2013

AstonHill
CAPITAL MARKETS

Low Volatility Canadian Equities Income Fund

Annual Report

October 31, 2013

Low Volatility Canadian Equities Income Fund

January 29, 2014

Dear Investor,

We are pleased to provide you with the annual report for Low Volatility Canadian Equities Income Fund (the "Fund") for the year ended October 31, 2013. Thank you for investing in the Fund. The Fund's investment objectives are to provide Unitholders with:

(i) stable monthly distributions;

(ii) the opportunity for capital appreciation; and

(iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns.

The targeted distribution is 6.0% on the $10.00 issue price and we continue to generate more than enough income from the portfolio, option writing and capital gains to cover the distribution. As a reminder, the Fund consists of 30 companies selected from the TSX Composite Index based on a two-step process. The first step is to only take companies yielding at least 2.5% and the second is to pick the 30 least volatile stocks in the TSX composite that have passed the first screen. The Fund invests on an equal weighted basis and the process is repeated every six months. We write covered call options on up to 25% of the portfolio in order to generate further income.

Investing using low volatility theme continues to be a popular concept with investors. We are starting to see more funds that are targeting retail investors with the same theme. There are a number of different ways to measure volatility. We continue to believe that using 360 day volatility as a measure of volatility is the preferred method of implementing the strategy. The portfolio created by using the strategy continues to be heavily weighted to companies that had to have higher dividend yields and lower risk profiles and away from the volatile materials sector. In 2012 these choices have proven to be the right place to be.

The Fund has performed as expected, although it lagged the S&P/TSX Capped Composite Index due to its exposure to more interest rate sensitive securities. The Fund returned 5.74% for the year ended October 31, 2013 compared to 10.99% for the S&P/TSX Capped Composite Index. In particular, the Fund's exposure to the real estate sector was a real drag on performance. Meanwhile, more volatile sectors to which the fund has limited or no exposure, including consumer discretionary, information technology and industrials, led the market higher. Annualized volatility of returns has measured 7.1% for the year and 6.3% since inception, as compared to 10.34% and 11.49% for the index.

Please check our website for quarterly investment updates and other timely information.

Yours truly,

W. Neil Murdoch
Chief Executive Officer
Low Volatility Canadian Equities Income Fund

Management Report of Fund Performance

This annual management report of fund performance for **Low Volatility Canadian Equities Income Fund** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

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

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

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

Investment Objectives and Strategy

The Fund is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement (the "Trust Agreement") dated January 25, 2012 between the Manager of the Fund and RBC Investor & Treasury Services (the "Trustee"). The Fund's principal office is located at 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is October 31. The beneficial interest in the net assets and net income of the Fund is divided into Units (the "Units"). The Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol LOW.UN.

The Fund's investment objectives are to provide Unitholders with:

(i) stable monthly distributions;

(ii) the opportunity for capital appreciation; and

(iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns.

The Fund was created to invest in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum specified current yield at the time of investment.

The Manager writes covered call options from time to time on up to 25% of the portfolio in order to seek to earn income from option premiums to supplement the dividends and distributions generated by the portfolio and to further decrease the overall volatility of returns associated with the portfolio securities.

Risk

There were no changes to the risk exposure of the Fund during the year ended October 31, 2013.

For full disclosure of the risks associated with an investment in the Fund's Units, please refer to the Fund's Prospectus dated January 25, 2012 or to the Fund's most recent Annual Information Form. Both are available at www.sedar.com.

Recent Developments

Future accounting changes

The Canadian Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants (CICA) had originally planned to adopt International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB), effective January 1, 2011. Subsequently, the AcSB deferred the adoption of IFRS for investment companies, which include investment funds. Investment companies may continue to apply existing GAAP standards until fiscal years beginning on or after January 1, 2014.

The Manager is reviewing and developing its IFRS changeover plan by performing an impact assessment and identifying differences between existing Canadian GAAP and IFRS. Management has also been monitoring developments in IFRS and has been assessing the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training.

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. This may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates.

On July 24, 2013, the IASB voted tentatively to defer the mandatory adoption date of IFRS 9, Financial Instruments and that the mandatory effective date should be left open pending finalization of the project. Early adoption will continue to be permitted. This follows an agreement by the IASB and FASB to re-deliberate their proposals on the classification and measurement of financial instruments. As the revised standard was scheduled to be completed in 2013, the Fund may now choose to adopt IAS 39, Financial Instruments: Recognition and Measurement instead, given the uncertainty about the timing and future development of IFRS 9. The Manager will decide the appropriate course of action for the Fund prior to completion of the October 2015 financial statements.

The Fund's outstanding redeemable unit entitlement include 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. Consequently the Fund's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 *Financial Instruments Presentation*.

Other than the potential impact of IFRS 13 and IAS 32 as described above, the Manager has currently not identified any changes that will impact net assets per Unit as a result of the changeover to IFRS. The impact of IFRS on other accounting policies and implementation decisions will mainly be in the areas of presentation and disclosures in the financial statements of the Funds. However, this present determination is subject to change resulting from the issuance of new standards or interpretations of existing standards.

Sale of Connor, Clark & Lunn Capital Markets Inc.

Connor, Clark & Lunn Financial Group and the principals of the Manager entered into a sale transaction to sell to Aston Hill Financial Inc. ("Aston Hill") shares in the Manager, Connor, Clark & Lunn Capital Markets Inc. (the "Company"). The terms of the transaction involved Aston Hill purchasing 80% of the Company from Connor, Clark & Lunn Financial Group, Neil Murdoch (President and Chief Executive Officer) and Darren Cabral (Chief Financial Officer). Neil Murdoch and Darren Cabral hold the remaining 20% of the Company not owned by Aston Hill. Completion of the sale transaction occurred on August 15, 2013. The business acquired by Aston Hill included the management agreement related to this Fund.

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 Manager regarding factors that might be reasonably expected to affect the performance and the distribution on units of the Fund and are based on information available at the time of writing. The Fund's Manager believe 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

Manager's Commentary (January 2014)

The fund returned 5.74% for the year ending October 31st, 2013, lagging behind the broad market as the S&P/TSX Capped Composite Index earned 11.00% over the same period. The fund's high real estate exposure, which stood at 33.5% at year-end, was a significant drag on performance. REITs struggled, especially as interest rates climbed in May and June, and the S&P TSX Capped Real Estate Index managed just 2.5% for the 12 months to October. Meanwhile, more volatile sectors to which the fund has limited or no exposure, including consumer discretionary, information technology and industrials, led the market higher.

Net asset value per unit declined from $9.53 to $9.46, and monthly distributions totaled $0.60. On an annualized basis since inception, the fund has returned 7.34% compared to 7.15% for the S&P/TSX Capped Composite Index. Annualized volatility of returns has measured 7.1% for the year and 6.3% since inception, as compared to 10.34% and 11.49% for the index.

The portfolio's semi-annual rebalancing took place at the end of July and resulted in eight holdings being replaced. The notable impacts of the rebalancing were an increase in the weighting of banks, from 12.8% to 20.8%, and a reduction in utilities, with the weighting sliding from 15.9% to 9.5%.

Sold	Sector	Bought	Sector
Loblaw Cos.	Consumer Staples	Bank of Nova Scotia	Banks
Crombie REIT	Real Estate	Royal Bank of Canada	Banks
Canadian Apartment REIT	Real Estate	Intact Financial	Insurance
Allied Properties	Real Estate	Thomson Reuters	Media
Rogers Communications	Telecommunications	Northern Properties REIT	Real Estate
Transalta Corp.	Utilities	Dundee International REIT	Real estate
Capital Power	Utilities	Artis REIT	Real Estate
Canadian Utilities	Utilities	Manitoba Telecom	Telecommunications

Over the second half of fiscal 2013, the portfolio displayed more sensitivity to rising interest rates than the broader market, resulting in underperformance in the volatile rates environment experienced from May onward. The portfolio continued to benefit from a zero weighting in the materials sectors, which lost 33.1% for the year.

Canada's Economy

Canada's gross domestic product grew 0.7% in the third quarter of 2013, representing an annualized rate of 2.7%. Bolstered by the energy sector, which grew 1.9% in August alone, Canada tracked ahead of most developed economies. The International Monetary Fund's October 2013 World Economic Outlook described global growth as "still weak" and beset by downside risks, including those surrounding the eventual transition to less accommodative U.S. monetary policy which figured so prominently in the run-up in interest rates over the summer. In a shift of stance, the IMF expected relative strength in developed economies, which have begun to pick up speed while emerging markets have slowed. The report warned that Canada may suffer from weaker export demand and high levels of household debt, and reduced the country's projected 2013 GDP growth marginally, from 1.7% to 1.6%, slightly lower than the Bank of Canada's most recent projection of 1.8%.

Canadian government bond yields, which rose sharply at the end of the second quarter, spiked again in late August and early September before re-tracing following the US Federal Reserve Board's September 18th meeting, at which the broadly expected move to taper QE3 asset purchases did not materialize. For the full year to October, the benchmark 10-year yield climbed 0.64%, to 2.42%. The Bank of Canada commented in October that foreign ownership of Government of Canada bonds had reached 28%, approximately double the average for the five years leading up to the financial crisis. Canada is one of only seven countries with an uncontested AAA rating from all the major rating agencies.

The Bank of Canada's Autumn 2013 Business Outlook Survey raised concerns about persistently weak demand growth and reflected that uncertainty may be hampering investment decisions and holding back capacity planning. Most businesses reported slower or negative sales growth over the year, and a general consensus that conditions will improve was not sufficient to translate into investment or job creation. Rather than invest, firms were seen to be choosing to use existing capacity more intensively. Inflation expectations remained low, clustered near the bottom of the Bank of Canada's 1% to 3% inflation control range. Respondents felt that credit conditions were unchanged from Q2 and that credit remained relatively easy to access; the Q3 Senior Loan Officers Survey, which pointed to an easing of credit for non-financial firms, corroborated this impression.

Unemployment was 6.9% at the end of October, down from 7.4% a year prior. Total employment was up 1.2% from October 2012. Over the same period, the number of hours worked increased by 1.4%.

As is the case in most developed economies, low inflation remained a risk. With the Consumer Price Index up just 0.7% in the twelve months to October, inflation hovered near its lowest level since before the global financial crisis. Core inflation, which excludes eight volatile components including gasoline and which the Bank of Canada uses to guide monetary policy, came in at 1.2% over the same period, near the bottom of the Bank's 1% to 3% inflation-control target range. The Loonie, which was on par with the US dollar at the end of October 2012, closed October 2013 at 94.4 cents.

Following its October 23rd meeting, the Bank of Canada said that growth had been below expectations and discussed the need to balance an increasing downside risk indicated by persistently low inflation with the risk of over-encouraging household debt. The Bank announced that it would maintain the target overnight rate at 1.0%.

Capital transactions

On February 7, 2012, the Fund completed an initial public offering pursuant to the Prospectus dated January 25, 2012. On February 27, 2012, the Agents exercised an over-allotment option. The following table shows the details of the offerings:

	First Closing	Over-Allotment Closing	Total
Units issued	3,000,000	86,505	3,086,505
Offering price per Unit ($)	10.00	10.00	
Gross Proceeds ($)	30,000,000	865,050	30,865,050
Agents’ fees and issue expenses ($)	(2,025,000)	(61,041)	(2,086,041)
Net Proceeds ($)	27,975,000	804,009	28,779,009
Opening NAV per Unit ($)	9.325	N/A	N/A

During the year ended October 31, 2013, there were 898,128 Units redeemed for net payment of $8,451,654 (there were no other capital transactions in the Fund other than the initial public offering and over-allotment during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

Market repurchases

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

The Fund did not purchase any Units for cancellation during the year ended October 31, 2013 or during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

Distributions

The Fund does not have a fixed distribution but initially pays monthly distributions at $0.05 per Unit, representing an initial yield on the Unit issue price of 6.0% per annum.

The Fund paid an initial distribution of $0.0871 per Unit for Unitholders with record date March 30, 2012, covering the period from February 7, 2012 (commencement of operations) to March 31, 2012 and made regular monthly distributions of

$0.05 per Unit thereafter.

The Fund has made all its scheduled distributions during the year ended October 31, 2013, paying $0.60 per Unit ($0.4371 per Unit during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

Related Party Transactions

Management Fees

Pursuant to the Trust Agreement, the Fund retained Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 0.65% per annum of the Transactional NAV of the Fund, calculated and accrued daily and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the year ended October 31, 2013 were $178,825 plus applicable taxes ($138,521 plus applicable taxes during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

Service Fees

The Fund pays to the Manager a service fee which is payable to registered dealers with respect to the Units equal to 0.30% per annum of the Transactional NAV of the Fund. The service fee is calculated quarterly and paid as soon as practicable after the end of each calendar quarter. The Manager pays the service fee to registered dealers based on the number of Units held by clients of such registered dealers at the end of the relevant quarter.

The service fees charged to the Fund during the year ended October 31, 2013 were $82,301 ($64,217 during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

Recommendations or Reports by the Independent Review Committee

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended October 31, 2013.

Past Performance

The following bar chart and table shows the Fund's annual performance by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. The bar chart shows, 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	5.74%	7.34%
Based on share price	5.97%	1.36%
S&P/TSX Capped Composite Index [*]	10.99%	7.15%

[1] Annualized for the period from February 7, 2012 (commencement of operations) to October 31, 2013.

[*] The Fund was created to invest in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite 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:

The Fund's Net Assets per Unit:

	October 31, 2013	October 31, 2012 (1)
Net Assets, beginning of period	**9.51**	**10.00**
Unit issue expense (2)	–	**(0.68)**
Increase (decrease) from operations:		
Total revenues	0.34	0.32
Total expenses	(0.17)	(0.13)
Realized gains (losses) for the period	0.53	0.18
Unrealized gains (losses) for the period	(0.17)	0.25
Total increase (decrease) from operations (3)	**0.53**	**0.62**
Distributions:		
From income (excluding dividends)	–	–
From dividends	(0.16)	–
From capital gains	(0.44)	(0.06)
Return of capital	–	(0.37)
Total Distributions (4)	**(0.60)**	**(0.44)**
Net Assets, end of period (5)	**9.46**	**9.51**

(1) Results for the period from February 7, 2012 (commencement of operations) to October 31, 2012.
(2) Issue expenses of $2,086,041 incurred in connection with the Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.
(3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of 2,858,048 units outstanding as of October 31, 2013 (October 31, 2012 – 3,080,049 units).
(4) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.
(5) This is not a reconciliation between the opening and the closing net assets per unit.

Ratios and Supplemental Data:

	October 31, 2013	October 31, 2012 (1)
Net asset value (000's)	20,712	29,401
Number of units outstanding	2,188,377	3,086,505
Base Management expense ratio (annualized) (2) (3)	1.68%	1.76%
Issue expenses ratio (2) (3)	0.01%	7.16%
Management expense ratio (annualized) (3)	1.69%	8.92%
Management expense ratio before waivers or absorptions (annualized) (3)	1.69%	8.92%
Portfolio turnover rate (4)	160.82%	120.92%
Trading expense ratio (5)	0.13%	0.15%
Net asset value per unit (6)	9.46	9.53
Closing market price (TSX)	9.16	9.22

(1) Results for the period from February 7, 2012 (commencement of operations) to October 31, 2012.
(2) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all agents' fees and unit issue expenses.
(3) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.
(4) The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities (including fixed income) in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.
(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
(6) The net asset value (Transactional NAV) per unit is based on the last traded price for the day of the underlying portfolio; 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 October 31, 2013

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

Portfolio by Category	Market Value $	% of NAV
Financials	13,418,015	64.9%
Telecommunication Services	2,709,167	13.1%
Energy	2,005,510	9.7%
Consumer Discretionary	1,384,213	6.6%
Utilities	1,316,611	6.3%
Cash	79,516	0.4%
Written call options	(66,474)	(0.3%)
Other liabilities net of other assets	(134,956)	(0.7%)
Top 25 Holdings		
Bank of Montreal	752,924	3.6%
Telus Corporation	752,474	3.6%
National Bank of Canada	745,374	3.6%
Canadian Imperial Bank of Commerce	740,113	3.6%
Thomson Reuters Corporation	733,254	3.5%
Toronto-Dominion Bank	732,602	3.5%
First Capital Realty Inc.	722,100	3.5%
Northern Property Real Estate Investment Trust	721,952	3.5%
Bank of Nova Scotia	718,145	3.5%
Riocan Real Estate Investment Trust Units	717,843	3.5%
BCE Inc.	715,485	3.5%
Royal Bank of Canada	715,394	3.5%
CI Financial Corporation	713,298	3.4%
Canadian Real Estate Investment Trust	707,168	3.4%
H&R Real Estate Investment Trust Units	699,430	3.4%
Calloway Real Estate Investment Trust	698,106	3.4%
Intact Financial Corporation	695,756	3.4%
Artis Real Estate Investment Trust	691,309	3.3%
Altagas Income Ltd.	690,786	3.3%
IGM Financial Inc.	687,786	3.3%
Fortis Inc.	685,764	3.3%
TransCanada Pipelines Corporation	659,505	3.2%
Dundee International Real Estate Investment Trust	658,047	3.2%
Dundee Real Estate Investment Trust	657,211	3.2%
Bell Aliant Inc.	655,285	3.2%
Net asset value (NAV)	**20,711,601**	

Management's Responsibility for Financial Reporting

The accompanying financial statements to **Low Volatility Canadian Equities Income Fund** (the "Fund") and all of the information therein have been prepared by Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") in its capacity as Manager of the Fund. The Fund's Manager is responsible for all the information and representations contained in these financial statements and other sections of the Annual Report. Management maintains appropriate process to ensure that relevant and reliable financial information is produced.

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles. The financial statements are not precise since they include certain amounts that are based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this Annual Report is consistent with the financial statements.

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

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

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

Toronto, Canada
January 29, 2014

pwc

January 29, 2014

Independent Auditor's Report

To the Unitholders of
Low Volatility Canadian Equities Income Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at October 31, 2013, the statements of net assets as at October 31, 2013 and October 31, 2012, the statements of operations, changes in net assets and retained earnings, and cash flows for the year ended October 31, 2013 and for the period from February 7, 2012 (commencement of operations) to October 31, 2012, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at October 31, 2013 and October 31, 2012 and the results of its operations, the changes in its net assets and retained earnings, and its cash flows for the year ended October 31, 2013 and for the period from February 7, 2012 (commencement of operations) to October 31, 2012 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Low Volatility Canadian Equities Income Fund

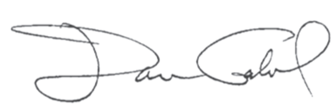
Statements of Net Assets

As at October 31, 2013 and 2012

	2013	2012
	$	**$**
Assets		
Cash	79,516	30,250
Short-term investments	-	598,346
Investments at fair value (average cost - $20,472,454; 2012 - $28,201,461)	20,823,921	29,076,802
Interest and dividends receivable	57,194	70,856
Prepaid expenses	3,068	-
	20,963,699	29,776,254
Liabilities		
Written call options at fair value	66,474	164,552
Accounts payable and accrued liabilities	75,573	87,779
Distributions payable	109,419	154,325
Management fees payable	10,228	16,332
	261,694	422,988
Net Assets and Unitholders' Equity	20,702,005	29,353,266
Units outstanding (note 5)	2,188,377	3,086,505
Net assets per unit (note 3)	9.46	9.51
Unitholders' Equity (note 5)		
Unit Capital	19,583,492	27,624,470
Retained Earnings	1,118,513	1,728,796
Total Unitholders' Equity	20,702,005	29,353,266

Approved by the Manager
Aston Hill Capital Markets Inc.

Director



Director

(See accompanying notes to financial statements)

Low Volatility Canadian Equities Income Fund

Statements of Operations

For the year ended October 31, 2013 and for the period from February 7, 2012 (commencment of operations) to October 31, 2012

	2013	2012
	$	$
Income		
Dividends	489,817	716,547
Interest income	461,314	6,118
Distributions received from real estate investment trusts	486,622	258,986
	1,437,753	981,651
Expenses		
Management fees (note 8)	178,825	138,521
Custodial and other unitholder fees (note 6)	84,133	61,129
Service fees (note 9)	82,301	64,217
Transaction costs (note 11)	36,175	32,441
Harmonized sales tax	35,486	31,310
Audit fees	25,178	25,750
Administration fees	24,367	15,557
Filing fees	12,797	12,153
TSX fees	6,019	8,058
Independent Review Committee fees	5,812	2,469
Legal fees	2,961	4,069
Interest expense	2,521	45
Other fees	1,842	269
Printing fees	-	11,915
	498,417	407,903
Net Investment income	939,336	573,748
Realized gains (losses)		
Net realized gain (loss) on investments	352,240	(157,825)
Net realized (loss) on foreign exchange	(202)	(299)
Net realized gain on written options	705,696	713,910
	1,057,734	555,786
Unrealized gains (losses)		
Change in unrealized gain (loss) on investments	(523,874)	875,341
Change in unrealized gain (loss) on written options	47,272	(84,167)
	(476,602)	791,174
Net gain on investments	581,132	1,346,960
Increase in net assets from operations	1,520,468	1,920,708
Increase in net assets from operations per unit*	0.53	0.62

* (Based on weighted average number of units outstanding during the period).
(See accompanying notes to financial statements)

Low Volatility Canadian Equities Income Fund

Statements of Changes in Net Assets and Retained Earnings

For the year ended October 31, 2013 and for the period from February 7, 2012 (commencment of operations) to October 31, 2012

	2013	2012
	$	**$**
Increase in net assets from operations	1,520,468	1,920,708
Distributions to unitholders from: (note 7)		
Net investment income	(453,397)	-
Net realized gain on investments	(1,264,018)	(191,912)
Return on capital	-	(1,157,199)
	(1,717,415)	(1,349,111)
Unitholders' transactions: (note 5)		
Proceeds from issue of units	-	30,865,050
Agents' fees and issue expenses	(2,660)	(2,083,381)
Payments on redemption/ cancellation of units (notes 4 & 5)	(8,451,654)	-
	(8,454,314)	28,781,669
Change in net assets during the period	(8,651,261)	29,353,266
Net assets - Beginning of period	29,353,266	-
Net assets - End of period	20,702,005	29,353,266

Retained Earnings, beginning of period	1,728,796	-
Increase in net assets from operations	1,520,468	1,920,708
Distributions to unitholders	(1,717,415)	(191,912)
Cost of shares redeemed (in excess of) average price per unit	(413,336)	-
Retained Earnings, end of period	1,118,513	1,728,796

(See accompanying notes to financial statements)

Low Volatility Canadian Equities Income Fund

Statement of Investment Portfolio

As at October 31, 2013

	Number of units/ shares	Average cost $	Fair value $	% of Net Assets
Investments				
Canadian common stock				
Energy				
Altagas Income Ltd.	17,896	642,050	690,786	3.3%
TransCanada Pipelines Corporation	14,035	678,933	659,364	3.2%
Enbridge Inc.	14,496	639,345	655,074	3.2%
		1,960,328	2,005,224	9.7%
Consumer Discretionary				
Thomson Reuters Corporation	18,715	673,656	733,067	3.5%
Shaw Communications Inc. Class B	26,101	576,036	650,698	3.1%
		1,249,692	1,383,765	6.6%
Financials				
Bank of Montreal	10,368	670,272	752,924	3.6%
National Bank of Canada	8,238	693,744	743,232	3.6%
Canadian Imperial Bank of Commerce	8,344	696,224	740,113	3.6%
Toronto-Dominion Bank	7,660	651,850	732,449	3.5%
First Capital Realty Inc.	39,851	734,295	722,100	3.5%
Northern Property Real Estate Investment Trust	25,784	683,795	720,921	3.5%
Riocan Real Estate Investment Trust	28,206	715,165	717,843	3.5%
Bank of Nova Scotia	11,329	681,642	717,805	3.5%
Royal Bank of Canada	10,217	683,668	715,292	3.5%
CI Financial Corporation	20,568	653,108	713,298	3.4%
Canadian Real Estate Investment Trust	16,651	648,345	706,835	3.4%
H&R Real Estate Investment Trust	32,381	739,017	699,430	3.4%
Calloway Real Estate Investment Trust	27,813	736,769	698,106	3.4%
Intact Financial Corporation	10,699	671,938	695,756	3.4%
Artis Real Estate Investment Trust	47,941	671,471	690,350	3.3%
IGM Financial Inc.	13,690	657,774	687,649	3.3%
Dundee Real Estate Investment Trust	22,733	743,968	656,984	3.2%
Dundee International Real Estate Investment Trust	72,552	674,344	656,596	3.2%
Cominar Real Estate Investment Trust	33,884	666,021	642,441	3.1%
		13,073,410	13,410,124	64.9%
Telecommunication Services				
Telus Corporation	20,661	737,441	752,060	3.6%
BCE Inc.	15,770	726,896	715,327	3.5%
Bell Aliant Inc.	24,812	673,313	655,285	3.2%
Manitoba Telecom Services Inc.	19,882	678,724	585,525	2.8%
		2,816,374	2,708,197	13.1%
Utilities				
Fortis Inc.	21,146	708,364	685,765	3.3%
Emera Inc.	20,522	673,028	630,846	3.0%
		1,381,392	1,316,611	6.3%
Total Canadian common stock		20,481,196	20,823,921	100.6%
Total Investments (before transaction costs)		20,481,196	20,823,921	100.6%
Transaction costs (note 3)		(8,742)	-	0.0%
Total investments		20,472,454	20,823,921	100.6%

(See accompanying notes to financial statements)

Low Volatility Canadian Equities Income Fund

Statement of Investment Portfolio …. Continued

As at October 31, 2013

	Maturity date	Number of contracts	Strike price $	Average cost $	Fair value $	% of Net Assets
Options						
Written Call Options						
CI Financial Corporation	Nov-13	(10)	34	(348)	(1,075)	0.0%
Intact Financial Corporation	Nov-13	(30)	66	(1,343)	(1,575)	0.0%
BCE Inc.	Nov-13	(33)	45	(1,947)	(2,178)	0.0%
Royal Bank of Canada	Nov-13	(36)	70	(1,611)	(2,628)	0.0%
Enbridge Inc.	Nov-13	(56)	45	(1,442)	(2,940)	0.0%
Bank of Nova Scotia	Nov-13	(40)	63	(1,830)	(3,180)	0.0%
Toronto Dominion Bank	Nov-13	(27)	94	(1,701)	(5,575)	0.0%
Telus Corporation	Nov-13	(69)	36	(6,142)	(5,762)	0.0%
Bank of Nova Scotia	Nov-13	(40)	62	(3,060)	(6,200)	0.0%
Enbridge Inc.	Nov-13	(57)	44	(2,152)	(7,353)	0.0%
Canadian Imperial Bank of Commerce	Nov-13	(29)	87	(2,339)	(7,424)	-0.1%
Thomson Reuters Corporation	Nov-13	(66)	38	(2,624)	(8,514)	-0.1%
Altagas Ltd.	Nov-13	(68)	37	(3,043)	(12,070)	-0.1%
				(29,579)	(66,474)	(0.3%)
Other liabilites net of other assets					(55,442)	(0.3%)
Net assets					20,702,005	100.0%

(See accompanying notes to financial statements)

1 Formation of Fund

Low Volatility Canadian Equities Income Fund (the "Fund") is a closed-end investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement (the "Trust Agreement") dated January 25, 2012 between Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") (the "Manager") in its capacity as Manager and RBC Investor & Treasury Services (the "Trustee") as trustee. The Fund commenced operations on February 7, 2012. The fiscal year-end of the Fund is October 31. The beneficial interest in the net assets and net income of the Fund is divided into Units (the "Units"). The Units are listed on the Toronto Stock Exchange (the "TSX") under the symbol LOW.UN. The Fund does not have a fixed termination date.

Connor, Clark & Lunn Financial Group and the principals of the Manager entered into a sale transaction to sell to Aston Hill Financial Inc. ("Aston Hill") shares in the Manager, Connor, Clark & Lunn Capital Markets Inc. (the "Company"). The terms of the transaction involved Aston Hill purchasing 80% of the Company from Connor, Clark & Lunn Financial Group, Neil Murdoch (President and Chief Executive Officer) and Darren Cabral (Chief Financial Officer). Neil Murdoch and Darren Cabral hold the remaining 20% of the Company not owned by Aston Hill. Completion of the sale transaction occurred on August 15, 2013. The business acquired by Aston Hill included the management agreement related to this Fund.

2 Investment objectives

The Fund was created to invest in an equally-weighted portfolio comprised of the 30 equity securities which have the lowest volatility of those securities included in the S&P/TSX Composite Index that have a minimum specified current yield at the time of investment.

The Fund's investment objectives are to provide Unitholders with:

(i) stable monthly distributions;
(ii) the opportunity for capital appreciation; and
(iii) an investment in a portfolio of Canadian equity securities that exhibit low volatility of returns.

The Manager writes covered call options from time to time on up to 25% of the portfolio in order to seek to earn income from option premiums to supplement the dividends and distributions generated by the portfolio and to further decrease the overall volatility of returns associated with the portfolio securities.

3 Summary of significant accounting policies

Basis of presentation

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

The reconciliation between the Transactional NAV and GAAP Net Assets is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
October 31, 2013	9.46	(0.00)	9.46
October 31, 2012	9.53	(0.02)	9.51

Cash and short-term investments

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

Income recognition

Income from investments is recognized on an accrual basis. Dividend income is recognized at the time a security trades on an ex-dividend basis. Interest income is accrued based on the number of days the investment is held during the period. Distributions received from real estate investment trusts are recorded as income, capital gains or a return of capital for tax purposes based on the best information available to the trustee. Due to the nature of these investments, actual allocations could vary from this information. Distributions from real estate investment trusts that are treated as return of capital for income tax purposes reduce the average cost of the underlying trust. All income, realized and unrealized gains (losses) and transaction costs (apart from an insignificant amount of income arising from cash and cash equivalents) are attributable to investments and derivatives, which are deemed held for trading. Realized gains (losses) are recorded on the transaction date they are incurred.

Expense recognition

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

Initial fees and expenses

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

Unit valuation

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

Designation of financial assets and liabilities

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

Written options contracts

The written call options contracts are valued at their ask prices at the close of each Valuation Date. If no ask prices are available then they are valued at their closing prices. The premium received on these written call options is included in the cost of the options. The realized and unrealized gain or loss on the written call options is reflected in the Statements of Operations as "Net realized gain on written options" and "Change in unrealized gain (loss) on written options".

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 in net assets from operations per unit

This calculation is based on the increase in net assets from operations divided by the weighted average number of units outstanding during the period.

International Financial Reporting Standards

The Canadian Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants (CICA) had originally planned to adopt International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB), effective January 1, 2011. Subsequently, the AcSB deferred the adoption of IFRS for investment companies, which include investment funds. Investment companies may continue to apply existing GAAP standards until fiscal years beginning on or after January 1, 2014.

The Manager is reviewing and developing its IFRS changeover plan by performing an impact assessment and identifying differences between existing Canadian GAAP and IFRS. Management has also been monitoring developments in IFRS and has been assessing the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training.

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. This may result in the elimination of the differences between the transactional NAV and net assets at the financial statements reporting dates.

On July 24, 2013, the IASB voted tentatively to defer the mandatory adoption date of IFRS 9, Financial Instruments and that the mandatory effective date should be left open pending finalization of the project. Early adoption will continue to be permitted. This follows an agreement by the IASB and FASB to re-deliberate their proposals on the classification and measurement of financial instruments. As the revised standard was scheduled to be completed in 2013, the Fund may now choose to adopt IAS 39, Financial Instruments: Recognition and Measurement instead, given the uncertainty about the timing and future development of IFRS 9. The Manager will decide the appropriate course of action for the Fund prior to the completion of the October 2015 financial statements.

The Fund's outstanding redeemable unit entitlement include 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. Consequently the Fund's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 *Financial Instruments Presentation*.

Other than the potential impact of IFRS 13 and IAS 32 as described above, the Manager has currently not identified any changes that will impact net assets per Unit as a result of the changeover to IFRS. The impact of IFRS on other accounting policies and implementation decisions will mainly be in the areas of presentation and disclosures in the financial statements of the Funds. However, this present determination is subject to change resulting from the issuance of new standards or interpretations of existing standards.

4 Market Purchase Program

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

The Fund did not purchase any units for cancellation under the market purchase program during the year ended October 31, 2013 or during the period from February 7, 2012 (commencement of operations) to October 31, 2012.

5 Units of the Fund

The beneficial interest in the net assets and net income of the Fund is divided into transferable, redeemable Units. The Fund is authorized to issue an unlimited number of Units.

On February 7, 2012, the Fund completed its initial public offering pursuant to the Prospectus dated January 25, 2012. On February 27, 2012, the Agents exercised an over-allotment option. The following table shows the details of the offerings:

	First Closing	Over-Allotment Closing	Total
Units issued	3,000,000	86,505	3,086,505
Offering price per Unit ($)	10.00	10.00	
Gross Proceeds ($)	30,000,000	865,050	30,865,050
Agents' fees and issue expenses ($)	(2,025,000)	(61,041)	(2,086,041)
Net Proceeds ($)	27,975,000	804,009	28,779,009
Opening NAV per Unit ($)	9.325	N/A	N/A

The Units may be redeemed on an Annual Redemption Date, which is the second last Business Day (any day except Saturday, Sunday, a statutory holiday in Toronto or any other day on which the TSX is not open for trading) of July of each year, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered during the period from June 15 until 5:00 p.m. (Toronto time) on the last Business Day in June in the year of redemption (the "Notice Period"), subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Notice Period will be redeemed on the Annual Redemption Date and the Unitholder surrendering such Units will receive payment on or before the Redemption Payment Date, which is the 10th Business Day of the month immediately following an Annual Redemption Date. Redeeming Unitholders are entitled to receive a redemption price in an amount equal to 100% of the Annual Redemption Price, which is the NAV per Unit on an Annual Redemption Date less any costs associated with the redemption, including brokerage costs and any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption. The Annual Redemption Price is dependent upon the performance of the Portfolio. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains or income of the Fund incurred by it in the taxation year of the redemption. Unitholders depositing Units during the Notice Period are entitled to elect to receive the Monthly Redemption Amount (see below) rather than the Annual Redemption Price.

In addition to the annual redemption right, Units may also be redeemed on a Monthly Redemption Date, which is the second to last Business Day of each month other than the month of July, subject to certain conditions. In order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the month in which the Monthly Redemption Date falls, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption within such period will be redeemed on the Monthly Redemption Date and the Unitholder surrendering such Units will receive payment on or before the Redemption Payment Date, which is the 10th Business Day on the month immediately following the Monthly Redemption Date. Concurrently with the payment of the redemption price, the Fund may pay to the redeeming Unitholder a cash distribution in the amount of the net realized capital gains or income of the Fund incurred by it in the taxation year of the redemption. Unitholders surrendering a Unit for redemption on a Monthly Redemption Date will receive a redemption price equal to the lesser of (i) 95% of the Market Price of a Unit, which is the weighted average trading price on the TSX (or such other stock exchange on which such security is listed) for the 10 trading days immediately preceding such Monthly Redemption Date and (ii) 100% of the Closing Market Price of a Unit, which is the closing price of such security on the TSX on such Monthly Redemption Date (or such other stock exchange on which such security is listed) or, if there was no trade on the relevant Monthly Redemption Date, the average of the last bid and the last asking prices of the security on the TSX on such Monthly Redemption Date (or such other stock exchange on which the security is listed), less any costs associated with the redemption, including brokerage costs and less any net realized capital gains or income of the Fund that are distributed to a Unitholder concurrently with the proceeds of disposition on redemption, being the Monthly Redemption Amount.

During the year ended October 31, 2013, there were 898,128 Units redeemed for net payment of $8,451,654 (there were no other capital transactions other than the initial public offering and over-allotment during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

Changes in outstanding Units during the year ended October 31, 2013 and during the period from February 7, 2012 (commencement of operations) to October 31, 2012 are summarized as follows:

	October 31, 2013	October 31, 2012
Balance – beginning of period	3,086,505	–
Units issued	–	3,086,505
Units redeemed	(898,128)	–
Balance – end of period	2,188,377	3,086,505

The Unit Capital dollar amount represents the face value of the Fund's Units minus any return of capital distributions, redemptions at face value and issue costs paid since February 7, 2012 (commencement of operations) to October 31, 2013. 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 Fund Administration

Pursuant to the Trust Agreement, the Fund has retained RBC Investor & Treasury Services to also act as custodian (the "Custodian") of the assets of the Fund. The Custodian carries out certain aspects of the day-to-day administration of the Fund, including calculating Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by S&P as of October 31, 2013 and 2012.

7 Distributions

The Fund does not have a fixed distribution but initially pays monthly distributions at $0.05 per Unit, representing an initial yield on the Unit issue price of 6.0% per annum.

The Fund paid an initial distribution of $0.0871 for Unitholders with record date March 30, 2012, covering the period from February 7, 2012 (commencement of operations) to March 31, 2012. The Fund paid regular monthly distributions of $0.05 per Unit thereafter.

The Fund has made all its scheduled distributions during the year ended October 31, 2013, paying $0.60 per Unit ($0.4371 per Unit during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

8 Management fees

Pursuant to the Trust Agreement, the Fund retained Aston Hill Capital Markets Inc. (formerly "Connor, Clark & Lunn Capital Markets Inc.") to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 0.65% per annum of the NAV of the Fund, calculated and accrued daily and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the year ended October 31, 2013 were $178,825 plus applicable taxes ($138,521 plus applicable taxes during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

9 Service fees

The Fund pays to the Manager a service fee which is payable to registered dealers with respect to the Units equal to 0.30% per annum of the NAV of the Fund. The service fee is calculated quarterly and paid as soon as practicable after the end of each calendar quarter. The Manager pays the service fee to registered dealers based on the number of Units held by clients of such registered dealers at the end of the relevant quarter.

The service fees charged to the Fund during the year ended October 31, 2013 were $82,301 ($64,217 during the period from February 7, 2012 (commencement of operations) to October 31, 2012).

10 Income taxes

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

The Fund did not have any net taxable capital losses or non-capital losses carry forward balances as at tax year-end December 31, 2012.

11 Broker commission charges and soft dollar services

There was $36,175 of broker commissions paid during the year ended October 31, 2013 in connection with portfolio transactions ($32,441 during the period from February 7, 2012 (commencement of operations) to October 31, 2012). No soft dollar services were included in the broker commission charges. These amounts are accounted for as transactional costs.

12 Financial instruments

	October 31, 2013	**October 31, 2012**
Assets	**$**	**$**
Cash	79,516	30,250
Held for trading	20,823,921	29,675,148
Loans and receivables	60,262	70,856
Total assets	**20,963,699**	**29,776,254**
Liabilities		
Held for trading	66,474	164,552
Financial liabilities at amortized cost	195,220	258,436
Total liabilities	**261,694**	**422,988**

For the purposes of categorization in accordance with CICA Section 3862, Financial Instruments – Disclosures, cash is reported at fair value, dividends and interest receivable and prepaid expenses are deemed to be loans and receivables and recorded at amortized cost. Similarly, accounts payable and accrued liabilities, distributions payable and management fees payable 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 October 31, 2013 and 2012:

Assets at fair value as at October 31, 2013	Level 1	Level 2	Level 3	Total
Equities	20,823,921	–	–	20,823,921
Total	**20,823,921**	–	–	**20,823,921**

Liabilities at fair value as at October 31, 2013	Level 1	Level 2	Level 3	Total
Written call options	–	66,474	–	66,474
Total	–	**66,474**	–	**66,474**

Assets at fair value as at October 31, 2012	Level 1	Level 2	Level 3	Total
Equities	29,076,802	–	–	29,076,802
Short-term investments	–	598,346	–	598,346
Total	**29,076,802**	**598,346**	–	**29,675,148**

Liabilities at fair value as at October 31, 2012	Level 1	Level 2	Level 3	Total
Written call options	–	164,552	–	164,552
Total	–	**164,552**	–	**164,552**

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

Equities: The Fund's long equity positions are classified as Level 1 as all these securities are actively traded and a reliable quote is observable.

Written call options: The Fund's written call options positions are classified as Level 2 as they are valued using the options calculator.

Short-term investments: Short-term investments are classified as Level 2 as they are valued using observable inputs, including interest rate curves, credit spreads and volatilities.

There were no transfers among the three levels during the year ended October 31, 2013 or during the period from February 7, 2012 (commencement of operations) to October 31, 2012.

13 Financial instrument risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in prevailing interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in short-term notes (the Fund did not hold any short-term notes on October 31, 2013 and held $598,346 on October 31, 2012). Other assets and liabilities are short-term in nature and non-interest bearing. As at October 31, 2013 and October 31, 2012, interest rate risk was negligible.

Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund's Manager moderates this risk through writing at-the-money covered call options on approximately, and not more than, 25% of the portfolio. Except for written call options, the maximum risk resulting from financial instruments is equivalent to their fair value. Possible losses from written call options can be unlimited. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on October 31, 2013, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $1,770,000 and $2,016,000 (October 31, 2012 – $2,413,000 and $2,743,000). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

Credit risk is the risk that 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 securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt investments represents the maximum credit risk exposure as at October 31, 2013 and 2012.

The Fund is not exposed to credit risk as of October 31, 2013 as the Fund did not have any debt investments. The table below summarizes the Fund's exposure to credit risk as of October 31, 2012. Amounts shown are based on the carrying value of debt investments and the unrealized gain on derivative instruments outstanding with counterparties.

October 31, 2012:

Rating	(% of Net Assets)
A-1+	2.0%
Total	**2.0%**

As at October 31, 2012, no debt securities were contractually past due and no longer meeting interest payment obligations.

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 daily cash redemptions from its market purchase program, which is limited to certain conditions (see Note 4). The Fund is also exposed to unlimited annual anniversary redemptions on the second last business day of July of each year (see Note 5); therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash and/or cash equivalent positions to maintain liquidity. All liabilities are due within three months.