ING High Income Floating Rate Fund

Annual Report

July 31, 2014

ING High Income Floating Rate Fund Message to Unitholders

October 28, 2014

Dear Investor,

We are pleased to provide you with the first annual report for the ING High Income Floating Rate Fund (the "Fund") for the period from October 22, 2013 (commencement of operations) to July 31, 2014.

The Fund was established to provide investors with exposure to a diversified portfolio (the "Portfolio") consisting primarily of first lien, senior secured floating rate loans ("Senior Loans") and second lien secured floating rate loans ("Second Lien Loans") of non-investment grade North American borrowers actively managed by Voya Investment Management Co. LLC (the "Sub-Advisor") (formerly "ING Investment Management Co. LLC") (the "Sub-Advisor").

The Fund's investment objectives are to (i) provide monthly cash distributions; (ii) preserve capital; and (iii) generate increased returns in the event that short-term interest rates rise above applicable LIBOR ("London Interbank Offered Rate") floors. The Fund will not have a fixed distribution policy, but intends to make monthly distributions based on the actual and expected returns on the Portfolio.

The Fund has outperformed its benchmark index (the "S&P/LSTA Leveraged Loan Index"). During the period from October 22, 2013 (commencement of operations) to July 31, 2014, the Fund paid out $0.50378 in distributions and the net asset value moved from $9.38 to $9.36 for Class A units generating a total return of 5.28%. The benchmark index was up 3.87% during the same period.

The Voya Investment Management Senior Loans team started the year with the anticipation that the U.S. loan market, as broadly represented by the Index, would generate in 2014 a coupon-like return in the 4-5% range. While overall performance during the early part of the period was largely consistent with this view, recent price softness related to variable market technicals could make achieving that initial projection challenging. An important factor in that analysis, the U.S. retail investor, is likely to remain on the sidelines until a lift in short-term rates appears more imminent. Still, we remain constructive on the forward prospects for the loan asset class given the apparent leveling of credit spreads and yields, a reasonably sanguine outlook for fundamental credit risk and the expected continued presence of the institutional investor. And, of course, as the economic picture continues to gain momentum, the U.S. Fed is sure to face increasing pressure to begin the normalization process, which would be a further tailwind for loan performance, on both an absolute and relative basis.

I would like to thank you for investing in the Fund. Please check our website for quarterly investment updates and other timely information.

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 **ING High Income Floating Rate Fund** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to Aston Hill Capital Markets Inc. (the "Manager") to the following address: 77 King Street West, Suite 2110, PO Box 92, Toronto, Ontario, M5K 1G8 or by calling 1-800-513-3868 or visiting the Manager's website at www.astonhill.ca or by visiting www.sedar.com.

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

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

Investment Objectives and Strategies

The Fund is a non-redeemable investment fund established under the laws of the Province of Ontario and governed by the Fund's Trust Agreement (the "Trust Agreement") dated September 26, 2013 between the Manager and Computershare Trust Company of Canada (the "Trustee"). 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 July 31.

The beneficial interest in the net assets and net income of the Fund is divided into Units of two classes, Class A Units (the "Class A Units") and Class U Units (the "Class U Units"). The Fund is authorized to issue an unlimited number of Units of each class. The Class A Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol IHL.UN. The Class U Units are not listed on a stock exchange but may be converted into Class A Units on a weekly basis. The Class U Units are designed for investors wishing to make their investment in U.S. Dollars.

The Fund's investment objectives are to:

(i) provide monthly cash distributions;

(ii) preserve capital; and

(iii) generate increased returns in the event that short-term interest rates rise above applicable LIBOR floors, in each case, through exposure to a diversified portfolio (the "Portfolio") consisting primarily of senior secured floating rate corporate loans and second lien secured floating rate loans of non-investment grade North American borrowers, and actively managed by Voya Investment Management Co. LLC (the "Sub-Advisor").

In order to achieve the Fund's investment objectives, the Sub-Advisor invests in a broadly diversified portfolio (the "Portfolio") composed primarily of first lien, senior secured floating rate loans and second lien secured floating rate loans. The Sub-Advisor generally seeks to make investments in Loans of non-investment grade North American borrowers that have (i) significant levels of assets and/or cash flow coverage; (ii) a protective capital structure; (iii) strong senior management; and (iv) attractive market positioning. The Portfolio consists primarily of Loans (the "Senior Loans" and "Second Lien Loans") that are expected to generate increased Portfolio cash flow in the event that short-term interest rates rise above applicable LIBOR floors (which set a minimum LIBOR rate for such loans). Up to 20% of Total Assets of the Fund may be invested in corporate bonds, unsecured loans and notes with fixed and floating interest rates and structured credit notes.

Risk

Use of leverage

The Fund may employ leverage of up to 35% of total assets (the "Leverage Factor") for the purposes of acquiring assets for the Portfolio and such other short-term funding purposes as may be determined by the Sub-Advisor, in consultation with the Manager, from time to time and in accordance with the Investment Strategy. Accordingly, the maximum amount of leverage that the Trust could employ is 1.54:1. Initially, the Fund is expected to employ leverage of approximately 25% of Total Assets. If there is a decline in the value of the assets in the Portfolio, the leverage will cause a decrease in the Net Asset Value of the Fund in excess of that which would otherwise be experienced if no leverage was utilized.

During the period from October 22, 2013 (commencement of operations) to July 31, 2014, the Trust applied leverage in the range from nil% to 26.64% or from nil to U.S. $25,000,000 (the Canadian equivalent was $nil to $27,566,250). The leverage factor as of July 31, 2014 was 25.14% and the borrowed balance was U.S. $23,400,000 (the Canadian equivalent was $25,474,410).

For full disclosure of the risks associated with an investment in the Fund's Units, please refer to the Prospectus dated September 26, 2013. Both are available at www.sedar.com.

Recent Developments

International Financial Reporting Standards (IFRS)

Beginning August 1, 2014, the Fund will prepare its semi-annual and annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at August 1, 2014 (the transition date). The Fund will also report its interim financial statements for the period ending January 31, 2015, in accordance with IFRS.

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

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the Chartered Professional Accountant Canada (the "CPA Canada") Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and asks prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates. See note 3 of the Financial Statements.

The Fund has in issue an unlimited number of Class A and Class U units. The Class A units are denominated in CAD and the Class U units are denominated in USD. Given this fact the units of the Fund are not identical in all respects and therefore do not meet the conditions for equity classification under International Standards 32- Financial Instruments. The impact of this is on presentation only and there is no impact on the net asset per.

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

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 Sub-Advisor 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 Sub-Advisor 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.

Sub-Advisor's Commentary (September 2014)

Performance

For the period from inception on October 22, 2013 through July 31, 2014, the ING High Income Floating Rate Fund (the Fund) had a total return based on net asset value (NAV) of 5.28%, as compared to the S&P/LSTA Leveraged Loan Index (the "Index") gross return of 3.87%.

Market Review

The U.S. loan market's technical environment was quite mixed during the period. Month-to-month variability was effectively tied to the halt in April of an unprecedented streak of positive monthly flows into U.S. retail loan mutual funds and ETFs as investor patience seemingly grew thin in response to continued dovish sentiments from the U.S. Federal Reserve. Providing an offset to those outflows, however, institutional loan investors, predominantly in the form of newly formed CLOs, remained steadfastly attracted to the risk/return profile of secured, floating rate loans and were consistent buyers. Also adding to the technical volatility within the market during the period was an increasingly robust new issue supply and periodic spikes in high-yield bond mutual fund redemptions, the latter in many cases funded by liquidation, in part, of a typically less volatile loan allocation.

While the market's technical picture was a bit choppy during the period under review, fundamental credit risk, as traditionally measured by trailing default rates and forward default indictors, remained exceptionally low. Although the Index trailing default rate by principal did jump materially and abruptly in April due to the highly anticipated bankruptcy of Energy Futures Holdings (EFH, formerly Texas Electric Competitive Holdings, or TXU, the largest single Index constituent), the event had little immediate impact on market sentiment or average loan prices. From a numbers perspective, the EFH filing pushed the headline trailing twelve-month default rate by principal to a current cycle high of 4.64% in April. As time passed, however default activity diminished and, excluding EFH, the default rate ended the period at a benign 0.62%, well inside the approximate historical average of 3.24%, including EFH.

Portfolio Specifics

On a NAV basis, the Fund outperformed the Index during the period due to favorable credit selection and an emphasis on loans that provide excess coupon for the risk. The use of leverage for investment purposes also was accretive to Fund returns. The Fund's top industry exposures at the end of the reporting period were Electronics/Electrical, Healthcare, Business Equipment & Services, and Telecommunications; all were generally neutral to accretive to relative returns. There were no defaults in the portfolio during the period.

The Fund remained well diversified during the period under review, with 146 individual issuers and 33 different industry sectors represented. The average issuer exposure at July 31 stood at 0.68%, while the average industry sector exposure closed the period at 3.03%.

Outlook

We started the year with the anticipation that the U.S. loan market, as broadly represented by the Index, would generate in 2014 a coupon-like return in the 4-5% range. While overall performance during the early part of the period was largely consistent with this view, recent price softness related to variable market technicals could make achieving that initial projection challenging. An important factor in that analysis, the U.S. retail investor, is likely to remain on the sidelines until a lift in short-term rates appears more imminent. Still, we remain constructive on the forward prospects for the loan asset class given the apparent leveling of credit spreads and yields, a reasonably sanguine outlook for fundamental credit risk and the expected continued presence of the institutional investor. And, of course, as the economic picture continues to gain momentum, the U.S. Fed is sure to face increasing pressure to begin the normalization process, which would be a further tailwind for loan performance, on both an absolute and relative basis.

Capital transactions

On October 22, 2013, the Fund completed an initial public offering pursuant to the Prospectus dated September 26, 2013. $76,000,000 was raised through the issue of 7,600,000 Class A Units and U.S. $4,003,300 was raised through the issue of 400,330 Class U Units. The Class A Units were issued at $10.00 per Unit and incurred Agents' fees and issue expenses of $4,701,465 or $0.62 per Unit, for an opening Transactional NAV of $9.38 per Unit. The Class U Units were issued at U.S. $10.00 per Unit and incurred Agents' fees and issue expenses of U.S. $247,649 or U.S. $0.62 per Unit, for an opening Transactional NAV of U.S. $9.38 per Unit.

On November 14, 2013, the Agents exercised an over-allotment option in respect of 69,418 Class A Units, raising a further $694,180. The Agents' fees totalled $36,444 or $0.525 per Unit.

During the period from October 22, 2013 (commencement of operations) to July 31, 2014, the Fund had repurchased 1,500 Class A units for a value of $13,545. There were 1,300 units of Class U converted to 1,417 units of Class A for a total value of $13,344.

Market repurchases

The Trust Agreement provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market) Class A Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit of the Class A Units immediately prior to the date of any such purchase of Class A Units.

The Fund purchased 1,500 Class A Units for cancellation during the period from October 22, 2013 (commencement of operations) to July 31, 2014.

Distributions

The Fund does not have a fixed distribution policy but intends to make monthly distributions based on the actual and expected returns on the Portfolio to Unitholders of record on the last business day of each month. The Fund paid an initial distribution of $0.07042 per Class A Unit and U.S. $0.07042 per Class U Unit covering the period from October 22, 2013 (commencement of operations) to November 30, 2013. These distributions represent an annualized current yield of 6.50% based on the initial offering price of $10.00 per Unit. The Fund made regular monthly distributions of $0.05417 per Class A Unit and U.S. $0.05417 per Class U Unit thereafter.

In total, the Fund paid distributions of $0.50378 per Class A Unit and U.S. $0.50378 per Class U Unit during the period from October 22, 2013 (commencement of operations) to July 31, 2014.

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 October 22, 2013 (commencement of operations) to July 31, 2014.

Related Party Transactions

Management Fees

The Manager receives a management fee from the Fund equal in the aggregate to 1.25% per annum of the applicable Net Asset Value plus applicable taxes, calculated and payable monthly in arrears, plus an amount calculated and paid at the end of each calendar quarter equal to 0.40% annually of the Net Asset Value for each Class A or Class U Unit held by the clients of registered dealers.

The management fees charged to the Fund on a combined basis during the period from October 22, 2013 (commencement of operations) to July 31, 2014 were $730,962 plus applicable taxes.

The Manager is responsible for payment of the Sub-Advisor fees out of these management fees.

Service Fees

From the amounts received by the Manager from the Fund, a service fee is paid by the Manager to each registered dealer whose clients hold Class A Units or Class U Units of the Fund at the end of each calendar quarter. The service fee is equal to 0.40% annually of the Net Asset Value for each Class A Unit or Class U Unit held by the clients of registered dealers, calculated and paid at the end of each calendar quarter.

The service fees charged to the Fund during the period from October 22, 2013 (commencement of operations) to July 31, 2014 were $233,908.

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 annual financial statements:

Class A Units:

The Fund's Net Assets per Class A Unit:

	July 31, 2014 (1) CAD
Net Assets, beginning of period	**10.00**
Unit issue expense (2)	**(0.62)**
Increase (decrease) from operations:	
Total revenues	0.59
Total expenses	(0.19)
Realized gains (losses) for the period	(0.01)
Unrealized gains (losses) for the period	0.05
Total increase (decrease) from operations (3)	**0.44**
Distributions:	
From income (excluding dividends)	(0.23)
From dividends	–
From capital gains	(0.27)
Return of capital	–
Total Distributions (4)	**(0.50)**
Net Assets, end of period (5)	**9.31**

(1) Results for the period from October 22, 2013 (commencement of operations) to July 31, 2014.

(2) Issue expenses of $4,737,909 incurred in connection with the Class A Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.

(3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of 7,664,293 Class A Units outstanding as of July 31, 2014.

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

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

Ratios and Supplemental Data (Class A Units):

	July 31, 2014 (1) CAD
Net asset value (000's)	71,797
Number of units outstanding	7,669,335
Base Management expense ratio (2) (3)	2.38%
Interest expense ratio (2) (3)	0.27%
Issue expenses ratio (2) (3)	6.59%
Management expense ratio (annualized) (3)	9.24%
Management expense ratio before waivers or absorptions (annualized) (3)	9.24%
Portfolio turnover rate (4)	130.30%
Trading expense ratio (5)	0.00%
Net asset value per unit (6)	9.36
Closing market price (TSX)	9.03

(1) Results for the period from October 22, 2013 (commencement of operations) to July 31, 2014.

(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all Agents' fees and unit issue expenses.

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

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

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

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

Class U Units:

The Fund's Net Assets per Class U Unit:

	July 31, 2014 [1] **USD**
Net Assets, beginning of period	**10.00**
Unit issue expense [2]	**(0.62)**
Increase (decrease) from operations:	
Total revenues	0.59
Total expenses	(0.19)
Realized gains (losses) for the period	0.35
Unrealized gains (losses) for the period	0.15
Total increase (decrease) from operations [3]	**0.90**
Distributions:	
From income (excluding dividends)	(0.23)
From dividends	–
From capital gains	(0.27)
Return of capital	–
Total Distributions [4]	**(0.50)**
Net Assets, end of period [5]	**9.25**

(1) Results for the period from October 22, 2013 (commencement of operations) to July 31, 2014.
(2) Issue expenses of U.S. $247,649 incurred in connection with the Class U Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.
(3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of 399,827 Class U Units outstanding as of July 31, 2014.
(4) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.
(5) This is not a reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data (Class U Units):

	July 31, 2014 [1] **USD**
Net asset value (000's)	3,711
Number of units outstanding	399,030
Base Management expense ratio [2] [3]	2.37%
Interest expense ratio [2] [3]	0.27%
Issue expenses ratio [2] [3]	6.26%
Management expense ratio (annualized) [3]	8.90%
Management expense ratio before waivers or absorptions (annualized) [3]	8.90%
Portfolio turnover rate [4]	130.30%
Trading expense ratio [5]	0.00%
Net asset value per unit [6]	9.30

(1) Results for the period from October 22, 2013 (commencement of operations) to July 31, 2014.
(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all Agents' fees and unit issue expenses.
(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, have not been annualized.
(4) The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities (including fixed income) in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.
(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
(6) The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio.

Summary of Investment Portfolio as of July 31, 2014

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

	Fair value CAD $	% of NAV
Portfolio by Category		
Term Loans	106,891,453	140.9%
Equities	504,673	0.7%
Short-term Notes	466,473	0.6%
Foreign Currency Forward Contracts	(907,185)	(1.2%)
Cash	659,030	0.9%
Bank Indebtedness (note 6)	(25,474,410)	(33.6%)
Other Liabilities Net of Other Assets	(6,303,695)	(8.3%)

	Tranche Description	Maturity Date	Fair value CAD $	% of NAV
Top 25 Holdings				
Aspect Software, Inc.	Term Loan	7-May-16	2,624,817	3.4%
iQor US Inc.	2nd Lien Term Loan	1-Apr-22	2,073,877	2.6%
Avaya Inc.	Term B-6 Loan	30-Mar-18	1,880,245	2.4%
Advance Pierre Foods Inc.	2nd Lien Term Loan	10-Oct-17	1,590,108	2.0%
Ikaria Acquisition Inc.	1st Lien Term Loan	12-Feb-21	1,452,120	1.8%
Ikaria Acquisition Inc.	2nd Lien Term loan	12-Feb-22	1,383,606	1.7%
BJs Wholesale Club Inc.	2nd Lien Term Loan	26-Mar-20	1,382,501	1.8%
AmWINS Group, Inc.	Term Loan B	6-Sep-19	1,354,484	1.8%
Atkins Nutritionals Holdings II, Inc.	1st Lien Term Loan	2-Jan-19	1,350,589	1.8%
4L Holdings Inc.	Upsized Term Loan B	8-May-20	1,302,706	1.7%
Fram Group Holdings Inc.	1st Lien Term Loan	29-Jan-18	1,285,968	1.7%
Securus Technologies, Inc.	Upsized 2nd Lien Term Loan	30-Apr-21	1,240,551	1.6%
Golden Nugget, Inc.	Term Loan	21-Nov-19	1,162,247	1.5%
Clear Channel Communications, Inc.	Term Loan E	30-Jul-19	1,116,464	1.5%
AlixPartners LLP	2nd Lien Term Loan	9-Jul-21	1,106,341	1.5%
RedPrairie Corporation	2nd Lien Term Loan	21-Dec-19	1,095,726	1.4%
ATI Physical Therapy Inc.	Term loan B	21-Dec-19	1,092,578	1.4%
New Wave Communications	Including Add on Term Loan	30-Apr-20	1,087,243	1.4%
CHG Medical Staffing, Inc.	Upsized 2nd Lien Term loan	19-Nov-20	1,086,918	1.4%
Waterpik Inc.	1st Lien Term Loan	8-Jul-20	1,084,537	1.4%
Healogics, Inc.	2nd Lien Term Loan	9-Jun-22	1,082,526	1.4%
Freescale Semiconductor, Inc.	Tranche B-4 Term Loan	1-Mar-20	1,076,602	1.4%
Jacobs Douwe Egberts	Term Loan B-1 USD	29-May-21	1,075,042	1.4%
Miller Heiman, Inc.	Term Loan B	30-Sep-19	1,058,916	1.4%
Cooper Gay Swett & Crawford, Ltd.	2nd Lien Term Loan	16-Oct-20	1,045,104	1.4%
Net asset value			**75,836,339**	

Management's Responsibility for Financial Reporting

The accompanying financial statements of **ING High Income Floating Rate Fund** (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 Canadian generally accepted accounting principles. The financial statements are not precise since they include certain amounts based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this Annual Report is consistent with the financial statements.

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

W. Neil Murdoch
President and Chief Executive Officer
Aston Hill Capital Markets Inc.

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

Toronto, Canada
October 28, 2014

pwc

October 28, 2014

Independent Auditor's Report

To the Unitholders of ING High Income Floating Rate Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of investment portfolio and net assets as at July 31, 2014, the statements of operations, changes in net assets and retained earnings, and cash flows for the period from October 22, 2013 (commencement of operations) to July 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our 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 is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP,
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pwc

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at July 31, 2014 and the results of its operations, its cash flows and the changes in its net assets and retained earnings for the period from October 22, 2013 (commencement of operations) to July 31, 2014 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

ING High Income Floating Rate Fund

Statement of Net Assets

As at July 31, 2014

		2014
Assets		**$**
Cash		659,030
Short-term investments		466,473
Investments at fair value (cost - $105,526,782)		107,017,989
Receivable from investment sales		2,483,266
Interest receivable		910,580
Other receivable		78,309
Unrealized gain on foreign currency forward contracts		50,694
		111,666,341
Liabilities		
Bank indebtedness (note 6)		25,474,410
Payable on investment purchases		9,012,881
Accounts payable and accrued liabilities		181,800
Management fees payable (note 9)		85,196
Service fees payable (note 10)		47,871
Distribution payable		438,765
Interest payable		9,337
Unrealized loss on foreign currency forward contracts		957,879
		36,208,139
Net assets and unitholders' equity		75,458,202
Net Assets		
Class A		71,438,506
Class U		4,019,696
Class U (USD)	USD	3,692,368
Units issued and outstanding (note 5)		
Class A		7,669,335
Class U		399,030
Net assets per unit		
Class A		9.31
Class U		10.07
Class U (USD)	USD	9.25
Unitholders' equity (note 5)		
Unit Capital		73,589,307
Contributed surplus		528
Retained Earnings		1,868,367
Total Unitholders' equity		75,458,202

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

Director **Director**

(See accompanying notes to financial statements)

ING High Income Floating Rate Fund

Statement of Operations

For the period from October 22, 2013 (commencement of operations) to July 31, 2014

		2014
		$
Income		
Interest income net of withholding tax ($Nil)		4,794,111
Expenses		
Management fees (note 9)		730,962
Service fees (note 10)		233,908
Interest expense (note 6)		158,020
Custodial and other unitholder fees		131,985
Harmonized sales tax		125,433
Other expenses		70,970
Audit fees		25,090
Administration fees		24,000
IRC fees		16,900
Filing fees		15,584
Transfer agent fees		13,078
Printing and mailing fees		10,000
Legal fees		3,000
		1,558,930
Investment income (loss)		3,235,181
Unrealized gain (loss)		
Change in unrealized gain (loss) on investments		1,491,207
Change in unrealized gain (loss) on foreign exchange		(136,509)
Change in unrealized gain (loss) on foreign currency forward contracts		(907,186)
		447,512
Realized gain (loss)		
Net realized gain (loss) on investments		2,576,368
Net realized gain (loss) on foreign exchange		(1,006,739)
Net realized gain (loss) on foreign currency forward contracts		(1,517,280)
		52,349
Net gain (loss) on investments		499,861
Increase (decrease) in net assets from operations		3,735,042
Increase (decrease) in net assets from operations for		
Class A		3,346,442
Class U		388,600
Class U (USD) *	USD	358,818
Increase (decrease) in net assets from operations per unit **		
Class A		0.44
Class U		0.97
Class U (USD) *	USD	0.90

* (based on average exchange rate for the period)
** (based on weighted average number of units outstanding during the period)
(See accompanying notes to financial statements)

ING High Income Floating Rate Fund

Statement of Changes in Net Assets and Retained Earnings

For the period from October 22, 2013 (commencement of operations) to July 31, 2014

	Class A $	Class U $	Total $
Increase (decrease) in net assets from operations	3,346,442	388,600	3,735,042
Distributions to unitholder from: (note 8)			
Net investment income	(1,768,248)	(98,427)	(1,866,675)
Return on capital	(2,095,758)	(119,820)	(2,215,578)
	(3,864,006)	(218,247)	(4,082,253)
Unitholder's transactions (note 5)			
Proceeds from issue of units	76,694,180	4,117,394	80,811,574
Conversion to Class A from Class F	13,344	(13,344)	-
Agents' fees and issue expenses	(4,737,909)	(254,707)	(4,992,616)
Payments on redemption/cancellation of units	(13,545)	-	(13,545)
	71,956,070	3,849,343	75,805,413
Change in net assets during the period	71,438,506	4,019,696	75,458,202
Net assets - Beginning of period	-	-	-
Net assets - End of period	71,438,506	4,019,696	75,458,202
Retained earnings, beginning of period	-	-	-
Increase (decrease) in net assets from operations	3,346,442	388,600	3,735,042
Distributions to unitholder from net investment income	(1,768,248)	(98,427)	(1,866,675)
Retained earnings, end of period	1,578,194	290,173	1,868,367
Contributed surplus, beginning of period	-	-	-
Cost of shares repurchased at less than the original issue price	528	-	528
Contributed surplus, end of period	528	-	528

(See accompanying notes to financial statements)

ING High Income Floating Rate Fund

Statement of Cash Flows

For the period from October 22, 2013 (commencement of operations) to July 31, 2014

	$
Operating Activities	
Increase (decrease) in net assets from operations	3,735,042
Items not affecting cash:	
Unrealized (gain) loss on investments	(1,491,207)
Unrealized (gain) loss on foreign currency forward contracts	907,186
Net realized (gain) loss on investments	(2,576,368)
Changes in non-cash working capital:	
(Increase) decrease in interest receivable	(910,580)
(Increase) decrease in other receivable	(78,309)
Increase (decrease) in accounts payable and accrued liabilities	191,137
Increase (decrease) in management fees payable	85,196
Increase (decrease) in service fees payable	47,871
Purchase of investment portfolio	(192,768,811)
Proceeds on disposition of investment portfolio	96,348,011
Net cash flow provided by (used in) operating activities	(96,510,832)
Financing Activities	
Proceeds from issuance of units	80,811,574
Distributions to unitholder	(3,643,488)
Agents' fees and issue expenses	(4,992,616)
Payments on redemption/cancellation of units	(13,545)
Bank indebtedness, net of prepayments	25,474,410
Net cash flow provided by (used in) financing activities	97,636,335
Net increase (decrease) in cash and short-term investments	1,125,503
Cash - beginning of period	-
Short-term investments - beginning of period	-
Cash - end of period	659,030
Short-term investments - end of period	466,473
Cash and short-term investments - end of period	1,125,503
Interest Paid	148,683

(See accompanying notes to financial statements)

ING High Income Floating Rate Fund

Statement of Investment Portfolio

As at July 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Short-term investments						
USD Time Deposit Overnight Sweep 0.01%				466,473	466,473	0.6%
Total short-term investments				466,473	466,473	0.6%
Investments						
Term loans in USD [(1)]						
Aspect Software, Inc.	Term Loan	7-May-16	2,405,063	2,514,236	2,618,273	3.4%
iQor US Inc.	2nd Lien Term Loan	1-Apr-22	2,000,000	2,120,137	2,062,992	2.6%
Avaya Inc.	Term B-6 Loan	30-Mar-18	1,734,725	1,946,948	1,873,756	2.4%
Advance Pierre Foods Inc.	2nd Lien Term Loan	10-Oct-17	1,500,000	1,592,132	1,575,821	2.0%
Ikaria Acquisition Inc.	1st Lien Term Loan	12-Feb-21	1,325,000	1,474,906	1,448,385	1.9%
Ikaria Acquisition Inc.	2nd Lien Term Loan	12-Feb-22	1,250,000	1,382,954	1,378,163	1.8%
BJs Wholesale Club Inc.	2nd Lien Term Loan	26-Mar-20	1,250,000	1,325,236	1,377,822	1.8%
AmWINS Group, Inc.	Term Loan B	6-Sep-19	1,240,568	1,293,710	1,351,108	1.8%
Atkins Nutritionals Holdings II, Inc.	1st Lien Term Loan	2-Jan-19	1,243,719	1,316,863	1,347,204	1.8%
4L Holdings Inc.	Upsized Term Loan B	8-May-20	1,200,000	1,287,614	1,299,848	1.7%
Fram Group Holdings Inc.	2nd Lien Term Loan	29-Jan-18	1,250,000	1,265,230	1,272,360	1.7%
Securus Technologies, Inc.	Upsized 2nd Lien Term Loan	30-Apr-21	1,125,000	1,181,437	1,233,917	1.6%
Golden Nugget, Inc.	Term Loan	21-Nov-19	1,044,750	1,095,984	1,158,693	1.5%
Clear Channel Communications, Inc.	Term Loan E	30-Jul-19	1,025,000	1,077,000	1,113,076	1.5%
AlixPartners LLP	2nd Lien Term Loan	9-Jul-21	1,000,000	1,067,470	1,102,258	1.5%
RedPrairie Corporation	2nd Lien Term Loan	21-Dec-19	1,000,000	1,075,262	1,090,283	1.4%
ATI Physical Therapy Inc.	Term loan B	21-Dec-19	992,443	1,056,297	1,088,526	1.4%
New Wave Communications	Including Add on Term Loan B	30-Apr-20	994,976	1,103,180	1,084,535	1.4%
CHG Medical Staffing, Inc.	Upsized 2nd lien term loan	19-Nov-20	980,435	1,058,482	1,081,581	1.4%
Waterpik Inc.	1st Lien Term Loan	8-Jul-20	992,500	1,037,912	1,080,485	1.4%
Healogics, Inc.	2nd Lien Term Loan	9-Jun-22	1,000,000	1,055,885	1,077,763	1.4%
Freescale Semiconductor, Inc.	Tranche B-4 Term Loan	1-Mar-20	992,500	1,043,997	1,073,732	1.4%
Jacobs Douwe Egberts	Term Loan B-1 USD	29-May-21	1,000,000	1,045,219	1,072,320	1.4%
Miller Heiman, Inc.	Term Loan B	30-Sep-19	987,500	1,021,080	1,053,541	1.4%
Cooper Gay Swett & Crawford, Ltd.	2nd Lien Term Loan	16-Oct-20	1,000,000	1,039,228	1,039,661	1.4%
Connolly / iHealth Technologies Ltd.	1st Lien Term Loan	14-May-21	949,494	1,039,833	1,038,835	1.4%
iQor US Inc.	1st Lien Term Loan	1-Apr-21	968,254	1,027,765	1,009,291	1.3%
Attachmate Corporation	1st Lien Term Loan	22-Nov-17	910,074	961,210	999,421	1.3%
KIK Custom Products, Inc.	1st Lien with incremental	29-Apr-19	895,485	914,963	973,245	1.3%
Eze Castle Software, Inc.	2nd Lien Term Loan	5-Apr-21	895,000	988,080	969,470	1.3%
Federal-Mogul Corporation	Term Loan C	15-Apr-21	875,000	943,627	951,378	1.3%
Utility Services Associates, Inc.	Term Loan	30-Sep-20	865,567	894,742	949,367	1.3%
First American Payment Systems, L.P.	1st Lien Term Loan	12-Oct-18	854,593	890,295	932,097	1.2%
McGraw Hill Global Education Holding LLC	Term Loan B	22-Mar-19	849,290	957,455	931,514	1.2%
Santander Asset Management S.a.r.l.	Term Loan B-1 USD	17-Dec-20	845,750	908,717	921,876	1.2%
Otter Products LLC	Term Loan B	3-Jun-20	850,000	914,921	915,520	1.2%
STS Operating, Inc.	1st Lien Term Loan	21-Feb-21	822,938	911,425	898,971	1.2%
Gates Global LLC	1st Lien Secured Term Loan	3-Jul-21	825,000	881,929	891,561	1.2%
Active Network, Inc.	1st Lien Term Loan	15-Nov-20	812,246	862,796	876,145	1.2%
Millennium Laboratories, LLC	Term Loan B	16-Apr-21	800,000	869,497	871,283	1.2%
Doosan Infracore Bobcat Holdings Co., Ltd.	Term Loan B	28-May-21	780,000	848,549	851,977	1.1%
CBAC Borrower, LLC	Funded Term Loan B	2-Jul-20	750,000	800,302	846,085	1.1%
Vince, LLC	Term Loan	4-Nov-19	763,903	796,995	836,821	1.1%
NEP Supershooters L.P.	2nd Lien Term Loan	22-Jul-20	750,000	804,498	834,858	1.1%
Houghton International, Inc.	2nd Lien Term Loan	20-Dec-20	750,000	784,045	828,735	1.1%
Learfield Communications, Inc.	2nd Lien Term Loan	9-Oct-21	750,000	801,116	824,652	1.1%
Walker & Dunlop Inc.	Term Loan	20-Dec-20	746,250	811,817	820,529	1.1%
American Casino and Entertainment Properties LLC	1st Lien Term Loan	3-Jul-19	744,361	829,635	810,348	1.1%
Duff & Phelps, LLC	Add-on Term Loan	23-Apr-20	744,365	773,565	810,606	1.1%
CEC Entertainment, Inc.,	1st Lien Term Loan	14-Feb-21	748,125	817,111	807,523	1.1%
Univision Communications, Inc.	Term Loan - C4	1-Mar-20	741,878	820,669	801,790	1.1%
Visant Corporation	10% Senior Notes due 2017	1-Oct-17	750,000	804,796	794,034	1.1%
Merrill Communications, LLC	Term Loan B	8-Mar-18	690,606	732,623	762,479	1.0%
Aricent Group	2nd Lien Term Loan	14-Apr-22	700,000	764,206	757,292	1.0%
Connolly / iHealth Technologies Ltd.	2nd Lien Term Loan	14-May-22	650,000	699,645	716,468	0.9%
Accellent, Inc.	1st Lien Term Loan	12-Mar-21	648,375	721,479	703,030	0.9%
Fortescue Metals Group Ltd.	Term Loan	30-Jun-19	645,125	684,472	699,682	0.9%
MedSolutions Holdings, Inc.	Term loan B	8-Jul-19	617,500	682,781	673,082	0.9%

ING High Income Floating Rate Fund

Statement of Investment Portfolio …. Continued

As at July 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Term loans in USD…. Continued						
Sophos Ltd.	Term Loan B USD	27-Jan-21	533,264	589,438	581,263	0.8%
Filtration Group Corporation	2nd Lien Term Loan	22-Nov-21	500,000	517,795	552,490	0.7%
Bauer Performance Sports Ltd.	Term Loan B	15-Apr-21	509,642	552,270	552,915	0.7%
First American Payment Systems, L.P.	2nd Lien Term Loan	11-Apr-19	500,000	543,999	548,407	0.7%
CorpSource Finance Holdings, LLC	2nd Lien Term Loan	30-Apr-19	500,000	528,540	549,768	0.7%
KIK Custom Products, Inc.	2nd Lien Term Loan	29-Oct-19	500,000	516,608	550,222	0.7%
Aptean Holdings, Inc.	2nd Lien Term Loan	26-Feb-21	500,000	548,029	548,407	0.7%
Encompass Digital Media, Inc.	1st Lien Term Loan	5-Jun-21	500,000	542,698	547,727	0.7%
Atkins Nutritionals Holdings II, Inc.	2nd Lien Term Loan	3-Apr-19	500,000	527,242	547,047	0.7%
Men's Wearhouse	Term Loan	18-Jun-21	500,000	542,792	548,407	0.7%
Aricent Group	1st Lien Term Loan	14-Apr-21	500,000	547,240	547,047	0.7%
Websense, Inc.	2nd Lien Term Loan	24-Dec-20	500,000	523,346	545,686	0.7%
Minerals Technologies Inc.	Senior Secured Term Loan	9-May-21	500,000	542,446	545,686	0.7%
24 Hour Fitness Worldwide, Inc.	Term Loan B	28-May-21	500,000	539,773	545,346	0.7%
Husky Injection Molding Systems, Ltd.	1st Lien Term B Loan	30-Jun-21	500,000	521,398	544,835	0.7%
Dave & Buster's, Inc.	Term Loan	25-Jul-20	500,000	544,061	545,941	0.7%
Catalina Marketing Corporation	1st Lien Term Loan	4-Apr-21	500,000	540,907	544,053	0.7%
RentPath, Inc.	Term Loan B	29-May-20	496,241	518,663	542,933	0.7%
CorpSource Finance Holdings, LLC	1st Lien Term Loan	30-Apr-18	496,241	521,989	543,609	0.7%
National Financial Partners Corp.	Add-On Term Loan B	24-Jun-20	497,489	553,482	542,810	0.7%
Fram Group Holdings Inc.	1st Lien Term Loan	29-Jul-17	498,372	517,759	542,959	0.7%
Blackboard Inc.	Term Loan B-3	4-Oct-18	497,500	527,237	542,957	0.7%
RedPrairie Corporation	Incremental 1st Lien Term Loan	21-Dec-18	497,500	530,561	543,127	0.7%
Hawaiian Telcom Communications, Inc.	Term Loan B	6-Jun-19	496,249	519,419	542,532	0.7%
Twin River Management Group, Inc.	Term Loan B	10-Jul-20	500,000	545,391	542,284	0.7%
Learfield Communications, Inc.	1st Lien Term Loan	9-Oct-20	497,500	545,611	541,603	0.7%
Vantage Specialties Inc.	Incremental Term Loan Facility	10-Feb-19	496,207	521,719	541,883	0.7%
The Active Network, Inc.	2nd Lien Term Loan	15-Nov-21	500,000	549,787	540,242	0.7%
U.S. Telepacific Corp.	1st Lien Term Loan	23-Feb-17	496,559	517,165	541,593	0.7%
Fitness International, LLC.	Term Loan B	1-Jul-20	500,000	531,655	541,150	0.7%
Global Tel*Link Corporation	2nd Lien Term Loan	23-Nov-20	500,000	503,867	539,902	0.7%
NEP/NCP Holdco, Inc.	Term Loan B with Add on	22-Jan-20	497,494	554,052	540,581	0.7%
Atlantic Power Limited Partnership	Term Loan	26-Feb-21	492,171	539,311	540,490	0.7%
Accellent, Inc.	2nd Lien Term Loan	11-Mar-22	500,000	555,732	537,521	0.7%
Genesys Telecommunications Laboratories, Inc.	Existing Term Loan B	8-Feb-20	498,737	543,931	538,200	0.7%
Blue Coat Systems, Inc.	1st Lien Term Loan	31-May-19	495,001	517,479	537,984	0.7%
Metaldyne, LLC	USD Term Loan B	18-Dec-18	490,167	550,413	535,065	0.7%
SurveyMonkey.com, LLC	Term Loan B	4-Feb-19	486,731	511,986	533,523	0.7%
MPH Acquisition Holdings LLC	Term loan	31-Mar-21	486,364	529,078	526,832	0.7%
Cooper Gay Swett & Crawford, Ltd.	1st Lien Term Loan	16-Apr-20	496,241	515,707	524,926	0.7%
Golden Nugget, Inc.	Delayed Draw Term Loan	21-Nov-19	447,750	469,707	496,583	0.7%
Sedgwick Holdings, Inc.	2nd Lien Term Loan	28-Feb-22	450,000	498,905	488,300	0.6%
Pre-Paid Legal Services, Inc.	1st Lien Term Loan	1-Jul-19	438,596	464,572	479,865	0.6%
Del Monte Foods Consumer Products, Inc.	2nd Lien Term Loan	18-Aug-21	450,000	474,658	476,828	0.6%
Tropicana Entertainment Inc.	Term Loan	27-Nov-20	421,813	445,347	458,058	0.6%
MIPL (Lux) S.a.r.l	Term Loan	9-Mar-20	402,222	422,727	438,427	0.6%
Herff Jones, Inc.	1st Lien Term Loan	24-Jun-19	386,612	409,467	422,632	0.6%
Advantage Sales & Marketing, Inc.	1st Lien Term Loan	26-Jun-21	387,097	415,417	419,080	0.6%
Roundys Supermarkets, Inc.	Term Loan B	3-Mar-21	374,063	408,463	405,187	0.5%
Encompass Digital Media, Inc.	2nd Lien Term Loan	5-Jun-22	350,000	377,980	387,695	0.5%
Redtop Acquisitions Limited	2nd Lien Term Loan USD	3-Jun-21	348,250	362,037	386,231	0.5%
Transfirst Holdings, Inc.	2nd Lien Term Loan	27-Jun-18	350,000	391,631	382,297	0.5%
Kronos Incorporated	Upsized Term Loan	30-Oct-19	346,420	362,144	377,884	0.5%
WNA Holdings Inc (a.k.a Waddington Group)	USD 2nd Lien Term Loan	30-Nov-20	340,283	386,696	371,375	0.5%
Cengage Learning Acquisition, Inc.	1st Lien Term Loan	31-Mar-20	324,188	352,194	354,956	0.5%
Jason Incorporated	2nd Lien Term Loan	21-May-22	325,000	342,314	347,620	0.5%
Advance Pierre Foods Inc.	1st Lien Term Loan B	10-Jul-17	318,026	347,842	346,580	0.5%
Monarch (Allnex S.a.r.l.)	1st Lien Term Loan B-1	3-Oct-19	309,814	319,839	337,068	0.4%
Asurion, LLC	2nd Lien Term Loan	3-Mar-21	300,000	322,642	336,495	0.4%
Omnitracs Inc.	Upsized 2nd Lien Term Loan	25-May-21	300,000	317,549	328,500	0.4%
Aquilex LLC (a.k.a Hydrochem)	Term Loan	31-Dec-20	301,213	320,831	327,095	0.4%
FTS International, Inc. (fka Frac Tech)	Term Loan	16-Apr-21	293,579	313,304	322,344	0.4%
Medpace Holdings, Inc.	Term loan B	1-Apr-21	285,849	310,174	311,838	0.4%
Del Monte Foods Consumer Products, Inc.	1st Lien Term Loan	18-Feb-21	284,288	315,184	306,878	0.4%
ServiceMaster Company	Term Loan	1-Jul-21	275,000	290,368	297,227	0.4%

ING High Income Floating Rate Fund

Statement of Investment Portfolio …. Continued

As at July 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Term loans in USD…. Continued						
MMI International Ltd.	Term Loan B	20-Nov-18	260,684	261,191	283,793	0.4%
Electrical Components International, Inc.	Term Loan B	30-May-21	250,000	271,249	273,750	0.4%
M/A-COM Technology Solutions Holdings, Inc.	Term Loan B	8-May-21	250,000	264,638	273,523	0.4%
Aegis Toxicology Sciences Corporation	1st Lien Term Loan	24-Feb-21	250,000	275,777	273,523	0.4%
OSG Bulk Ships, Inc.	1st Lien Term Loan	22-Jul-19	250,000	266,273	273,183	0.4%
US Ecology Inc.	Term loan B	17-Jun-21	250,000	270,784	273,070	0.4%
Liberty Cablevision of Puerto Rico LLC	2nd Lien Facility	7-Jul-23	250,000	267,170	272,333	0.4%
Knowledge Universe Education, LLC	Term loan B	18-Mar-21	249,375	274,219	272,161	0.4%
Advantage Sales & Marketing, Inc.	2nd Lien Term Loan	26-Jun-22	250,000	266,945	272,276	0.4%
Kronos Worldwide, Inc.	Term Loan B Facility	18-Feb-20	249,375	272,656	272,585	0.4%
Hillman Group (The), Inc.	Term Loan B	30-Jun-21	250,000	267,841	272,673	0.4%
Equinox Holdings, Inc.	Upsized 1st Lien Term Loan	31-Jan-20	250,000	268,077	272,333	0.4%
CareCore National, LLC	Term loan B	5-Mar-21	249,375	266,130	272,500	0.4%
Redtop Acquisition Limited	1st Lien Term Loan USD	3-Dec-20	248,750	259,908	272,156	0.4%
Hyland Software, Inc.	1st Lien Term Loan	19-Feb-21	249,375	276,204	272,161	0.4%
Custom Sensors & Technologies, Inc.	1st Lien Term Loan	30-May-21	250,000	267,741	272,389	0.4%
Filtration Group Corporation	1st Lien Term Loan	21-Nov-20	248,750	260,179	272,085	0.4%
Gemini HDPE LLC	Senior Secured Term Loan	4-Aug-21	250,000	268,687	272,049	0.4%
Phillips-Medisize Corporation	1st Lien Term Loan	16-Jun-21	250,000	265,304	272,162	0.4%
Phillips-Medisize Corporation	1st Lien Term Loan	21-May-21	250,000	269,639	272,162	0.4%
TI Group Automotive Systems, LLC	Term Loan B	2-Jul-21	250,000	265,379	272,162	0.4%
Healogics, Inc.	1st Lien Term Loan	1-Jul-21	250,000	263,971	271,822	0.4%
XO Communications LLC	1st Lien Term Loan	19-Mar-21	249,375	274,219	271,918	0.4%
TGI Friday's, Inc.	1st Lien Term Loan	5-Jun-20	250,000	266,797	271,822	0.4%
Amsurg Corp.	Term Loan B	16-Jul-21	250,000	268,290	271,879	0.4%
Key Safety Systems, Inc.	1st Lien Term Loan	9-Jul-21	250,000	268,687	271,482	0.4%
VAT Holding AG	Term Loan B	11-Feb-21	249,375	277,147	271,567	0.4%
Burlington Coat Factory Warehouse Corporation	Term Loan B	17-Jul-21	250,000	271,349	272,162	0.4%
Correct Care Solutions	1st Lien Term Loan	15-Jul-21	250,000	268,687	271,482	0.4%
Emerald Performance Materials LLC	1st Lien Term Loan	22-Jul-21	250,000	267,319	271,482	0.4%
PharMEDium Healthcare Corporation	2nd Lien Term Loan	28-Jan-22	250,000	277,170	270,802	0.4%
Cooper-Standard Automotive Inc.	Term Loan B	4-Apr-21	250,000	275,267	271,142	0.4%
Rovi Solutions Corporation	Term Loan B	2-Jul-21	250,000	265,304	271,142	0.4%
CHS/Community Health Systems, Inc.	Term loan D	22-Jan-21	248,750	273,519	271,328	0.4%
Talbots Inc.	1st Lien Term Loan	19-Mar-20	249,375	275,112	270,125	0.4%
Ennis Flint (a.k.a Road Infrastructure Investment LLC)	1st Lien Term Facility	31-Mar-21	249,375	270,455	270,803	0.4%
Stuart Weitzman Holdings, LLC	Term Loan	8-Apr-20	250,000	274,620	270,461	0.4%
Atrium Innovations, Inc.	USD 2nd Lien Term Loan	13-Aug-21	250,000	277,170	269,781	0.4%
AZ Chem US Inc.	1st Lien Senior Secured Term Loan	12-Jun-21	246,233	263,124	269,821	0.4%
Solenis International, L.P.	USD 1st Lien Term Loan	2-Jul-21	250,000	264,832	269,554	0.4%
Sybil Finance B.V.	Term Loan	20-Mar-20	246,875	272,354	268,537	0.4%
Atrium Innovations, Inc.	USD 1st Lien Term Loan	13-Feb-21	249,375	276,477	268,428	0.4%
MoneyGram International, Inc.	New Term Loan Add-On	27-Mar-20	249,369	275,606	267,177	0.4%
Salix Pharmaceuticals, Ltd.	Term loan	2-Jan-20	243,750	268,021	266,188	0.4%
SuperMedia, Inc.	Term Loan	30-Dec-16	273,323	219,981	256,454	0.3%
EFS Cogen Holdings I Inc.	Term Loan	17-Dec-20	229,656	251,254	250,171	0.3%
Global Tel*Link Corporation	1st Lien Term Loan	23-May-20	229,950	241,325	248,718	0.3%
AZ Chem US Inc.	2nd Lien Senior Secured Term loan	13-Jun-22	225,000	238,774	248,212	0.3%
Colouroz Investment 2 LLC	USD Term Loan B2	3-May-21	214,535	231,037	233,407	0.3%
Phillips-Medisize Corporation	2nd Lien Term Loan	16-Jun-22	200,000	212,662	218,819	0.3%
Monarch (Allnex S.a.r.l.)	1st Lien Term Loan B-2	3-Oct-19	160,748	165,949	174,888	0.2%
Monarch (Allnex S.a.r.l.)	2nd Lien Term Loan	3-Apr-20	127,004	134,869	140,682	0.2%
Gymboree Corporation (The)	Term Loan B	23-Feb-18	125,000	118,261	111,502	0.1%
Aster II S.A.	USD Term Loan C	2-May-21	34,465	37,116	37,497	0.0%
Advantage Sales & Marketing, Inc.	Delayed Draw Term Loan	9-Jul-21	12,903	13,834	13,969	0.0%
Total term loans				104,983,076	106,513,317	141.2%
Common Stock						
Information Technology						
Cengage Learning Holdings			13,437	543,706	504,672	0.7%
Total Common Stock			13,437	543,706	504,672	0.7%
Total investments				105,526,782	107,017,989	141.9%

	Maturity date	Contract price / rate	Unrealized gain (loss) (CAD)	% of NAV
Foreign currency forward contracts				
Bought CAD 4,013,002 sold USD 3,731,116	20-Aug-14	0.929757	(50,694)	-0.1%
Bought CAD 71,814,474 sold USD 66,770,000	20-Aug-14	0.929757	(907,185)	-1.2%
Bought USD 3,731,116 sold CAD 4,013,002 [2]	20-Aug-14	0.929757	50,694	0.1%
Total foreign currency forward contracts			(907,185)	-1.2%
Bank indebtedness			(25,474,410)	-33.8%
Other liabilities net of other assets			(5,644,665)	-7.5%
Net assets of the Fund			75,458,202	100.0%

[1] The investments held in the portfolio are all floating rate notes.
[2] This unrealized forward currency contract gain and losses are attributed to and allocated solely to the Class U Units.
(See accompanying notes to financial statements)

1 Corporate activities

ING High Income Floating Rate Fund (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 Aston Hill Capital Markets Inc. (the "Manager") the Manager of the Fund Computershare Trust Company of Canada (the "Trustee") dated September 26, 2013. The Fund commenced operations on October 22, 2013. 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 July 31.

The Fund is divided into Units of two classes, Class A Units and Class U Units. The Class A Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol IHL.UN. The Class U Units are designed for investors wishing to make their investment in U.S. Dollars. The Class U Units are not listed on a stock exchange but may be converted into Class A Units on a weekly basis.

2 Investment objectives

The Fund's investment objectives are to:

(i) provide monthly cash distributions;

(ii) preserve capital; and

(iii) generate increased returns in the event that short-term interest rates rise above applicable LIBOR floors, in each case, through exposure to a diversified portfolio (the "Portfolio") consisting primarily of senior secured floating rate corporate loans and second lien secured floating rate loans of non-investment grade North American borrowers, and actively managed by Voya Investment Management Co. LLC (the "Sub-Advisor").

In order to achieve the Fund's investment objectives, the Sub-Advisor invests in a broadly diversified portfolio (the "Portfolio") composed primarily of first lien, senior secured floating rate loans and second lien secured floating rate loans. The Sub-Advisor generally seeks to make investments in loans of non-investment grade North American borrowers that have (i) significant levels of assets and/or cash flow coverage; (ii) a protective capital structure; (iii) strong senior management; and (iv) attractive market positioning. The Portfolio consists primarily of loans that are expected to generate increased Portfolio cash flow in the event that short-term interest rates rise above applicable LIBOR floors (which set a minimum LIBOR rate for such loans). Up to 20% of Total Assets of the Fund may be invested in corporate bonds, unsecured loans and notes with fixed and floating interest rates and structured credit notes.

3 Summary of significant accounting policies

Basis of presentation

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

Valuation of investments

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

The reconciliation between the Transactional NAV and the GAAP Net Assets as a result of the adoption of Section 3855 is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
Per Class A Unit			
July 31, 2014	9.36	(0.05)	9.31
Per Class U Unit (USD)			
July 31, 2014	9.30	(0.05)	9.25

Cash and short-term investments

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

Income recognition

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

Expense recognition

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

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the end of the period. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates. The Fund's Class U Units are denominated in U.S. dollars.

Realized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statement of Operations in "Net realized gain (loss) on foreign exchange". Unrealized foreign currency gains and losses on monetary assets and liabilities other than investments denominated in foreign currencies are included in the Statement of Operations in "Unrealized gain (loss) on foreign exchange".

Foreign currency forward contracts

The Fund is exposed to the foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of the foreign currency forward 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 net realized gain or loss on foreign currency forward contracts.

Initial fees and expenses

The issue expenses and Agents' fees incurred in connection with the unit issuance are deducted from the unit capital for accounting purposes.

Increase (decrease) in net assets from operations per unit

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

Valuation of a class

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

Designation of financial assets and liabilities

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

Related party transactions

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

International Financial Reporting Standards (IFRS)

Beginning August 1, 2014, the Fund will prepare its semi-annual and annual financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and provide comparative statements on an IFRS basis, including an opening balance sheet as at August 1, 2014 (the transition date). The Fund will also report its interim financial statements for the period ending January 31, 2015, in accordance with IFRS.

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

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and asks prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates. See note 3 of the Financial Statements.

The Fund has in issue an unlimited number of Class A and Class U units. The Class A units are denominated in CAD and the Class U units are denominated in USD. Given this fact the units of the Fund are not identical in all respects and therefore do not meet the conditions for equity classification under International Standards 32- Financial Instruments. The impact of this is on presentation only and there is no impact on the net asset per.

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

4 Custodian

The Fund has retained State Street Trust Company Canada to also act as custodian (the "Custodian") of the assets of the Fund. The Custodian also carries out certain aspects of the day-to-day administration of the Fund, including calculating Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated A+ by S&P as at October 22, 2013 (commencement of operations) and July 31, 2014.

5 Unitholders' equity

The beneficial interest in the net assets and net income of the Fund is divided into two classes of Units, Class A Units and Class U Units. The Fund is authorized to issue an unlimited number of transferable, redeemable Units. The Class U Units are designed for investors wishing to make their investments in U.S. Dollars. The Class U Units may be converted into Class A Units on a weekly basis. Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units, subject to Unitholders of each class being entitled to distributions or redemptions based on the Net Asset Value of the Units of a particular class.

On October 22, 2013, the Fund completed its initial public offering pursuant to the Prospectus dated September 26, 2013. $76,000,000 was raised through the issue of 7,600,000 Class A Units and U.S. $4,003,300 was raised through the issue of 400,330 Class U Units. The Class A Units were issued at $10.00 per Unit and incurred Agents' fees and issue expenses of $4,701,465 or $0.62 per Unit, for an opening Transactional NAV of $9.38. The Class U Units were issued at U.S. $10.00 per Unit and incurred Agents' fees and issue expenses of U.S. $247,649 or U.S. $0.62 per Unit, for an opening Transactional NAV of U.S. $9.38 per Unit.

On November 14, 2013, the Agents exercised an over-allotment option in respect of 69,418 Class A Units, raising a further $694,180. Agents' fees were $36,444 or $0.525 per Unit.

Commencing in 2015, the Class A Units and Class U 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 during the period from the first Business Day (any day except Saturday, Sunday, a statutory holiday in Toronto or any other day on which the TSX is not open for trading) in April until 5:00 p.m. (Toronto time) on April 15 in the year of redemption (the "Notice Period"), subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Notice 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, which is the 10th Business Day of the month immediately following an Annual Redemption Date. Redeeming Unitholders will be entitled to receive a redemption price in an amount equal to 100% of the Annual Redemption Price, which is the redemption price per Unit of the relevant class on an Annual Redemption Date less any costs associated with the redemption, including brokerage costs and less any net realized capital gains or income to the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption. Unitholders depositing Units during the Notice Period will be entitled to elect to receive the Monthly Redemption Amount rather than the Annual Redemption Amount (as defined below).

In addition to the annual redemption right, commencing in 2015, the Class A Units and Class U 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 first 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 a Monthly Redemption 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 or income of the Fund incurred by it to fund the payment of the redemption price. Unitholders surrendering a Class A Unit for redemption will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Class A Unit, and (ii) 100% of the Closing Market Price of a Class U 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. Unitholders surrendering a Class U Unit for redemption will receive in U.S. dollars an amount equal to the U.S. dollar equivalent of the product of (i) the Monthly Redemption Amount and (ii) a fraction, the numerator of which is the most recently calculated Redemption Net Assets per Unit of a Class U Unit and the denominator of which is the most recently calculated Redemption Net Assets per Unit of a Class A Unit.

During the period from October 22, 2013 (commencement of operations) to July 31, 2014, the Fund had repurchased 1,500 Class A units for $13,545. There were 1,300 units of Class U converted to 1,417 units of Class A for a total value of $13,344.

Changes in outstanding Units during the period from October 22, 2013 (commencement of operations) to July 31, 2014 are summarized as follows:

	Class A Units July 31, 2014	**Class U Units July 31, 2014**
Balance – beginning of period	–	–
Units issued	7,669,418	400,330
Class U Units converted to Class A Units	1,417	(1,300)
Units repurchased	(1,500)	–
Units redeemed	–	–
Balance – end of period	7,669,335	399,030

The Unit Capital dollar amount represents the face value of the Fund's Units minus any return on capital distributions and issue costs paid since October 22, 2013 (commencement of operations) to July 31, 2014. If the redemption price is lower than the average cost per unit, the difference is included in Contributed Surplus on the Statement of Net Assets. If the redemption price is greater than the average cost per unit, the difference is first charged to Contributed Surplus until the balance in Contributed Surplus is eliminated and the remaining amount is charged to Retained Earnings.

6 Bank indebtedness

The Fund may employ leverage of up to 35% of total assets for the purpose of acquiring assets for the Portfolio and such other short-term funding purposes as may be determined by the Sub-Advisor, 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 1.54:1.

During the period from October 22, 2013 (commencement of operations) to July 31, 2014, the Trust applied leverage in the range from nil% to 26.64% or from nil to U.S. $25,000,000 (the Canadian equivalent was $nil to $27,566,250). The leverage factor as of July 31, 2014 was 25.14% and the borrowed balance was U.S. $23,400,000 (the Canadian equivalent was $25,474,410). The Interest expense charged to the Fund during the period from October 22, 2013 (commencement of operations) to July 31, 2014 was $158,020.

7 Purchase for cancellation

The Fund's Trust Agreement provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market) Class A Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager's assessment that such purchases are accretive to Unitholders, in all cases at a price per Class A Unit not exceeding the most recently calculated NAV per Class A Unit immediately prior to the date of any such purchase of Class A Units. These purchases are made as normal course issuer bids through the facilities and under the rules of the TSX or such other exchange or market on which the Class A Units are listed.

The Fund purchased 1,500 Class A Units for cancellation during the period from October 22, 2013 (commencement of operations) to July 31, 2014.

8 Distributions

The Fund does not have a fixed distribution policy but intends to make monthly distributions based on the actual and expected returns on the Portfolio. The Fund paid an initial distribution of $0.07042 per Class A Unit and U.S. $0.07042 per Class U Unit covering the period from October 22, 2013 (commencement of operations) to November 30, 2013. The Fund made regular monthly distributions of $0.05417 per Class A Unit and U.S. $0.05417 per Class U Unit thereafter. The distribution amount represents an annualized current yield of 6.5% based on the initial offering price of $10.00 per Unit.

In total, the Fund paid distributions of $0.50378 per Class A Unit and U.S. $0.50378 per Class U Unit during the period from October 22, 2013 (commencement of operations) to July 31, 2014.

9 Management fees and related party transactions

The Manager receives a management fee from the Fund equal in the aggregate to 1.25% per annum of the applicable NAV plus applicable taxes, calculated daily and payable monthly in arrears, plus a service fee equal to 0.40% annually of the NAV for each Class A Unit or Class U Unit held by clients of the registered dealers, calculated and paid at the end of each calendar quarter.

The management fees charged to the Fund on a combined basis during the period from October 22, 2013 (commencement of operations) to July 31, 2014 were $730,962 plus applicable taxes.

The Manager is responsible for payment of the Sub-Advisor fees out of the above management fees.

10 Service fees

From the amounts received by the Manager from the Fund, a service fee is payable by the Manager to each registered dealer whose clients hold Class A Units or Class U Units of the Fund at the end of each calendar quarter. The service fee is equal to 0.40% annually of the NAV for each Class A Unit or Class U Unit held by clients of the registered dealers, calculated and paid at the end of each calendar quarter.

The service fees charged to the Fund during the period from October 22, 2013 (commencement of operations) to July 31, 2014 were $233,908.

11 Income taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and accordingly, is subject to tax on its investment income, including net realized capital gains, for any calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its Unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to Unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

The Fund did not have any net taxable capital and non-capital losses at tax year ends December 31, 2013. The Fund did not have any capital and non-capital carry forward balances as at the tax year end December 31, 2013.

12 Broker commission charges and soft dollar services

There were Nil of broker commissions paid during the period from October 22, 2013 (commencement of operations) to July 31, 2014 in connection with portfolio transactions. No contractual arrangements for soft dollar services exist in the broker commission charges.

13 Financial instruments

For the purposes of categorization in accordance with CPA Canada Section 3862, Financial Instruments – Disclosures, cash is reported at fair value, interest receivable and prepaid expenses and other assets are deemed to be loans and receivables and are recorded at cost or amortized cost. Similarly, distributions payable, management fees payable and accounts payable and accrued liabilities are deemed to be financial liabilities and reported at amortized cost.

The following tables illustrate the classification of the Fund's and the Trust's financial instruments within the fair value hierarchy as at and July 31, 2014:

Assets at fair value as at July 31, 2014	Level 1	Level 2	Level 3	Total
Term loans	–	106,513,317	–	106,513,317
Equities	504,672	–	–	504,672
Short-term investments	–	466,473	–	466,473
Foreign currency forward contracts	–	50,694	–	50,694
Total	**504,672**	**107,030,484**	–	**107,535,156**

Liabilities at fair value as at July 31, 2014	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	957,879	–	957,879
Total	–	**957,879**	–	**957,879**

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.

Term loans and Short-term investments: Term loans and Short-term investments are classified as Level 2 as they are valued using observable inputs, including interest rate curves, credit spreads and volatilities and are not actively traded.
Equities: The Fund's long equity positions are classified as Level 1 as the security held is actively traded and a reliable quote is observable.

Foreign currency forward contracts: Foreign currency forward contracts for which inputs, including interest rates, 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.

There were no transfers among the three levels during the period from October 22, 2013 (commencement of operations) to July 31, 2014.

14 Financial instrument risk

The Fund's activities expose it to a variety of financial risks. The Manager may invest in derivatives for the purpose of hedging interest rate exposure. The Manager also invests in foreign currency forward contracts to hedge the Fund's Class U foreign exchange risk exposure.

Credit risk

The Fund is exposed to the risk that a security issuer or counterparty will be unable to pay amounts in full when due. The fair value of debt and debt-like securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of these investments and the unrealized gain (loss) on derivative instruments outstanding with counterparties represents the maximum credit risk exposure as at July 31, 2014. The counterparty to the foreign currency forward contract had a S&P rating of A+ by as at July 31, 2014.

The table below summarizes the Fund's exposure to credit risk as of July 31, 2014. Amounts shown are based on the carrying value of debt investments and the unrealized gain (loss) on derivative instruments outstanding with counterparties.

Rating	July 31, 2014 (% of Net Assets)
AA-	(1.2%)
BBB-	0.9%
BB+	1.9%
BB	5.2%
BB-	11.2%
B+	29.9%
B	40.8%
B-	13.3%
CCC+	30.0%
CCC	6.7%
Not rated	1.3%
Total	**140.0%**

As at July 31, 2014, no debt securities 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.

Interest rate risk

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as term loans and short-term notes. Since the Senior Loans held in the Fund are floating rate instruments with a short duration, changes in the prevailing levels of market interest rates are not expected to have a significant impact on the net assets of the Fund but since the loans have a base rate of LIBOR, the yield to the fund will change as LIBOR fluctuates after taken into account any LIBOR floors. As at July 31, 2014, interest rate risk from the Senior Loans and short-term investments was minimal.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the functional currency of the Fund, which is the Canadian dollar ("CAD"). 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 Statement of Investment Portfolio identifies all securities denominated in foreign currencies.

The table below summarizes the Fund's exposure to foreign currencies as at July 31, 2014. The table shows sensitivity evaluation due to exposure to the U.S. dollar for the Class A Units only (the Class U Units are denominated in U.S. dollars). The 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 and liabilities denominated in foreign currencies do not expose the Fund to significant currency risk. The table below summarizes the significant exposure to foreign currencies and the approximate impact on net assets had the functional currency of each class of units weakened by 5% in relation to these currencies. If the functional currency 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.

July 31, 2014 (Class A Units):

	Monetary instruments $	Non-monetary instruments $	Derivative instruments $	Net Exposure $	% of Net Assets	Sensitivity (based on devaluation of CAD) $
U.S. Dollar	72,317,396	–	(72,689,160)	(371,764)	(0.5%)	(19,000)

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. This risk arises mainly from the Fund's exposure to unlimited annual redemptions in any given year. The Fund invests the majority of its assets in investments that can be readily disposed. In addition, the Fund retains sufficient cash positions to maintain liquidity. All liabilities are due within three months. The table below summarizes the maturity dates of the financial instruments held in the Fund.

July 31, 2014

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Term loans	–	4,305,859	22,677,293	79,530,165	**106,513,317**
Short-term investments	466,473	–	–	–	**466,473**
Foreign currency forward contracts	(907,185)	–	–	–	**(907,185)**
Bank indebtedness	(25,474,410)	–	–	–	**(25,474,410)**
Total	**(25,915,122)**	**4,305,859**	**22,677,293**	**79,530,165**	**80,598,195**