



Euro Banc Capital Securities Trust

Annual Information Form

For the year ended April 30, 2015

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

July 29, 2015

TABLE OF CONTENTS

1	DESCRIPTION OF THE BUSINESS	4
1.1	NAME AND FORMATION	4
1.2	STATUS OF THE FUND	4
1.3	ISSUE OF UNITS	4
2	INVESTMENT OBJECTIVES	4
2.1.1	<i>INVESTMENT OBJECTIVES</i>	4
2.1.2	<i>INVESTMENT STRATEGY</i>	4
2.1.3	<i>LEVERAGE</i>	5
2.1.4	<i>CURRENCY HEDGING</i>	5
2.1.5	<i>USE OF DERIVATIVES</i>	5
2.1.6	<i>INVESTMENT RESTRICTIONS OF THE FUND</i>	5
3	UNITHOLDERS' EQUITY	6
3.1	DESCRIPTION OF UNITHOLDERS' EQUITY	6
3.1.1	<i>THE UNITS</i>	6
3.1.2	<i>MARKET PURCHASES</i>	7
3.1.3	<i>BOOK-ENTRY ONLY SYSTEM</i>	7
3.2	UNITHOLDER MATTERS	7
3.2.1	<i>MEETINGS OF UNITHOLDERS</i>	7
3.2.2	<i>MATTERS REQUIRING UNITHOLDER APPROVAL</i>	7
3.2.3	<i>AMENDMENT TO TRUST AGREEMENT</i>	8
3.2.4	<i>PERMITTED MERGER</i>	8
3.2.5	<i>REPORTING TO UNITHOLDERS</i>	9
3.3	TERMINATION OF THE FUND	9
3.4	DISTRIBUTIONS	9
3.5	REDEMPTION OF UNITS	10
3.5.1	<i>ANNUAL REDEMPTIONS</i>	10
3.5.2	<i>MONTHLY REDEMPTIONS</i>	10
3.5.3	<i>EXERCISE OF REDEMPTION RIGHT</i>	10
3.5.4	<i>SUSPENSION OF REDEMPTIONS</i>	10
4	VALUATION	11
4.1	CALCULATION OF NET ASSET VALUE	11
4.2	VALUATION POLICIES AND PROCEDURES	11
4.2.1	<i>REPORTING OF NET ASSET VALUE</i>	12
4.3	AUDIT OF FINANCIAL STATEMENTS	12
5	MANAGEMENT OF THE FUND	12
5.1	THE PROMOTER	12
5.2	THE MANAGER	12
5.2.1	<i>OFFICERS AND DIRECTORS OF THE MANAGER</i>	12
5.2.2	<i>DUTIES AND SERVICES TO BE PROVIDED BY THE MANAGER</i>	13
5.2.3	<i>DETAILS OF THE MANAGER'S OBLIGATIONS UNDER THE TRUST AGREEMENT</i>	14
5.2.4	<i>ACCOUNTING AND REPORTING</i>	14
5.3	THE INVESTMENT MANAGER	14
5.3.1	<i>DETAILS OF THE PORTFOLIO MANAGEMENT AGREEMENT</i>	15
5.4	CONFLICTS OF INTEREST	16
5.5	PROXY VOTING POLICIES AND PROCEDURES	16
5.5.1	<i>PROXY VOTING CONFLICTS OF INTEREST</i>	17
5.5.2	<i>DISCLOSURE OF PROXY VOTING GUIDELINES AND RECORD</i>	17
5.6	INDEPENDENT REVIEW COMMITTEE	17
5.7	THE TRUSTEE	18
5.8	THE CUSTODIAN	18
5.9	THE AUDITOR	19

5.10 THE REGISTRAR AND TRANSFER AGENT----- 19

6 FEES AND EXPENSES----- 19

6.1 INITIAL FEES AND EXPENSES----- 19

6.2 MANAGEMENT FEES----- 19

6.3 ONGOING EXPENSES----- 19

7 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS ----- 19

7.1 STATUS OF THE FUND----- 19

7.2 TAXATION OF THE FUND----- 20

7.3 TAXATION OF UNITHOLDERS ----- 20

7.4 TAXATION OF REGISTERED PLANS ----- 20

8 MATERIAL CONTRACTS----- 20

1 DESCRIPTION OF THE BUSINESS

1.1 NAME AND FORMATION

Euro Banc Capital Securities Trust (the “Fund”) is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of May 28, 2014 (the “Trust Agreement”) between Aston Hill Capital Markets Inc. (the “Manager”), the Manager of the Fund, and RBC Investor & Treasury Services (the “Trustee”). The principal place of business of the Fund and the registered office of the Manager is located at 77 King Street West, Suite 2110, P.O. Box 92, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is April 30th.

1.2 STATUS OF THE FUND

The Fund is not considered to be a “mutual fund” under the securities legislation of the provinces and territories of Canada. As a result, some of the protections provided to investors in mutual funds under such laws are not available to investors in the Units.

1.3 ISSUE OF 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 has been authorized for issuance and the Fund is authorized to issue an unlimited number of Units.

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.

2 INVESTMENT OBJECTIVES

2.1.1 Investment Objectives

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 “Investment Manager”).

To achieve the Fund’s investment objectives, the net proceeds of the Offering are invested in a portfolio (the “Portfolio”) consisting of a diversified portfolio of primarily capital securities (“Capital Securities”) issued by European financial institutions that have an investment grade issuer rating.

2.1.2 Investment Strategy

The Fund was established to invest in a portfolio consisting primarily of Capital Securities issued by European financial institutions that have an investment grade issuer rating, actively managed by Cairn Capital Limited (the “Investment Manager”). The Investment Manager will generally seek to make investments in Capital Securities issued by large, well-capitalized financial institutions or financial institutions where the Investment 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 Investment Manager also intends to limit the Portfolio’s exposure to peripheral countries in Europe. Currently, the Investment Manager considers Portugal, Ireland, Italy, Greece and Spain to be European peripheral countries. The Investment Manager may also invest up to 20% of the Total Assets in Capital Securities issued by financial institutions domiciled in jurisdictions outside of Europe.

2.1.3 Leverage

The Fund has employed leverage (through borrowing and/or any 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 may be determined by the Investment Manager, in consultation with the Manager, from time to time and in accordance with the investment strategy. Accordingly, the maximum amount of leverage that the Fund could employ is 1.33:1. Initially, the Fund is expected to employ leverage of approximately 22% of Total Assets. Pursuant to a 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 the total return from the underlying 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.

2.1.4 Currency Hedging

The Portfolio is invested primarily in assets denominated in Euros, U.S. Dollars and British Pounds. The Investment Manager intends to hedge substantially all of the value of the Portfolio that is denominated in any currency other than the Canadian dollar to the Canadian dollar. The Fund intends to use derivative instruments for currency hedging purposes. The Fund may use derivatives for hedging purposes only in accordance with NI 81-102. See “Investment Strategy”.

2.1.5 Use of Derivatives

Derivative instruments are only used for the purpose of hedging. Instruments used may include but are not limited to futures, forwards, options and swaps.

2.1.6 Investment Restrictions of the Fund

The Fund is subject to certain investment restrictions that limit the securities the Fund may acquire for the Portfolio. The Fund’s investment restrictions may not be changed without the approval of the Unitholders by way of an Extraordinary Resolution (resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution or in writing pursuant to the Trust Agreement) (the “Extraordinary Resolution”). According to the Fund’s investment restrictions:

- (a) The Fund will invest at the time of purchase less than 80% of Total Assets in Capital Securities issued by European financial institutions that have an investment grade issuer rating;
- (b) The Fund will invest at the time of purchase more than 15% of Total Assets in Capital Securities issued by any one issuer;
- (c) The Fund will invest at the time of purchase in more than 10% of any single issue of Capital Securities;
- (d) The Fund will employ leverage in excess of 25% of Total Assets;
- (e) The Fund will use derivative instruments other than (i) any TRS Facility and (ii) for hedging purposes in accordance with NI 81-102;
- (f) The Fund will purchase securities of Canadian issuers;
- (g) The Fund will sell securities short;
- (h) The Fund will engage in securities lending;
- (i) The Fund will enter into any TRS Facility with a counterparty that has a credit rating below investment grade;
- (j) The Fund will make or hold any investments in entities that would be “foreign affiliates” of the Fund for purposes of the Tax Act;
- (k) The Fund will invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act; (ii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act; or (iii) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of

section 94 of the Tax Act (or pursuant to any amendments to such provisions);

- (l) The Fund will make any investment or conduct any activity that would result in the Fund failing to qualify as a “unit trust” or “mutual fund trust” within the meaning of the Tax Act;
- (m) The Fund will acquire or hold any property that is “taxable Canadian property” within the meaning of the Tax Act if the definition were read without paragraph (b) thereof (or any amendments to that definition) or “specified property” as defined in subsection 18(1) of the Tax Proposals released on September 16, 2004 if the fair market value of such property exceeds 10% of the fair market value of all property owned by the Fund;
- (n) The Fund will acquire or hold any “non-portfolio property” as defined in the SIFT Rules;
- (o) The Fund will enter into any arrangement where the result is a “dividend rental arrangement” for purposes of the Tax Act;
- (p) The Fund will invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act;
- (q) The Fund will pledge any of its assets, except in connection with the employment of permitted financial leverage and foreign exchange rate or interest rate hedging; or
- (r) The Fund will purchase the securities of an issuer for the purposes of exercising control or direction, whether alone or in concert, over management of that issuer.

For the purposes of the investment restrictions contained in (a) to (c) above, Total Assets will exclude cash, cash equivalents and unrealized gains or losses from foreign currency and interest rate hedging contracts.

Any changes to the investment restrictions discussed above may only be made with the approval of Unitholders unless such change is otherwise permitted by the Trust Agreement.

3 UNITHOLDERS' EQUITY

3.1 DESCRIPTION OF UNITHOLDERS' EQUITY

3.1.1 The Units

The beneficial interest in the net assets and net income of the Fund is divided into Units. The Fund is authorized to issue an unlimited number of transferable, redeemable Units. Each Unit was issued at a price of \$10.00 per Unit.

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.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises: (i) the trust is a reporting issuer under the Securities Act (Ontario); and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer under the Securities Act (Ontario) and the Fund is governed by the laws of Ontario by virtue of the provisions of the Trust Agreement.

All Units have equal rights and privileges. At any meeting of Unitholders of the Fund, each Unitholder is entitled to one vote for each Unit held by such Unitholder. Each Unitholder is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units were issued only as fully paid and are non-assessable. Unitholders will have no voting rights in respect of the securities held by the Fund.

The Trust Agreement provides that the Fund will not issue additional Units following completion of the original Offering, except: (a) at a price that yields net proceeds of not less than 100% of NAV per Unit calculated as of the business Day immediately prior to the pricing of such offering; (b) by way of Unit distributions; or (c) with the approval of Unitholders.

3.1.2 Market Purchases

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.

3.1.3 Book-Entry Only System

Registration of interests in and transfers of, the Units are made only through the book-entry only system of CDS. Units must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

3.2 UNITHOLDER MATTERS

3.2.1 Meetings of Unitholders

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

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

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

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the Toronto Stock Exchange (the "TSX") to hold annual meetings of Unitholders if so instructed by the TSX.

3.2.2 Matters Requiring Unitholder Approval

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

- (a) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (b) any change of the Manager except where the new manager is an affiliate of the Manager;
- (c) any increase in the Management Fee;
- (d) any amendment, modification or variation in the provisions or rights attaching to the Units;
- (e) any change in the frequency of calculating the Net Asset Value per Unit to less often than daily;
- (f) other than a Permitted Merger, any merger, arrangement or similar transaction or the sale of all or

substantially all of the assets of the Fund other than in the ordinary course;

- (g) other than in connection with a Permitted Merger, any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the terms of the Trust Agreement;
- (h) the issuance of additional Units, other than (i) for net proceeds per Unit of a class of not less than 100% of the most recently calculated Net Asset Value per Unit of such class prior to the pricing of such issuance (and, for greater certainty, in making such determination, if such NAV is calculated prior to a record date for a distribution in respect of Units of a class being issued, the most recently calculated NAV per Unit for the purposes of determining the subscription price will be adjusted to account for any distributions which have been declared payable in respect of such Units and which will not be received by the subscriber), (ii) by way of Unit distributions, or (iii) upon the exercise of any warrants provided that the exercise price of such warrants is not less than that which would yield net proceeds of at least 100% of the most recently calculated Net Asset Value per Unit prior to the pricing of such warrants, as more particularly described under “Description of the Unitholders’ Equity - The Units”; and
- (i) any amendment to the above provisions except as permitted by the Trust Agreement.

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

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;
- (b) make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Trust Agreement into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
- (d) maintain the status of the Fund as a “mutual fund trust” for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof;
- (e) provide added protection or benefit to Unitholders;
- (f) in connection with a Permitted Merger; or
- (g) add additional classes of Units whose rights and privileges are not greater than the existing classes of Units.

3.2.3 Amendment to Trust Agreement

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

3.2.4 Permitted Merger

Subject to applicable law, the Fund may, without obtaining Unitholder approval, enter into a merger or other similar transaction which has the effect of combining the Fund or its assets on a tax-deferred “rollover basis” (a “Permitted Merger”) with any other public investment fund or funds managed or advised by the Manager that has or have investment objectives and investment strategies that are substantially the same as the Fund’s on an exchange ratio based on the relative net asset values of such funds, subject to:

- (a) approval of the Permitted Merger by the Fund’s Independent Review Committee;
- (b) written notice to Unitholders at least 60 days before the effective date of the Permitted Merger;

- (c) a special redemption right allowing Unitholders to redeem Units at 100% of Net Asset Value per Unit if they so choose; and
- (d) the merging funds bearing none of the costs associated with the Permitted Merger.

3.2.5 Reporting to Unitholders

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

3.3 TERMINATION OF THE FUND

The Fund has a term of approximately 10 years, terminating on or about July 31, 2024. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund, subject to approval of Unitholders at a meeting called for such purpose, provided that all Unitholders will be given a right to cause their Units to be redeemed on the Termination Date, regardless of whether they voted in favour of the term extension.

The Fund may also be terminated at any time provided that the prior approval of Unitholders has been obtained by an Extraordinary Resolution at a meeting of Unitholders called for that purpose or in connection with a Permitted Merger; provided, however, that the Manager may, in its discretion, on at least 60 days' notice to Unitholders by way of press release, terminate the Fund without the approval of Unitholders if, in the opinion of the Manager, it would be in the best interests of Unitholders to terminate the Fund. The Fund will also issue a press release fifteen days prior to the Termination Date setting forth the details of the termination including the fact that, upon termination, the net assets of the Fund allocated to each class of Units will be distributed to Unitholders of such class on a *pro rata* basis. Immediately prior to the termination of the Fund, including on the Termination Date, the Trustee will, to the extent possible, convert the assets of the Fund to cash and, after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund to the Unitholders as soon as practicable after the date of termination, subject to compliance with any securities or other laws applicable to such distributions.

Additionally, in the event that the Manager resigns and no new manager is appointed by the Unitholders within 120 days of the Manager giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is 60 days following the end of such 120 day period.

Upon termination, the Trust Agreement provides that the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for. Such assets, which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to any Termination Date, unliquidated assets *in specie* rather than in cash. The value of any remaining assets of the Fund will be determined by the Manager, acting reasonably. Following such distribution, the Fund will be dissolved. There can be no assurance that Unitholders will receive \$10.00 per Unit upon any termination of the Fund.

3.4 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.

3.5 REDEMPTION OF UNITS

3.5.1 Annual Redemptions

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 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 the Annual Redemption Price. 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. The Annual Redemption Price will vary depending on a number of factors.

3.5.2 Monthly Redemptions

Units may also be redeemed on a Monthly Redemption Date, 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. 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 Market Price of a Unit, and (ii) 100% of the 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.

3.5.3 Exercise of Redemption Right

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice dates described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Annual Redemption Date or Monthly Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice dates described above.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Annual Redemption Date or Monthly Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, if such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund, the Trustee, the Custodian or the Manager to the CDS Participant or the Unitholder.

3.5.4 Suspension of Redemptions

The Fund may suspend the redemption of Units or payment of redemption proceeds: (i) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the securities included in the Portfolio (by value) are listed and traded, and if the securities are not traded on any other exchange that represents a

reasonable, practical alternative for the Fund, or (ii) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager will be conclusive.

4 VALUATION

4.1 CALCULATION OF NET ASSET VALUE

The valuation agent will calculate the Net Asset Value per Unit as at the close of business on each Valuation Date. The Fund will make available to the financial press for publication on a daily basis the Net Asset Value per Unit. Such amount will also be available on the Manager's website at www.astonhill.ca.

4.2 VALUATION POLICIES AND PROCEDURES

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

For the purpose of calculating Net Asset Value (i.e., for purposes other than financial statements) on a Valuation Date, the Total Assets of the Fund on such Valuation Date will be determined as follows:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of assets owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Valuation Agent has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of assets owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Valuation Agent determines to be the fair market value thereof;
- (b) the value of any Capital Securities and other debt obligations will be valued by taking the average of the bid and ask prices quoted by a major dealer or independent third party pricing service in such assets on a Valuation Date at such times as the Valuation Agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Valuation Agent) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Valuation Agent such value does not reflect the value thereof, in which case the latest offer price or bid price will be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provided in such securities;
- (e) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the Valuation Agent on the Valuation Date on which the Total Assets are being determined;

- (f) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Valuation Agent and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Valuation Agent;
- (g) the value of any total return swap including any TRS Facility, forward contract or other derivatives, such as future contracts, swap contracts or options on financial futures, will be the value that would be realized by the Fund if, on the date on which the Total Assets are being determined, such total return swap, forward contract or other derivative was closed out in accordance with its terms; and
- (h) the value of any security or property to which, in the opinion of the Valuation Agent, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair market value thereof determined in good faith in such manner as the Valuation Agent determines in consultation with the Manager or the Investment Manager from time to time.

The Net Asset Value per Unit is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The Net Asset Value per Unit determined in accordance with the principles set out above may differ from the Net Asset Value per Unit determined under International Financial Reporting Standards.

For the purposes of calculating the Redemption Net Assets per Unit in connection with a redemption of Units on an Annual Redemption Date, the net asset value will be determined on the basis that any debt obligations that are owned by the Fund will be valued by taking the bid price on the Valuation Date.

4.2.1 Reporting of Net Asset Value

The Net Asset Value per Unit is provided daily to Unitholders at no cost on the Manager's website at www.astonhill.ca and is also available to Unitholders upon request, at no cost, by calling 1-800-513-3868.

4.3 AUDIT OF FINANCIAL STATEMENTS

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

5 MANAGEMENT OF THE FUND

5.1 THE PROMOTER

Aston Hill Capital Markets Inc. may be considered the Promoter of the Fund by reason of its initiative in forming and establishing the Fund and taking the steps necessary for the public distribution of the Units. Aston Hill Capital Markets Inc. will not receive any benefits, directly or indirectly, from the issuance of Units. Aston Hill Capital Markets Inc. has offices in Toronto.

5.2 THE MANAGER

Aston Hill Capital Markets Inc. acts as manager of the Fund. The Manager performs or arranges for the performance of management services for the Fund, including portfolio management services, and is responsible for the overall undertaking of the Fund. The Manager is entitled to receive fees as compensation for management services rendered to the Fund. See "Duties and Services to be provided by the Manager" below and "Fees and Expenses".

5.2.1 Officers and Directors of the Manager

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

Name and Municipality	Position with the Manager	Principal Occupation
W. Neil Murdoch Oakville, Ontario	Director and Chief Executive Officer	Director and Chief Executive Officer, Aston Hill Capital Markets Inc.
Darren N. Cabral Toronto, Ontario	Director and President and Chief Financial Officer	President, Aston Hill Capital Markets Inc.
Eric Tremblay Calgary, Alberta	Director and Chairman	Chief Executive Officer, Aston Hill Financial Inc.
Kal Zakarneh Toronto, Ontario	Chief Financial Officer	Chief Financial Officer, Aston Hill Capital Market Inc.
Larry Titley Airdrie, Alberta	Director	Vice President and Chief Financial Officer, Aston Hill Financial Inc.
Sasha Rnjak Woodbridge, Ontario	Chief Compliance Officer and Corporate Secretary	Vice President, Fund Operations and Chief Compliance Officer, Aston Hill Asset Management Inc.

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

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

Eric Tremblay: B.Eng, Ryerson University. Mr. Tremblay joined Aston Hill Financial Inc. in 2001. Prior thereto, Mr. Tremblay held various positions at Enerplus Corporation from 1993 to 2001 including Senior Vice President of Capital Markets.

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

Larry Titley: C.A.; B.Comm, University of Calgary. Mr. Titley joined Aston Hill Financial Inc. in 2002. Prior thereto, Mr. Titley was Treasurer for the Enerplus Group of Management Companies since 1999.

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

5.2.2 Duties and Services to be provided by the Manager

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

The Manager's duties includes maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Fund complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund's reports to Unitholders and to the Canadian securities regulators; providing the Custodian with information and reports necessary for the Custodian to fulfil its fiduciary responsibilities; administering the redemption of Units; arranging for any payment required on the termination of the Fund; dealing and communicating with Unitholders; and negotiating contracts with third party providers of services, including, but

not limited to, custodians, transfer agents, legal counsel, auditor and printers.

5.2.3 Details of the Manager's Obligations under the Trust Agreement

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

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

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

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

5.2.4 Accounting and Reporting

The Fund's fiscal year-end will be April 30. The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements.

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

5.3 THE INVESTMENT MANAGER

Cairn Capital Limited acts as the investment manager of the Fund in connection with the selection, purchase and sale of Capital Securities. The Investment Manager is an independent specialist credit asset management and advisory business established in 2004 with US\$14.0 billion of assets under management and advice as at April 30, 2015 (together with its affiliates), comprised of US\$2.1 billion of discretionary assets under management, US\$3.3 billion of legacy assets under management and US\$8.6 billion of assets under long term advice.

The Investment Manager has managed portfolios of credit assets dedicated to financials since mid-2009. The Investment Manager has specialist skills in this field particularly with respect to subordinated and hybrid capital.

The Investment Manager is located in London, United Kingdom. The Investment Manager's affiliate, Cairn Capital North America Inc., is based in Greenwich, Connecticut. The Investment Manager and its affiliates have a total of 64 staff including 25 investment professionals.

The Portfolio will be managed by the corporate portfolio management group which consists of a team of six investment professionals supported by the Investment Manager's operations and treasury, risk and legal teams. The corporate portfolio management group managed US\$358 million in assets as at April 30, 2015 across three portfolios including approximately US\$210 million in assets that were substantially similar to the Capital Securities that it will manage for the Fund.

The team of individuals working at the Investment Manager responsible for advising, servicing and making investment decisions on behalf of the Fund consists of four individuals, Andrew Jackson, Philippe Kellerhals, Travis Murdoch and Folkert Jan van der Veer, each of whom has significant experience in portfolio management and investment advisory services. Philippe Kellerhals will be responsible for all investment decisions, overseen by Andrew Jackson in his role as Chief Investment Officer. Travis Murdoch will support Philippe Kellerhals as assistant portfolio manager for the Fund. Folkert Jan van der Veer will be responsible for research on all positions to be included in the Portfolio.

The name, municipality of residence, position with the Investment Manager and principal occupation of each of the above mentioned individuals is set out below:

Name and municipality	Position with the Investment Manager	Principal occupation
ANDREW JACKSON, London	Chief Investment Officer	Responsible for oversight of all of Investment Manager's investment activities.
PHILIPPE KELLERHALS, London	Senior PM, Corporates	Responsible for managing all of Investment Manager's corporate portfolios
TRAVIS MURDOCH, London	PM, Corporates	Portfolio manager, corporate portfolios
FOLKERT JAN VAN DER VEER, . . . London	Senior Research Analyst, Financials	Lead researcher for the financial sector

During the past four years, all of the officers of the Investment Manager listed above have held their present principal occupations (or similar positions with their present employer or its affiliates). A short biography of each of Messrs. Jackson, Kellerhals, Murdoch and van der Veer is provided below.

Andrew Jackson: Andrew Jackson is the Investment Manager's Chief Investment Officer and a member of the Executive Management Committee. He joined in 2004 and his responsibilities include leading all aspects of the company's asset management business. Mr. Jackson has 20 years of experience in financial markets covering portfolio management, risk, structuring, analysis and technology. Prior to joining the Investment Manager, Mr. Jackson worked at Bank of America in Europe, focusing on corporate and ABS correlation products. Before that, he established and led Fitch Ratings' European credit derivatives practice and rated a number of the first European ABS transactions. Mr. Jackson started his career at PricewaterhouseCoopers in their Banking and Capital Markets and Structured Finance groups.

Philippe Kellerhals: Philippe Kellerhals joined the Investment Manager in 2008 and is a senior portfolio manager in the asset management group with responsibility for corporate credit. He has been managing subordinated financial assets at the Investment Manager since 2009. Prior to joining the Investment Manager, Mr. Kellerhals gained five years' experience managing credit investments at BNP Paribas. He is a CFA charter holder.

Travis Murdoch: Travis Murdoch joined the Investment Manager in 2009 as a portfolio manager in the Investment Manager asset management group focusing on corporate credits. Prior to joining Cairn Capital, he gained three years' experience managing credit portfolios in the proprietary trading group at RBC Capital Markets in London where he focused primarily on high yield and investment grade credits. Mr. Murdoch also worked as a credit analyst in the Global Banking & Markets division at RBS.

Folkert Jan van der Veer: Folkert Jan van der Veer is an analyst in the research group focused on financial institutions. He joined the Investment Manager in 2009 having had 10 years' experience in both buy- and sell-side firms in the United Kingdom and the Netherlands. Prior to joining the Investment Manager, he was responsible for credit research coverage of European financial institutions at Dresdner Kleinwort and for servicing Dresdner Kleinwort's client base, which included the worlds' largest institutional investors. Prior to that, he worked in a variety of analytical roles including covering financial institutions at ABN Amro Asset Management and equities at Kempen & Co. He has a CEFA (Certified European Financial Analyst) designation.

5.3.1 Details of the Portfolio Management Agreement

Under the Investment Management Agreement, the Investment Manager is required to act at all times on a basis which is

fair and reasonable to the Fund and to act honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent investment advisor would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager shall not be liable in any way for any default, failure or defect in the assets held by the Fund or for any loss or diminution in the value of such assets or other loss or damage suffered by any such person or for any errors of judgement, acts or omissions if it has satisfied the duties and standard of care, diligence and skill set forth above. The Investment Manager will, however, incur liability in cases of wilful misconduct, bad faith or negligence or breach of its standard of care set forth above.

The Investment Management Agreement will continue in effect unless earlier terminated in accordance with the terms thereof. If the Manager is terminated as manager to the Fund or the Fund is terminated in accordance with the Trust Agreement, the Investment Management Agreement will terminate at such time. The Manager may terminate the Investment Management Agreement if the Investment Manager has committed certain events of bankruptcy or insolvency, has lost any registration, licence or other authorization required to perform its services thereunder or is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 Business Days after notice thereof has been given to the Investment Manager by the Manager.

The Investment Management Agreement includes various customary rights of termination, including that the Investment Manager may terminate the Investment Management Agreement upon at least 20 business days' notice in the event that the Fund or the Manager is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 business days' notice of same to the Manager and to the Fund, as applicable, or in the event that there is a material change in the investment guidelines of the Fund.

The Manager is responsible for the payment of the fees of the Investment Manager out of its fees.

5.4 CONFLICTS OF INTEREST

The management and administrative services provided by the Manager to the Fund pursuant to the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents the Manager from providing similar management services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities.

The investment management services provided by the Portfolio Manager to the Fund under the Portfolio Management Agreement are not exclusive and nothing in the Portfolio Management Agreement prevents the Portfolio Manager from providing similar services for its own account or to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investments in securities purchased by the Portfolio Manager on behalf of the Fund and other investment funds or trusts for which the Portfolio Manager provides investment management services will generally be allocated to the Fund and such other investment funds or trusts on a pro rata basis according to the size of the order and the applicable investment restrictions and policies of the Fund and the other investment funds or trusts.

The Trust Agreement acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The Trustee may act as trustee of, and provide services to, other investment funds or trusts.

5.5 PROXY VOTING POLICIES AND PROCEDURES

Subject to compliance with the provisions of applicable law, the Manager has the right to vote proxies relating to the assets in the Portfolio and the assets held directly by the Fund. Proxies must be voted in a manner consistent with the best interests of the Fund.

Because the Fund does not purchase assets for the purposes of exercising control or direction over the assets of the Portfolio, as a general rule, proxies will be voted with management on routine business. Examples of routine business are voting on the size, nomination and election of the board of directors and the appointment of the auditor. All other special or non-routine matters will be assessed on a case-by-case basis with a focus on the potential impact of the vote on the value of the Fund's investment. Examples of non-routine business are stock based compensation plans, executive severance compensation arrangements, shareholders rights plans, corporate restructuring plans, going private transactions in connection with leveraged buyouts, supermajority approval proposals, and stakeholder or shareholder proposals.

On rare occasions, the Manager may abstain from voting a proxy or a specific proxy item when it is concluded that the

potential benefit of voting the proxy is outweighed by the cost of voting the proxy. In addition, the Manager will not vote proxies received for assets which are no longer held by the Fund.

The Manager's proxy voting guidelines include procedures with respect to: (i) the completion and submission of proxies in a timely fashion; and (ii) subsequent verifications with respect to (i) above to ensure that securities held by the Fund are voted in accordance with the instructions of the Manager.

5.5.1 Proxy Voting Conflicts of Interest

Where proxy voting could give rise to a conflict of interest or perceived conflict of interest, in order to balance the interest of the Fund in voting proxies with the desire to avoid the perception of a conflict of interest, the Manager has instituted procedures to help ensure that the Fund's proxy is voted in accordance with the business judgment of the person exercising the voting rights on behalf of the Fund, uninfluenced by considerations other than the best interests of the Fund.

The procedures for voting proxies where there may be a conflict of interest include escalation of the issue to the Independent Review Committee for their consideration and advice, although the responsibility for deciding how to vote the Fund's proxies and for exercising the vote remains with the Manager.

5.5.2 Disclosure of Proxy Voting Guidelines and Record

A copy of the Manager's proxy voting guidelines will be made available on the Internet at www.astonhill.ca. The most recent proxy voting record for the Fund for the most recent period ended December 31 of each year will also be available on the Internet at www.astonhill.ca.

5.6 INDEPENDENT REVIEW COMMITTEE

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

The members of the Independent Review Committee are John Crow (chair), Joseph H. 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 and its affiliates.

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

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

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

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

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

Effective August 15, 2013 Aston Hill Financial Inc., the parent company to Aston Hill Asset Management Inc., announced that it had completed its acquisition of an 80% interest (the Acquisition) in Connor, Clark & Lunn Capital Markets Inc. (Capital Markets). Concurrent with completion of the Acquisition, Capital Markets has been renamed Aston Hill Capital Markets Inc. and the IRC of the funds managed by Aston Hill Asset Management Inc. became the IRC of the funds managed by Capital Markets that were included in the Acquisition. Additionally, Mr. Wright joined the IRC as its fourth member.

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.

5.7 THE TRUSTEE

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

The Trustee may resign upon at least 60 days' notice to the Manager and to Unitholders. The Trustee may be removed with the approval of a simple majority vote cast at a meeting of Unitholders called for such purpose or by the Manager, if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Trust Agreement, which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor trustee. If the Trustee resigns, its successor may be appointed by the Manager. The successor of the Trustee must be approved by Unitholders if the Trustee is removed by Unitholders. If no successor has been appointed within 90 days, the Fund will be terminated.

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

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

5.8 THE CUSTODIAN

RBC Investor Services Trust acts as custodian of the assets of the Fund pursuant to the Trust Agreement. The Custodian, in its capacity as valuation services agent, will also carry out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. The Custodian has the power to appoint sub-custodians. The Custodian's office is located in Toronto, Ontario.

5.9 THE AUDITOR

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

5.10 THE REGISTRAR AND TRANSFER AGENT

Pursuant to the Registrar, Transfer Agency and Distribution Agency Agreement, Computershare Investor Services Inc., at its office in Toronto, Ontario, maintains the securities registers of the Units and register transfers of the Units.

6 FEES AND EXPENSES

6.1 INITIAL FEES AND EXPENSES

The expenses of the Offering (including the Agents' fee, costs of creating and organizing the Fund, the costs of printing and preparing the prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which were \$3,211,750 were paid out of the gross proceeds of the Offering.

6.2 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 inception on June 24, 2014 to April 30, 2015 were \$401,295 plus applicable taxes).

6.3 ONGOING EXPENSES

The Fund pays for all expenses incurred in connection with the operation and administration of the Fund. These expenses include, without limitation: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Trustee for acting as trustee of the Fund; fees payable to the Registrar and Transfer Agent for performing certain financial, record-keeping, Unitholder reporting, distribution agency and general administrative services; fees payable to the auditors and legal advisors of the Fund; ongoing regulatory filing fees and other fees; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; expenses relating to portfolio transactions; and any expenditures which may be incurred upon the termination of the Fund.

Administration and operating costs were approximately \$19,138 plus applicable taxes for the period from inception on June 24, 2014 (commencement of operations) to April 30, 2015.

7 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Counsel expresses no views herein in respect of the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. **This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

7.1 STATUS OF THE FUND

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.

7.2 TAXATION OF THE FUND

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. The Fund deducts, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains, it will generally not be liable in such year for income tax under Part I of the Tax Act. The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a “capital gains refund” in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year. In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income and not incurred for the purpose of generating capital gains.

7.3 TAXATION OF UNITHOLDERS

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year (whether in cash or Units). The non-taxable portion of the Fund’s net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder’s income for the year and, where appropriate designations are made by the Fund, will not reduce the adjusted cost base of the Unitholder’s Units. Any other amount in excess of the Fund’s net income for a taxation year paid or payable to the Unitholder in the year will generally not be included in the Unitholder’s income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder’s Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder’s adjusted cost base will be increased by the amount of such deemed gain.

On the disposition or deemed disposition of a Unit (including a redemption), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition (net of any reasonable costs of disposition and excluding any portion of amounts paid on redemption treated as distributions of income or gains by the Fund) exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all identical Units owned by the Unitholder as capital property before that time. For this purpose, the cost of Units that have been issued as an additional distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Units.

One-half of any capital gain (a “taxable capital gain”) realized on the disposition of Units will be included in the Unitholder’s income and one-half of any capital loss (an “allowable capital loss”) realized may generally be deducted from taxable capital gains in accordance with the provisions of the Tax Act. Subject to the detailed rules in the Tax Act, allowable capital losses in excess of taxable capital gains in the year of disposition may be applied to reduce net taxable capital gains of a Unitholder in any of the three years preceding the year of disposition or in any year following the year of disposition in accordance with the Tax Act.

7.4 TAXATION OF REGISTERED PLANS

Amounts of income and capital gains distributed by the Fund to a trust governed by a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account (each a “registered plan”), and capital gains realized by a registered plan on a disposition of Units, are generally not taxable under Part I of the Tax Act while retained in a registered plan. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a registered plan.

8 MATERIAL CONTRACTS

The following contracts that have been entered into by the Fund can reasonably be regarded as material to Unitholders:

- (a) the Trust Agreement;
- (b) the Agency Agreement;
- (c) the Investment Management Agreement; and
- (d) the Recirculation Agreement.

Copies of the agreements referred to above can be obtained at any time from the Manager on written request and are available on www.sedar.com.

Euro Banc Capital Securities Trust

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

- Mail: Aston Hill Capital Markets Inc.
77 King Street West
Suite 2110, P.O. Box 92
Toronto, Ontario
M5K 1G8
www.astonhill.ca
- Phone: 1-800-513-3868
- E-mail: info@astonhill.ca