



Low Volatility Canadian Equities Income Fund

Annual Management Report of Fund Performance

October 31, 2016

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for **Low Volatility 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 LOGIQ Asset Management Ltd. (formerly, Aston Hill Capital Markets Inc.) (the “Manager”) (see “Recent Development” section) to the following address: 77 King Street West, Suite 2110, Toronto, Ontario M5K 1G8, or by calling 1-800-513-3868 or visiting the Manager’s website at www.logiqasset.com 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.

INVESTMENT OBJECTIVES AND STRATEGIES

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: stable monthly distributions; the opportunity for capital appreciation; and 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, 2016. 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.

RESULTS OF OPERATIONS

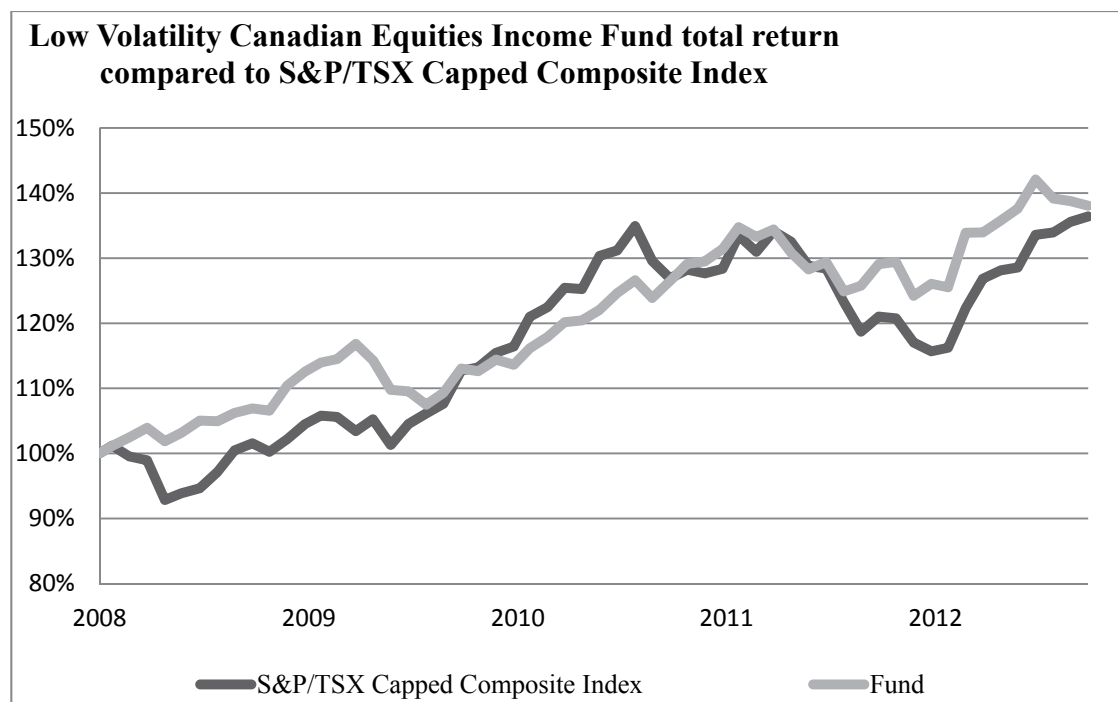
Manager’s Commentary

The Fund’s Units returned 7.0% in the year to October 31, 2016, with Net Asset Value per Unit climbing from \$9.56 to \$9.61 and monthly distributions totaling \$0.60. Canadian equities outperformed most international markets – the S&P/TSX Capped Composite Index returned 12.7% for the year to October 31st - with performance boosted by historically more volatile sectors including energy (+17.0%)¹ and materials (+44.3%)². As we expect with the low volatility strategy, the portfolio did worse than the broad market under these conditions. The fund’s real estate holdings, comprising over 30% of total assets, lagged the market, falling behind as an expectation of rising interest rates took hold in late summer. Utilities were in high demand globally and performed so well in the first six months of 2016 that three of four holdings were jettisoned from the portfolio at rebalancing in July based on heightened volatility; that sector has also since lagged the market.

On an annualized basis since inception, the Fund has returned 7.1% compared to 6.8% for the S&P/TSX Capped Composite Index. Annualized volatility of returns measured 10.3% for the period and 8.9% since inception for the Fund, well below 13.5% for the period and 12.0% since the Fund’s inception for the index.

¹ S&P TSX Capped Energy Index

² S&P TSX Capped Materials Index



Portfolio

The Fund’s portfolio is more sensitive to rising interest rates than the broader market, and has underperformed since government bonds plateaued in mid-summer. Banking sector holdings performed well late in the year, buoyed by the prospect of rising rates, which at the same time weighed on the Fund’s real estate holdings. The composition of the Fund has been consistent since its inception, with REITs and banks making up just over 50% of total holdings. The notable change in 2016 was the sharp reduction in utilities. Utilities are regarded as stable dividend payers and attract investment when economic risks are perceived as high, so rallied sharply early in the year and then softened as investors' fears about economic conditions failed to turn to reality. The result was increased price volatility in the sector.

Option writing was limited during the year. Opportunities to earn income that overcame trading costs and had good potential for risk adjusted return were few. The Fund wrote one-month calls on CI Financial Corp, Cineplex, Rogers Communications, TD Bank and Thomson Reuters at various times during the year. Option writing made a small positive contribution to performance.

Portfolio Sector Breakdown

Sector	Percent of Portfolio	
	October 31, 2105	October 31, 2016
Real Estate	31.1%	33.5%
Banks	19.4%	21.3%
Telecommunications	13.2%	13.2%
Utilities	12.8%	3.2%
Media	6.7%	6.6%
Diversified Financials	6.1%	9.9%
Conglomerates	3.1%	3.4%
Insurance	3.0%	0.0%
Consumer Durables	0.0%	3.3%
Cash	4.6%	2.0%
Total	100.0%	100.0%

Market Conditions

Uncertainty pervaded markets in the fall of 2015. Global growth continued to fall well short of expectations, commodities prices flirted with post-GFC lows, capital flows weakened, global trade was subdued and all the BRICS economies (Brazil, Russia, India, China and South Africa) except India slowed down simultaneously. Investors opted for high quality assets; treasuries and high investment-grade fixed income rallied while high yield bonds struggled. Global equities outperformed as the loonie took a significant dive of about 4 cents against the US dollar over the last two months of the year. The TSX 60 returned -1.70% in the fourth quarter, weighed down by energy and utility stocks while financials and materials climbed. The Fund's NAV fell from \$9.56 on October 31, 2015 to \$9.11 by the end of the year.

In December, with the US labour market performing well and GDP growth consistently above 2.0%, the Federal Reserve judged that the time was right to raise rates, the first such increase in close to a decade. The mood was of cautious optimism, with consensus pointing to improved growth and three further hikes during 2016. That hopeful outlook was dispelled when Chinese stocks dropped 20% in the first two weeks of 2016, echoing a similar but deeper crash in mid-2015. Trading restrictions put in place by Beijing effective January 1st were intended to calm markets but had the opposite effect, exacerbating a minor panic. The Fed soon began talking about the need to account for global events in setting policy. At the same time, commodities continued to retreat, with Brent Crude hitting a low of \$27.10 a barrel by the third week of January. At the end of the month, Japan's central bank announced a move to negative interest rates, causing investors to unload bank shares. The Bank of Canada joined in on the excitement with an unexpected quarter-point rate cut at its January meeting,

Global equities had lost about 11% in Canadian dollar terms by early February. Notably, bank share prices in advanced economies had fallen sharply on concern over the effects on profitability of low growth, flatter yield curves and negative interest rates. However, after an opening six weeks during which the VIX (the "fear index" which reflects the volatility of the S&P 500 Index) remained above 20% for the longest period since 2012, sentiment and prices reversed dramatically and North American equity indices closed the first quarter near record highs. The Fund's NAV bottomed on February 11th at \$8.66 and recovered to \$9.66 by the end of March.

Through the second quarter, financial markets endured a sometimes-volatile tug of war pitting mixed, and often shocking, economic and political news against investor confidence that central banks would keep adding fuel to the global economy. Britain's vote to leave the European Union had the biggest single impact, sending global equities down over 6% initially before, having digested the news; most stocks staged a full rebound. By mid-July, both global share indexes and government bonds in the principal advanced economies were back near record highs, with major economies including the US and China performing above expectations.

The overarching narrative, however, remained: that the world economy remained mired in a low growth cycle, still struggling to emerge from the long shadow of 2008 and 2009's financial crisis. Sluggish growth, said the IMF, would be accompanied by slow international trade; subdued business investment; government fiscal restraint even in the face of historically low borrowing costs; rising global unemployment; and, underemployment and low wage growth despite good headline unemployment rates in developed countries. Persistently low commodity prices continued to hurt exporters while the benefits to importers were less immediately apparent.

If Brexit could be characterized as a populist triumph, its motive drawn from the anger of a declining middle class that felt increasingly left behind by technological innovation and internationalism, surely the potential for more "Brexit" lay close beneath the surface in many advanced economies. And next up, of course, was the US, where the ineloquent billionaire demagogue "Trump", as he affectionately refers to himself in the third person, assumed the unlikely mantle of working class hero. Under a Trump administration, aided by Republican majorities in both the House and Senate, the US economy is widely expected to enjoy a medium-term boost from corporate tax cuts and infrastructure spending. Markets have set aside the geopolitical uncertainty the new leadership might engender and moved rapidly to price in the effects of promised stimulus, with US equities recording successive record highs since the election and treasury yields spiking to approach a 5-year peak. Canadian markets have largely followed suit, with both US growth and rising oil prices bearing the promise of dividends for the Canadian economy. At the time of writing, the Fund's NAV per Unit most recently closed at \$9.82 on December 16th, up from \$9.61 at the end of October, and the Fund continues to pay regular monthly distributions of 5 cents per Unit.

RECENT DEVELOPMENTS

On November 30, 2016, Aston Hill Capital Markets Inc. was amalgamated into Aston Hill Asset Management Inc. On December 8, 2016, Aston Hill Asset Management Inc., as part of Aston Hill Financial Inc. ("Aston Hill") and together with Front Street Capital 2004 ("Front Street") and Tuscarora Capital Inc. ("TCI"), an entity under common control with Front Street, completed a previously announced transaction whereby Aston Hill would acquire all of the equity interests in the Front Street and TCI, and the companies would combine their respective operations. As part of the transaction, Aston Hill also changed its name to LOGiQ Asset Management Inc. and consequently Aston Hill Asset Management Inc. changed its name to LOGiQ Asset Management Ltd.

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, 2016, there were 200,365 Units redeemed for net payment of \$2,011,604 (371,352 Units redeemed for net payment of \$3,565,862 in the year ended October 31, 2015).

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, 2016 and 2015.

DISTRIBUTIONS

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

The Fund has made all its scheduled distributions during the year ended October 31, 2016, paying \$0.60 per Unit (\$0.60 per Unit during the year ended October 31, 2015).

RELATED PARTY TRANSACTIONS

Management Fees and Service Fees

As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 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, 2016 were \$44,035 plus applicable taxes (\$66,696 plus applicable taxes during the year ended October 31, 2015).

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, 2016 were \$20,087 (\$29,291 during the year ended October 31, 2015).

Administration Fees

The Manager allocates back to the Fund a portion of administration expenses relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial and shareholder reporting, cost management, oversight and any other operations matter.

During the year ended October 31, 2016, administration fees amounted to \$5,582 (\$20,142 during the year ended October 31, 2015).

INDEPENDENT REVIEW COMMITTEE (“IRC”) FEE

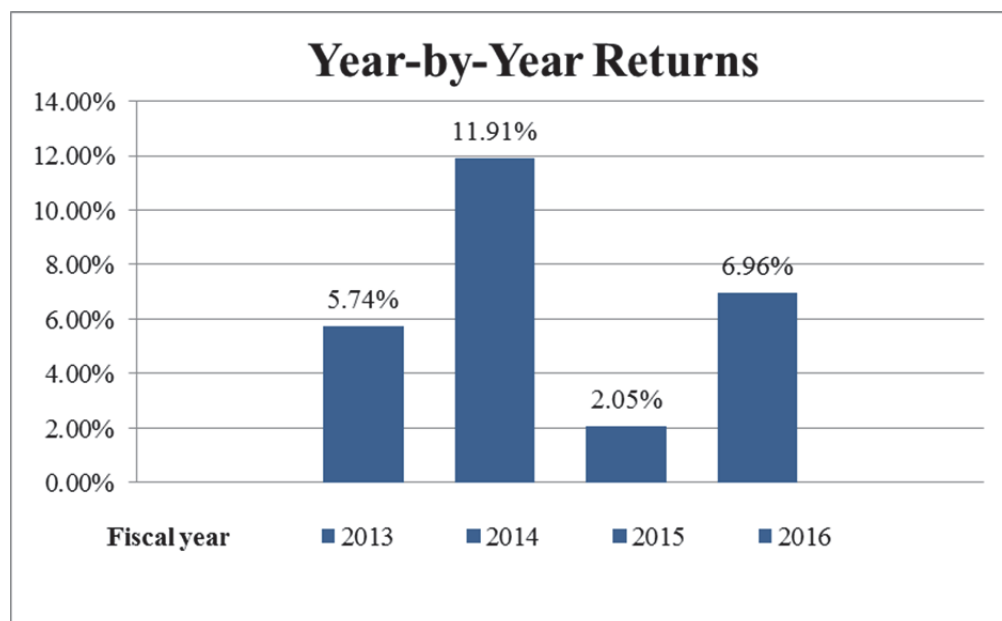
The members of the IRC are John Crow (Chair), Joseph Wright, Robert B. Falconer and Scott Browning. The IRC acts as a review committee for a number of investment funds managed by the Manager.

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

For the year ended October 31, 2016, IRC fees amounted to \$278 (\$88 for the year ended October 31, 2015).

PAST PERFORMANCE

The following bar charts and table show the Fund’s annual performance by showing annual returns by fiscal year assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, redemption, distribution 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

	1 Year	3 Year	Since Inception ⁽¹⁾
Based on NAV	6.96%	6.89%	7.05%
Based on share price	7.95%	7.31%	5.50%
S&P/TSX Capped Composite Index ⁽²⁾	12.67%	6.55%	6.68%

⁽¹⁾ Annualized for the period from February 7, 2012 (commencement of operations) to October 31, 2016

⁽²⁾ 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, 2016	October 31, 2015	October 31, 2014	October 31, 2013	October 31, 2012 ⁽¹⁾
Net Assets, beginning of period⁽⁶⁾	9.56	9.96	9.46	9.53	10.00
Unit issue expense⁽²⁾	–	–	–	–	(0.68)
Increase (decrease) from operations:					
Total revenues	0.39	0.35	0.36	0.34	0.32
Total expenses	(0.28)	(0.24)	(0.19)	(0.17)	(0.13)
Realized gains (losses) for the period	0.42	0.69	0.83	0.53	0.18
Unrealized gains (losses) for the period	0.24	(0.61)	0.22	(0.17)	0.25
Total increase (decrease) from operations⁽³⁾	0.77	0.19	1.22	0.53	0.62
Distributions:					
From income (excluding dividends)	–	–	–	–	–
From dividends	–	–	(0.03)	(0.16)	–
From capital gains	–	–	(0.42)	(0.44)	(0.06)
Return of capital	(0.60)	(0.60)	(0.15)	–	(0.37)
Total Distributions⁽⁴⁾	(0.60)	(0.60)	(0.60)	(0.60)	(0.44)
Net Assets, end of period⁽⁵⁾⁽⁶⁾	9.61	9.56	9.96	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 701,818 units outstanding as of October 31, 2016 (October 31, 2015 – 1,030,559 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.

⁽⁶⁾ The Fund adopted International Financial Reporting Standards ("IFRS") commencing November 1, 2014. The information for the years ended October 31, 2013 and October 31, 2014 is restated under IFRS from Canadian GAAP.

Ratios and Supplemental Data:	October 31, 2016	October 31, 2015	October 31, 2014	October 31, 2013	October 31, 2012 ⁽¹⁾
Net Asset (000's)	5,318	7,210	11,202	20,712	29,401
Number of units outstanding	553,460	753,825	1,125,177	2,188,377	3,086,505
Base Management expense ratio (annualized) ⁽²⁾⁽³⁾	2.86%	2.35%	1.84%	1.68%	1.76%
Issue expenses ratio ⁽²⁾	–	–	–	0.01%	7.16%
Management expense ratio (annualized) ⁽³⁾	2.86%	2.35%	1.84%	1.69%	8.92%
Management expense ratio before waivers or absorptions (annualized) ⁽³⁾	2.86%	2.35%	1.84%	1.69%	8.92%
Portfolio turnover rate ⁽⁴⁾	12.86%	30.36%	87.11%	160.82%	120.92%
Trading expense ratio ⁽⁵⁾	0.06%	0.08%	0.12%	0.13%	0.15%
Closing market price (TSX)	9.36	9.25	9.50	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.

SUMMARY OF INVESTMENT PORTFOLIO AS OF OCTOBER 31, 2016

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

Portfolio by Category	Market Value	% of NAV
Financials	\$ 2,040,136	38.5%
Real Estate	1,796,604	33.7%
Telecommunication Services	708,746	13.3%
Consumer Discretionary	556,700	10.4%
Utilities	170,373	3.2%
Cash	105,586	2.0%
Net other assets (liabilities)	(59,923)	(1.1%)
Top 25 Holdings		
EnerCare Inc.	199,051	3.7%
Bank of Nova Scotia	196,922	3.7%
National Bank of Canada	194,584	3.7%
Toronto-Dominion Bank	194,204	3.7%
Royal Bank of Canada	191,148	3.6%
Power Financial Corp.	187,379	3.5%
Bank of Montreal	184,975	3.5%
Canadian Imperial Bank of Commerce	184,920	3.5%
Granite Real Estate Investment Trust	184,372	3.5%
Power Corp of Canada	182,977	3.4%
Shaw Communications Inc.	182,684	3.4%
Cineplex Inc.	182,682	3.4%
TELUS Corp.	181,451	3.4%
Great-West Lifeco Inc.	179,905	3.4%
BCE Inc.	175,446	3.3%
H&R Real Estate Investment Trust	174,976	3.3%
Thomson Reuters Corp.	174,967	3.3%
Intact Financial Corp.	173,151	3.3%
Emera Inc.	170,373	3.2%
CI Financial Corp.	169,971	3.2%
Rogers Communications Inc.	169,165	3.2%
Chartwell Retirement Residences	169,136	3.2%
First Capital Realty Inc.	164,724	3.1%
RioCan Real Estate Investment Trust	164,069	3.1%
Canadian Real Estate Investment Trust	163,893	3.1%
Total Net Assets	\$5,318,222	