Audited Financial Statements of

AHF CREDIT OPPORTUNITIES FUND

For the year ended December 31, 2014

March 31, 2015

Independent Auditor's Report

To the Unitholders of
AHF Credit Opportunities Fund
(the Fund)

We have audited the accompanying financial statements of the Fund, which comprise of the statements of financial position as at December 31, 2014, December 31, 2013 and September 30, 2013 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2014 and the period from September 30, 2013 to December 31, 2013, 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 of the Fund in accordance with International Financial Reporting Standards, 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 of the Fund based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements of the Fund present fairly, in all material aspects, the financial position of the Fund as at December 31, 2014, December 31, 2013 and September 30, 2013 and the financial performance and cash flows of the Fund for the year ended December 31, 2014 and the period from September 30, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

AHF CREDIT OPPORTUNITIES FUND

STATEMENTS OF FINANCIAL POSITION

As at	**December 31, 2014**	December 31, 2013	September 30, 2013
Assets			
Current assets			
Financial assets at fair value through profit or loss	**$ 2,221,268**	$ 217,679	$ -
Short-term investments	**3,293,076**	199,692	-
Cash	**2,644,546**	716,075	-
Subscription receivable	**302,150**	-	-
Dividends receivable	**4,381**	-	-
Interest receivable	**31,103**	2,364	-
Total assets	**8,496,524**	1,135,810	-
Liabilities			
Current liabilities			
Management fees payable (note 8)	**7,300**	-	-
Performance fees payable (note 8)	**37,785**	-	-
Accounts payable and accrued liabilities	**66,603**	21,274	-
Distributions payable	**144,717**	-	-
Total liabilities	**256,405**	21,274	-
Net Assets attributable to holders of redeemable units	**$ 8,240,119**	$ 1,114,536	$ -
Net Assets attributable to holders of redeemable units per series			
Series A	**$ 2,469,172**	$ -	$ -
Series F	**$ 3,810,843**	$ -	$ -
Series I	**$ 1,960,104**	$ 1,114,536	$ -
Units outstanding per series (note 7)			
Series A	**249,522**	-	-
Series F	**384,748**	-	-
Series I	**159,625**	112,253	-
Net Assets attributable to holders of redeemable units per series per unit			
Series A	$ 9.90	$ -	$ -
Series F	$ 9.90	$ -	$ -
Series I	$ 12.28	$ 9.93	$ -

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

Neil Murdoch
Director

Alexander (Sandy) Liang
Chief Executive Office

The accompanying notes are an integral part of these financial statements.

AHF CREDIT OPPORTUNITIES FUND

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013		**2014**		2013
Income				
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss				
Net foreign currency gain	**$**	**81,416**	$	21,699
Dividends		**12,045**		-
Interest income for distribution purpose		**73,583**		1,747
Net realized gain on investments		**875,849**		94,888
Change in unrealized appreciation on investments		**(513)**		10,798
Total income		**1,042,380**		129,132
Expenses				
Management fees (note 8)		**29,980**		-
Performance fees (note 8)		**118,122**		-
Administration fees (note 8)		**1,500**		1,850
Legal fees		**2,260**		-
Audit fees		**24,424**		5,642
Unitholder reporting costs		**59,258**		11,849
Custody fees		**14,120**		4,513
Independent review committee fees		**248**		282
Interest and bank charges		**1,300**		-
Other expenses		**16,251**		-
Withholding taxes		**1,807**		-
Transaction costs		**3,760**		-
Total expenses		**273,030**		24,136
Increase in Net Assets attributable to holders of redeemable units		**769,350**		104,996
Increase in Net Assets attributable to holders of redeemable units per series				
Series A	**$**	**127,762**	$	-
Series F	**$**	**192,374**	$	-
Series I	**$**	**449,214**	$	104,996
Weighted average number of units outstanding for the year				
Series A		**180,625**		-
Series F		**266,059**		-
Series I		**134,945**		100,954
Increase in Net Assets attributable to holders of redeemable units per unit [1]				
Series A	**$**	**0.71**	$	-
Series F	**$**	**0.72**	$	-
Series I	**$**	**3.33**	$	1.04

[1] Based on the weighted average number of units outstanding for the period.

The accompanying notes are an integral part of these financial statements.

AHF CREDIT OPPORTUNITIES FUND

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

Series A

For the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013	2014	2013
Net Assets attributable to holders of redeemable units, beginning of period	**$ -**	$ -
Increase in Net Assets attributable to holders of redeemable units	**127,762**	-
Redeemable unit transactions:		
Proceeds from redeemable units issued	**2,342,946**	-
Reinvestments of distributions to holders of redeemable units	**193,965**	-
Redemption of redeemable units	**-**	-
	2,536,911	-
Distributions to holders of redeemable units:		
From net realized capital gain	**(195,501)**	-
	(195,501)	-
Net increase in Net Assets attributable to holders of redeemable units	**2,469,172**	-
Net Assets attributable to holders of redeemable units, end of period	**$ 2,469,172**	$ -

Series F

For the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013	2014	2013
Net Assets attributable to holders of redeemable units, beginning of period	**$ -**	$ -
Increase in Net Assets attributable to holders of redeemable units	**192,374**	-
Redeemable unit transactions:		
Proceeds from redeemable units issued	**3,859,011**	-
Reinvestments of distributions to holders of redeemable units	**140,453**	-
Redemption of redeemable units	**(79,582)**	-
	3,919,882	-
Distributions to holders of redeemable units:		
From net realized capital gain	**(301,413)**	-
	(301,413)	-
Net increase in Net Assets attributable to holders of redeemable units	**3,810,843**	-
Net Assets attributable to holders of redeemable units, end of period	**$ 3,810,843**	$ -

Series I

For the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013	2014	2013
Net Assets attributable to holders of redeemable units, beginning of period	**$ 1,114,536**	$ -
Increase in Net Assets attributable to holders of redeemable units	**449,214**	104,996
Redeemable unit transactions:		
Proceeds from redeemable units issued	**425,000**	1,009,540
Reinvestments of distributions to holders of redeemable units	**158,117**	112,182
Redemption of redeemable units	**(28,646)**	-
	554,471	1,121,722
Distributions to holders of redeemable units:		
From net realized capital gain	**(158,117)**	(112,182)
	(158,117)	(112,182)
Net increase in Net Assets attributable to holders of redeemable units	**845,568**	1,114,536
Net Assets attributable to holders of redeemable units, end of period	**$ 1,960,104**	$ 1,114,536

Fund Total

For the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013	2014	2013
Net Assets attributable to holders of redeemable units, beginning of period	**$ 1,114,536**	$ -
Increase in Net Assets attributable to holders of redeemable units	**769,350**	104,996
Redeemable unit transactions:		
Proceeds from redeemable units issued	**6,626,957**	1,009,540
Reinvestments of distributions to holders of redeemable units	**492,535**	112,182
Redemption of redeemable units	**(108,228)**	-
	7,011,264	1,121,722
Distributions to holders of redeemable units:		
From net realized capital gain	**(655,031)**	(112,182)
	(655,031)	(112,182)
Net increase in Net Assets attributable to holders of redeemable units	**7,125,583**	1,114,536
Net Assets attributable to holders of redeemable units, end of period	**$ 8,240,119**	$ 1,114,536

The accompanying notes are an integral part of these financial statements.

AHF CREDIT OPPORTUNITIES FUND

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013	**2014**	2013
Cash flows from operating activities		
Increase in Net Assets attributable to holders of redeemable units	**$ 769,350**	$ 104,996
Adjustments to reconcile to operating cash flows:		
Net realized gain on sale of investments	**(875,849)**	(94,888)
Net foreign currency gain on cash	**(81,416)**	(21,699)
Change in unrealized depreciation (appreciation) on investments	**513**	(10,798)
Proceeds from investments sold	**58,617,826**	8,918,661
Purchase of investments	**(62,839,463)**	(9,230,346)
Increase in dividends receivable	**(4,381)**	-
Increase in interest receivable	**(28,739)**	(2,364)
Increase in management fees payable	**7,300**	-
Increase in performance fees payable	**37,785**	-
Increase in accounts payable and accrued liabilities	**45,329**	21,274
Net cash used in operating activities	**(4,351,745)**	(315,164)
Cash flows from financing activities		
Proceeds from redeemable units issued	**6,324,807**	1,009,540
Redemption of redeemable units	**(108,228)**	-
Distributions paid to holders of redeemable units, net of reinvested distributions	**(17,779)**	-
Net cash from financing activities	**6,198,800**	1,009,540
Net increase in cash during the period	**1,847,055**	694,376
Net foreign currency loss on cash	**81,416**	21,699
Cash, beginning of period	**716,075**	-
Cash, end of period	**$ 2,644,546**	$ 716,075
Dividends received, net of withholding taxes	**$ 5,857**	$ -
Interest received	**$ 44,844**	$ -
Interest paid	**$ 1,300**	$ -

The accompanying notes are an integral part of these financial statements.

AHF CREDIT OPPORTUNITIES FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2014

Par Value		Coupon Rate (%)	Maturity Date	Cost	Fair Value	% of Portfolio
	Bonds					
	Domestic Bonds					
330,000	Essar Steel Algoma Inc.	9.500%	November 15, 2019	374,549	386,523	
50,000	HudBay Minerals Inc.	9.500%	October 01, 2020	53,453	56,465	
	Total domestic bonds			428,002	442,988	19.9%
	Foreign Bonds					
	Greece					
50,000	Eletson Holdings	9.625%	January 15, 2022	55,280	57,044	
	Total Greece			55,280	57,044	2.6%
	United States of America					
50,000	Century Aluminum Copmany	7.500%	June 01, 2021	53,048	60,808	
258,000	Enova International Inc.	9.750%	June 01, 2021	278,388	295,095	
200,000	Light Tower Rentals Inc.	8.125%	August 01, 2019	215,169	181,265	
50,000	Michael Baker Holdings LLC	8.875%	April 15, 2019	54,586	56,175	
200,000	PaperWorks Industries Inc.	9.500%	August 15, 2019	218,169	232,519	
	Total Unites States of America			819,360	825,862	37.2%
	Total foreign bonds			874,640	882,906	39.8%
	Total bonds			1,302,642	1,325,894	59.7%
	Equities					
	Consumer discretionary					
98	Amaya Gaming Group			98,000	127,400	
	Total Consumer discretionary			98,000	127,400	5.7%
	Financials					
5,000	Clairvest Group Inc.			116,487	134,950	
11,493	Enova International Inc.			362,051	296,320	
	Total Financials			478,538	431,270	19.4%
	Exchange Traded Funds					
25,500	BlackRock Corporate High Yield Fund Inc.			332,201	336,704	
	Total Exchange Traded Funds			332,201	336,704	15.2%
	Total Equities			908,739	895,374	40.3%
	Total investments			2,211,381	2,221,268	100.0%
	Embedded broker commission			(397)		
	Total			**2,210,984**	**2,221,268**	**100.0%**

Schedule A

Short-term investments

As at December 31, 2014		Cost (CDN)	Fair Value (CDN)
Par Value	**Short-term investments**		
	Treasury Bills		
300,000	Canadian Treasury Bill, *0.365% due January 15,2015*	299,301	299,301
500,000	Canadian Treasury Bill, *0.456% due January 29,2015*	499,245	499,245
500,000	Canadian Treasury Bill, *0.456% due February 12,2015*	499,225	499,225
500,000	Canadian Treasury Bill, *0.547% due February 26,2015*	498,895	498,895
500,000	Canadian Treasury Bill, *0.529% due March 12,2015*	499,145	499,145
500,000	Canadian Treasury Bill, *0.535% due March 26,2015*	498,700	498,700
500,000	Canadian Treasury Bill, *0.522% due April 23,2015*	498,565	498,565
		$ 3,293,076	**$ 3,293,076**

1. THE FUND

AHF Credit Opportunities Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a master declaration of trust dated as of September 30, 2013 (as amended from time to time, the "Declaration of Trust"). AHF Capital Partners Inc. is the trustee (in such capacity, the "Trustee") and the manager (in such capacity, the "Manager") of the Fund.

The investment objective (the "Investment Objective") of the Fund is to maximize total returns for Unitholders, consisting of both distributions and capital appreciation. The Fund invests, directly or indirectly, primarily in debt and equity securities of non-investment grade rated issuers, both publicly-traded and privately-held.

The Fund currently offers Series A Units, Series F Units and Series I Units (together, the "Units") for sale to investors.

Although the Fund is a "mutual fund" as defined in applicable securities-legislation, it is not required to (and does not) operate in accordance with the requirements of National Instrument 81-102 Mutual Fund and other regulations and policies of the Canadian securities regulators that are applicable only to public mutual Fund.

The address of the Fund's registered office is 77 King Street West, Suite 2110, Toronto, Ontario, M5K 1G8.

The Schedule of Investment Portfolio for the Fund is as at December 31, 2014. The Statements of Financial Position are as at December 31, 2014, December 31, 2013 and September 30, 2013, where applicable. The Statements of Comprehensive Income, Statement of Cash Flows and Changes in Net Assets Attributable to Holders of Redeemable Units are for the year ended December 31, 2014 and for the period from September 30, 2013 to December 31, 2013.

These financial statements were authorized for issue by AHF Capital Partners Inc. on March 31, 2015.

2. BASIS OF PREPARATION AND ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements, under the historical cost convention basis, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through prof t and loss. The Fund adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously the Fund's financial statements were prepared in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook ("Canadian GAAP"). The comparative information has been restated from Canadian GAAP to comply with IFRS. The Fund has consistently applied the accounting policies used in the preparation of their opening IFRS Statement of Financial Position at September 30, 2013, and throughout all periods presented, as if these policies had always been in effect. Note 6 of the Notes to the Financial Statements discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013, as prepared under Canadian GAAP.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) applicable to the preparation of financial statements, under the historical cost convention basis, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss. The Fund adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund's 'financial statements were prepared in accordance with Canadian generally accepted accounting principles as defined in the Part V of the CPA Handbook ("Canadian GAAP"). The comparative information has been restated from Canadian GAAP to comply with IFRS. The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 6 of Notes to the Financial Statements discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgment in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The following is a summary of significant accounting policies:

a) Financial Instruments

The Fund's long position investments in equity securities and fixed income securities are designated at fair value through profit or loss ("FVTPL") at inception. The Fund's derivatives and investments sold short are categorized as held for trading. As a result of such designation and categorization, the Fund's investments and derivatives are measured at FVTPL. The Fund's obligation for Net Assets attributable to holders of redeemable units is presented at approximately the redemption amount. All other financial assets and liabilities are measured for at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its published Net Asset Value (NAV). The fair values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their carrying amounts due to their short-term nature.

For the year ended in December 31, 2013 there was no derivatives contracts held in the Fund.

b) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as beginning of the period or change in circumstances giving rise to the transfer.
The fair value of financial assets and liabilities that are not traded in an active market including foreign currency forward contracts and options are determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and others commonly used by market participants and which make the maximum us of observable inputs. Refer to Note 10 for further information about the Fund's fair value measurements.
Written options are valued at close price, and purchased options are valued at close price as reported on recognized exchanges.
The Fund's investments in securities having no quoted market value are valued at estimated fair value using valuation techniques as determined by the Manager. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. The Manager uses estimation techniques to determine fair value, including discounted cash flows, multiples of earnings and comparison with other securities that are substantially the same. The difference between fair value and average cost, as recorded in the accounts, is shown as change in unrealized appreciation (depreciation) on investments.

c) Cash

Cash consists of cash in hand, deposits held at call with banks and bank overdrafts.

d) Other Assets and Liabilities

Other financial assets, which may include, pre-paid expenses, interest receivable, subscriptions receivable from unitholders, due from broker and due from the Manager, are designated as loans and receivables and carried at amortized cost. Other financial liabilities, which may include accounts payable and accrued liabilities, management fees payable, redemptions payable to unitholders, and distributions payable to unitholders, are designated as such and are carried at amortized cost. Due to their short-term nature, the carrying value of the financial assets and liabilities approximates fair value.

e) Investment Transactions and Income Recognition

All investment transactions are accounted for on a trade date basis. Dividend income is recorded on the ex-dividend date. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Distributions are recorded on the ex-distribution date as a reduction of the adjusted cost of the related instrument in case of return of capital. Securities lending income is recognized upon receipt.

Realized gains and losses on the sale of investments and unrealized appreciation or depreciation of investments are determined based on the average cost basis.

Dividend income is recognized on the ex-dividend date.

f) Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in Net assets attributable to holders of redeemable units during the reporting period. A significant area requiring the use of management judgments and estimates is the valuation of non-public investments. The resulting values may differ materially from values that would have been used had a readily available market existed for the investments and the prices at which the investments may be sold.

g) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are expensed and are included in transaction costs in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

h) Foreign Currency Translation

The majority of the Fund's subscriptions and redemptions are denominated in Canadian dollar, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated in to the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash and those relating to other financial assets and liabilities are presented as "Net foreign currency gains or losses" in the Statements of Comprehensive Income.

i) Forward Currency Contracts

Forward currency contracts are valued at current fair value on each valuation date. The value is determined as the gain or loss that would be realized if, on the valuation date, the position of the forward currency contracts were closed out. Gains or losses incurred when forward currency contracts entered into by the Fund, mature or are closed out are included in net realized gain (loss) on foreign exchange in the Statements of Comprehensive Income.

j) Account Standards Issued but Not Yet Adopted

The final version of International Financial Reporting Standard (IFRS) 9, Financial Instruments, was issued by IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Funds has made in preparing the financial statements:

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability. A Fund with multiple series fails to meet the criteria outlined in IAS 32.16(a) and (c). Specifically, the unitholders would not be entitled to a pro rata share of the entity's Net Assets attributable to holders of redeemable units upon liquidation due to the differing series, nor would each series have identical features. Accordingly, all of the criteria in IAS 32.16 would not be met. As such, in accordance with the standard, the equity method would not be applied and instead, Net Assets attributable to holders of redeemable units would be presented as liability on the Statements of Financial Position.

For the year end December 31, 2013 he Funds had a single series but the investor can request cash distributions and therefore equity treatment is not met.

Functional and Presentation Currency

The Fund's investors are mainly Canadian residents, with the subscriptions and redemptions of the redeemable shares denominated in Canadian dollars. The primary activity of the Fund is to invest in Canadian and US securities and derivatives and to offer Canadian investors a higher return compared to other products available in Canada. The performance of the Fund is measured and reported to the investors in Canadian dollar. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

Investments in Associates, Joint Ventures and Subsidiaries

Effective January 1, 2014, IFRS 10 requires "investment entities" (as defined therein) to account for investments in subsidiaries at FVTPL, rather than consolidating them. The Fund's have determined that each meets the definition of an "investment entity" and as a result, measures subsidiaries at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measure and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgment that the Funds have made in determining that it meets this definition is that fair value is used as the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

IFRS 12 requires specific disclosures related to investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. These disclosures apply whenever an entity holds these types of investments and are likely to apply to investments in underlying funds when the investor fund has significant influence, joint control or control over one or more underlying fund, or when the underlying fund is a structured entity. The Fund does not meet the requirements for control under IFRS 10.7 and therefore does not have control over the underlying funds. There are no contractual agreements in place between the top fund and the underlying funds.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes are obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using their own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both owned and counterparty), violates and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 9 for further information about the fair value measurement of the Fund's financial instruments.

Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments-Recognition and measurement (IAS 39). The most significant judgments made include the determination that contain investments are held-for-trading and that fair value option can be applied to those which are not.

5. FINANCIAL INSTRUMENTS BY CATEGORY

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the years ended December 31, 2014 and 2013.

Category	**Net gains (losses)**	
Net gains (losses) on financial instruments at FVTPL	2014	2013
Financial Assets and Liabilities at FVTPL:		
Held for Trading	-	-
Designated at inception	960,964	107,433
Total financial assets and liabilities at FVTPL	960,964	107,433

6. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition Elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate financial assets or financial liabilities at fair value through profit and loss upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP, as required by Accounting Guideline 18, Investment Companies.

Statement of Cash Flows

IAS 1 requires that a complete set of financial statements include a Statements of Cash Flows for the current and comparative periods, without exception.

Reconciliation of Equity and Comprehensive Income as Previously Reported Under Canadian GAAP to IFRS

Equity	December 31, 2013
Equity as reported under Canadian GAAP	1,113,607
Revaluation of investments at fair value through profit or loss	929
Net assets attributable to holders of redeemable units	1,114,536

Comprehensive Income	December 31, 2013
Comprehensive income as reported under Canadian GAAP	104,067
Revaluation of investments at fair value through profit or loss	929
Increase (decrease) in Net assets attributable to holders of redeemable units	104,996

Classification of Redeemable Units Issued by the Fund

Under Canadian GAAP, the Fund accounted for their redeemable units as equity. Under IFRS, IAS 32 requires that shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units do not meet the criteria in IAS 32 for classification as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

The Fund has multiple series and investors can request for cash distribution and therefore equity treatment is not met.

Revaluation of Investments at Fair Value Through Profit or Loss

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions; to the extent such prices are available. Under IFRS, the Fund measure the fair values of their investments using the guidance in IFRS 13, Fair Value Measurement (IFRS 13), which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, upon adoption of IFRS the adjustment were recognized to increase the carrying amount of the Fund's investments as at December 31, 2013 were as follows:

	December 31, 2013
AHF Credit Opportunities Fund	929

The impacts of the above adjustments were to decrease the Fund's increase (decrease) in Net Assets attributable to holders of redeemable units for the Fund for the period ended December 31, 2013.

	December 31, 2013
AHF Credit Opportunities Fund	929

7. REDEEMABLE UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Assets attributable to holders of redeemable units of the Fund. Each unitholder of the Fund is entitled to one vote for each redeemable unit held and is entitled to participate equally with respect to any and all distributions made by the Fund to unitholders. On termination or liquidation of the Fund, unitholders of record are entitled to receive, on a pro rata basis, all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

Redeemable units of the Fund surrendered for redemption at least 5 business days prior to the redemption date will be redeemed at the net asset value per unit calculated on the redemption date.

Series A unit transactions for the period from June 30, 2014 to December 31, 2014 were as follows:
(Series A commenced operation on June 30, 2014)

Series A		
		December 31, 2014
Units outstanding, beginning of period	$	-
Redeemable units issued		230,155
Redeemable units issued on reinvestment		19,367
Units outstanding, end of period		**249,522**

Series A unit transactions for the period from June 30, 2014 to December 31, 2014 were as follows:
(Series F commenced operation on June 30, 2014)

Series F		
		December 31, 2014
Units outstanding, beginning of period	$	-
Redeemable units issued		378,355
Redeemable units redeemed		(7,543)
Redeemable units issued on reinvestment		13,936
Units outstanding, end of period		**384,748**

Series I unit transactions for the year ended December 31, 2014 and the period from September 30, 2013 to December 1, 2013 were as follows:

Series I		Number of Units	
		December 31, 2014	December 31, 2013
Units outstanding, beginning of year/period	$	112,253	-
Redeemable units issued		36,835	100,954
Redeemable units redeemed		(2,229)	-
Redeemable units issued on reinvestment		12,766	11,299
Units outstanding, end of year/period		**159,625**	112,253

8. RELATED PARTY TRANSACTIONS AND EXPENSES OF THE FUND

a) Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

As at December 31, 2014, RJT Capital Inc. had a 49% (December 31, 2013 - 49%) ownership in the outstanding shares of the Manager of the Fund, AHF Capital Partners Inc., and Aston Hill Financial Inc. held 51% (December 31, 2013 - 51%) of the outstanding shares of AHF Capital Partners Inc. As at December 31, 2013, RJT Capital Inc. held 99,184 (December 31, 2013 - 56,657) Series I units of the Fund and Aston Hill Financial Inc. held 60,441 (December 31, 2013 - 55,596) Series I units of the Fund.

Management Fees

Each series of units of the Fund (other than Series I units) pays the Manager a management fee for providing general management and administrative services. The fee is calculated and accrued daily and paid monthly. The maximum annual rate of the management fee for Series A and Series F are 1.85% and 0.85%, respectively. No management fees are charged to the Fund for Series I units. Instead, each investor will negotiate a separate fee, which is payable directly to the Manager.

Administration Fees

The Manager allocates back to the Fund a portion of the base salaries of individuals who have spent time working on matters 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 December 31, 204 the Manager allocated administration expenses $1,500 (2013 - $1,850) to the Fund's expenses.

b) Operating Expenses

The Fund pays its own operating expenses. These expenses include legal, audit and custodial safekeeping fees, taxes, interest, operating and administrative costs, investor servicing costs and the costs for reports. There were no soft dollars amounts used by the Fund to pay for commissions or any other operating expenses during the year.

Performance Fees

The Fund will pay to the Manager, a performance fee in respect of each outstanding Series A Unit and Series F Unit. The performance fee is calculated and accrued on each Valuation Date and is payable to the Manager on the last Business Day of each calendar quarter. The performance fee for each unit in each calendar quarter is equal to 20% of the amount (if any) by which its NAV per Unit on the last Valuation Date in the calendar quarter plus any distributions paid (excluding any accrued performance fee for such calendar quarter) exceeds its highwater mark for the calendar quarter. The highwater mark for a Unit in a calendar quarter is the greatest of (a) $10.00, (b) the NAV per Unit of that Series on the most recent Valuation Date that a performance fee was payable to the Manager in respect of such Series (after payment of such Performance Fee), and (c) the NAV per Unit of that Series on the last Business Day of the immediately preceding calendar quarter (after payment of any performance fee for such previous calendar quarter). Where a Unit is redeemed on a Redemption Date other than the last Valuation Date of a calendar quarter, the Fund will pay the Manager a performance fee in respect of such redeemed Unit as if the Redemption Date was the last Valuation Date in the calendar quarter.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund is exposed to a variety of financial instruments risks: portfolio concentration risk, credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The value of investments within the portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company-specific news related to investments held by the Fund. The Manager of the Fund may minimize the potential adverse effects of these risks on the Fund's performance by, but not limited to, regular monitoring of the Fund's positions and market events and diversification of the investment portfolio by asset type, country, sector, and term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

a) Concentration Risk

Concentration risk is the risk associated with the exposure to any one or more particular country, asset class or security.

The following is a summary of concentration as at December 31, 2014 and December 31, 2013:

	As a % of the Fund's Total Investments	
Sector	**December 31, 2014**	December 31, 2013
Fixed income investments		
Domestic Bonds	**19.9%**	74.9%
Foreign Bonds	**39.8%**	25.1%
Equities		
Financials	**19.4%**	-
Consumer discretionary	**5.7%**	-
Exchange Traded Funds	**15.2%**	-
	100.0%	100.0%

The Fund's concentration risk is mitigated by the monitoring of the Fund's investment portfolio to ensure compliance with its investment guidelines. The Manager regularly monitors the Fund's positions and market events, and diversifies investment portfolios within the constraints of the investment guidelines.

b) Market Risk

The Manager attempts to minimize the potential adverse effects of these risks on the Fund's performance by diversifying the investment portfolio within the constraints of the investment objectives, and by using financial instruments to hedge certain risk exposures. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

Price Risk

Price risk is the risk that the fair 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). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All securities present a risk of loss of capital.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to significant other price risk.
As at December 31, 2014, had the fair values of the securities increased or decreased by 10%, with all other variables held constant, this would have increased or decreased Net assets attributable to holders of redeemable units by approximately $89,537 (December 31, 2013 - $Nil). In practice, the actual trading results could differ and the difference could be material.

Interest Rate Risk

Interest rate risk is the risk that the fair value of interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the Fund that invest in debt securities and/or income Fund will be affected by changes in applicable interest rates. If interest rates fall, the fair value of existing debt securities may increase due to the increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities may decrease, which may then lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt securities than for short-term debt securities.

The Fund is exposed to interest rate risk from debt instruments, the value of which fluctuates due to changes in prevailing levels of market interest rates. The Fund's exposure to interest rate risk by debt instruments' remaining term to maturity was as follows:

As at December 31, 2014

	Less Than 1 Year	3 - 5 Years	Greater Than 5 Years	Total
Debt Instruments	$ 3,293,076	$ 856,484	$ 469,410	$ 4,618,970
As a percentage of Net assets attributable to holders of redeemable units	40.0%	10.4%	5.7%	56.1%

As at December 31, 2013

	Less Than 1 Year	3 - 5 Years	Greater Than 5 Years	Total
Debt Instruments	$ 199,692	$ 109,172	$ 108,507	$ 417,371
As a percentage of Net assets attributable to holders of redeemable units	17.9%	9.8%	9.7%	37.4%

As at December 31, 2014, if the prevailing interest rates had risen by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant, the Fund's Net assets attributable to holders of redeemable units would have decreased by approximately $30,352 (December 31, 2013 - $2,317). Similarly, if the prevailing interest rates had declined by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant, the Fund's Net assets attributable to holders of redeemable units would have increased by approximately $22,930 (December 31, 2013 - $2,352). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bonds. In practice, the actual results may differ from this sensitivity analysis, and the difference could be material.

Currency Risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following summarizes the Fund's exposure to currency risks in Canadian dollars, as at December 31, 2014 and December 31, 2013:

As at December 31, 2014

Currency	Non-Monetary Instruments	Monetary Instruments Assets (Liabilities)	Monetary Instruments Derivative Contracts	Net Exposure	% of Net Assets	Impact on Net Assets
USD dollar	$ 633,024	$ 3,355,669	$ -	$ 3,988,693	47.43%	$ 199,435
Total	$ 633,024	$ 3,355,669	$ -	$ 3,988,693	48.41%	$ 199,435

As at December 31, 2013

Currency	Non-Monetary Instruments	Monetary Instruments Assets (Liabilities)	Derivative Contracts	Net Exposure	% of Net Assets	Impact on Net Assets
USD dollar	$ -	$ 632,481	$ -	$ 632,481	56.75%	$ 31,624
Total	$ -	$ 632,481	$ -	$ 632,481	56.75%	$ 31,624

As December 31, 2014, had Canadian dollar appreciated or depreciated by 5% in relation to the U.S. dollar, the Net Asset Value of the Fund would be higher or lower by $199,435 (December 31, 2013 - $31,624).

c) Credit Risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the creditworthiness of the debt issuer. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the Statements of Financial Position.

Credit ratings for debt securities, preferred securities and derivative instruments are obtained from Standard & Poor's, where available; otherwise, ratings are obtained from Moody's Investors Service, Dominion Bond Rating Services or Canadian Bond Rating Services.

The Fund's primary credit risks are its investments in fixed income and short-term debt securities. The Manager performs ongoing credit risk evaluation of counterparties.
As at December 31, 2014 and December 31, 2013, the Fund was invested in debt securities with the following credit ratings:

Debt Securities by S&P Rating as a % of Net Assets attributable to holders of redeemable units	**December 31, 2014**	December 31, 2013
AAA	**40.0%**	17.9%
BB	**0.7%**	-
B	**15.4%**	9.8%
CCC	**-**	9.7%
Total	**56.1%**	37.4%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

d) Liquidity Risk

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Unitholder redemption requests are the main liquidity risk for the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly. The Schedule of Investment Portfolio of the Fund identifies securities for which a market quotation could not be obtained and may be illiquid, if applicable. As at December 31, 2014, the Fund had $5,937,622 (December 31, 2013 - $915,767) in cash and short-term investments on hand to meet its short-term obligations.

The Fund's accounts payable and accrued liabilities are generally due within 90 days. All of the Fund's other financial liabilities as at December 31, 2014 and December 31, 2013 had maturities of less than 90 days from the financial statement date.

10. FAIR VALUE MEASUREMENTS

The Fund uses a fair value hierarchy that reflects the significance of the inputs used in making fair value measurements. The hierarchy has the following levels: quoted prices in an active market (level 1 – unadjusted inputs); observable inputs other than quoted prices (level 2 – directly or indirectly derived from quoted prices); and inputs not based on observable market data (level 3 – unobservable inputs).

All fair value measurements are recurring. 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.

a) Equities

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

b) Options and Warrants

Options and warrants that are actively traded on an exchange are classified as level 1. Where the options and warrants are traded over the counter and the inputs into the fair value are based on reliable observable market date they are classified as level 2. When a significant portion of the fair valuation is based on inputs which are not observable the options and warrants are classified as level 3.

c) Fixed Income Investments

Bonds include primarily government and corporate bonds, which are valued using models with inputs including interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds have been classified as Level 2.

d) Short-term Investments

Short-term investments are classified as level 2 and not traded.

The following is a summary of the inputs used as at December 31, 2014 and December 31, 2013 in valuing the Fund's investments carried at fair values:

December 31, 2014

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial Assets				
Short Term Investments	-	3,293,076	-	3,293,076
Equities	767,974	127,400	-	895,374
Fixed income investments	-	1,325,894	-	1,325,894
Total Financial Assets	**767,974**	**4,746,370**	**-**	**5,514,344**

December 31, 2013

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Financial Assets				
Short Term Investments	-	199,692	-	199,692
Fixed income investments	-	217,679	-	217,679
Total Financial Assets	**-**	**417,371**	**-**	**417,371**

There were no transfers of financial assets between Level 1 and Level 2 during the years ended December 31, 2014 and 2013.

11. INCOME TAXES

The Fund is taxed as a unit trust under the Income Tax Act (Canada). The Fund is required to make distributions each period of its net income and net realized capital gains and, therefore, will not generally be liable for income taxes. However, such part of a fund's taxable income and net realized capital gains that is not so paid or payable will be taxable to that fund. In addition, as the Fund did not qualify as a mutual fund trust for the year ended December 31, 2014 and 2013, it is also subject to alternative minimum tax.

Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses arising in taxation years after 2005 may be carried forward 20 years. Non-capital losses carried forward may reduce future net investment income.

As at December 31, 2014, the Fund had no non-capital losses (2013: $Nil). There were no capital losses as at December 31, 2014 (2013: $Nil).

Withholding Taxes

The Fund incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate line item in the Statements of Comprehensive Income.

12. FILING EXEMPTION

The Fund is exempt under Section 2.11 of National Instrument 81-106, Investment Fund Continuous Disclosure, to not file its financial statements with the Ontario Securities Commission.

13. OFFSETTING OF FINANCIAL INSTRUMENTS

The Fund may enter into various master netting arrangements in connection with its Forward Currency Contracts. These agreements do meet the criteria for offsetting in the Statements of Financial Position and allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.
As at December 31, 2014, December 31, 2013 and September 30, 2013 the Funds had not entered into any Derivative Contracts.