LOGiQ
Asset Management

Aston Hill Advantage Bond Fund

Annual Management Report of Fund Performance

December 31, 2016

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for **Aston Hill Advantage Bond Fund** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to LOGiQ Asset Management Ltd. (formerly, Aston Hill Asset Management Inc.) (the "Manager") to the following address: 77 King Street West, Suite 2110, PO Box 92, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8, or calling 1-800-513-3868 or visiting the Manager's website at www.logiqasset.com or by visiting www.sedar.com.

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

THE FUND

Aston Hill Advantage Bond Fund is a closed-end investment trust that is managed by LOGiQ Asset Management Ltd. The units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol MBB.UN. The Fund is RRSP, DPSP, RRIF, RESP and TFSA eligible.

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

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund has a forward agreement ("Forward Agreement") that provides exposure to the return on the portfolio held by Aston Hill MBB Trust ("MBB Trust") and significant tax advantages. The return to investors of the Fund is dependent upon the return of the MBB Trust portfolio pursuant to the Forward Agreement. As a result, this management report of fund performance includes discussion of the performance of MBB Trust, where applicable.

The investment objectives of the Fund are to provide unitholders with the benefits of attractive monthly tax advantaged cash distributions together with the opportunity for capital appreciation based on the performance of the MBB Trust portfolio.

MBB Trust seeks to achieve its investment objectives through an actively managed portfolio consisting of North American corporate bonds managed by the Manager of MBB Trust and, at the discretion of the Manager, by short selling government bonds with an aggregate sales price of up to one-third of the total assets of MBB Trust and investing the proceeds in additional corporate bonds.

RISK

Risks associated with an investment in the units of the Fund are discussed in the Fund's 2016 annual information form, which is available on the Manager's website at www.astonhill.ca or on SEDAR at www.sedar.com. There were no changes to the Fund for the year ended December 31, 2016 that materially affected the risks associated with an investment in the units of the Fund.

RESULTS OF OPERATIONS

Caution regarding forward-looking statements

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

Manager Commentary

The NAV of the Fund had a moderately positive return in 2016 with a 5% total return. The high yield portion of the Fund was robust (60% of the portfolio) while investment-grade corporate debt lagged as interest rates rose. The Fund is at around its maximum weighting for high yield corporate debt.

In the post-U.S. election investment world we believe one of the most important investment themes has been the rapid rise in longer term interest rates not just in the U.S. but globally. The Fund is positioned for rising rates with an underweight position in interest-sensitive BB-rated bonds and targeted investments in industries that should benefit from deregulation and infrastructure spending including financial services, engineering & construction.

Since the upset election result in the U.S. long-term interest rates have marched higher with the U.S. 10-year yield reaching its highest level since early-2014, to 2.60% up from a low of 1.36%, and settling back down in the 2.3% area. Our sense is that this is finally the longer term bottoming for bond yields that has been anticipated every year since after the Credit Crisis. Our rationale is that inflation measures are up off the bottom including U.S. PPI, CPI and wage inflation, as well as the inflation rate discounted in inflation-protected bonds. The U.S. economy appears to be at full employment which will likely result in further wage inflation. At the same time there appears to be a sea change in the global preponderance toward fiscal spending and budget deficits (the opposite of austerity) because when interest rates are close to zero it makes sense for governments to borrow. While we are not making a short-term call on long term interest rates we believe that the coming 12-24 month period will mark the end of the secular bull market in long bonds that has been in place since the 1980s.

With rates rising we see opportunity in the high yield debt market overall, because if long-term rates are rising it usually means that corporate credit quality is improving. In historical instances of the U.S. 10-year government yield rising more than 1% the high yield bond market has outperformed investment-grade corporate debt more than 90% of the time.

With respect to corporate credit quality, in the post-election world there has been an uptick in U.S. economic growth expectations which is a positive. Leading indicators such as consumer sentiment (U. of Michigan survey), small business sentiment (NFIB survey) and overall employment have been strong. Purchase mortgage applications, a leading indicator for the housing, repair and renovation sectors, continue to be robust even as 30-year mortgage rates have increased slightly. The rate at which high yield bond issuers default has recently been 3.6% (source: JP Morgan) which is in line with historical averages compared with default rates during an expansionary periods. Excluding energy and metals/mining (coal) defaults however, the overall default rate is 80 basis points. During recessions, default rates can be as high as 10% to the low-teens which was the case in 2000 and post-Credit Crisis. While the current economic expansion has been longer than average do not foresee a recession on the horizon for the next 24 months at least, which is favorable for returns on corporate debt.

Capital transactions

During the year ended December 31, 2016, there were 425 Class F units converted to 474 Class A units for a total value of $4,121. There were 510,126 Class A units and 12,000 Class F units redeemed for the amounts of $4,662,144 and $123,535 respectively (during the year ended December 31, 2015 – 1,500 Class F units converted to 1,638 Class A units for a total value of $18,303; 297,580 Class A units and 19,700 Class F units redeemed for the value of $2,999,636 and $214,746 respectively).

Market repurchases

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

During the year ended December 31, 2016 and 2015, the Fund did not purchase any Class A units for cancellation.

LEVERAGE

As part of its investment strategy, the Fund employs leverage, through a forward agreement relationship with MBB Trust, by short selling government bonds and investing its proceeds in corporate bonds, as the Portfolio Manager believes government bonds are overvalued in relation to corporate bonds. Incorporating short sales also enhances the portfolio yield and allows MBB Trust to offset some or all of the interest rate risk on that portion of the portfolio. As at December 31, 2016, MBB Trust had net realized and unrealized gain of $26,240 from short sales (loss of $0.18 million in 2015).

DISTRIBUTIONS

The Fund pays monthly distributions of $0.05833 per unit, representing an approximately 7.61% annual yield, based on the December 31, 2016 Net Assets per Class A unit. For the year ended December 31, 2016, the Fund has paid distributions of $0.70 per Class A unit and per Class F unit (unchanged from 2015). Since inception in April 2009, the Fund has paid total cash distributions of $6.42 per Class A unit and per Class F unit.

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee of the Fund tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2016.

RELATED PARTY TRANSACTIONS

Management Fees and Service Fees

The Manager will receive a management fee from the Fund and MBB Trust equal in the aggregate to 0.75% per annum of the total assets of the Fund and the Trust, calculated and payable monthly in arrears, plus applicable taxes. The portion of the fee paid by the Fund equals 0.40% per annum.

The Fund pays to the Manager a service fee, solely with respect to the Class A units, equal to 0.50% per annum of the Net Asset Value attributable to the Class A units, plus applicable taxes. The service fee is in turn paid by the Manager to investment dealers based on the number of Class A units held by clients of each dealer at the end of the relevant quarter. No service fee is payable in respect of the Class F units.

For the year ended December 31, 2016, the management fee for the Fund amounted to $48,154 (December 31, 2015 - $77,850); the service fee amounted to $45,261 (December 31, 2015 - $74,440). For the year ended December 31, 2016, the management fee for the underlying trust MBB Trust amounted to $43,396 (December 31, 2015 - $71,482).

The Fund is responsible for all other operating expenses incurred in connection with its operation and administration, such as custodian, valuation, trustee, reporting, audit and legal fees.

Administration Fees

The Manager allocates back to the Fund a portion of the cost of individuals who have spent time working on the operations and oversight of the Fund. For the year ended December 31, 2016, administration fees amounted to $6,634 (December 31, 2015 - $8,577).

IRC Fee

The members of the Independent Review Committee are John Crow (chair), Joseph 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.

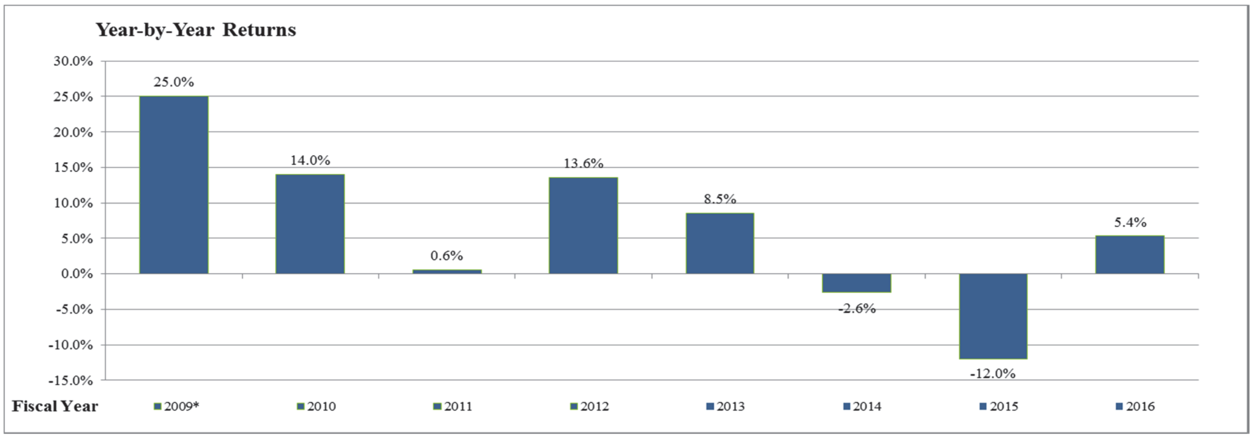
The IRC members each receive $15,000 per annum ($20,000 for the Chairman) plus $1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties. These fees and expense reimbursements are allocated across investment funds that are managed by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

For the year ended December 31, 2016, there were IRC fees of $538 charged to the Fund (December 31, 2015 - $537).

PAST PERFORMANCE

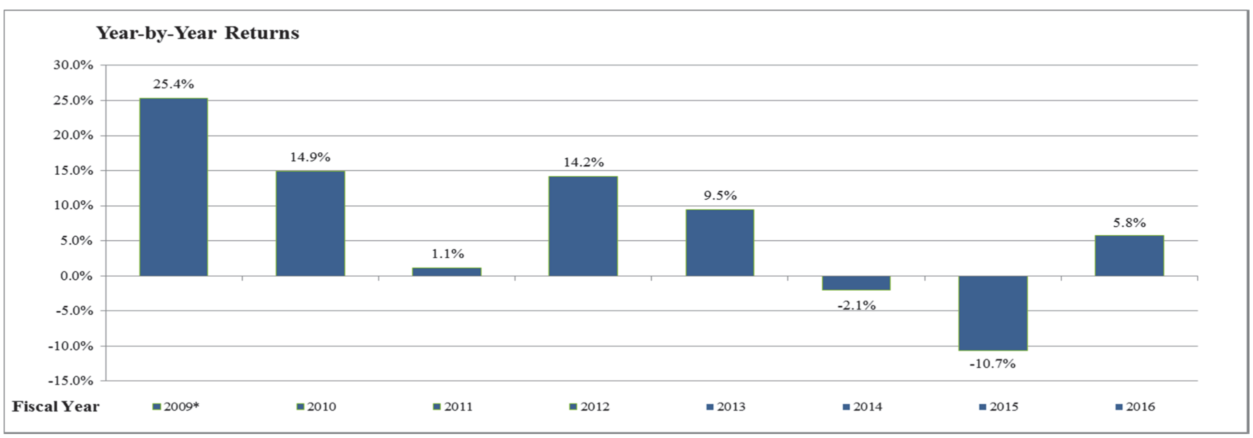
The following bar charts and table show the Fund's annual performance by showing annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. The bar charts show, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance. The Blended Benchmark is comprised 30% of the Dex all Corp Index, 20% of the Merrill Lynch US High Yield Master II Index and 50% of the Merrill Lynch US Corporate Index.

Class A



* Period from April 23, 2009 (commencement of operations) to December 31, 2009.

Class F



* Period from April 23, 2009 (commencement of operations) to December 31, 2009.

Annual Compound Returns

	1-Year	3-Year	5-Year	7-Year	Since Inception(1)
Aston Hill Advantage Bond Fund Class - A unit	5.36%	(3.35%)	2.15%	3.54%	6.25%
Aston Hill Advantage Bond Fund Class - F unit	5.79%	(2.54%)	2.96%	4.32%	7.02%
Blended Benchmark	4.39%	11.51%	9.54%	8.94%	8.71%
DEX Universe All-Corporate Index	3.72%	4.65%	4.18%	5.20%	6.16%

(1) Period from April 23, 2009 (commencement of operations) to December 31, 2016

FINANCIAL HIGHLIGHTS

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

Class A Units:

The Fund's Net Assets per Class A Unit:	**2016**	**2015**	**2014**	**2013**	**2012**
Net Assets, beginning of period (1)	**9.44**	**11.46**	**12.46**	**12.15**	**11.30**
Increase (decrease) from operations:					
Total revenues	0.01	0.02	–	–	–
Total expenses	(0.21)	(0.21)	(0.27)	(0.24)	(0.22)
Realized gains (losses) for the period	2.53	1.49	1.37	1.93	0.83
Unrealized gains (losses) for the period	(1.92)	(2.55)	(1.32)	(0.69)	0.90
Total increase (decrease) from operations (2)	**0.41**	**(1.25)**	**(0.22)**	**1.00**	**1.51**
Distributions:					
From net realized gain on investments	–	(0.08)	–	–	–
Return of Capital	(0.70)	(0.62)	(0.70)	(0.70)	(0.70)
Total Distributions(1) (3)	**(0.70)**	**(0.70)**	**(0.70)**	**(0.70)**	**(0.70)**
Net Assets, end of period(4) (5)	**9.21**	**9.44**	**11.46**	**12.46**	**12.15**

(1) Net assets and distributions are based on the actual number of units outstanding at the relevant time.

(2) The increase (decrease) in Net Assets from operations per unit are based on the weighted average number of units outstanding over the fiscal period.

(3) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on the Fund's tax return.

(4) This is not intended to be a reconciliation between the opening and the closing Net Assets balances.

(5) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the period up to December 31, 2012 are presented under Canadian GAAP.

Ratio and Supplemental Data (Class A Units):	**2016**	**2015**	**2014**	**2013**	**2012**
Net Asset (000s)	4,638	9,566	15,006	19,170	24,942
Number of units outstanding (in 000s)	504	1,013	1,309	1,539	2,052
Consolidated (Fund and MBB Trust) MER (1)	3.77%	3.61%	2.80%	3.47%	3.41%
Trading expense ratio (2)	0.25%	0.25%	0.25%	0.25%	0.25%
Portfolio turnover rate (3)	35.94%	17.05%	10.97%	18.40%	9.80%
Net Asset Value per unit (4)	9.21	9.44	11.46	12.46	12.15
Closing market price	8.59	9.00	11.61	11.99	11.90

(1) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction cost) of the Fund for the stated period, including interest expense and issuance costs, if applicable, and is expressed as an annualized percentage of daily average net asset value during the period.

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

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

(4) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the period up to December 31, 2012 are presented under Canadian GAAP.

Class F Units:

The Fund's Net Assets per Class F Unit:	**2016**	**2015**	**2014**	**2013**	**2012**
Net Assets, beginning of period (1)	**10.52**	**12.50**	**13.44**	**12.95**	**11.93**
Increase (decrease) from operations:					
Total revenues	0.01	0.03	–	–	–
Total expenses	(0.19)	(0.17)	(0.21)	(0.20)	(0.17)
Realized gains (losses) for the period	3.78	1.59	1.60	2.48	0.90
Unrealized gains (losses) for the period	(3.07)	(2.74)	(1.61)	(1.04)	0.94
Total increase (decrease) from operations (2)	**0.53**	**(1.29)**	**(0.22)**	**1.24**	**1.67**
Distributions:					
From net realized gain on investments	–	(0.08)	–	–	–
Return of Capital	(0.70)	(0.62)	(0.70)	(0.70)	(0.70)
Total Distributions (1) (3)	**(0.70)**	**(0.70)**	**(0.70)**	**(0.70)**	**(0.70)**
Net Assets, end of period (4) (5)	**10.39**	**10.52**	**12.50**	**13.44**	**12.95**

(1) Net assets and distributions are based on the actual number of units outstanding at the relevant time.
(2) The increase (decrease) in Net Assets from operations per unit are based on the weighted average number of units outstanding over the fiscal period.
(3) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on the Fund's tax return.
(4) This is not intended to be a reconciliation between the opening and the closing Net Assets balances.
(5) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the period up to December 31, 2012 are presented under Canadian GAAP.

Ratio and Supplemental Data (Class F Units):	**2016**	**2015**	**2014**	**2013**	**2012**
Net Assets (000s)	312	447	796	902	1,248
Number of units outstanding (in 000s)	30	42	64	67	96
Consolidated(Fund and MBB Trust) MER (1)	2.60%	3.11%	1.77%	3.37%	2.92%
Trading expense ratio (2)	0.25%	0.25%	0.25%	0.25%	0.25%
Portfolio turnover rate (3)	35.94%	17.05%	10.97%	18.40%	9.80%
Net Asset Value per unit(4)	10.39	10.52	12.50	13.44	12.95

(1) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction cost) of the Fund for the stated period, including interest expense and issuance costs, if applicable, and is expressed as an annualized percentage of daily average net asset value during the period.
(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
(3) The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities (including fixed income) in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.
(4) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the period up to December 31, 2012 are presented under Canadian GAAP.

SUMMARY OF INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2016

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

Investment portfolio of Advantage Bond Fund	**% of Net assets**
Portfolio by Category	
Prepaid Forward Agreement	100.5%
Cash	1.5%
Net Other Assets (Liabilities)	(2.0%)
Total	**100.0%**
Top 25 Holdings	
Prepaid Forward Agreement	100.5%
Cash	1.5%
Net assets	**$4,950,512**

The fund obtained exposure to the performance of the portfolio held by MBB Trust through the Forward Agreement. The following is the summary of investment portfolio for MBB Trust as of December 31, 2016:

Investment portfolio of Aston Hill MBB Trust	**Coupon Rate %**	**Maturity date**	**% of Net assets**
Portfolio by Category			
Foreign Corporate Bonds			67.6%
Canadian Corporate Bonds			38.9%
Cash			9.8%
Canadian Government Bonds - Long			2.5%
Net other Assets (Liabilities)			1.0%
Foreign Currency Forward Contracts			(0.1%)
Canadian Government Bonds - Short			(19.70%)
Total			**100.0%**

Top 25 Holdings [1]			
Long Positions			
Republic Services Inc.	3.800%	May 15, 2018	13.9%
Michael Baker International LLC	8.250%	October 15, 2018	13.3%
BI-LO LLC	9.250%	February 15, 2019	11.5%
Enova International Inc.	9.750%	June 1, 2021	10.8%
Athabasca Oil Corp.	7.500%	November 19, 2017	10.0%
Cash			9.8%
VistaJet Malta Finance PLC	7.750%	June 1, 2020	9.4%
NYX Gaming Group Ltd.	10.000%	December 31, 2019	8.8%
Genworth MI Canada Inc.	5.680%	June 15, 2020	8.7%
Bell Canada	7.650%	December 30, 2031	8.6%
Golf Town Canada Inc.	0.000%	July 24, 2018	6.6%
Cameco Corp.	5.670%	September 2, 2019	4.3%
Canadian Government Bond	4.000%	June 1, 2041	2.5%
Royal Bank of Canada	4.930%	July 16, 2025	0.6%
Short Positions			
Canadian Government Bond	1.500%	June 1, 2026	(19.7%)
Net assets			**$4,975,156**

[1] There are less than 25 holdings in the Fund.