

ISL Loan Trust

Annual Report

May 31, 2014

Management Report of Fund Performance

This annual management report of fund performance for **ISL Loan Trust** (the “Fund”) contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

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

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

Investment Objectives and Strategies

The Fund is an investment fund established under the laws of the Province of Ontario and governed by the Fund’s Trust Agreement (the “Trust Agreement”) dated May 27, 2011 between Aston Hill Capital Markets Inc. (the “Manager”) and Computershare Trust Company of Canada (the “Trustee”). The Fund’s principal office 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 May 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 U Units are designed for investors wishing to make their investment in U.S. dollars.

The Fund’s investment objectives are to:

- (i) provide Unitholder with distributions, and
- (ii) provide an investment in a diversified portfolio consisting primarily of senior, secured floating rate corporate loans (“Senior Loans”) and other senior debt obligations of non-investment grade North American borrowers, actively managed by Voya Investment Management Co. LLC (formally ING 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 Senior Loans that exhibit the highest relative value within the asset class. The Sub-Advisor generally seeks to make investments in Senior Loans and other debt obligations of borrowers that have (i) significant levels of assets and/or cash flow coverage; (ii) a protective capital structure, with adequate subordinated debt cushion; (iii) strong senior management; and (iv) attractive market positioning. The Portfolio consists primarily of Senior Loans that are expected to generate increased Portfolio cash flow in the event that short-term interest rates rise. Up to 20% of Total Assets of the Fund may be invested in senior, unsecured floating rate loans and notes, second lien floating rate loans and notes, corporate debt securities, short-term debt obligations, money market obligations and equity securities that are incidental to investment in loans.

Risk

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

Use of Leverage

The Fund may employ leverage of up to 40% 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.

The Fund applied leverage in the range from 30.4% to 39.0% during the year ended May 31, 2014 (25.3% to 35.9% during the same period ended May 31, 2013). The leverage factor as of May 31, 2014 was 30.9% (33.6% as of May 31, 2013).

For full disclosure of risks associated with an investment in the Fund’s Units, please refer to the Fund’s Prospectus dated May 27, 2011 and to the Fund’s most recent Annual Information Form. Both are available at www.sedar.com.

Recent Developments

International Financial Reporting Standards (IFRS)

Beginning June 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 June 1, 2013 (the transition date). The Fund will also report its interim financial statements for the period ending November 30, 2014, in accordance with IFRS.

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

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

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

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

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

Sub-Advisor's Commentary (July 2014)

Market Update

On the whole, the loan market performed relatively well during the Trust's fiscal year. Changing investor sentiment, prompted by "taper-talk" from the U.S. Federal Reserve, dominated the first half of the period, as investors attempted to find a balance between the continued state of loose monetary policy and benign credit conditions on the one hand, and obsession with the prospect and implications of the Fed beginning to reduce its long-running bond buying program on the other. After a healthy start to the fiscal year, loans in June experienced one of the only negative total return months of 2013 (-0.59%). This occurred during a broad fixed income market correction, which was due largely to selling pressure from high-yield bond funds that were meeting large redemptions by reducing their more liquid loan exposure. A surge in new issue loan supply also was a factor. As Fed comments were absorbed over the ensuing months, investors again embraced risk more readily and markets recovered some, if not all, of their late spring losses.

The latter half of the Trust's fiscal year was defined by a generally bullish mindset, even considering the U.S. economy's surprisingly sharp contraction in the first quarter of 2014, due in large part to unusually severe weather. And, of course, throughout the period, the Fed and other central bankers remained as dovish as ever. This environment was conducive to greater risk taking, favoring the equity and high-yield fixed income markets while penalizing shorter-duration asset classes.

Of note during early April was the swift turn to outflow from U.S. retail loan funds and ETFs, a function, most believe, of waning enthusiasm over floating rate assets given the outlook for prospective interest rate moves. While certainly adding some volatility to the market, institutions, primarily in the form of newly formed Collateralized loan obligations (CLOs), have more than offset retail outflow, keeping a relatively solid floor under average secondary bid levels.

As to fundamentals, unforeseen negative credit events were few and far between during the Trust's fiscal year. To-date, trailing default rates at the Index level remain well inside the historical average for the asset class, and the traditional indicators of future default activity appear to be constructive. Although GDP growth has been variable and, for some time now, below what many feel should be the case at this point in the recovery, it has been sufficient for typical, below-investment-grade corporate issuers to comfortably cover their borrowing expenses and capital expenditures, with reasonable cushion.

Portfolio Specifics

The Fund generated a total return based on NAV of 7.45% for the fiscal year period, comfortably above the Index return of 4.36%. Outperformance based on NAV was attributable to favorable credit selection and an emphasis on loans that provide excess coupon for the risk. Finally, the use of leverage for investment purposes also continued to have a positive impact on performance as average loan prices within the Index during the year remained relatively stable (98.79% at May 31, 2014, as compared to 98.22% at the end of the last fiscal year). Fundamental credit performance continued to be positive, as the Trust experienced only one default for the fiscal year (current recovery estimated at approximately 95.00%), compared to the Index's 7 defaults.

Outlook

Looking ahead, absent any unexpected shift in overall risk appetite, we would expect little change in market conditions through the balance of 2014. As for new loan supply, that would mean continued strength in M&A-related activity and sporadic reprising activity. As for investor demand, we anticipate the continuation of moderate retail outflows, significantly offset by CLO formation. Under a status quo economic scenario, new default activity should remain contained by few near-term maturities, decent corporate earnings and ample market liquidity. These factors, taken together, would paint a picture of relative stability, and an environment in which loans should continue to generate a reasonably attractive absolute return, one much less directly susceptible to any unexpected changes to market expectations as they relate to speed and magnitude of interest rate changes.

Capital transactions

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest (the “Units”), which units may be issued in any number of classes. Each Unit represents an equal, undivided interest in the net assets of the Fund, subject to the terms and conditions of the Trust Agreement.

On June 17, 2011, the Fund completed an initial public offering pursuant to the Prospectus dated May 27, 2011. The Fund issued 24,500,000 Class A Units for \$231,403,550 at \$9.45 per Class A Unit and 6,000,000 Class U Units for U.S. \$56,700,000 at U.S. \$9.45 per Class U Unit.

During the period from June 17, 2011 (commencement of operations) to May 31, 2012, the Fund issued an additional 1,436,218 Class A Units for the amount of \$13,608,165 and 879,172 Class U Units for the amount of U.S. \$8,300,411.

During the year ended May 31, 2014, the Fund redeemed 1,710,242 Class A Units for net payment of \$ 17,272,076. The Fund also redeemed 541,677 Class U Units for U.S. \$5,307,424 (During the same period ended May 31, 2013, the Fund issued 1,072,505 Class A Units for a total value of \$10,560,852 and redeemed 2,783,358 Class A Units for net payment of \$27,112,415. The Fund also redeemed 582,364 Class U Units for U.S. \$5,639,525).

Leverage

The Fund may employ leverage of up to 40% 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 Fund could employ is 1.67:1.

The Fund entered into a Credit Agreement dated August 5, 2011 between the Fund Manager (on behalf of the Fund) and the Bank of Nova Scotia (the “Counterparty”). Borrowings by the Fund are made in U.S. dollars. The Fund applied leverage in the range from 30.4% to 39.0% or from U.S. \$116,300,000 to U.S. \$172,500,000 during the year ended May 31, 2014 (25.3% to 35.9% or from \$109,500,000 to U.S. \$167,000,000 during the same period ended May 31, 2013). The amount of U.S. \$119,300,000 or the Canadian equivalent of \$129,500,000 was outstanding as of May 31, 2014 (the amount of U.S. \$151,000,000 or the Canadian equivalent of \$156,066,050 was outstanding on May 31, 2013). The leverage factor was approximately 30.9 % as of May 31, 2014 (33.6% as of May 31, 2013). The related interest expense during the year ended May 31, 2014 was \$2,079,079 (\$1,942,109 during the same period ended May 31, 2013).

Distributions

The Fund does not have a fixed distribution. The Fund pays distributions if, as and when declared by the Fund from time to time.

The Fund paid distributions of \$25,603,575 to Class A Unitholders and among them \$10,692,575 was reinvested. U.S. \$6,554,255 distributions were paid to Class U Unitholders and among them U.S. \$2,517,059 was reinvested to the fund during the year ended May 31, 2014 (\$14,956,000 to Class A Unitholders and U.S. \$4,111,000 to Class U Unitholders during the same period ended May 31, 2013).

Recommendations or Reports by the Independent Review Committee

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

Related Party Transactions

Management Fees

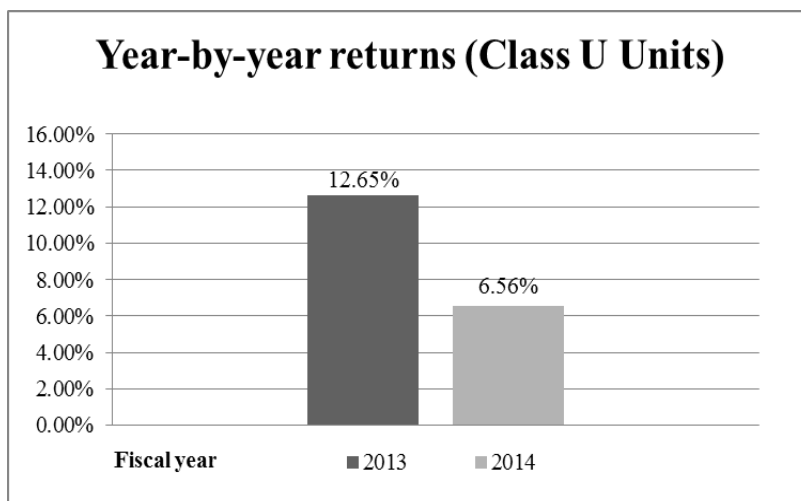
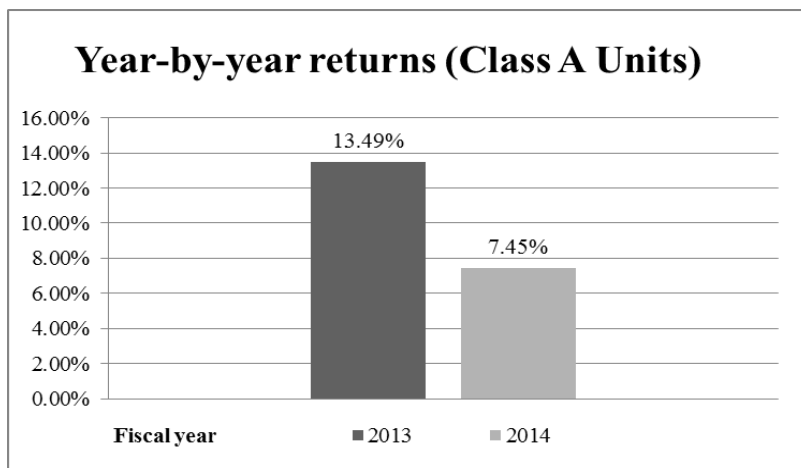
The Manager receives a management fee from the Fund equal in the aggregate to 0.75% per annum of the applicable Net Asset Value, calculated daily and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund during the year ended May 31, 2014 were \$2,239,856 plus applicable taxes (\$2,315,340 plus applicable taxes during the same period ended May 31, 2013).

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

Past Performance

The following bar charts and table shows the Fund’s annual performance of the Class A Units and Class U Units by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the year shown were reinvested. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. The bar charts show, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



Annual Compound Returns

	Past Year	Since Inception ⁽¹⁾
Based on NAV (Class A Units)	7.45%	7.02%
Based on NAV (Class U Units)	6.56%	6.24%
S&P/LSTA Leveraged Loan Index	4.36%	5.10%

⁽¹⁾ Annualized for the period from June 17, 2011 (commencement of operations) to May 31, 2014.

The S&P/LSTA Leveraged Loan Index is an unmanaged total return index that captures accrued interest, repayments, and market value changes. It represents a broad cross section of leveraged loans syndicated in the United States, including dollar-denominated loans to overseas issuers. Standard & Poor’s and the Loan Syndications and Trading Association (“LSTA”) conceived the Index to establish a performance benchmark for the syndicated leveraged loan industry. The Index is not subject to any fees or expenses. An investor cannot invest directly in an index.

Financial Highlights

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

Class A Units:

The Fund's Net Assets per Class A Unit:

	May 31, 2014 CAD	May 31, 2013 CAD	May 31, 2012 ⁽¹⁾ CAD
Net Assets, beginning of period	10.01	9.36	9.45
Increase (decrease) from operations:			
Total revenues	0.89	0.88	0.79
Total expenses	(0.17)	(0.16)	(0.15)
Realized gains (losses) for the period	0.03	0.32	(0.34)
Unrealized gains (losses) for the period	(0.02)	0.20	0.17
Total increase (decrease) from operations⁽²⁾	0.73	1.24	0.47
Distributions:			
From income (excluding dividends)	(1.09)	(0.60)	–
From dividends	–	–	–
From capital gains	–	–	–
Return of capital	–	–	(0.55)
Total Distributions⁽³⁾	(1.09)	(0.60)	(0.55)
Net Assets, end of period⁽⁴⁾	10.10	10.01	9.36

⁽¹⁾ Results for the period from June 17, 2011 (commencement of operations) to May 31, 2012.

⁽²⁾ 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 23,410,072 Class A Units outstanding as of May 31, 2014 (May 31, 2013 – 25,037,169 units).

⁽³⁾ The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.

⁽⁴⁾ This is not a reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data (Class A Units):

	May 31, 2014 CAD	May 31, 2013 CAD	May 31, 2012 ⁽¹⁾ CAD
Net asset value (000's)	228,478	243,842	244,567
Number of units outstanding	22,515,123	24,225,365	25,936,218
Base Management expense ratio ^{(2) (3)}	0.99%	1.04%	1.05%
Interest expense ratio ^{(2) (3)}	0.70%	0.63%	0.61%
Management expense ratio (annualized) ⁽³⁾	1.69%	1.67%	1.66%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	1.69%	1.67%	1.66%
Portfolio turnover rate ⁽⁴⁾	190.02%	254.96%	133.21%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%	0.00%
Net asset value per unit ⁽⁶⁾	10.15	10.07	9.43

⁽¹⁾ Results for the period from June 17, 2011 (commencement of operations) to May 31, 2012.

⁽²⁾ A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Interest expense ratio: representing cost of leverage.

⁽³⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

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

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

⁽⁶⁾ The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio, whereas the net assets per unit (GAAP Net Assets) is based on the closing bid prices of the underlying portfolio; hence the difference between the two amounts.

Class U Units:

The Fund's Net Assets per Class U Unit:

	May 31, 2014 USD	May 31, 2013 USD	May 31, 2012 ⁽¹⁾ USD
Net Assets, beginning of period	9.84	9.30	9.45
Increase (decrease) from operations:			
Total revenues	0.86	0.87	0.79
Total expenses	(0.17)	(0.16)	(0.15)
Realized gains (losses) for the period	0.57	0.45	(0.17)
Unrealized gains (losses) for the period	(0.15)	(0.04)	0.49
Total increase (decrease) from operations ⁽²⁾	1.11	1.12	0.96
Distributions:			
From income (excluding dividends)	(1.10)	(0.62)	–
From dividends	–	–	–
From capital gains	–	–	–
Return of capital	–	–	(0.56)
Total Distributions ⁽³⁾	(1.10)	(0.62)	(0.56)
Net Assets, end of period ⁽⁴⁾	9.79	9.84	9.30

(1) Results for the period from June 17, 2011 (commencement of operations) to May 31, 2012.

(2) 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 6,021,782 Class U Units outstanding as of May 31, 2014 (May 31, 2013 – 6,634,818 units).

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

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

Ratios and Supplemental Data (Class U Units):

	May 31, 2014 USD	May 31, 2013 USD	May 31, 2012 ⁽¹⁾ USD
Net asset value (000's)	56,614	62,295	64,423
Number of units outstanding	5,755,131	6,296,808	6,879,172
Base Management expense ratio ^{(2) (3)}	0.99%	1.04%	1.05%
Interest expense ratio ^{(2) (3)}	0.69%	0.63%	0.61%
Management expense ratio (annualized) ⁽³⁾	1.68%	1.67%	1.66%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾		1.67%	1.66%
Portfolio turnover rate ⁽⁴⁾	190.02%	254.96%	133.21%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%	0.00%
Net asset value per unit ⁽⁶⁾	9.84	9.89	9.36

(1) Results for the period from June 17, 2011 (commencement of operations) to May 31, 2012.

(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Interest expense ratio: representing cost of leverage.

(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

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

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

(6) The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio, whereas the net assets per unit (GAAP Net Assets) is based on the closing bid prices of the underlying portfolio; hence the difference between the two amounts.

Summary of Investment Portfolio as of May 31, 2014

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

	Tranche Description	Maturity date	Fair value \$	% of NAV
Portfolio by Category				
Term loans			426,162,940	147.0%
Equities			1,712,429	0.6%
Foreign currency forward contracts			625,999	0.2%
Cash			(730,618)	(0.3%)
Bank indebtedness			(129,541,905)	(44.7%)
Other liabilities net of other assets			(8,276,816)	(2.8%)
Top 25 Holdings				
OneStopPlus Inc.	First Lien Term Loan	15-Mar-21	4,829,350	1.7%
Zayo Group, LLC	Term Loan B	2-Jul-19	4,266,651	1.5%
CorpSource Finance Holdings, LLC	1st Lien Term Loan	30-Apr-18	4,064,374	1.4%
Arysta LifeScience Corporation	1st Lien Term Loan	29-May-20	3,747,637	1.3%
BMC Software, Inc.	Euro Term Loan	19-Aug-20	3,469,893	1.2%
OAK Leaf BV	Term loan B2	1-Oct-18	3,425,158	1.2%
KIK Custom Products, Inc.	1st Lien with incremental	29-Apr-19	3,410,552	1.2%
Clear Channel Communications, Inc.	Term Loan E	30-Jul-19	3,293,267	1.1%
P.F. Chang's China Bistro, Inc.	Term Loan	30-Jun-19	3,266,077	1.1%
Hub International Limited	Term Loan B	2-Oct-20	3,244,909	1.1%
Neiman Marcus Group, Inc.	Term Loan	31-Oct-20	3,238,806	1.1%
Faenza Acquisition GmbH	Euro Term B-1 Loan	30-Aug-20	3,235,918	1.1%
Advantage Sales & Marketing, Inc.	First Lien Term Loan	17-Dec-17	3,211,493	1.1%
Fram Group Holdings Inc.	Second Lien Term Loan	29-Jan-18	3,221,590	1.1%
U.S. Telepacific Corp.	First Lien Term Loan	23-Feb-17	3,200,175	1.1%
Bronco Midstream Funding, LLC	Term Loan	15-Aug-20	3,189,361	1.1%
Merrill Communications, LLC	Term Loan B	8-Mar-18	3,135,449	1.1%
Station Casinos LLC	Term Loan	28-Feb-20	3,131,969	1.1%
Asurion, LLC	B-1 Term Loan	24-May-19	3,123,155	1.1%
Herff Jones, Inc.	First Lien TL	25-Jun-19	3,037,040	1.0%
Gardner Denver, Inc.	Term Loan B Euro	30-Jul-20	3,001,110	1.0%
Springer Science & Business Media S.A.	Initial Term B2 Loan	1-Aug-20	2,976,728	1.0%
Global Tel*Link Corporation	First Lien Term Loan	23-May-20	2,969,411	1.0%
Serta Simmons Holdings LLC	Term Loan B	1-Oct-19	2,956,010	1.0%
Accudyne Industries LLC	Term Loan	13-Dec-19	2,942,213	1.0%
Net asset value			289,952,029	

Management's Responsibility for Financial Reporting

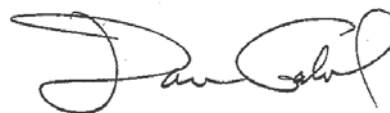
The accompanying financial statements to **ISL Loan Trust** (the "Fund") and all of the information therein have been prepared by Aston Hill Capital Markets Inc. in its capacity as Manager of the Fund and have been approved by the Board of Directors of the Manager. The Fund's Manager is responsible for all 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 Unitholder. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the Unitholder 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
August 27, 2014



August 27, 2014

Independent Auditor's Report

**To the Unitholder of
ISL Loan Trust (the Fund)**

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at May 31, 2014, the statements of net assets as at May 31, 2014 and May 31, 2013, and the statements of operations, changes in net assets and retained earnings, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at May 31, 2014 and May 31, 2013 and the results of its operations, the changes in its net assets and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

ISL Loan Trust

Statements of Net Assets

As at May 31, 2014 and 2013

	2014	2013
Assets	\$	\$
Cash	-	1,267,798
Short-term investments	-	1,326,574
Investments at fair value (cost - \$411,090,984; 2013 - \$480,112,512)	426,531,298	499,280,266
Receivable from investment sales	14,554,711	3,681,982
Interest receivable	2,566,926	2,589,351
Prepaid expenses and other receivable	372,525	331,667
Unrealized gain on forward currency contracts	782,515	67,145
	<u>444,807,975</u>	<u>508,544,783</u>
Liabilities		
Cash overdraft	730,618	-
Bank indebtedness (note 6)	129,541,905	156,066,050
Payable on securities purchased	25,289,977	43,227,388
Accounts payable and accrued liabilities	268,753	226,049
Management fees payable	212,248	227,947
Unrealized loss on foreign currency forward contracts	156,516	2,355,650
	<u>156,200,017</u>	<u>202,103,084</u>
Net assets and unitholder's equity	<u>288,607,958</u>	<u>306,441,699</u>
Net Assets		
Class A	227,418,552	242,429,502
Class U	61,189,406	64,012,197
Class U (USD)	USD 56,351,619	USD 61,934,301
Units issued and outstanding (note 5)		
Class A	22,515,123	24,225,365
Class U	5,755,131	6,296,808
Net assets per unit		
Class A	10.10	10.01
Class U	10.63	10.17
Class U (USD)	USD 9.79	USD 9.84
Unitholder's equity (note 5)		
Unit Capital	264,691,888	271,259,738
Retained Earnings	23,916,070	35,181,961
Total Unitholder's equity	<u>288,607,958</u>	<u>306,441,699</u>

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



Director



Director

ISL Loan Trust

Statements of Operations

For the year ended May 31, 2014 and 2013

	2014	2013
	\$	\$
Income		
Interest income	26,295,764	27,770,062
Expenses		
Management fees (note 8)	2,239,856	2,315,340
Interest expense (note 6)	2,079,079	1,942,109
Custodial and other unitholder fees	374,150	482,530
Harmonized sales tax	291,182	300,995
Other fees	44,690	94,013
Audit fees	9,800	9,800
Filing fees	1,650	1,650
	5,040,407	5,146,437
Investment income	21,255,357	22,623,625
Unrealized gain (loss)		
Change in unrealized gain (loss) on investments	(3,727,440)	(429,871)
Change in unrealized gain (loss) on foreign exchange	(526,384)	(321,940)
Change in unrealized gain (loss) on foreign currency forward contracts	2,914,504	5,578,460
	(1,339,320)	4,826,649
Realized gain (loss)		
Net realized gain (loss) on investments	27,347,820	14,627,030
Net realized gain (loss) on foreign exchange	(9,726,576)	(206,813)
Net realized gain (loss) on foreign currency forward contracts	(13,218,209)	(3,370,908)
	4,403,035	11,049,309
Net gain (loss) on investments	3,063,715	15,875,958
Increase (decrease) in net assets from operations	24,319,072	38,499,583
Increase (decrease) in net assets from operations for		
Class A	17,172,126	31,059,676
Class U	7,146,946	7,439,907
Class U (USD) *	USD 6,709,210	USD 7,408,436
Increase (decrease) in net assets from operations per unit **		
Class A	0.73	1.24
Class U	1.19	1.12
Class U (USD) *	USD 1.11	USD 1.12

* (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)

ISL Loan Trust

Statements of Changes in Net Assets and Retained Earnings

For the year ended May 31, 2014 and 2013

	Class A		Class U		Total	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Increase (decrease) in net assets from operations	17,172,126	31,059,676	7,146,946	7,439,907	24,319,072	38,499,583
Distributions to unitholder from: (note 7)						
Net investment income	(25,603,575)	(14,956,000)	(7,027,996)	(4,117,045)	(32,631,571)	(19,073,045)
Unitholder's transactions (note 5)						
Proceeds from issue of units	-	10,560,852	-	-	-	10,560,852
Distributions reinvested	10,692,575	-	2,733,148	-	13,425,723	-
Payments on redemption of units	(17,272,076)	(27,112,415)	(5,674,889)	(5,579,100)	(22,946,965)	(32,691,515)
	(6,579,501)	(16,551,563)	(2,941,741)	(5,579,100)	(9,521,242)	(22,130,663)
Change in net assets during the year	(15,010,950)	(447,887)	(2,822,791)	(2,256,238)	(17,833,741)	(2,704,125)
Net assets - Beginning of year	242,429,502	242,877,389	64,012,197	66,268,435	306,441,699	309,145,824
Net assets - End of year	227,418,552	242,429,502	61,189,406	64,012,197	288,607,958	306,441,699
Retained earnings, beginning of year	25,840,891	12,081,674	9,341,070	6,541,017	35,181,961	18,622,691
Increase in net assets from operations	17,172,126	31,059,676	7,146,946	7,439,907	24,319,072	38,499,583
Distributions to unitholder	(25,603,575)	(14,956,000)	(7,027,996)	(4,117,045)	(32,631,571)	(19,073,045)
Cost of shares redeemed in excess of average price per unit	(1,981,535)	(2,344,459)	(971,857)	(522,809)	(2,953,392)	(2,867,268)
Retained earnings, end of year	15,427,907	25,840,891	8,488,163	9,341,070	23,916,070	35,181,961

ISL Loan Trust

Statements of Cash Flows

For the year ended May 31, 2014 and 2013

	2014	2013
	\$	\$
Operating Activities		
Increase (decrease) in net assets from operations	24,319,072	38,499,583
Items not affecting cash:		
Change in unrealized (gain) loss on investments	3,727,440	429,871
Change in unrealized (gain) loss on foreign currency forward contracts	(2,914,504)	(5,578,460)
Net realized (gain) loss on investments	(27,347,820)	(14,627,030)
Changes in non-cash working capital:		
(Increase) decrease in interest and dividends receivable	22,425	438,251
(Increase) decrease in prepaid expenses and other receivable	(40,858)	(258,815)
Increase (decrease) in accounts payable and accrued liabilities	42,704	4,006
Increase (decrease) in management fees payable	(15,699)	1,967
Purchase of investment portfolio	(584,645,885)	(771,373,843)
Proceeds on disposition of investment portfolio	652,205,093	812,835,418
Net cash flow provided by (used in) operating activities	<u>65,351,968</u>	<u>60,370,948</u>
Financing Activities		
Proceeds from issuance of units	-	10,560,852
Distributions to unitholder net of reinvestments	(19,205,848)	(19,073,045)
Payments on redemption of units	(22,946,965)	(32,691,515)
Bank indebtedness	(26,524,145)	(17,948,350)
Net cash flow provided by (used in) financing activities	<u>(68,676,958)</u>	<u>(59,152,058)</u>
Net increase (decrease) in cash and short-term investments	(3,324,990)	1,218,890
Cash and short-term investments - beginning of year	<u>2,594,372</u>	<u>1,375,482</u>
Cash and short-term investments - end of year	<u>(730,618)</u>	<u>2,594,372</u>
Supplementary Information		
Interest paid	2,026,529	1,907,038

ISL Loan Trust

Statement of Investment Portfolio

As at May 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Investments						
Term loans ⁽¹⁾						
OneStopPlus Inc.	First Lien Term Loan	15-Mar-21	USD 4,392,621	4,820,454	4,817,424	1.6%
Zayo Group, LLC	Term Loan B	2-Jul-19	USD 3,930,021	4,046,097	4,257,508	1.4%
CorpSource Finance Holdings, LLC	1st Lien Term Loan	30-Apr-18	USD 3,724,413	3,828,104	4,054,263	1.3%
Arysta LifeScience Corporation	1st Lien Term Loan	29-May-20	USD 3,442,733	3,663,499	3,735,176	1.2%
BMC Software, Inc.	Euro Term Loan	19-Aug-20	EUR 2,319,188	3,249,002	3,458,885	1.1%
OAK Leaf BV	Term loan B2	1-Oct-18	EUR 2,300,000	3,131,580	3,414,719	1.1%
KIK Custom Products, Inc.	1st Lien with incremental	29-Apr-19	USD 3,139,923	3,206,840	3,397,766	1.1%
Clear Channel Communications, Inc.	Term Loan E	30-Jul-19	USD 3,025,958	3,249,925	3,284,823	1.1%
P.F. Chang's China Bistro, Inc.	Term Loan	30-Jun-19	USD 3,009,734	3,006,066	3,255,864	1.1%
Hub International Limited	Term Loan B	2-Oct-20	USD 2,985,000	3,122,143	3,238,021	1.1%
Neiman Marcus Group, Inc.	Term Loan	31-Oct-20	USD 2,985,019	3,333,273	3,233,179	1.1%
Faenza Acquisition GmbH	Euro Term B-1 Loan	30-Aug-20	EUR 2,162,303	2,958,371	3,221,901	1.1%
Advantage Sales & Marketing, Inc.	First Lien Term Loan	17-Dec-17	USD 2,948,109	3,148,821	3,204,063	1.1%
Fram Group Holdings Inc.	Second Lien Term Loan	29-Jan-18	USD 3,123,035	3,150,950	3,196,156	1.1%
U.S. Telepacific Corp.	First Lien Term Loan	23-Feb-17	USD 2,930,312	2,835,984	3,191,425	1.1%
Bronco Midstream Funding, LLC	Term Loan	15-Aug-20	USD 2,915,337	3,124,055	3,177,490	1.1%
Merrill Communications, LLC	Term Loan B	8-Mar-18	USD 2,853,665	2,945,210	3,135,449	1.0%
Station Casinos LLC	Term Loan	28-Feb-20	USD 2,876,452	2,973,043	3,126,488	1.0%
Asurion, LLC	Incremental Tranche B-1 Term Loan	24-May-19	USD 2,865,128	2,945,420	3,116,933	1.0%
Herff Jones, Inc.	First Lien Term Loan	25-Jun-19	USD 2,778,400	2,895,436	3,028,239	1.0%
Gardner Denver, Inc.	Term Loan B Euro	30-Jul-20	EUR 2,008,952	2,721,921	2,991,543	1.0%
Springer Science & Business Media S.A.	Initial Term B2 Loan	1-Aug-20	USD 2,736,250	2,714,283	2,969,918	1.0%
Global Tel*Link Corporation	First Lien Term Loan	23-May-20	USD 2,746,314	2,959,158	2,959,720	1.0%
Serta Simmons Holdings LLC	Term Loan B	1-Oct-19	USD 2,714,878	2,606,304	2,949,333	1.0%
Accudyne Industries LLC	Term Loan	13-Dec-19	USD 2,706,493	2,703,651	2,935,783	1.0%
Harvey Gulf International Marine, LLC	Upsized Term Loan B	15-Jun-20	USD 2,711,375	2,722,508	2,905,505	1.0%
Millennium Laboratories, LLC	Term Loan B	15-Apr-21	USD 2,600,000	2,825,866	2,837,326	1.0%
Connolly / iHealth Technologies	First Lien	12-May-21	USD 2,575,346	2,812,488	2,810,422	1.0%
Go Daddy Operating Company, LLC	Term Loan	5-May-21	USD 2,577,465	2,821,136	2,809,235	1.0%
Landry's Restaurants Inc.	Term Loan	24-Apr-18	USD 2,573,011	2,608,042	2,795,650	1.0%
CityCenter Holdings, LLC	Term Loan	15-Oct-20	USD 2,497,500	2,684,291	2,729,538	0.9%
Ikaria Acquisition Inc.	First lien term loan	5-Feb-21	USD 2,500,000	2,780,710	2,724,240	0.9%
MPH Acquisition Holdings LLC	Term loan	1-Apr-21	USD 2,490,909	2,712,192	2,692,358	0.9%
Avaya Inc.	Term B-6 Loan	31-Mar-18	USD 2,491,271	2,764,262	2,684,858	0.9%
Party City Holdings Inc.	Term Loan B	29-Jul-19	USD 2,468,813	2,763,868	2,667,914	0.9%
Mercury Payment Systems LLC	Term Loan B Inc	1-Jul-17	USD 2,443,719	2,382,260	2,651,853	0.9%
Blue Coat Systems, Inc.	First Lien Term Loan	31-May-19	USD 2,440,716	2,658,755	2,644,455	0.9%
Securus Technologies, Inc.	Upsized 1st Lien Term Loan	30-Apr-20	USD 2,407,925	2,553,443	2,607,455	0.9%
Miller Heiman, Inc.	Term Loan B	30-Sep-19	USD 2,484,375	2,477,078	2,600,543	0.9%
Univar Inc.	Term Loan B	30-Jun-17	USD 2,390,072	2,333,529	2,594,795	0.9%
New Wave Communications	Including Add on Term Loan B	30-Apr-20	USD 2,376,488	2,602,853	2,585,348	0.9%
Doosan Infracore Bobcat Holdings Co., Ltd.	Term Loan B	27-May-21	USD 2,350,000	2,556,526	2,559,722	0.9%
Blue Coat Systems, Inc.	Second Lien Term Loan	28-Jun-20	USD 2,300,000	2,388,687	2,534,917	0.9%
Ship US Bidco, Inc. (Worldpay)	Term Loan B2A-II	30-Nov-19	USD 2,318,000	2,370,868	2,527,698	0.9%
iQor US Inc.	1st Lien Term Loan	15-Feb-21	USD 2,420,635	2,569,413	2,500,310	0.9%
Peppermill Casinos, Inc.	Term Loan B	9-Nov-18	USD 2,221,875	2,125,428	2,466,907	0.9%
ConvaTec Inc.	Dollar term loan	22-Dec-16	USD 2,254,229	2,215,719	2,449,284	0.8%
MedSolutions Holdings, Inc.	Term loan B	8-Jul-19	USD 2,237,813	2,434,430	2,436,004	0.8%
Valeant Pharmaceuticals International, Inc.	Series E-1 Tranche B	5-Aug-20	USD 2,248,349	2,436,069	2,435,945	0.8%
Tronox Pigments (Netherlands) B.V.	Term Loan	19-Mar-20	USD 2,229,375	2,278,675	2,421,200	0.8%
Advance Pierre Foods Inc.	1st Lien Term Loan B	10-Jul-17	USD 2,218,163	2,286,357	2,401,819	0.8%
Aricent Group	First Lien Term Loan	7-Apr-21	USD 2,200,000	2,412,104	2,393,349	0.8%
Fairmount Minerals, Ltd.	Tranche B-2 Term Loans	1-Sep-19	USD 2,127,481	2,365,027	2,332,263	0.8%
Golden Nugget, Inc.	Term Loan	21-Nov-19	USD 2,094,750	2,197,475	2,327,127	0.8%
iQor US Inc.	2nd Lien Term Loan	15-Feb-22	USD 2,250,000	2,428,152	2,325,585	0.8%
Wilsonart International Holdings LLC	Term Loan B	31-Oct-19	USD 2,147,814	2,080,220	2,315,442	0.8%
Action Holding B.V.	Facility C	8-Mar-19	EUR 1,525,000	2,050,545	2,282,184	0.8%
Global Tel*Link Corporation	Second Lien Term Loan	23-Nov-20	USD 2,100,000	2,126,839	2,255,583	0.8%
TWCC Holding Corporation	2nd lien term loan	26-Jun-20	USD 2,070,000	2,221,450	2,224,295	0.8%
24 Hour Fitness Worldwide, Inc.	Term Loan B	15-May-21	USD 2,000,000	2,159,091	2,177,129	0.8%
National Financial Partners Corp.	Add-On Term Loan B	1-Jul-20	USD 1,985,025	2,002,415	2,162,850	0.7%
Blackboard Inc.	Term Loan B-3	4-Oct-18	USD 1,947,893	2,082,411	2,126,357	0.7%
Royal Adhesives & Sealants, LLC	First Lien Term Facility	1-Aug-18	USD 1,943,902	2,085,551	2,124,858	0.7%
Immuco, Inc.	Term B-2 loan	17-Aug-18	USD 1,950,387	1,978,432	2,117,827	0.7%
Alere US Holdings, LLC	Term Loan B	30-Jun-17	USD 1,950,000	1,872,535	2,117,408	0.7%
Advance Pierre Foods Inc.	2nd Lien Term Loan	10-Oct-17	USD 2,000,000	1,971,765	2,092,070	0.7%
UCI International, Inc.	Term Loan B	26-Jul-17	USD 1,922,876	1,902,242	2,090,565	0.7%
Syniverse Holdings, Inc.	Initial Term Loan	23-Apr-19	USD 1,919,653	1,942,297	2,081,849	0.7%
Iasis Healthcare LLC	Term B-2	3-May-18	USD 1,890,951	1,924,838	2,053,289	0.7%
Kronos Incorporated	Upsized Term Loan	30-Oct-19	USD 1,882,872	1,954,668	2,049,628	0.7%
Hawaiian Telecom Communications, Inc.	Term Loan B	6-Jun-19	USD 1,871,598	1,843,985	2,042,944	0.7%
Carestream Health Inc.	2nd Lien	30-Nov-19	USD 1,843,159	1,872,316	2,036,418	0.7%
Carestream Health, Inc.	1st Lien	7-Jun-19	USD 1,867,742	1,975,412	2,031,044	0.7%
Jo-Ann Stores, Inc.	Term Loan B	18-Mar-18	USD 1,854,782	1,915,151	2,006,463	0.7%
Liberty Cablevision of Puerto Rico LLC	1st Lien	9-Jun-17	USD 1,847,750	2,059,849	2,006,379	0.7%
Yankee Cable Acquisition LLC	Term Loan B	25-Feb-20	USD 1,837,115	2,008,620	1,997,324	0.7%
Cooper Gay Swett & Crawford, Ltd.	2nd Lien Term Loan	15-Oct-20	USD 1,900,000	1,989,449	1,996,064	0.7%

ISL Loan Trust

Statement of Investment Portfolio Continued

As at May 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Term loans.... Continued						
United Surgical Partners International, Inc.	Incremental term loan	3-Apr-19	USD 1,829,087	1,817,367	1,995,216	0.7%
Southern Graphics Inc.	Term Loan	17-Oct-19	USD 1,828,750	1,948,371	1,985,748	0.7%
Epiq Systems, Inc.	Term Loan	27-Aug-20	USD 1,820,850	2,008,593	1,979,641	0.7%
Monitronics International, Inc.	Add-on Term Loan	23-Mar-18	USD 1,813,149	1,905,758	1,968,808	0.7%
Cumulus Media Holdings Inc.	Term Loan	23-Dec-20	USD 1,810,846	1,999,167	1,968,152	0.7%
AmWINS Group, Inc.	Term Loan B	6-Sep-19	USD 1,772,576	1,851,632	1,924,751	0.7%
RedPrairie Corporation	Incremental 1st Lien Term Loan	21-Dec-18	USD 1,768,256	1,885,763	1,914,781	0.7%
Men's Wearhouse	Term Loan	1-Jul-21	USD 1,750,000	1,899,773	1,902,138	0.7%
First Data Corporation	Extended Term Loan	1-Mar-21	USD 1,750,000	1,938,988	1,901,805	0.7%
Federal-Mogul Corporation	Term Loan C	15-Apr-21	USD 1,750,000	1,887,254	1,892,716	0.7%
Dell International LLC	Term B Loans	30-Apr-20	USD 1,741,250	1,812,098	1,886,225	0.7%
Utility Services Associates	Term Loan	18-Oct-19	USD 1,725,675	1,768,042	1,883,193	0.7%
USI, Inc.	Term Loan B	27-Dec-19	USD 1,728,191	1,875,284	1,874,210	0.6%
WebSense, Inc.	New Term Loan B	25-Jun-20	USD 1,721,988	1,850,521	1,872,937	0.6%
Spanion LLC	Term Loan B	18-Dec-19	USD 1,720,628	1,833,500	1,866,008	0.6%
Waterpik Inc.	1st Lien	1-Jul-20	USD 1,716,375	1,823,727	1,863,726	0.6%
Aptean Holdings, Inc.	1st Lien Term Loan	26-Feb-20	USD 1,700,000	1,875,283	1,843,638	0.6%
Wideopenwest Finance, LLC	Term Loan B	1-Apr-19	USD 1,670,378	1,723,916	1,820,298	0.6%
Stuart Weitzman Holdings, LLC	Term Loan	5-Mar-20	USD 1,680,000	1,869,015	1,812,827	0.6%
Protection One, Inc.	Term Loan B	21-Mar-19	USD 1,666,029	1,633,921	1,807,927	0.6%
Consolidated Communications, Inc.	Term Loan B	19-Dec-20	USD 1,645,847	1,842,609	1,794,404	0.6%
Axalta Coating Systems (Ika DuPont Performance Coatings)	Refinancing Term B Loan	2-Feb-20	USD 1,612,813	1,799,102	1,767,253	0.6%
Penton Media, Inc.	1st Lien	30-Sep-19	USD 1,592,000	1,644,088	1,740,198	0.6%
Equinox Holdings, Inc.	First Lien Term Loan	31-Jan-20	USD 1,584,000	1,651,864	1,716,761	0.6%
Vantage Specialties Inc.	Incremental Term Loan Facility	10-Feb-19	USD 1,568,029	1,501,359	1,707,965	0.6%
Advantage Sales & Marketing, Inc.	Upsized 2nd Lien Term Loan	17-Jun-18	USD 1,500,000	1,516,591	1,661,351	0.6%
Connolly / iHealth Technologies	Second Lien	12-May-22	USD 1,500,000	1,619,318	1,653,207	0.6%
CSM Bakery Supplies	First Lien Term Loan	3-Jul-20	USD 1,513,563	1,602,670	1,650,487	0.6%
ServiceMaster Company	Term Loan	31-Jan-17	USD 1,500,000	1,644,125	1,627,321	0.6%
Supervalu	Term Loan	21-Mar-19	USD 1,497,425	1,602,435	1,624,527	0.6%
Twin River Management Group, Inc.	Term Loan B	30-Jun-20	USD 1,500,000	1,636,173	1,620,631	0.6%
International Equipment Solutions, LLC	Term Loan	31-Aug-19	USD 1,476,509	1,577,429	1,609,280	0.6%
RentPath, Inc.	Term Loan B	29-May-20	USD 1,481,269	1,543,786	1,605,420	0.6%
CHG Medical Staffing, Inc.	New 1st lien term	19-Nov-19	USD 1,482,297	1,580,975	1,604,857	0.6%
RedPrairie Corporation	2nd Lien Term Loan	20-Dec-19	USD 1,477,419	1,454,301	1,604,256	0.6%
Walker & Dunlop Inc.	Term Loan	15-Dec-20	USD 1,446,375	1,573,456	1,590,178	0.6%
Univision Communications, Inc.	Term Loan-C4	1-Mar-20	USD 1,465,066	1,619,949	1,585,161	0.5%
Penton Media, Inc.	2nd Lien	30-Sep-20	USD 1,450,000	1,489,879	1,582,355	0.5%
Surgical Care Affiliates LLC	Class C term loan	29-Jun-18	USD 1,462,697	1,423,345	1,582,313	0.5%
Crestwood Holdings LLC	Term Loan	30-May-19	USD 1,431,581	1,500,176	1,579,743	0.5%
Pharmaceutical Product Development, Inc.	Term Loan B-1	5-Dec-18	USD 1,400,343	1,441,689	1,520,563	0.5%
Hudson's Bay Company	Term Loan	15-Oct-20	USD 1,387,500	1,443,955	1,519,373	0.5%
MMI International Ltd.	Term Loan B	30-Oct-18	USD 1,409,722	1,401,596	1,515,439	0.5%
Wabash National Corporation	Term Loan B	15-May-19	USD 1,394,647	1,399,593	1,514,377	0.5%
Genesys Telecommunications Laboratories, Inc.	Existing Term Loan B	8-Feb-20	USD 1,391,000	1,428,983	1,502,865	0.5%
First American Payment Systems, L.P.	2nd Lien	30-Mar-19	USD 1,375,000	1,456,172	1,493,044	0.5%
Vitalia Holdco S.a.r.l.	Term Loan B	29-Jun-18	EUR 1,000,000	1,336,321	1,484,167	0.5%
Otter Products, LLC	Term Loan B	29-Apr-19	USD 1,346,904	1,403,781	1,461,926	0.5%
P2 Lower Acquisition LLC	First lien	22-Oct-20	USD 1,340,816	1,395,371	1,459,565	0.5%
Vince, LLC	Term Loan	30-Nov-19	USD 1,292,022	1,339,952	1,416,971	0.5%
4L Holdings Inc.	Term loan B	8-May-20	USD 1,300,000	1,394,915	1,411,605	0.5%
Open Link Financial, Inc.	Term Loan	30-Oct-17	USD 1,290,000	1,442,177	1,406,000	0.5%
AlixPartners LLP	Second Lien Term Loan	9-Jul-21	USD 1,250,000	1,320,185	1,383,328	0.5%
Attachmate Corporation	1st Lien Term Loan	22-Nov-17	USD 1,262,728	1,270,995	1,379,702	0.5%
Ikaria Acquisition Inc.	Second lien term loan	5-Feb-22	USD 1,250,000	1,382,954	1,374,279	0.5%
Spectrum Brands, Inc.	\$CAD Term Loan	17-Dec-19	CAD 1,375,833	1,362,075	1,368,954	0.5%
Duff & Phelps, LLC	Add-on Term Loan	23-Apr-20	USD 1,243,739	1,292,528	1,353,327	0.5%
Centaur Acquisition, LLC	1st Lien Term Loan	21-Feb-19	USD 1,239,740	1,304,395	1,346,593	0.5%
Capital Automotive L.P.	Term Loan	10-Apr-19	USD 1,235,634	1,274,080	1,344,229	0.5%
Select Medical Corporation	Series E term loan B	1-Jun-18	USD 1,209,484	1,350,395	1,311,677	0.5%
Atkins Nutritionals Holdings II, Inc.	1st Lien Term Loan	2-Jan-19	USD 1,188,000	1,214,880	1,289,990	0.4%
BJs Wholesale Club Inc.	Second Lien Term Loan	26-Mar-20	USD 1,150,000	1,201,749	1,282,443	0.4%
Oxea S.a.r.l.	First lien term loan USD	15-Jan-20	USD 1,169,125	1,261,706	1,269,494	0.4%
Hyland Software, Inc.	1st Lien Term Loan	25-Oct-19	USD 1,160,156	1,297,885	1,263,954	0.4%
Roundys Supermarkets, Inc.	Term Loan B	20-Feb-21	USD 1,150,000	1,255,760	1,249,768	0.4%
SRAM, LLC	First Lien Term Loan	10-Apr-20	USD 1,139,329	1,150,353	1,221,676	0.4%
Nice-Pak Products, Inc.	Term Loan	18-Jun-14	USD 1,157,680	1,107,267	1,219,355	0.4%
Cengage Learning Acquisition, Inc.	First Lien Term Loan	31-Mar-20	USD 1,100,000	1,195,030	1,213,098	0.4%
Vestcom International, Inc.	Term Loan	26-Dec-18	USD 1,114,926	1,129,753	1,210,643	0.4%
McGraw Hill Global Education	Term Loan B	22-Mar-19	USD 1,058,959	1,193,826	1,165,681	0.4%
FTS International, Inc.	Term Loan	30-Apr-21	USD 1,037,613	1,130,866	1,133,734	0.4%
WNA Holdings Inc (a.k.a Waddington Group)	USD Second Lien Term Loan	23-Nov-20	USD 1,000,000	1,079,223	1,099,423	0.5%
Spin Holdco Inc.	Feb 2014 Upsized Term Loan	15-Nov-19	USD 1,004,956	1,021,082	1,089,186	0.5%
Minerals Technologies Inc.	Senior Secured Term Loan	18-Apr-21	USD 1,000,000	1,084,892	1,088,565	0.4%
Checkout Holding Corp.	First Lien Term Loan	1-Apr-21	USD 1,000,000	1,097,236	1,087,547	0.4%
Husky Injection Molding Systems, Ltd.	Incremental Term Loan	30-Jun-18	USD 1,000,000	1,047,950	1,086,869	0.4%
Aquilex LLC (a.k.a Hydrochem)	Term Loan	31-Dec-20	USD 997,500	1,062,468	1,085,843	0.4%
Santander Asset Management S.a.r.l.	Term Loan B-1 USD	30-Nov-20	USD 997,500	1,071,765	1,083,812	0.4%
CEC Entertainment, Inc.,	First Lien Term Loan	14-Feb-21	USD 1,000,000	1,092,212	1,075,896	0.4%

ISL Loan Trust

Statement of Investment Portfolio Continued

As at May 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Term loans.... Continued						
Doncasters Group Limited	First Lien Term Loan USD add-on	9-Apr-20	USD 990,000	1,014,199	1,075,663	0.4%
Academy Ltd.	Term Loan (2012 refi)	3-Aug-18	USD 985,007	1,018,238	1,071,742	0.4%
Pre-Paid Legal Services, Inc.	First Lien Term Loan	1-Jul-19	USD 973,756	1,058,280	1,067,266	0.4%
WireCo WorldGroup, Inc.	Term Loan B	15-Feb-17	USD 975,674	998,517	1,064,733	0.4%
Aspect Software, Inc.	Term Loan	9-May-16	USD 962,500	1,006,016	1,049,703	0.4%
Omnova Solutions Inc	Term Loan B1	31-May-18	USD 964,951	1,006,993	1,047,792	0.4%
Salem Communications Corporation	Term Loan B	31-Mar-20	USD 963,333	1,015,789	1,042,113	0.4%
Oberthur Technologies of America Corp.	Tranche B-2 Term Loans Repriced	15-Oct-19	USD 947,625	1,044,300	1,034,124	0.4%
CorpSource Finance Holdings, LLC	2nd Lien	30-Apr-19	USD 930,000	926,086	1,019,939	0.4%
Media General, Inc.	DDTerm Loan-B	31-Jul-20	USD 927,684	978,259	1,012,034	0.4%
Sophos Ltd.	Term Loan B USD	30-Jan-21	USD 919,201	1,018,393	1,001,441	0.3%
Golden Nugget, Inc.	Delayed Draw Term Loan	21-Nov-19	USD 897,750	941,775	997,340	0.3%
Davita Inc.	Term Loan B	20-Oct-16	USD 916,671	904,539	996,861	0.3%
Faenza Acquisition GmbH	Euro Term B-2 Loan	30-Aug-20	EUR 657,697	899,833	979,989	0.3%
Minimax Viking GmbH	Facility B1 Loan	30-Aug-20	USD 923,545	923,545	974,810	0.3%
Pre-Paid Legal Services, Inc.	Second Lien Term Loan	1-Jul-20	USD 880,000	951,555	973,465	0.3%
MacDermid, Inc.	First Lien Term Loan	7-Jun-20	USD 893,250	948,563	969,128	0.4%
Polarpak Inc.	CAD Term Loan	23-May-20	CAD 964,706	959,870	965,912	0.4%
Cannery Casino Resorts, LLC	1st Lien Term Loan	2-Oct-18	USD 888,833	869,064	965,139	0.4%
SurveyMonkey.com, LLC	Term Loan B	7-Feb-19	USD 883,653	920,260	959,515	0.3%
Xerium Technologies, Inc.	Unsecured Notes	15-Jun-18	USD 808,000	910,235	936,589	0.3%
La Frontera Generation, LLC	Term Loan	30-Sep-20	USD 861,758	870,752	936,442	0.3%
Del Taco Holdings, Inc.	Term Loan	1-Oct-18	USD 857,531	873,887	932,702	0.3%
Foam Investments II S.a.r.L	First lien Term Loan USD	30-Jun-20	USD 852,863	886,231	923,766	0.3%
Tropicana Entertainment Inc.	Term Loan	1-Dec-20	USD 845,750	887,005	919,506	0.3%
BSN Medical	Term loan B1B	28-Aug-19	USD 845,896	851,213	916,220	0.3%
Alcatel-Lucent USA Inc.	US Term Loan	30-Jan-19	USD 840,864	849,368	914,383	0.3%
Information Resources, Inc.	Term Loan B	30-Sep-20	USD 841,488	869,390	913,729	0.3%
XO Communications LLC	First Lien Term Loan	19-Mar-21	USD 825,000	907,190	898,066	0.3%
STS Operating, Inc.	First Lien Term Loan	15-Feb-21	USD 825,000	913,709	896,946	0.3%
Envision Acquisition Company, LLC	First lien term loan	4-Nov-20	USD 820,875	862,320	895,804	0.3%
Sedgwick Holdings, Inc.	2nd Lien Term Loan	28-Feb-22	USD 825,000	914,660	893,027	0.3%
Hearthside Food Solutions, LLC	Term Loan	7-Jun-18	USD 805,001	788,515	873,018	0.3%
WaveDivision Holdings LLC	New Term Loan B	1-Oct-19	USD 790,000	801,671	858,165	0.3%
Pinnacle Entertainment, Inc.	Term Loan B2	13-Aug-20	USD 790,689	857,887	857,487	0.3%
Sensus Metering Systems Inc.	Upsized 1st Lien Term Loan	9-May-17	USD 780,334	756,647	847,679	0.3%
First American Payment Systems	1st Lien Term Loan	30-Sep-18	USD 770,400	747,431	837,062	0.3%
Securus Technologies, Inc.	Upsized 2nd Lien Term Loan	30-Apr-21	USD 750,000	787,624	821,853	0.3%
Atlantic Power Limited Partnership	Term Loan	28-Feb-21	USD 750,000	821,836	819,477	0.3%
Alere US Holdings, LLC	Term Loan B-1	30-Jun-17	USD 752,675	746,550	816,781	0.3%
First Data Corporation	2018 Term Loan	24-Mar-18	USD 750,000	677,915	815,545	0.3%
Medpace Holdings, Inc.	Term loan B	5-Apr-21	USD 750,000	813,823	815,066	0.3%
Active Network, Inc.	1st Lien Term Loan	18-Nov-20	USD 748,125	777,696	811,336	0.3%
Magic Newco LLC	Term Loan B add-on	1-Dec-18	USD 739,363	746,662	808,357	0.3%
Data Device Corp. (DDC)	1st Lien Term Loan	11-Jul-18	USD 741,407	737,538	805,057	0.3%
Sybil Finance B.V.	Term Loan	21-Mar-20	USD 725,000	787,633	785,601	0.3%
Transfirst Holdings, Inc.	First Lien Term Loan	27-Dec-17	USD 722,263	705,971	783,616	0.3%
HMK Intermediate Holdings LLC	Term Loan	30-Mar-19	USD 709,799	715,432	771,699	0.3%
Cengage Learning Acquisition, Inc.	Term Loan	3-Jul-14	USD 750,000	677,460	771,632	0.3%
Aptean Holdings, Inc.	2nd Lien Term Loan	26-Feb-21	USD 700,000	767,241	765,796	0.3%
Allflex Holdings III, Inc.	2nd Lien Term Loan	19-Jul-21	USD 700,000	727,151	765,479	0.3%
EveryWare, Inc.	Term Loan	21-May-20	USD 992,500	1,008,957	765,171	0.3%
Visant Corporation	10% Senior Notes due 2017	1-Oct-17	USD 750,000	766,899	761,452	0.3%
Aricent Group	Second Lien Term Loan	7-Apr-22	USD 700,000	764,206	757,245	0.3%
Allflex Holdings III, Inc.	1st Lien Term Loan	17-Jul-20	USD 696,500	741,777	755,822	0.3%
Savers, Inc.	Term Loan B	9-Jul-19	USD 687,776	678,264	748,222	0.3%
Atkins Nutritionals Holdings II, Inc.	2nd Lien Term Loan	3-Apr-19	USD 680,000	688,362	745,762	0.3%
Guggenheim Partners Investment Management Holdings, LLC	Term Loan B	31-Jul-20	USD 671,625	720,714	730,880	0.3%
Redtop Acquisitions Limited	First lien Term Loan Euro	30-Nov-20	EUR 485,000	686,529	724,526	0.3%
BBB Industries, LLC	Term Loan B	27-Mar-19	USD 665,000	717,964	721,489	0.2%
US Finco LLC	Second lien term loan	30-Nov-20	USD 650,000	677,227	719,919	0.2%
Sutherland Global Services	Term Loan US	6-Mar-19	USD 654,444	661,141	715,070	0.2%
Asp Leg Merger Sub Inc.	Term loan	1-May-21	USD 650,000	701,705	711,096	0.2%
Hubbard Radio LLC	Tranche 1 term loan	29-Apr-19	USD 653,731	638,238	710,741	0.2%
Cooper Gay Swett & Crawford, Ltd.	1st Lien Term Loan	16-Apr-20	USD 669,938	680,086	709,871	0.2%
American Casino and Entertainment Properties LLC	1st Lien Term Loan	2-Jul-19	USD 645,125	719,031	703,136	0.2%
Eze Castle Software, Inc.	Term Loan B-1	4-Apr-20	USD 645,125	712,940	699,341	0.2%
M/A-COM Technology Solutions Holdings, Inc.	Term Loan B	7-May-21	USD 625,000	680,824	678,656	0.2%
Polarpak Inc.	USD Term Loan (Canadian Borrower)	7-Jun-20	USD 624,818	655,711	678,459	0.2%
PGA Holdings, Inc.	Up-sized 1st Lien	20-Apr-18	USD 623,800	658,077	677,776	0.2%
Packaging Coordinators, Inc.	1st Lien Term Loan B	31-May-20	USD 620,313	624,463	671,882	0.2%
Websense, Inc.	2nd Lien Term Loan	27-Dec-20	USD 605,263	649,753	660,100	0.2%
Learfield Communications, Inc.	First Lien Term Loan	8-Oct-20	USD 598,500	656,379	653,943	0.2%
Bway Holding Corporation	Term Loan B	7-Aug-17	USD 592,500	575,933	644,653	0.2%
Kleopatra Acquisition Corp.	Term Loan B	21-Dec-16	USD 583,701	581,094	636,453	0.2%
ATI Physical Therapy Inc.	Term loan B	20-Dec-19	USD 567,813	590,916	621,183	0.2%
Weight Watchers International, Inc.	Term Loan B-2	2-Apr-20	USD 718,186	631,059	617,538	0.2%
Del Monte Foods Consumer Products, Inc.	1st Lien	15-Jan-21	USD 558,600	619,308	605,494	0.3%
TI Group Automotive Systems, L.L.C.	Term Loan B	31-Mar-19	USD 544,500	571,991	593,463	0.3%

ISL Loan Trust

Statement of Investment Portfolio Continued

As at May 31, 2014

	Tranche Description	Maturity date	No. of shares/ par value	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Term loans.... Continued						
NEP/NCP Holdco, Inc.	Term Loan B with Add on	22-Jan-20	USD 547,000	605,682	593,366	0.3%
Talbots Inc.	First Lien Term Loan	20-Mar-20	USD 550,000	606,763	592,738	0.2%
WIS International	First Lien	20-Dec-18	USD 529,172	513,548	575,678	0.2%
CHG Medical Staffing, Inc.	Upsized 2nd lien term loan	19-Nov-20	USD 512,500	519,611	563,918	0.2%
R.H. Donnelley Corporation	TERM LOAN	31-Dec-16	USD 753,594	516,457	559,506	0.2%
CSM Bakery Supplies	Second Lien Term Loan	30-Jun-21	USD 500,000	526,263	551,069	0.2%
Centaur Acquisition, LLC	2nd Lien Term Loan	21-Feb-20	USD 500,000	509,870	550,164	0.2%
Electrical Components International, Inc.	Term Loan B	30-Apr-21	USD 500,000	542,499	547,676	0.2%
Equinox Holdings, Inc.	Second Lien Term Loan	31-Jul-20	USD 500,000	515,535	543,604	0.2%
Applied Systems Inc.	1st Lien Term Loan	15-Jan-21	USD 498,750	546,681	542,019	0.2%
Emnis Flint (a.k.a Road Infrastructure Investment LLC)	First Lien Term Facility	1-Apr-21	USD 500,000	558,226	541,341	0.2%
Accellent, Inc.	Second lien term loan	1-Mar-22	USD 500,000	555,732	538,174	0.2%
Pep Boys Manny Moe & Jack	Term Loan B	11-Oct-18	USD 493,750	482,231	537,465	0.2%
WASH Multifamily Laundry Systems, LLC	USD Term Loan	21-Feb-19	USD 495,000	494,281	536,152	0.2%
Houghton International, Inc.	2nd Lien Term Loan	20-Dec-20	USD 475,000	457,457	526,094	0.2%
Aegis Toxicology Sciences Corporation	1st Lien Term Loan	19-Feb-21	USD 475,000	523,976	519,647	0.2%
Avaya Inc.	Term B-3 Loan	26-Oct-17	USD 494,206	470,245	518,597	0.2%
SuperMedia, Inc.	Term Loan	30-Dec-16	USD 564,781	388,481	509,012	0.2%
ION Trading Technologies Limited	First lien term loan	22-May-20	USD 468,750	482,054	508,038	0.2%
WCA Waste Corporation	Term Loan B-1	23-Mar-18	USD 465,500	492,768	504,674	0.2%
VAT Holding	Term Loan B	28-Feb-21	USD 450,000	498,905	491,076	0.2%
Filtration Group Corporation	First Lien Term Loan	30-Nov-20	USD 448,875	467,198	490,335	0.2%
TMS International	Term B Loan	1-Nov-20	USD 448,875	473,920	487,817	0.2%
Xerium Technologies, Inc.	Term Loan B	1-May-19	USD 445,500	446,974	486,165	0.2%
Del Monte Foods Consumer Products, Inc.	2nd Lien	15-Jul-21	USD 450,000	474,658	483,135	0.2%
Hunter Fan Company	First Lien Term Loan	31-Dec-17	USD 444,770	434,532	481,746	0.2%
Sprouts Farmers Markets Holdings, LLC	Term Loan	23-Apr-20	USD 427,161	431,969	463,543	0.2%
Cooper-Standard Automotive Inc.	Term Loan B	1-Apr-21	USD 425,000	467,953	461,342	0.2%
Berlin Packaging, LLC	First Lien Term Loan	2-Apr-19	USD 422,875	428,690	460,709	0.2%
AZ Chem US Inc.	Term Loan B	22-Dec-17	USD 421,201	415,662	457,075	0.2%
StoneRiver Group, LP	1st Lien	30-Nov-19	USD 422,332	452,173	455,915	0.2%
CBAC Borrower, LLC	Funded Term Loan B	2-Jul-20	USD 400,000	410,467	449,542	0.2%
Jason Incorporated	Upsized Term Loan B	28-Feb-19	USD 410,430	432,134	445,375	0.2%
Asurion, LLC	Second Lien Term Loan	28-Feb-21	USD 400,000	430,189	444,438	0.2%
Affinia Group Inc.	Term Loan B-2	27-Apr-20	USD 405,045	421,185	442,017	0.2%
Wilton Brands, Inc.	Term Loan	31-Aug-18	USD 424,333	402,984	441,564	0.2%
Monarch (Allnex S.a.r.l.)	First lien term loan B-1	3-Oct-19	USD 402,789	419,051	437,733	0.2%
CareCore National, LLC	Term loan B	20-Feb-21	USD 400,000	440,526	436,783	0.2%
ASTER II S.A.	USD Term Loan B1	30-Apr-21	USD 400,000	430,888	432,847	0.1%
Garda World Security Corp.	USD Term Loan B	31-Oct-20	USD 392,196	413,451	423,870	0.1%
Britax US Holdings Inc.	Initial Dollar Term Loan	30-Sep-20	USD 417,900	437,100	423,525	0.1%
Key Safety Systems, Inc.	Term Facility	15-May-18	USD 381,250	380,606	414,601	0.1%
Twin River Management Group, Inc.	Term Loan B	9-Nov-18	USD 383,167	387,851	412,941	0.1%
GIM Channelview Cogeneration	Term Loan	8-May-20	USD 377,800	379,050	411,944	0.1%
Kronos Worldwide, Inc.	Term Loan B Facility	21-Feb-20	USD 360,000	393,608	392,983	0.1%
Knowledge Universe Education, LLC	Term loan B	20-Mar-21	USD 350,000	384,869	383,848	0.1%
WNA Holdings Inc (a.k.a Waddington Group)	USD Upsized Term Loan (US Borrower)	23-May-20	USD 342,220	359,140	371,599	0.1%
Fender Musical Instruments Corp.	Term Loan B	3-Apr-19	USD 338,200	355,275	369,071	0.1%
Redtop Acquisition Limited	First lien Term Loan USD	30-Nov-20	USD 334,163	349,151	365,118	0.2%
Western Refining, Inc.	Term Loan	30-Nov-20	USD 324,188	341,288	353,999	0.2%
FGI Operating Co. LLC	Fungible Term Loan B AddOn	19-Apr-19	USD 309,639	314,399	338,743	0.1%
Eze Castle Software, Inc.	2nd Lien Term Loan	4-Apr-21	USD 300,000	331,200	323,719	0.1%
Sutherland Global Services	Term Loan Cayman	6-Mar-19	USD 295,556	297,996	321,731	0.1%
Remy International, Inc.	Term Loan B	5-Mar-20	USD 293,782	310,535	318,605	0.1%
Colouroz Investment 2 LLC	USD Term Loan B2	30-Apr-21	USD 286,512	308,551	310,817	0.1%
Learfield Communications, Inc.	Second Lien Term Loan	8-Oct-21	USD 250,000	258,180	276,213	0.1%
Filtration Group Corporation	Second Lien Term Loan	30-Nov-21	USD 250,000	258,897	274,856	0.1%
PharMEDium Healthcare Corporation	Second lien term loan	30-Jan-22	USD 250,000	277,170	274,007	0.1%
Omnitrac Inc.	Upsized First Lien Term Loan	31-Oct-20	USD 249,375	259,207	272,363	0.1%
ION Trading Technologies Limited	Second lien term loan	21-May-21	USD 250,000	255,804	272,141	0.1%
Atrium Innovations, Inc.	USD 2nd Lien Term Loan	4-Aug-21	USD 250,000	277,170	271,802	0.1%
WIS International	Second Lien	1-Jun-19	USD 250,000	240,181	271,463	0.1%
Atrium Innovations, Inc.	USD 1st Lien Term Loan	4-Feb-21	USD 250,000	277,170	268,918	0.1%
MoneyGram International, Inc.	New Term Loan Add-On	27-Mar-20	USD 250,000	276,304	266,717	0.1%
Truven Health, Inc.	Term Loan B	23-May-19	USD 247,500	252,388	266,060	0.1%
August LuxUK Holding Company	Lux Term Loan	27-Apr-18	USD 236,612	258,657	258,049	0.1%
Monarch (Allnex S.a.r.l.)	Second lien term loan	1-Apr-20	USD 218,701	223,124	243,611	0.1%
Monarch (Allnex S.a.r.l.)	First lien term loan B-2	3-Oct-19	USD 208,988	217,426	227,923	0.1%
Omnitrac Inc.	Upsized Second Lien Term Loan	30-Apr-21	USD 200,000	211,699	219,161	0.1%
August US Holding Co. Inc.	US Term Loan	27-Apr-18	USD 182,015	193,481	198,011	0.1%
StoneRiver Group, LP	2nd Lien	31-May-20	USD 163,386	170,893	177,635	0.1%
Aster II S.A.	USD Term Loan C	30-Apr-21	USD 113,488	122,218	122,808	0.0%
Garda World Security Corp.	USD Delayed Draw	31-Oct-29	USD 100,329	110,874	108,432	0.0%
NEP Supershooters LP	2nd Lien	23-Jul-20	USD 82,857	81,516	92,445	0.0%
Total term loans				409,254,612	424,854,794	147.2%

ISL Loan Trust

Statement of Investment Portfolio Continued

As at May 31, 2014

	Shares	Average Cost (CAD)	Fair Value (CAD)	% of NAV
Common Stock				
Information Technology				
Cengage Learning Holdings	44,113	1,836,372	1,676,504	0.6%
Total Common Stock		1,836,372	1,676,504	0.6%
Total investments		411,090,984	426,531,298	147.8%
	Maturity date	Contract price / rate \$	Unrealized gain (loss) \$	% of NAV
Foreign currency forward contracts				
Bought EUR 2,835,000, sold CAD 4,202,169	20-Jun-14	0.674652	8,552	0.0%
Bought CAD 22,893,296, sold EUR 15,445,000	20-Jun-14	0.674652	162,839	0.1%
Bought CAD 101,760,722, sold USD 93,674,387	20-Jun-14	0.920536	215,089	0.1%
Bought CAD 97,519,293, sold USD 89,770,000	20-Jun-14	0.920536	240,776	0.1%
Bought CAD 61,265,943, sold USD 56,397,494	20-Jun-14	0.920536	151,266	0.0%
Bought CAD 2,498,545, sold USD 2,300,000	20-Jun-14	0.920536	3,993	0.0%
Bought CAD 2,552,861, sold USD 2,350,000	20-Jun-14	0.920536	(5,250)	0.0%
Bought USD 56,397,494, sold CAD 61,265,943 ⁽²⁾	20-Jun-14	0.920536	(151,266)	-0.1%
Total foreign currency forward contracts			625,999	0.2%
Bank indebtedness (note 6)			(129,541,905)	-44.9%
Other liabilities net of other assets			(9,007,434)	-3.1%
Net assets			288,607,958	100.0%

(1) The investments held in the portfolio are all floating rate notes.

(2) The unrealized forward currency contract gains and losses are attributed to and allocated solely to the Class U Units.

ISL Loan Trust

Notes to Financial Statements

May 31, 2014

1 Corporate activities

ISL Loan Trust (the “Fund”) is an investment fund established under the laws of the Province of Ontario and governed by the Fund’s Trust Agreement (the “Trust Agreement”) dated May 27, 2011 between Aston Hill Capital Markets Inc. (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 Fund commenced operations on June 17, 2011 and the fiscal year-end of the Fund is May 31.

The beneficial interest in the net assets and net income of the Fund is divided into Units of two classes, Class A Units and Class U Units. The Fund is authorized to issue an unlimited number of Units of each class. The Class U Units are denominated in U.S. dollars.

2 Investment objectives

The Fund’s investment objectives are to:

- (i) provide the Unitholder with distributions, and
- (ii) provide an investment in a diversified portfolio consisting primarily of senior, secured floating rate corporate loans (“Senior Loans”) and other senior debt obligations of non-investment grade North American borrowers, actively managed by Voya Investment Management Co. LLC (the “Sub-Advisor”).

In order to achieve the Fund’s objectives, the Sub-Advisor invests in a broadly diversified portfolio (the “Portfolio”) composed primarily of Senior Loans that exhibit the highest relative value within the asset class. The Sub-Advisor generally seeks to make investments in Senior Loans and other debt obligations of borrowers that have (i) significant levels of asset and/or cash flow coverage; (ii) a protective capital structure, with adequate subordinated debt cushion; (iii) strong senior management; and (iv) attractive market positioning. The Portfolio consists primarily of Senior Loans that are expected to generate increased Portfolio cash flow in the event that short-term interest rates rise. Up to 20% of Total Assets of the Fund may be invested in senior, unsecured floating rate loans and notes, second lien floating rate loans and notes, corporate debt securities, short-term debt obligations, money market obligations and equity securities that are incidental to investment loans.

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 Chartered Professional Accountant Canada (the “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 reconciliation between the Transactional NAV and the GAAP Net Assets is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
Class A Unit			
May 31, 2014	10.15	(0.05)	10.10
May 31, 2013	10.07	(0.06)	10.01
Class U Unit			
May 31, 2014	10.68	(0.05)	10.63
May 31, 2013	10.23	(0.06)	10.17
Class U Unit (USD)			
May 31, 2014	9.84	(0.05)	9.79
May 31, 2013	9.89	(0.05)	9.84

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.

ISL Loan Trust

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Expense recognition

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

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.

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.

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 Statements 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 Statements of Operations in "Change in unrealized gain (loss) on foreign exchange".

Foreign currency forward contracts

The Fund hedges against changes in the U.S. currency relative to the Canadian currency in respect of the Class A Units and in doing so, attempts to eliminate the fluctuations between the Canadian and the U.S. currencies. The Class A Units are substantially hedged using forward currency contracts. The forward currency contract gains and losses are attributed to and allocated solely to the Class A Units. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as net realized gain or loss on foreign currency forward contracts.

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 derivatives, if any, are recognized at fair value and are designated as held for trading. Accrued interest and dividends receivable, amounts receivable for capital shares sold and securities sold and other assets are designated as loans and receivables and reported at cost or amortized cost. Amounts payable for securities purchased and capital shares redeemed, other liabilities and accrued expenses are designated as other financial liabilities and reported at amortized cost.

International Financial Reporting Standards (IFRS)

Beginning June 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 June 1, 2013 (the transition date). The Fund will also report its interim financial statements for the period ending November 30, 2014, in accordance with IFRS.

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

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

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

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

4 Custodian

State Street Trust Company Canada acts as custodian (the "Custodian") of the assets of the Fund. The Custodian carries out the safe guarding of the Fund's assets. In consideration for this service, the Fund pays a fee to the Custodian.

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Notes to Financial Statements

May 31, 2014

5 Unitholders' equity

The Fund is authorized to issue an unlimited number of redeemable, transferable Units of beneficial interest, which Units may be issued in any number of classes. Each Unit represents an equal, undivided interest in the net assets of the Fund, subject to the terms and conditions of the Trust Agreement.

On June 17, 2011, the Fund completed an initial public offering pursuant to the Prospectus dated May 27, 2011. The Fund issued 24,500,000 Class A Units for \$231,403,550 at \$9.45 per Class A Unit and 6,000,000 Class U Units for U.S. \$56,700,000 at U.S. \$9.45 per Class U Unit.

During the year ended May 31, 2014, the Fund redeemed 1,710,242 Class A Units for net payment of \$ 17,272,076. The Fund also redeemed 541,677 Class U Units for U.S. \$5,307,424 (During the same period ended May 31, 2013, the Fund issued 1,072,505 Class A Units for a total value of \$10,560,852 and redeemed 2,783,358 Class A Units for net payment of \$27,112,415. The Fund also redeemed 582,364 Class U Units for U.S. \$5,639,525).

Changes in outstanding Units during the year ended May 31, 2014 and 2013 are summarized as follows:

	Class A Units		Class U Units	
	May 31, 2014	May 31, 2013	May 31, 2014	May 31, 2013
Balance – beginning of year	24,225,365	25,936,218	6,296,808	6,879,172
Units issued	–	1,072,505	–	–
Units redeemed	<u>(1,710,242)</u>	<u>(2,783,358)</u>	<u>(541,677)</u>	<u>(582,364)</u>
Balance – end of year	<u>22,515,123</u>	<u>24,225,365</u>	<u>5,755,131</u>	<u>6,296,808</u>

The Unit Capital dollar amount represents the face value of the Fund's Units minus any return on capital distributions paid since June 17, 2011 (commencement of operations) to May 31, 2014. If the redemption price is lower than the average cost per unit, the difference is included in Contributed Surplus on the Statements of Net Assets. If the redemption price is greater than the average cost per unit, the difference is first charged to Contributed Surplus until the balance in Contributed Surplus is eliminated and the remaining amount is charged to Retained Earnings.

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

6 Bank indebtedness

The Fund may employ leverage of up to 40% of Total Assets, which is the aggregate value of the assets of the fund, 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 1.67:1.

The Fund entered into a Credit Agreement on August 5, 2011 between the Manager of the Fund (on behalf of the Fund) and the Bank of Nova Scotia (the "Counterparty"), whose S&P credit rating was A+ as of May 31, 2014 (A+ as of May 31, 2013). Borrowings by the Fund are made in U.S. dollars. The Fund has pledged 100% of its underlying assets as collateral as part of the Credit Agreement. This agreement terminates on August 3rd of each year with the option to extend annually. On August 3, 2013, the agreement was renewed and extended for an additional year.

The Fund applied leverage in the range from 30.4% to 39.0% or from U.S. \$116,300,000 to U.S. \$172,500,000 during the year ended May 31, 2014 (25.3% to 35.9% or U.S. \$109,500,000 to U.S. \$167,000,000 during the same period ended May 31, 2013). On May 31, 2014, the amount of U.S. \$119,300,000 or the Canadian equivalent of \$129,541,905 was outstanding (U.S. \$151,000,000 or the Canadian equivalent of \$156,066,050 was outstanding on May 31, 2013). The leverage factor was approximately 30.9% as of May 31, 2014 (33.6% as of May 31, 2013). The related interest expense during the year ended May 31, 2014 was \$ 2,079,079 (\$1,942,109 during the same period ended May 31, 2013).

7 Distributions

The Fund does not have a fixed distribution. The Fund pays distributions if, as and when declared by the Fund from time to time.

The Fund paid distributions of \$25,603,575 to Class A Unitholders and among them \$10,692,575 was reinvested. U.S. \$6,554,255 distributions were paid to Class U Unitholders and among them U.S. \$2,517,059 was reinvested to the fund during the year ended May 31, 2014 (\$14,956,000 to Class A Unitholders and U.S. \$4,111,000 to Class U Unitholders during the same period ended May 31, 2013).

8 Management fees and related party transactions

The Manager receives a management fee from the Fund equal in the aggregate to 0.75% per annum of the applicable NAV, calculated daily and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund during the year ended May 31, 2014 were \$2,239,856 plus applicable taxes (\$2,315,340 plus applicable taxes during the same period ended May 31, 2013).

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

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9 Income taxes

The Fund is a financial institution for purposes of the “specified debt obligation” and “mark-to-market” rules contained in the Income Tax Act (Canada) as more than 50% of the fair market value of all interests in the Fund are held any time by one or more such financial institutions. The Fund is subject to tax in each taxation year under Part I of the Income Tax Act (Canada) on the amount of its income for the year, including net unrealized gains, if any, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. The Fund may also be subject to “minimum tax” under the Tax Act.

It is the intention of the Manager that all annual net taxable income will be distributed to Unitholders on a calendar year basis such that Canadian income taxes payable by the Fund 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 losses at tax year ends December 31, 2013 and 2012. The Fund did not have any non-capital carry forward balances as at the tax year end December 31, 2013 and 2012.

10 Broker commission charges and soft dollar services

There were \$nil broker commissions paid during the year ended May 31, 2014 and 2013 in connection with portfolio transactions. No contractual arrangements for soft dollar services exist in the broker commission charges.

11 Financial instruments

For the purposes of categorization in accordance with CPA Canada Section 3862, Financial Instruments - Disclosures, cash is reported at fair value, while interest receivable, receivable from investment sales and other receivable are deemed to be loans and receivables and is reported at cost or amortized cost. Similarly, bank indebtedness, interest payable, distributions payable, management fees payable and accounts payable and accrued liabilities are deemed to be financial liabilities and reported at amortized cost.

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at May 31, 2014 and 2013:

Assets at fair value as at May 31, 2014	Level 1	Level 2	Level 3	Total
Term loans	–	424,854,794	–	424,854,794
Equities	1,676,504	–	–	1,676,504
Foreign currency forward contracts	–	782,515	–	782,515
Total	–	425,637,309	–	427,313,813

Liabilities at fair value as at May 31, 2014	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	156,516	–	156,516
Total	–	156,516	–	156,516

Assets at fair value as at May 31, 2013	Level 1	Level 2	Level 3	Total
Term loans	–	499,280,266	–	499,280,266
Short-term investments	–	1,326,574	–	1,326,574
Foreign currency forward contracts	–	67,145	–	67,145
Total	–	500,673,985	–	500,673,985

Liabilities at fair value as at May 31, 2013	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	–	2,355,650	–	2,355,650
Total	–	2,355,650	–	2,355,650

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, the 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 year ended May 31, 2014 and 2013.

12 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 A 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 May 31, 2014 and 2013.

The tables below summarize the Fund's exposure to credit risk as of May 31, 2014 and 2013. Amounts shown are based on the carrying value of debt investments and the unrealized gain (loss) on derivative instruments outstanding with counterparties.

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Rating	May 31, 2014 (% of Net Assets)
AA-	0.1%
A+	0.1%
BBB-	0.8%
BB+	1.9%
BB	2.8%
BB-	17.7%
B+	44.4%
B	53.8%
B-	8.9%
CCC+	13.1%
CCC	2.5%
CC	0.3%
Not rated	1.0%
Total	147.4%

Rating	May 31, 2013 (% of Net Assets)
AA-	0.2%
A+	-0.5%
BBB-	1.7%
BB+	7.6%
BB	11.0%
BB-	20.3%
B+	53.0%
B	43.6%
B-	9.7%
CCC+	10.0%
CCC	3.5%
Not rated	2.4%
Total	162.5%

As at May 31, 2014 and 2013, 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 bonds and short-term notes. Since the Senior Loans held in the Fund are floating rate instruments with a very 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 funds will change as LIBOR fluctuates. As at May 31, 2014 and 2013, interest rate risk 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"). Both the Class A and Class U Units are 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 tables below summarize the Fund's exposure to foreign currencies as at May 31, 2014 and 2013. The first 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) while the second table shows exposure to the Euro for both the Class A and Class U Units. 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 tables below summarize 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.

Class A Units (May 31, 2014):

	Monetary instruments \$	Non-monetary instruments \$	Derivative instruments \$	Net Exposure \$	% of Net Assets	Sensitivity (based on devaluation of CAD) \$
U.S. Dollar	209,347,525	-	(209,524,734)	(177,208)	(0.1%)	(9,000)

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Class A and Class U Units (May 31, 2014):

	Monetary instruments \$	Non-monetary instruments \$	Derivative instruments \$	Net Exposure \$	% of Net Assets	Sensitivity (based on devaluation of CAD) \$
Euro	18,743,484	–	(18,684,203)	59,281	0.0%	3,000

Class A Units (May 31, 2013):

	Monetary instruments \$	Non-monetary instruments \$	Derivative instruments \$	Net Exposure \$	% of Net Assets	Sensitivity (based on devaluation of CAD) \$
U.S. Dollar	238,089,238	–	(236,858,777)	1,230,461	0.5%	62,000

Class A and Class U Units (May 31, 2013):

	Monetary instruments \$	Non-monetary instruments \$	Derivative instruments \$	Net Exposure \$	% of Net Assets	Sensitivity (based on devaluation of CAD) \$
Euro	5,965,887	–	(6,262,072)	(296,185)	(0.1)%	(15,000)

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 (other than bank indebtedness) are due within three months. The tables below summarize the maturity dates of the financial instruments held in the Fund as at May 31, 2014 and 2013.

May 31, 2014

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Term loans	1,990,987	12,931,977	131,006,513	278,925,317	424,854,794
Foreign currency forward contracts	625,999	–	–	–	625,999
Bank indebtedness	(129,541,905)	–	–	–	(129,541,905)
Total	(126,924,919)	12,931,977	131,006,513	278,925,317	295,938,888

May 31, 2013

	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Term loans	–	17,704,895	192,512,783	289,062,588	499,280,266
Short-term investments	1,326,574	–	–	–	1,326,574
Foreign currency forward contracts	(2,288,505)	–	–	–	(2,288,505)
Bank indebtedness	(156,066,050)	–	–	–	(156,066,050)
Total	(157,027,981)	17,704,895	192,512,783	289,062,588	342,252,285