%
Danske Bank A/S	EUR	5.875%	04/06/2022	2,000,000	2,798,749	2,800,331	6.4%
Banco Bilbao Vizcaya Argentaria SA	EUR	6.750%	02/18/2020	1,200,000	1,690,654	1,664,889	3.8%
UniCredit SpA	USD	8.000%	06/03/2024	700,000	782,032	868,567	2.0%
Societe Generale SA	EUR	6.750%	04/07/2021	600,000	840,832	840,832	1.9%
Lloyds Banking Group PLC	GBP	7.000%	06/27/2019	395,000	745,391	755,509	1.7%
Virgin Money Holdings UK PLC	GBP	7.875%	07/31/2019	300,000	586,249	580,450	1.3%
Banco Bilbao Vizcaya Argentaria SA	EUR	7.000%	02/19/2019	400,000	570,789	557,162	1.3%
Deutsche Bank AG	USD	7.500%	04/30/2025	400,000	503,349	494,919	1.1%
KBC Groep NV	EUR	5.625%	03/19/2019	290,000	386,116	396,385	0.9%
Banco Santander SA	EUR	6.250%	03/12/2019	200,000	277,342	272,853	0.6%
Total Fixed Income					**41,600,802**	**42,495,362**	97.8%

Total Return Swap ("TRS")	**Currency**	**Coupon Rate %**	**Maturity date ***	**Number of shares / Par value**	**Average cost $**	**Fair value $**	**Unrealized gain (loss) $**	
Held in TRS (Counterparty: Bank of Nova Scotia, Credit Rating: A+)								
Banco Bilbao Vizcaya Argentaria SA	EUR	7.000%	02/19/2019	612,000	829,268	832,358	3,090	
Banco Santander SA	EUR	6.250%	03/12/2019	402,000	544,715	544,715	-	
Banco Bilbao Vizcaya Argentaria SA	EUR	6.750%	02/18/2020	818,000	1,108,401	1,108,401	-	
Banco Santander SA	EUR	6.250%	03/12/2019	402,000	544,715	544,715	-	
Barclays PLC	GBP	7.000%	09/15/2019	301,500	558,851	556,070	(2,781)	
Coventry Building Society	GBP	6.375%	11/01/2019	678,355	1,257,378	1,268,304	10,926	
Crédit Agricole SA	USD	7.875%	01/23/2024	772,775	932,965	919,232	(13,733)	
Deutsche Bank AG	USD	7.500%	04/30/2025	801,000	967,041	982,736	15,695	
KBC Groep NV	EUR	5.625%	03/19/2019	801,623	1,086,210	1,088,130	1,920	
Lloyds Banking Group PLC	GBP	7.000%	06/27/2019	603,750	1,119,092	1,138,610	19,518	
Nationwide Building Society	GBP	6.875%	06/20/2019	610,649	1,131,880	1,117,702	(14,178)	
Societe Generale SA	EUR	6.750%	04/07/2021	1,038,750	1,407,520	1,394,038	(13,482)	
UBS Group AG	USD	7.125%	02/19/2020	827,318	998,814	1,019,468	20,654	
Societe Generale SA	EUR	6.750%	04/07/2021	1,032,500	1,399,051	1,394,037	(5,014)	
Total Fixed Income					**13,885,901**	**13,908,516**	**22,615**	0.1%
Other receivables and payables							**209,703**	0.5%
Total Return Swap ("TRS")							**232,318**	**0.6%**

Interest Rate Swap	**Currency**	**Notional amount**	**Fund receives floating rate index**	**Fund pays Fixed rate (Annualized)**	**Termination Date**	**Unrealized gain (loss) $**	
Counterparty: Bank of Nova Scotia (S&P credit rating: A+)	GBP	9,000,000	6-Month GBP-LIBOR	2.2675%	07/08/2019	(436,580)	
Counterparty: Bank of Nova Scotia (S&P credit rating: A+)	USD	5,000,000	3-Month USD-LIBOR	2.6050%	07/15/2024	(333,926)	
Counterparty: Bank of Nova Scotia (S&P credit rating: A+)	USD	5,000,000	3-Month USD-LIBOR	2.2950%	08/30/2022	(252,770)	
Counterparty: Bank of Nova Scotia (S&P credit rating: A+)	EUR	5,000,000	6-Month EUR-LIBOR	0.4950%	08/29/2019	(53,405)	
Total Interest Rate Swap						**(1,076,681)**	-2.5%

Foreign currency forward contracts (Counterparty: RBC Investor & Treasury Services, Credit Rating: AA-)	**Maturity date**	**Contract price / rate $**	**Unrealized gain (loss) $**	**% of Net Assets**
Bought GBP 1,750,000 Sold CAD 3,257,896	May/11/2015	0.53716	(227)	0.0%
Bought GBP 317,230 Sold CAD 590,573	May/11/2015	0.53716	(41)	0.0%
Bought CAD 20,086,409 Sold GBP 10,789,544	May/11/2015	1.86166	1,402	0.0%
Bought GBP 1,265,845 Sold EUR 1,750,000	May/11/2015	0.72334	(19,509)	0.0%
Bought GBP 589,214 Sold USD 885,000	May/11/2015	0.66578	24,711	0.1%
Bought GBP 200,692 Sold USD 300,000	May/11/2015	0.66897	10,160	0.0%
Bought GBP 80,111 Sold USD 120,000	May/11/2015	0.66759	3,755	0.0%
Bought CAD 2,581,093 Sold EUR 1,900,000	May/11/2015	1.35847	1,525	0.0%
Bought CAD 10,947,364 Sold EUR 8,058,598	May/11/2015	1.35847	6,469	0.0%
Bought CAD 12,884 Sold EUR 9,484	May/11/2015	1.35847	8	0.0%
Bought CAD 395,044 Sold USD 325,000	May/11/2015	1.21552	1,327	0.0%
Bought CAD 12,927,798 Sold USD 10,334,591	May/11/2015	1.25093	407,944	0.9%
Bought USD 420,381 Sold CAD 525,865	May/11/2015	0.79941	(16,594)	0.0%
Total Foreign currency forward contracts			**420,930**	1.0%
Total investments			**42,071,929**	96.9%
Other net assets (liabilities) of the Fund			**1,366,850**	3.1%
Net asset value of the Fund			**$ 43,438,779**	**100.0%**

* The maturity date is the first call date.

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

NOTES TO THE FINANCIAL STATEMENTS (April 30, 2015)

1. GENERAL INFORMATION

The Fund is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement (the "Trust Agreement") between the Manager of the Fund and RBC Investor & Treasury Services (the "Trustee") dated May 28, 2014. The Fund's principal office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The Fund commenced operations on June 24, 2014.The fiscal year-end of the Fund is April 30. The beneficial interest in the net assets and net income of the Fund is divided into units of such classes as may be determined by the Manager from time to time. Initially, only a single class of units has been authorized for issuance and the Fund is authorized to issue an unlimited number of Units. The Units of the Fund are listed on the Toronto Stock Exchange (the "TSX") under the symbol EBT.UN. The Fund will have a term of approximately ten years, terminating on or about July 31, 2024.

The Fund's investment objectives are to:

(i) provide quarterly cash distributions; and

(ii) preserve capital, in each case through investment in a portfolio consisting primarily of investment grade and non-investment grade Capital Securities issued by European financial institutions that have an investment grade issuer rating, actively managed by the Portfolio Manager.

Distributions are targeted to be $0.60 per annum per Unit consisting primarily of returns of capital, representing a return on the issue price of 6.0% per annum.

In order to achieve the Fund's investment objectives, Cairn Capital Ltd. (the "Portfolio Manager") invested in a diversified portfolio of primarily capital securities ("Capital Securities") issued by European financial institutions that have an investment grade issuer rating. The Portfolio Manager team seeks to make investments in Capital Securities issued by large, well-capitalized financial institutions which are domiciled in Europe or financial institutions where the Portfolio Manager believes that the recapitalization process is on a path to recovery. The Portfolio's exposure to non-systemically important issuers with capital shortfalls is therefore expected to be limited and opportunistic in nature. The Portfolio Manager also intends to limit the Portfolio's exposure to peripheral countries in Europe. Currently, the Portfolio Manager considers Portugal, Ireland, Italy, Greece and Spain to be European peripheral countries. The Portfolio Manager may also invest up to 20% of the Total Assets in Capital Securities issued by financial institutions domiciled in jurisdictions outside of Europe.

These financial statements were authorized for issue by Aston Hill Capital Market Inc. (the Manager) on July 29, 2015.

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

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Fund adopted this basis of accounting at inception on June 24, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

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

b) Fair Value Measurement

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

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and others commonly used by market participants and which make the maximum us of observable inputs. Refer to note 14 for further information about the Fund's fair value measurements.

c) Cash

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

d) Investment Transactions and Income Recognition

Investment transactions are recorded on the trade date, and any realized and unrealized gains or losses are recognized using the average cost of the investments, which excludes broker commissions. The interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Dividend income is recognized on the ex-dividend date.

e) Transaction Costs

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

f) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the date of the Financial Statements. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates.

Realized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statement of Comprehensive Income in "Net foreign currency gain (loss)". Unrealized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statement of Comprehensive Income in "Change in unrealized appreciation (depreciation) on foreign currency."

g) Derivative Contracts

Total return swap ("TRS")

The Manager employs leverage in the Fund through a TRS facility. Pursuant to a TRS Facility, the counterparty will agree to pay the Fund a total return of a defined underlying asset during the specified period in return for periodic payments based on a fixed or variable interest rate on the basket of assets. The unrealized gain or loss from the TRS is included in the Statement of Financial Position as a derivative asset or liability. The TRS holdings are included in the Schedule of Investment Portfolio.

Interest rate swap

The Fund may enter into interest rate swap contracts to hedge against interest rate fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date and is recorded as an unrealized gain or loss on interest rate swap contracts being part of the derivative asset or liability included in the Statement of Financial Position. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on interest rate swap contracts.

Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as a net realized gain of loss on foreign currency forward contracts.

h) Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

The increase (decrease) in Net Assets attributable to holders of redeemable units from operations per unit in the Statements of Comprehensive Income is calculated by dividing the increase (decrease) in Net Assets attributable to holders of redeemable units from operations per series by the weighted average number of redeemable units outstanding for each relevant series during the period.

i) Initial fees and expenses

The issue expenses and the Agents' fees incurred in connection with the initial unit issuance are deducted from the net assets attributable to holders of redeemable units for accounting purposes. Issue expense of $3,211,750 incurred in connection with the initial units issuance at inception. The full amount of issue expenses was treated as a reduction of net assets attributable to holders of redeemable units for accounting purposes and is amortized over a period of five years for tax purposes.

j) Unit valuation

The NAV per unit is determined by dividing the aggregate market value of net assets of the Fund by the total number of units of the Fund outstanding before giving effect to redemptions of units for that day.

k) Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

l) Accounting Standards Issued But Not Yet Adopted

Financial Instruments ("IFRS 9"), which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, sets forth new requirements for financial instrument classification and measurement, impairment and hedge accounting. The mandatory effective date of IFRS 9 has been tentatively set for January 1, 2018. Although entities may still choose to apply IFRS 9 immediately, the Fund has chosen not to early adopt IFRS 9.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Classification of Redeemable Units Issued by the Fund

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

Functional and Presentation Currency

The Fund's investors are primarily Canadian residents, with the subscriptions and redemptions of the redeemable shares denominated in Canadian dollars. The primary activity of the Fund is to invest in European sixed income and US securities and derivatives and to offer Canadian investors a higher return compared to other products available in Canada. The performance of the Fund is measured and reported to the investors in Canadian dollar. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

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

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

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

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

5. CUSTODIAN

Pursuant to the Trust Agreement, RBC Investor & Treasury Services (the "Custodian") also acts as custodian of the assets of the Fund. The Custodian is responsible for certain aspects of the Fund's day-to-day operations, including calculating Net assets attributable to holders of redeemable units, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by Standard & Poor's ("S&P") as of April 30, 2015.

6. LEVERAGE THROUGH A TOTAL RETURN SWAP ("TRS") FACILITY

The Fund employs leverage (through a TRS Facility) of up to 25% of Total Assets for the purposes of acquiring assets for the Portfolio and such other short term funding purposes as determined by the Portfolio Manager, in consultation with the Manager and in accordance with the investment strategy. Accordingly, the maximum amount of leverage that the Fund could employ is 1.33:1.

The Fund entered into a TRS facility with the Bank of Nova Scotia ("BNS" or "TRS Counterparty") whose S&P credit rating as of April 30, 2015 was A+. Pursuant to the TRS Facility, the counterparty agrees to pay the Fund a total return of a defined underlying asset during the specified period in return for periodic payments based on a fixed or variable interest rate on the basket of assets. For example, if the Fund wishes to invest in a security, it could instead enter into a total return swap pursuant to a TRS Facility and receive the total return of the security, less the "funding cost", which would be a floating interest rate payment to the counterparty. The debt ratio as of April 30, 2015 was 1.26:1. The leverage cost was $100,979 during the period from June 24, 2014 (commencement of operations) to April 30, 2015 and is reflected in the net gains and losses on derivative contracts.

7. REDEEMABLE UNITS

The beneficial interest in the net assets and net income of the Fund is divided into units of such classes as may be determined by the Manager from time to time. Initially, only a single class of units have been authorized for issuance and the Fund is authorized to issue an unlimited number of Units. Each Unit of a class entitles the holder to the same rights and obligations as a Unitholder of such class and no Unitholder of a class is entitled to any privilege, priority or preference in relation to any other Unitholder of a class. Each Unitholder of a class is entitled to participate equally with respect to any and all distributions to the class made by the Fund, including distributions of net realized capital gains, if any.

On June 24, 2014, the Fund completed its initial public offering pursuant to the Prospectus dated May 28, 2014. $45,000,000 was raised through the issue of 4,500,000 units at $10.00 per Unit. On July 11, 2014, the Agents exercised an over-allotment option in respect of 244,900 units, raising a further $2,449,000. Agents' fees and issue expenses were $3,211,750 or $0.68 per unit.

Units may be redeemed on an Annual Redemption Date, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered on or before 5:00 p.m. (Toronto time) on the last Business Day of November in the year of redemption, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during such period will be redeemed on the Annual Redemption Date (the second to last Business Day of April of each year, commencing in 2015) and the Unitholder surrendering such Units will receive payment on or before the Redemption Payment Date. Redeeming Unitholders will be entitled to receive a redemption price in an amount equal to 100% of Net Asset Value per Unit of the relevant class less any costs associated with the redemption, including brokerage costs, and less any net realized capital gains to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption.

In addition to the annual redemption right, Units may also be redeemed on a Monthly Redemption Date, which is the second to last Business Day of each month other than, commencing in 2015, the month of December, subject to certain conditions. 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 month in which the Monthly Redemption Date falls, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption within such period will be redeemed on the Monthly Redemption Date and the Unitholder surrendering such Units will receive payment on or before the Redemption Payment Date which is the 10th Business Day of the month immediately following an Annual Redemption Date or the 15th Business Day of the month immediately following a Monthly Redemption Date, as applicable. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains and income of the Fund realized by it to fund the payment of the redemption price. Unitholders surrendering a Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the weighted average trading price on the TSX (or such other stock exchange on which such security is listed) for the 10 trading days immediately preceding such Monthly Redemption Date ("Market price") of a Unit, and (ii) 100% of the closing price of such security on the TSX on such Monthly Redemption Date (or such other stock exchange on which such security is listed) or, if there was no trade on the relevant Monthly Redemption Date, the average of the last bid and the last asking prices of the security on the TSX on such Monthly Redemption Date (or such other stock exchange on which the security is listed) Closing Market Price of a Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, and less any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption.

During the period from June 24, 2014 (commencement of operations) to April 30, 2015 there were no unitholders' transactions.

Unit transactions for period from June 24, 2014 (commencement of operations) to April 30, 2015 were as follows:

	Units April 30, 2015
Issued during the period for cash	4,744,900
Units redeemed	–
Balance – end of period	4,744,900

8. MARKET PURCHASE PROGRAM

The Trust Agreement provides that the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase Units for cancellation at prices not exceeding the NAV per Unit, subject to any applicable regulatory requirements and limitations. It is expected that such purchases, if made, will be made as normal course issuer bids through the facilities and under the rules of the exchange or market on which the Units are listed, if applicable, as provided for in the Trust Agreement or as otherwise permitted by applicable securities laws.

During the period from June 24, 2014 (commencement of operations) to April 30, 2015, the Fund did not purchase any Units for cancelation.

9. DISTRIBUTIONS

The Fund paid quarterly distributions initially at $0.15 per Unit, representing a return of 6.0% per annum on the Unit issue price.

The Fund paid an initial distribution of $0.1615 for Unitholders with record date September 30, 2014 and regular quarterly distributions of $0.15 per calendar quarter thereafter.

The Fund has made all its scheduled distributions since its commencement of operations on June 24, 2014. The fund paid total distribution of $0.4615 per Unit during the period from June 24, 2014 (commencement of operations) to April 30, 2015.

10. MANAGEMENT FEES RELATED PARTY TRANSACTIONS

Management fees

As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.10% per annum of the Net Asset Value of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the period from June 24, 2014 (commencement of operations) to April 30, 2015 were $401,295 plus applicable taxes.

The Manager pays the Portfolio Manager out of the above management fees.

IRC Fee

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

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

Administration Fees

The Manager allocates back to the Fund a portion of the base salaries of individuals who have spent time working on matters relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial and shareholder reporting, cost management, oversight and any other operations matter. During the year ended April 30, 2015, administration fees amounted to $19,138.

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 eliminated. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

The Fund did not have any taxable capital or noncapital losses carry forward balances as at December 31, 2014.

12. INVESTMENT TRANSACTIONS

There were $nil of broker commissions paid during the period from June 24, 2014 (commencement of operations) to April 30, 2015 in connection with portfolio transactions. No contractual arrangements for soft dollars services exist in the broker commission charges.

13. FINANCIAL INSTRUMENT RISK

The Fund’s activities expose it to a variety of financial risks. The Fund’s Manager seeks to minimize potential adverse effects of these risks on the Fund’s performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund’s positions and market events and periodically through the use of derivatives to hedge certain risk exposures.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds and short-term notes. The Fund is exposed to the risk that the value of interest-sensitive financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The tables below summarize the Fund's combined exposure to interest rate risks from the financial instruments held by the Fund.

The table below summarizes the Fund’s exposure to interest rate via its direct investments in fixed income securities and indirectly through the TRS (excluding IRS) exposure to interest rate risk as at April 30, 2015 by remaining term to maturity.

April 30, 2015:

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Investments	$ –	$ –	**31,949,079**	**24,454,799**	**56,403,878**
Total	$ –	$ –	**31,949,079**	**24,454,799**	**56,403,878**

As at April 30, 2015, had prevailing interest rates raised or lowered by 1.0%, with all other variables held constant and assuming a parallel shift in the yield curve, net assets would have decreased or increased, respectively, by approximately $702,000 or $870,000. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Schedule of Investments identifies all securities denominated in foreign currencies.

The tables below summarize the Fund's exposure to foreign currencies as at April 30, 2015. Amounts shown are based on the carrying values of monetary and non-monetary assets as well as the underlying principal amounts of foreign currency derivatives such as forward contracts. Other financial assets such as dividends and interest receivable and receivable from investment sales and liabilities such as interest payable, accounts payable and accrued liabilities and management fees payable denominated in foreign currencies do not expose the Fund to significant currency risk. The tables below summarize the Fund's exposure to foreign currencies and the approximate impact on net assets had the Canadian dollar ("CAD") weakened by 5% in relation to these currencies. If the Canadian dollar were to strengthen relative to these currencies, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The following tables summarize the Fund's exposure to currency risks in Canadian dollar equivalents, as at April 30, 2015:

April 30, 2015:

	Monetary instruments	Non-monetary instruments	Derivative instruments	Net Exposure	% of Net Assets	Sensitivity (based on devaluation of CAD)
EUR	16,508,679	–	(15,877,553)	631,126	1.5%	32,000
British Pound	12,937,197	–	(12,243,783)	693,414	1.6%	35,000
U.S. Dollar	14,724,686	–	(14,454,775)	269,911	0.6%	13,000

Credit risk

The Fund is exposed to the risk that a security issuer will be unable to pay amounts when due. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt investments and unrealized gain (loss) on derivative instruments outstanding with counterparties represents the maximum exposure to credit risk.

The Fund is exposed to the credit risk of the Custodian, whose S&P credit rating as of April 30, 2015 was AA-. The counterparty for the foreign currency forward contracts held in the Fund as of April 30, 2015 is RBC Investor & Treasury Services and the credit rating as of April 30, 2015 was AA- by S&P. The counterparty for the TRS held in the Fund as of April 30, 2015 is Bank of Nova Scotia and the credit rating as of April 30, 2015 was A+ by S&P.

The tables below summarize the Fund's exposure to credit risk as of April 30, 2015. The table illustrates the ratings, by S&P, of the securities held in the portfolio. These ratings are typically 3 notches lower than the institution's issuer rating. Amounts shown are based on the carrying value of debt investments and the unrealized gain on the TRS contracts.

Rating	April 30, 2015 (% of Net Assets)
BB+	6.4%
BB	63.9%
B+	1.7%
B	6.5%
Not Rated	19.3%
Total	97.8%

As at April 30, 2015, no debt securities of the Trust were contractually past due and no longer meeting interest payment obligations.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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 in April of every year (see note 7); therefore, the Fund invests the majority of its assets in investments that can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to meet its daily cash requirements.

All of the Fund's financial liabilities at April 30, 2015 had maturities of less than one year, other than derivative liabilities, whose maturities are disclosed in the schedule of investments portfolio. The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted amounts.

As at April 30, 2015:

Financial liabilities	**On demand**	**less than 3 months**	**Total**
Accounts payable and accrued liabilities	$ –	$ 59,084	**$ 59,084**
Payable on securities purchased	–	845,188	**845,188**
Management fees payable	–	40,555	**40,555**
Total	**$ –**	**$ 944,827**	**$ 944,827**

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The Schedule of Investment Portfolio presents the securities held by the Fund and groups the securities by asset type and market segment. The following is a summary of concentration as at April 30, 2015:

	% of NAV
	April 30, 2015
Portfolio by Category	
Foreign Corporate Bonds	129.8%
Interest Rate Swap	(2.5%)
Foreign Currency Forward Contracts	1.0%
Cash	2.7%
Net Other Assets (Liabilities) *	(31.0%)

* Includes effective leverage obtained through the Total Return Swap.

The investments of the Fund are concentrated in geographic areas and the sector financial services will be especially affected by factors particular to these countries and the financial industry. Factors influencing valuation include changes in government policy, fluctuations in the capital markets and conditions of the overall economy. Changes that specifically affect those countries may cause the Net Assets of the Fund to be more volatile than the value of a more broadly diversified portfolio.

14. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

Fair values 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.

Fixed income investments: Fixed income securities are classified as Level 2 as they are valued using observable inputs, including interest rate curves, credit spreads and volatilities.

Total return swaps, interest rate swaps and foreign currency forward contracts: Contracts for which inputs, including underlying market prices of reference fixed income securities, forward market rates and credit spreads are observable and reliable or for which unobservable inputs are determined not to be significant to fair value, are classified as Level 2.

Assets at fair value as at April 30, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Bonds	$ –	$ 42,495,362	$ –	$ 42,495,362
Foreign currency forward contracts	–	457,301	–	457,301
Total Return Swap	–	232,318	–	232,318
Total	**$ –**	**$ 43,184,981**	$ –	**$ 43,184,981**

Liabilities at fair value as at April 30, 2015	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	$ –	$ 36,371	$ –	$ 36,371
Interest rate swaps	–	1,076,681	–	1,076,681
Total	**$ –**	**$ 1,113,052**	**$ –**	**$ 1,113,052**

There were no transfers among the three levels during the period from June 24, 2014 (commencement of operations) to April 30, 2015.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the period from June 24, 2014 (commencement of operations) to April 30, 2015.

Net gains (losses) on financial instruments at FVTPL	Net gains (losses) April 30, 2015
Financial Assets and Liabilities at FVTPL:	
Held for Trading	(2,319,893)
Designated at inception	1,692,222
Total financial assets and liabilities at FVTPL	(627,671)

16. OFFSETTING OF FINANCIAL INSTRUMENTS

There was no master netting arrangement with RBC Investor & Treasury Services in connection with its Forward Currency Contracts. The Fund entered into various master netting arrangements in connection with its TRS. These agreements do meet the criteria for offsetting in the Statements of Financial Position and allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting agreements or other similar agreements, as at April 30, 2015. The "Net" column shows what the impact on the Fund's Statements of Financial Position would be if all set-off rights were exercised.

As at April 30, 2015

				Related amounts not set-off in the Statement of financial position		
Financial Assets	**Gross Amounts**	**Financial Instruments eligible for offset**	**Net amounts presented in the statement of financial position**	**Financial Instruments**	**Collateral Pledged**	**Net Amount**
RBC Investor & Treasury Services	$ 457,301	$ –	$ 457,301	$ –	$ –	$ 457.301
Bank of Nova Scotia	232,318	–	232,318	(232,318)	–	–
Net Amounts			**689,619**			**$ –**
Financial Liabilities						
RBC Investor & Treasury Services	$ (36,371)	$ –	$ (36,371)	$ –	$ –	$ (36,371)
Bank of Nova Scotia	(1,076,681)	–	(1,076,681)	232,318	844,363	–
Net Amounts			(1,113,052)			

CORPORATE INFORMATION

Independent Review Committee

John Crow
Chairman

C. Scott Browning

Robert Falconer

Joseph H. Wright

Directors and Senior Officers of the Manager

W. Neil Murdoch
Director and Chief Executive Officer

Darren Cabral
Director and President

Kal Zakarneh
Chief Financial Officer

Eric Tremblay
Director and Chairman

Larry W. Titley
Director

Manager

Aston Hill Capital Market Inc.

Portfolio Manager

Cairn Capital Ltd.

Transfer Agent and Trustee

Computershare Trust Company of Canada

Custodian

RBC Investor Services Trust

Auditors

PricewaterhouseCoopers LLP

Website

www.astonhill.ca

AstonHill CAPITAL MARKETS

Mailing Address
77 King Street West
Suite 2110, PO Box 92
Toronto-Dominion Centre
Toronto, ON M5K 1G8

General Inquiries: 1-800-513-3868
Website: www.astonhill.ca