



North American Portfolio Trust

Annual Information Form

For the year ended December 31, 2013

March 28, 2014

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1 DESCRIPTION OF THE BUSINESS

1.1 NAME AND FORMATION

North American Portfolio Trust (the “Fund”) is an investment fund established under the laws of the Province of Ontario and governed by the Trust Agreement between Aston Hill Capital Markets Inc. (formerly Connor, Clark & Lunn Capital Markets Inc.) (the “Manager”) the Manager of Portfolio Trust and RBC Investor & Treasury Services (the “Trustee”) dated September 28, 2009. The principal place of business of the Fund and the registered office of the Manager is located at 77 King Street West, Suite 2110, P.O. Box 92, Toronto, Ontario, M5K 1G8. The fiscal year-end of the Fund is December 31.

1.2 STATUS OF NORTH AMERICAN PORTFOLIO TRUST

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation.

2 INVESTMENT OBJECTIVES

2.1.1 Investment Objectives

The Fund’s investment objectives are to:

- (i) provide Unitholder with attractive cash distributions; and
- (ii) return to Unitholder the original issue price of the Units upon termination of Portfolio Trust on November 30, 2014.

2.1.2 Investment Strategy

In order to achieve the Fund’s investment objectives, Connor, Clark & Lunn Investment Management Ltd. (the “Portfolio Manager”), the Fund’s Portfolio Manager, actively manages its Portfolio. The Portfolio consisting primarily of Canadian Innovative Tier 1 Capital Securities issued by Banks or entities related to Banks and U.S. Financials Capital Securities. The Portfolio Manager may also invest up to 15% of the Portfolio (measured at the time of investment) in other Bonds with a minimum issuer rating of “A” by S&P.

2.1.3 Investment Management Approach

The Portfolio Manager provides investment advisory and portfolio management services to the Fund and Portfolio Trust. The Portfolio Manager employs a disciplined, conservative process with respect to managing the Portfolio aimed at generating stable cash flows and preserving capital. The Portfolio’s sensitivity to quantitative macro-economic factors such as interest rates and economic growth will be continuously monitored. When the Portfolio Manager considers it appropriate, adjustments will be made to the composition of the Portfolio.

Duration, which is expressed in number of years, is a measure of the sensitivity of a fixed income investment or portfolio to changes in interest rates. Longer duration typically reflects an investment or portfolio with a longer term to maturity and hence greater price sensitivity to a given change in interest rates. By managing duration, the Portfolio Manager can manage the overall risk of interest rate changes on the Portfolio. In a period of falling interest rates, a portfolio manager will want to have a longer duration, as that portfolio will experience greater price appreciation, and conversely in a period of rising interest rates, a portfolio manager will want to have a portfolio of shorter duration to protect capital. The Portfolio Manager uses the first date upon which the securities may be called at par (rather than the legal maturity) in order to calculate duration.

When the Portfolio Manager believes it is appropriate, it will employ a hedging strategy that is designed to mitigate the expected impact of significant interest rate increases on the Net Asset Value. The Fund will never be net short as a result of hedging. The Portfolio Manager anticipates using various hedging instruments and techniques, including derivatives and entering into options on futures contracts, interest rate swap positions and options thereon, known as “swaptions”. The hedging strategy is designed to hedge against substantial interest rate increases that may occur over an investment horizon.

2.1.4 Foreign Exchange Hedging

The Fund is exposed to U.S. dollars. The Portfolio Manager takes currency exposure into account in managing the Portfolio and will attempt to maximize the Fund's total returns in Canadian dollars. In addition, it is intended that at least 90% of the value of the Portfolio that is exposed to U.S. dollars will be hedged back to the Canadian dollar. Derivative instruments used by the Fund may include but are not limited to futures, forwards, options and swaps.

2.1.5 Securities Lending

In order to generate additional returns, the Fund may lend securities included in the Portfolio to securities borrowers acceptable to Portfolio Trust pursuant to the terms of a securities lending agreement between the Fund and such borrower. Under a securities lending agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensatory payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Fund will receive collateral security. The Fund is not limited in the amount of securities lending transactions it may engage in.

2.1.6 Use of Derivatives

The Fund may invest in or use derivative instruments, other than commodity derivatives, for hedging purposes consistent with its investment objectives and subject to the investment restrictions of the Fund. For example, the Fund may use derivatives, including interest rate hedges, with the intention of offsetting or reducing risks associated with an investment or group of investments. The Fund may use derivatives to hedge the currency risk of any non-Canadian dollar denominated securities. No assurance can be given that the Portfolio will be hedged from any particular risk from time to time.

2.1.7 Investment Restrictions of the Portfolio Trust

The Fund is subject to certain investment restrictions which are set out in the Fund Trust Agreement. The investment restrictions of the Fund provide that the Fund Trust will not:

- a) invest:
 - (i) less than 20% or more than 65% of the Total Assets of the Fund (measured at the time of investment) in Canadian Innovative Tier 1 Capital Securities issued by Banks or entities related to Banks;
 - (ii) less than 20% or more than 50% of the Total Assets of the Fund (measured at the time of investment) in U.S. Financials Capital Securities;
 - (iii) more than 25% of the Total Assets of the Fund (measured at the time of investment) in Life Insurance Company and Other Canadian Financials Capital Securities; nor
 - (iv) more than 15% of the Total Assets of the Fund (measured at the time of investment) in other Bonds with a minimum issuer rating of "A" by S&P, except within 90 days of the Closing Date and within 90 days of the Fund's termination;
- b) purchase the securities of an issuer for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws;
- c) purchase the common or preferred shares of any "substantial securityholder" of the Fund (as defined in the *Securities Act* (Ontario)) or the direct or indirect parent of any substantial securityholder of the Fund;
- d) make or hold any investments in entities that would be "foreign affiliates" of the Fund for purposes of the Tax Act;
- e) make or hold any securities in any non-resident trusts other than "exempt foreign trusts" as defined in subsection 94(1) of the Tax Act as set forth in former Bill C-10, which was before the second session of the 39th Parliament (or pursuant to any amendments to such proposals, subsequent provisions enacted into law, or successor provisions thereto);

- f) at any time, hold any property that is a “non-portfolio property” for the purposes of the SIFT Rules;
- g) make or hold any investments that could require the Fund to include any material amount in its income pursuant to proposed sections 94.1 or 94.3 of the Tax Act or require the Fund to mark the investment to market in accordance with proposed section 94.2 of the Tax Act, all as set forth in Bill C-10, which was before the second session of the 39th Parliament, (or pursuant to any amendments to such proposals, subsequent provisions as enacted into law, or successor provisions thereto); or
- h) pledge any of its assets or employ leverage, except in connection with interest rate hedging, foreign exchange rate hedging, securities lending or use of derivatives as described under “Investment Strategy”.

3 UNITHOLDERS’ EQUITY

3.1 DESCRIPTION OF UNITHOLDERS’ EQUITY

The Fund is authorized to issue an unlimited number of redeemable, transferable one class of units (the “Units”), each of which represents an equal, undivided interest in the net assets of the Fund, subject to the terms and conditions of the Trust Agreement.

All Units have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable.

The Fund does not currently intend to issue additional Units following the completion of the initial exempt offering, except on a distribution of Units or an automatic reinvestment of distributions of net income or net realized capital gains.

3.2 UNITHOLDER MATTERS

3.2.1 Meetings of Unitholders

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

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

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

The Fund does not intend to hold annual meetings of Unitholders.

3.2.2 Amendment of Trust Agreement

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

The following matters may only be undertaken with the approval of Unitholders by an Extraordinary Resolution (a separate class vote is also required if one class of Units would be affected differently than the other):

- a) the removal of the Trustee or any of its affiliates as the trustee of the Fund;

- b) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- c) any change of the Manager except where the new manager is an affiliate of the Manager;
- d) any increase in the Management Fee;
- e) any amendment, modification or variation in the provisions or rights attaching to the Units;
- f) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course;
- g) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the terms of the Trust Agreement; and
- h) any amendment to the above provisions except as permitted by the Trust Agreement.

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

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

3.2.3 Reporting to Unitholders

The Fund will make available to Unitholders such financial statements and other continuous disclosure documents as are required by applicable law, including unaudited interim and audited annual financial statements, prepared in accordance with Canadian generally accepted accounting principles. The Fund will mail the financial statements prepared for Portfolio Trust to all of the Unitholders who receive the Fund’s financial statements. The Fund will make available to each Unitholder annually and within the time prescribed by law, information necessary to enable such Unitholder to complete an income tax return with respect to the amounts payable by the Fund.

3.3 TERMINATION OF THE FUND

The Fund has a term of approximately five years, terminating on November 30, 2014, unless terminated earlier in accordance with the Trust Agreement. Pursuant to the Trust Agreement, the Fund will terminate on the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund or when terminated by the Manager, as described below. In addition to such termination, the Trust Agreement also provides that:

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

- b) the Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders.

In the event the Forward Agreement terminates prior to the termination of the Fund, the Fund may enter into a new forward agreement or amend the Trust Agreement to permit the Fund to hold Portfolio directly. Although these actions do not require Unitholder approval, the Fund will provide at least 30 days notice to Unitholders of any such action by way of press release. The Fund will issue a second press release at least 10 days in advance of any such action.

The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders to do so. The Manager will provide notice of such termination upon at least 30 days notice to Unitholders of the termination date by way of press release. The Fund will issue a second press release at least 10 Business Days in advance of the termination date. Upon such a termination the Fund will pre-settle the Forward Agreement, liquidate the Canadian Securities Portfolio and distribute to Unitholders of each class their *pro rata* portions of the remaining assets of the Fund attributable to such class after all liabilities of the Fund have been satisfied or appropriately provided for.

The Trust Agreement provides that prior to the termination of the Fund, the Manager will use commercially reasonable efforts to dispose of all of its assets and will satisfy or make appropriate provision for all liabilities of the Fund. The Trust Agreement provides that the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders, postpone any termination date by a period of up to 180 days if the Manager determines that it will be unable to convert all of its assets to cash prior to any termination date and the Manager determines that it would be in the best interests of the Unitholders to do so.

Upon termination, the Trust Agreement provides that the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund attributable to each class, which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to any termination date, such unliquidated assets *in specie* rather than in cash. Following such distribution, the Fund will be dissolved. There can be no assurance that Unitholders will receive \$25.00 per Unit upon any termination of the Fund.

3.4 DISTRIBUTIONS

The Fund will pay distributions if, as and when declared by the Fund from time to time.

The Fund is subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund generally is not liable for income tax under Part I of the Tax Act, the Trust Agreement provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of each class of Units of record on December 31, *pro rata* based on the Net Asset Value of each class. The Additional Distribution may be necessary if the Fund realizes income for tax purposes which is in excess of the quarterly distributions paid or made payable to Unitholders during the year. If the Fund must pay an Additional Distribution, such Additional Distribution may, at the option of the Manager, be satisfied by the issuance of Units. Following such issue of additional Units, the outstanding Units may be automatically consolidated on a basis such that each Unitholder of a class of the Fund will hold after the consolidation the same number of Units of the applicable class of the Fund as it held before the distribution of additional Units, except in the case of a Non-Resident Unitholder if tax was required to be withheld in respect of the distribution. See “Canadian Federal Income Tax Considerations”.

3.5 REDEMPTIONS OF UNITS

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit as at the Redemption Date. Units surrendered for redemption by a Unitholder on or before 5:00 p.m. (Toronto time) on any Redemption Date will be redeemed as at such Redemption Date, subject to the Manager’s right to suspend redemptions in certain circumstances. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors including the value of the securities included in the portfolio.

A Unitholder who desires to exercise redemption privileges must deliver to the Manager at its office in the City of Toronto, a written notice of the Unitholder’s intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the relevant notice date.

By delivering to the Manager a notice of intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption. Any redemption notice that the Manager determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby.

The Manager may suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the securities included in the Portfolio are listed and traded, and if the securities are not traded on any other exchange that represents a reasonable, practical alternative for the Fund or (b) for any period not exceeding 5 Business Days during which conditions exist which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager will be conclusive.

4 VALUATION

For reporting purposes other than financial statements, the Net Asset Value of Portfolio Trust on a particular date will be equal to (i) the Total Assets less (ii) the aggregate value of the liabilities of the Fund. The Net Asset Value of Units on a particular date will be equal to the Net Asset Value, including an allocation of any net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The Net Asset Value per Unit on any day will be obtained by dividing the Net Asset Value on such day by the number of Units then outstanding.

For the purpose of calculating Net Asset Value of the Fund or Portfolio Trust on a Valuation Date, the Total Assets, and any short positions, of the Fund or Portfolio Trust on such Valuation Date will be determined as follows:

- a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the Total Assets are being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair market value thereof;
- b) the value of any bonds, debentures, other debt obligations and short positions will be valued by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such securities on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use;
- d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total Assets are being determined as determined by the Manager (generally the Manager will value such security at cost until there is a clear indication of an increase or decrease in value);
- f) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the Custodian on the Valuation Date on which the Total Assets are being determined;
- g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which

approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Manager;

- h) the value of any forward contract will be the value that would be realized by the Fund if, on the date on which the Total Assets are being determined, the forward contract were closed out in accordance with its terms; and
- i) the value of any security or property to which, in the opinion of the Manager, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

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

Units may be redeemed for a redemption price per Unit equal to 100% of the Net Asset Value per Unit as at the Redemption Date. The Net Asset Value per Unit will vary depending on the performance of the Portfolio, which depends on a number of factors, including the value of the securities included in the Portfolio.

4.1.1 Reporting of Net Asset Value

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

4.2 AUDIT OF FINANCIAL STATEMENTS

The annual financial statements of the Fund will be audited by the Fund's auditors in accordance with Canadian generally accepted auditing standards. The auditors will be asked to report on the fair presentation of the annual financial statements in accordance with Canadian generally accepted accounting principles.

5 MANAGEMENT OF THE FUND

5.1 THE MANAGER

Aston Hill Capital Markets Inc. (formerly Connor, Clark & Lunn Capital Markets Inc.) oversees, manages and implements the objectives of Portfolio Trust pursuant to the terms of the Management Agreement. The Manager is entitled to receive fees as compensation for management services rendered to Portfolio Trust. See "Duties and Services to be provided by the Manager" below and "Fees and Expenses".

5.1.1 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.

5.1.2 Duties and Services to be provided by the Manager

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

The Manager's duties include maintaining accounting records for the Fund; authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements, income tax returns and financial and accounting information as required by the Fund; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by

applicable law; ensuring that the Fund complies with regulatory requirements, including its continuous disclosure requirements under applicable securities laws; preparing the Fund's reports to unitholders and to the AMF; providing the Custodian with information and reports necessary for the Custodian to fulfill its fiduciary responsibilities; currency hedging; administering the redemption of Units; arranging for any payment required on the termination of the Fund; dealing and communicating with unitholders; and negotiating contracts with third party providers of services, including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers.

The Manager also implements the Fund's investment strategy to ensure compliance with the Fund's investment guidelines.

5.1.3 Officers and Directors of the Manager

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are set out below:

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

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

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

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

Michael J. Killeen: B.Sc., University of Western Ontario; LL.B., University of Western Ontario; Advanced Management Program, Harvard Business School. Mr. Killeen joined Aston Hill Financial Inc. in 2010. Prior thereto, Mr. Killeen was an Executive Vice President with Davis + Henderson Income Fund from March 2009 to July 2010 and Senior Vice-President and General Counsel with CI Financial from April 1995 to September 2007.

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

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

5.2 THE PORTFOLIO MANAGER

Connor, Clark & Lunn Investment Management Ltd. acts as portfolio manager to the Fund. The Portfolio Manager, part of the Connor, Clark & Lunn Financial Group, was established in March 1982, and has offices in Vancouver and Toronto.

The name, municipality of residence, position with the Portfolio Manager and principal occupation of each of the directors and the officers of the Portfolio Manager involved in managing the assets of the Fund are set out below:

Name and Municipality	Position with the Portfolio Manager	Principal Occupation
LARRY R. LUNN Vancouver, British Columbia	Director, Chairman and President	Director, Chairman and President of the Portfolio Manager Clark & Lunn Investment Management Ltd.
MICHAEL W. FREUND Toronto, Ontario	Director	Managing Partner, Connor, Clark & Lunn Financial Group
MARTIN L. GERBER West Vancouver, British Columbia	Director and Commodity Advising Officer	Director and Commodity Advising Officer of the Portfolio Manager
BRIAN EBY West Vancouver, British Columbia	Director and Vice President	Director and Vice President of the Portfolio Manager
GORDON H. MACDOUGALL Vancouver, British Columbia	Director and Vice President	Director and Vice President of the Portfolio Manager
J. WARREN STODDART Toronto, Ontario	Director	Managing Partner, Connor, Clark & Lunn Financial Group
PHILLIP COTTERILL West Vancouver, British Columbia	Director and Vice President	Director and Vice President of the Portfolio Manager
GARY BAKER West Vancouver, British Columbia	Director	Director of the Portfolio Manager
DERRICK CROWE Vancouver, British Columbia	Compliance Officer	Compliance Officer of the Portfolio Manager

Connor, Clark & Lunn Investment Management Ltd., is primarily responsible for investing the Portfolio and the Canadian Securities Portfolio. The team of individuals working at the Portfolio Manager responsible for the Portfolio and the Canadian Securities Portfolio consists of 5 individuals each of whom has significant experience in managing investment portfolios. The investment managers of the Portfolio Manager are Brian Eby, Jane Justice, Chris Kalbfleisch, Simon MacNair and David George.

The biographies of each of the principal members of The Portfolio Manager that is managing the Portfolio are as follows:

Brian Eby: CFA; MBA McMaster University. Mr. Eby is a partner of Connor, Clark & Lunn Investment Management Partnership, and head of the fixed income team responsible for fixed income management strategy and research. Mr. Eby has 29 years experience covering three separate recessionary periods. His experience outside portfolio management includes advising in the structuring/restructuring of public debt programs and underwriting of corporate bonds.

S. Jane Justice: B.Mgmt. Capilano College. Ms. Justice is a Partner of Connor, Clark & Lunn Investment Management Partnership and a member of the fixed income team responsible for bond trading and risk management.

Chris Kalbfleisch: CFA; MSc. Statistics University of Western Ontario. Mr. Kalbfleisch is a partner of Connor, Clark & Lunn Investment Management Partnership and is a member of the fixed income team. Mr. Kalbfleisch is a quantitative financial markets specialist and is responsible for research. In addition to his experience with the Portfolio Manager, Mr. Kalbfleisch is the team leader of the asset allocation team.

Simon MacNair: BA; University of British Columbia, PhD; University of Wisconsin-Madison. Mr. MacNair is a partner of Connor, Clark & Lunn Investment Management Partnership and is a member of the fixed income team, responsible for credit analysis, research and corporate security selection.

David George: CFA; BComm, University of British Columbia. Mr. David is a partner of Connor, Clark & Lunn Investment Management Partnership and a member of the fixed income team responsible for research and analysis.

5.2.1 Details of the Portfolio Management Agreement

Under the Portfolio Management Agreements, the Portfolio Manager is required to act at all times on a basis which is fair and reasonable to the Fund, as applicable, to act honestly and in good faith with a view to the best interests of the Fund, as applicable, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Portfolio Management Agreements provide that the Portfolio Manager shall not be liable in any way for any default, failure or defect in the Innovative Tier 1 Capital Securities or other securities held by the Fund or for any loss or diminution in the value of such securities or other loss or damage suffered by any such person or for any errors of judgment, acts or omissions if it has satisfied the duties and standard of care, diligence and skill set forth above. The Portfolio Manager will, however, incur liability in cases of willful misconduct, bad faith or negligence or breach of its standard of care set forth above.

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

The Portfolio Manager may terminate the Portfolio Management Agreements upon 20 business days' notice in the event that the Fund or the Manager is in material breach or default of the provisions thereof and such material breach or default has not been cured within 20 business days' notice of same to the Manager and to the Fund, or in the event that there is a material change in the investment guidelines of the Fund.

If either of the Portfolio Management Agreements is terminated, the Manager will promptly appoint a successor portfolio manager to carry out the activities of the Portfolio Manager until a meeting of unitholders of the Fund, as applicable, is held to confirm such appointment.

Any amendment to the Portfolio Management Agreements which would have an adverse effect on the ability of the Fund, as applicable, to perform any of its material obligations under any material agreements to which it is a party requires the prior written consent of the Manager, which consent shall not be unreasonably withheld or delayed.

The Manager, in its capacity as manager of the Fund, is responsible for the payment of the fees of the Portfolio Manager out of its fees.

5.3 CONFLICTS OF INTEREST

The management and administrative services provided by the Manager to the Portfolio Trust pursuant to the Trust Agreement are not exclusive and nothing in the Trust Agreement prevents the Manager from providing similar management services to other investment funds and clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may manage the same investment for the Fund and for one or more of its other clients. If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

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

The services of the Portfolio Manager and its officers and directors are not exclusive to the Fund or the Manager. The Portfolio Manager or any of its affiliates and associates may, at any time, engage in the promotion, management or investment management of any other entity which invests primarily in the same securities as those held by the Fund, and provide similar services to other investment funds and other clients and engage in other activities. Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Portfolio Manager. On occasion, however, the Portfolio Manager may make the same investment for the Fund, as applicable, and for one or more of its other clients. If the Fund and one or more of the other clients of the Portfolio Manager are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis.

5.4 INDEPENDENT REVIEW COMMITTEE

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

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

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

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

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

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

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

of St. Michael's College and is currently coauthoring a textbook that emphasizes a strong mechanistic approach to understanding organic chemistry.

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

The IRC members each receive \$15,000 per annum (\$20,000 for the Chairman) plus \$1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties. These fees and expense reimbursements are allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable. For the year ended December 31, 2013, members of the IRC were paid the following aggregate compensation: Mr. Crow: \$29,662.50 Mr. Falconer: \$21,250.00; Mr. Browning; \$21,250.00 and Mr. Wright \$7,062.50.

5.5 THE TRUSTEE

RBC Investor & Treasury Services is the trustee of the Fund under the Trust Agreement and, as such, is responsible for certain aspects of the day-to-day administration of the Fund as described in the Trust Agreement, including executing instruments on behalf of the Fund.

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

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

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

5.6 THE CUSTODIAN

RBC Investor & Treasury Services acts as custodian of the assets of the Fund pursuant to the Custodian Agreement. The Custodian, or an affiliate of the Custodian, also carries out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

5.7 AUDITOR

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

5.8 TRANSFER AGENT AND REGISTRAR

Pursuant to the Registrar, Transfer Agency and Distribution Agency Agreement, Computershare Investor Services Inc. will act as transfer agent and registrar for the Units and will maintain the securities registers at its office in Toronto.

5.9 PORTFOLIO TRANSACTIONS AND BROKERAGE

The Manager and the Investment advisor are responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund's investments and, when applicable, the negotiation of commissions in connection therewith. The Fund is responsible to pay those commissions.

6 FEES AND EXPENSES

6.1 MANAGEMENT FEES

As compensation for management services rendered to the Fund, the Manager is entitled to receive an annual management fee in an amount equal to 0.25% per annum of the applicable Net Asset Value of the Fund calculated and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund during the year ended December 31, 2013 were \$124,473 (\$126,021 during the year ended December 31, 2012).

The Manager is responsible for payment of the investment management fees out of these management fees.

6.2 OPERATING EXPENSES

Portfolio Trust pays for all expenses incurred in connection with its respective operation and administration including, fees payable to the Trustee, custodial fees, legal, audit, valuation fees and expenses, any additional fees payable to third party service providers, expenses of the directors of the Manager, fees and expenses of the members of the Independent Review Committee appointed under NI 81-107 and expenses related to compliance with NI 81-107, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements of Portfolio Trust and investor relations, fees and expenses relating to the voting of proxies by a third party, taxes, brokerage commissions, costs and expenses relating to the issue of Units, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that Portfolio Trust may incur, but excluding the fees payable to the Portfolio Manager. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Portfolio Manager, the Custodian or the Trustee and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by Portfolio Trust. The aggregate amount of these fees and expenses during the year ended December 31, 2013 were \$40,485 (\$56,963 during the year ended December 31, 2012).

7 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Portfolio Trust is a "financial institution" for purposes of the "specified debt obligation" and "mark-to-market" rules contained in the Tax Act at any time if more than 50% of the fair market value of all interests in the Fund are held at that time by one or more such financial institutions. The Tax Act contains special rules for determining the income of a financial institution.

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized and unrealized taxable capital 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 deducts, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under "Unitholders' Equity—Distributions", it will generally not be liable in such year for income tax under Part I of the Tax Act.

The Fund may be subject to "minimum tax" under the Act. The Manager will endeavour to manage the Fund in a manner such that the Fund will not be subject to a minimum tax. The Tax Act provides for a special tax on designated income of certain trusts which have designated beneficiaries. The Trust Agreement prohibits the ownership of Units by any person that would be a designated beneficiary for purposes of the Tax Act.

8 MATERIAL CONTRACTS

The following contracts that have been entered into by Portfolio Trust that can reasonably be regarded as material to purchasers of Units:

- (a) the Trust Agreement; and
- (b) the Custodian Agreement.

Copies of the foregoing agreements can be obtained from the Manager and are also available on www.sedar.com.

North American Portfolio Trust

Additional information about the Fund is available in the financial statements. You can obtain copy of the financial statements, including a statement of portfolio transactions, at no charge by contacting the Manager by:

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