Aston Hill Oil & Gas Income Fund

Semi-Annual Report

June 30, 2015

MANAGEMENT REPORT OF FUND PERFORMANCE

This semi-annual management report of fund performance for **Aston Hill Oil & Gas Income Fund** (the “Fund”) contains financial highlights but does not contain the complete semi-annual financial statements of the Fund. **The semi-annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the semi-annual financial statements at no cost by writing to Aston Hill Asset Management Inc. (the “Manager”) to the following address: 77 King Street West, Suite 2110, Toronto, Ontario M5K 1G8, or calling 1-800-513-3868 or visiting the Manager’s website at www.astonhill.ca or by visiting www.sedar.com.

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.

INVESTMENT OBJECTIVES AND STRATEGIES

Aston Hill Oil & Gas Income Fund is a closed-end investment trust that is managed by Aston Hill Asset Management Inc. (the “Manager”). The units of the Fund trade on the Toronto Stock Exchange (“TSX”) under the symbol OGF.UN. The Fund is RRSP, DPSP, RRIF, RESP and TFSA eligible.

The investment objectives of the Fund are designed to achieve a high level of monthly distributions and the opportunity for capital appreciation by investing in a diversified portfolio of oil and gas investments, including oil-and-gas dividend-paying equities and convertible debt of oil and gas producers, energy service companies and pipelines.

RISK

Risks associated with an investment in the units of the Fund are discussed in the Fund’s 2014 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 year ended December 31, 2014 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 (July 2015)

Oil prices started the year by continuing the selloff that started in late November after OPEC (“Organization of the Petroleum Exporting Countries”) decided not to cut production quotas. This of course impacted energy stocks negatively, especially the junior oil and gas companies. Oil then rallied, along with other commodities and stock markets, after the ECB (“European Central Bank”) launched their own version of QE. But this was short lived as concerns about over supply and when US production would actually decline started to creep back into the markets. WTI (“West Texas Intermediate”) hit a low of $42 in March and then bounced off that to rally into April at $60. This pulled the energy stocks along hitting a high for the year in mid-April.

Then the unexpected happened, the NDP (“New Democratic Party”) won the Alberta election and panic among Canadian energy investors set in. Investors sold oil and gas stocks even though oil prices were relatively stable, as concerns mounted the new NDP government would increase taxes and royalties on oil & gas production.

The declines just continued into June as investors looked like they were giving up on the energy sector in Canada.

Capital transactions

During the six-month period ended June 30, 2015, there were no warrants exercised (there were 5,792,027 units issued upon exercise of warrants during the same period ended 2014) and $463,236 solicitation fees paid to dealers). There were no units redeemed during the six-month period ended (2,000 units redeemed for $10,021 - 2014).

Market repurchases

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

The Fund did not purchase any Units for cancellation during the six-month periods ended June 30, 2015 and 2014.

Net Assets

The Net Asset Value per unit of the Fund was $3.05 per unit as at June 30, 2015 ($3.13 at December 31, 2014). The aggregate Net Asset Value of the Fund was $29.66 million as at June 30, 2015 ($30.42 million at December 31, 2014).

LEVERAGE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility. The revolving credit facility provides for maximum borrowings of $16.0 million (2014 – $16.0 million), with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate, plus a fixed percentage, or in US currency at either the US base rate or the LIBOR rate, plus a fixed percentage. There were $nil borrowings outstanding under this facility as at June 30, 2015 (December 31, 2014 – 7,995,507). The credit facility is secured by a first-priority security interest over all of the Fund's assets. During the six-month period ended June 30, 2015, the minimum and maximum amounts of borrowings were nil and $7,995,507(during the year ended December 31, 2014 – nil and $10,000,000), respectively.

DISTRIBUTIONS

The Fund pays monthly distributions at $0.0225 per unit, representing an approximate 8.85% annual yield based on June 30, 2015 Net Assets values per unit. For the six-month period ended June 30, 2015, the Fund has paid distributions of $0.135 per unit (unchanged from 2014). Since inception in October 7, 2004, the Fund has paid total cash distributions of $7.56 per unit.

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the six-month period ended June 30, 2015, the Fund declared total distributions of $0.135 (June 30, 2014 – $0.135) per unit, which amounted to $1,312,037 (June 30, 2014 – $1,734,916).

The distribution reinvestment plan was cancelled in January 2014 due to low participation.

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 six-month period ended June 30, 2015.

RELATED PARTY TRANSACTIONS

Management Fees and Service Fees

Pursuant to a management agreement, the Fund pays a management fee to the Manager equal to 0.85% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Fund also pays a service fee equal to 0.40% per annum of the Net Asset Value. The service fee, plus applicable taxes, is in turn paid by the Manager to investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

For the six-month period ended June 30, 2015, the management fee amounted to $140,725 (June 30, 2014 - $334,944; the service fees amounted to $59,650 (June 30, 2014 - $176,469). 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 base salaries and overhead expenses 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 reporting and unitholder reporting cost management, oversight and any other operations matter. For the six-month period ended June 30, 2015, administration fees amounted to $16,960 (June 30, 2014 - $24,376).

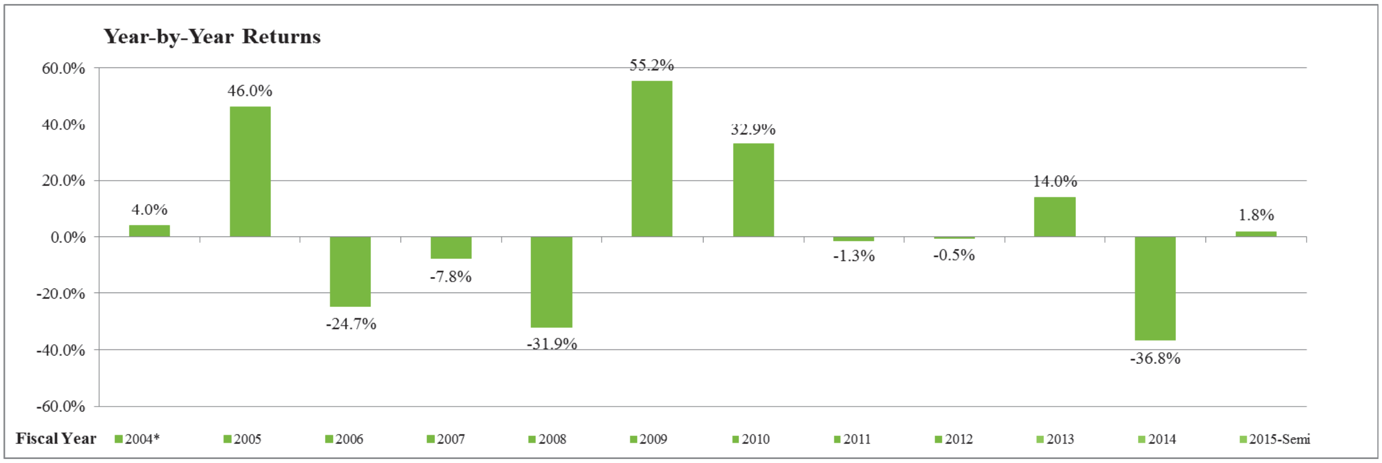
IRC Fee

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 and its affiliates.

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.

PAST PERFORMANCE

The following bar charts show the Fund's semi-annual and annual performance by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. The bar 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.



*Period from October 7, 2004 (commencement of operations) to December 31, 2004

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 and unaudited semi-annual financial statements:

Net Assets per Unit

	2015[1]	2014	2013	2012	2011
Net Assets, beginning of period [2]	**3.13**	**5.24**	**4.85**	**5.26**	**5.94**
Increase (decrease) from operations:					
Total revenues	0.06	0.26	0.24	0.25	0.23
Total expenses	(0.04)	(0.10)	(0.09)	(0.09)	(0.09)
Realized gains (losses) for the period	(1.44)	(0.09)	0.23	(0.11)	0.07
Unrealized gains (losses) for the period	1.48	(1.25)	0.27	(0.12)	(0..44)
Total increase (decrease) from operations [3]	**0.06**	**(1.18)**	**0.65**	**(0.07)**	**(0.23)**
Distributions:					
From income	(0.03)	(0.05)	–	–	–
From Dividend	–	(0.22)	(0.08)	(0.09)	(0.05)
Return of capital	(0.11)	–	(0.19)	(0.29)	(0.37)
Total Distributions [1] [4]	**(0.14)**	**(0.27)**	**(0.27)**	**(0.38)**	**(0.42)**
Net Assets, end of period [5] [6]	**3.05**	**3.13**	**5.24**	**4.85**	**5.27**

(1) Results are for the six-month period ended June 30, 2015.

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

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

(4) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on the Fund's tax return. Allocation for the six-month period ended June 30, 2015 are not determinable until year end.

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

(6) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the period January 1, 2013 to December 31, 2014 is restated under IFRS from Canadian GAAP. Information for periods prior to January 1, 2013 continues to be reported under Canadian GAAP.

Ratios and Supplemental Data

	2015[1]	2014	2013	2012	2011
Net Assets (000's)	29,656	30,421	60,674	77,793	93,303
Number of units outstanding (in 000's)	9,719	9,719	11,584	16,045	17,700
Base management expense ratio [2]	1.70%	1.62%	1.55%	1.55%	1.50%
Management expense ratio ("MER") [3]	1.86%	1.81%	1.65%	1.65%	1.59%
Trading expense ratio [4]	0.53%	0.16%	0.07%	0.12%	0.03%
Portfolio turnover rate [5]	49.20%	56.28%	15.72%	38.10%	57.03%
Net Asset per unit[6]	3.05	3.13	5.24	4.85	5.27
Net Asset per unit – basic and diluted	3.05	3.13	5.24	4.85	5.27
Closing market price (TSX)	2.94	3.47	5.01	4.62	5.08
Closing market price - warrants	N/A	N/A	0.02	N/A	N/A

(1) Results are for the six-month period ended June 30, 2015.

(2) A separate base management expense ratio is presented to exclude interest expenses and issuance cost.

(3) 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.

(4) 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.

(5) 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.

(6) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. Information for periods prior to January 1, 2013 continues to be reported under Canadian GAAP.

SUMMARY OF INVESTMENT PORTFOLIO AS OF MAY 31, 2015

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.

Portfolio by Category

	As at June 30, 2015
Sector Allocation	**% of NAV**
Energy	52.7%
Short-term Notes	30.3%
Cash	21.0%
Net Other Assets (Liabilities)	-4.0%
Total	100.0%

Top 25 Holdings

Security Name	% of NAV
Short-term Notes	30.3%
Cash	21.0%
ARC Resources Ltd.	4.5%
Vermilion Energy Inc.	4.2%
Whitecap Resources Inc.	3.9%
Peyto Exploration and Development Corp.	3.8%
Newalta Corp.	3.2%
Secure Energy Services Inc.	3.1%
Gibson Energy Inc.	3.0%
TransCanada Corp.	2.8%
Cardinal Energy Ltd.	2.4%
PrairieSky Royalty Ltd.	2.2%
Bonavista Energy Corp.	2.2%
Mullen Group Ltd.	2.2%
Canadian Energy Services & Technology Corp.	2.1%
Seven Generations Energy Ltd.	1.8%
Anadarko Petroleum Corp.	1.5%
Inception Exploration Ltd.	1.4%
Phillips 66	1.1%
Calfrac Well Services Ltd.	1.0%
Helmerich & Payne Inc.	1.0%
EOG Resources Inc.	1.0%
Precision Drilling Corp.	0.8%
Relentless Resources Ltd.	0.8%
Williams Cos. Inc.	0.6%
Total Net asset value (NAV):	**$29,656,024**

Aston Hill Oil & Gas Income Fund

Financial Statements (Unaudited)

June 30, 2015

Notice to Reader:

The accompanying financial statements have been prepared by Aston Hill Asset Management Inc. (the “Manager”) and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the semi-annual report. The auditors of the Funds have not audited or reviewed these semi-annual financial statements.

STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at		**June 30, 2015 (Unaudited)**		December 31, 2014 (Audited)
Assets				
Current assets				
Financial assets at fair value through profit or loss	**$**	**15,637,205**	$	36,473,943
Cash		**6,215,739**		2,200,624
Short-term investments		**8,980,100**		-
Income receivable		**78,505**		183,886
Total assets		**30,911,549**		38,858,453
Liabilities				
Current liabilities				
Due to broker		**918,305**		-
Management fees payable		**22,489**		25,603
Accounts payable and accrued liabilities		**96,047**		198,056
Distributions payable (note 9)		**218,684**		218,684
Loans payable (note 14)		**-**		7,995,507
Total liabilities		**1,255,525**		8,437,850
Net Assets attributable to holders of redeemable units	**$**	**29,656,024**	$	30,420,603
Redeemable units outstanding (note 5)		**9,719,293**		9,719,293
Net Assets attributable to holders of redeemable units per unit (note 5)	**$**	**3.05**	$	3.13

W. Neil Murdoch
Director

Derek Slemko
Interim Chief Financial Officer
(Effective August 1, 2015)

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

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

For the six-month periods ended June 30		2015		2014
Income				
Securities lending income (note 13)	**$**	**6,440**		20,070
Other income		**53,605**		-
Net foreign exchange gain (loss) on cash		**(5,586)**		-
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss:				
Dividends		**500,446**		1,612,198
Interest for distribution purposes		**19,601**		553
Net realized gain (loss) on sale of investments		**(14,015,674)**		827,253
Change in unrealized gain (loss) on investments		**14,353,593**		9,761,472
Total income (loss)		**912,425**		12,221,546
Expenses				
Management fees (note 10)		**140,725**		334,944
Service fees (note 10)		**59,650**		176,469
Audit fees		**12,759**		25,795
Independent review committee fees (note 10)		**-**		1,181
Trustee fees		**5,035**		1,411
Custodial fees		**9,136**		13,130
Legal fees		**541**		-
Unitholder reporting fees		**14,997**		46,064
Administrative expenses (note 10)		**16,960**		24,376
Interest and bank charges (note 14)		**23,431**		19,945
Withholding taxes		**601**		801
Transaction costs		**81,132**		46,477
Total operating expenses		**364,967**		690,593
Increase (Decrease) in Net Assets attributable to holders of redeemable units	**$**	**547,458**	$	11,530,953
Increase (Decrease) in Net Assets attributable to holders of redeemable units per unit [(1)]	**$**	**0.06**	$	0.92

(1) Based on the weighted average number of units outstanding for the period (note 5).

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

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (Unaudited)

For the six-month periods ended June 30	**2015**	2014
Net Assets attributable to holders of redeemable units, beginning of period	**$ 30,420,603**	$ 60,674,343
Operations:		
Increase (decrease) in Net Assets attributable to holders of redeemable units	**547,458**	11,530,953
Distribution to holders of redeemable units (note 9)		
From net investment income	**(262,407)**	(1,734,916)
Return of capital	**(1,049,630)**	-
Total distribution to holders of redeemable units (note 9)	**(1,312,037)**	(1,734,916)
Redeemable unit transactions (note 5)		
Issuance costs on warrants	**-**	(463,362)
Proceeds from issuance of redeemable units upon exercise of warrants, net	**-**	30,266,892
Redemption of redeemable units	**-**	(10,021)
Total redeemable unitholder transactions	**-**	29,793,509
Net increase (decrease) in Net Assets attributable to holders of redeemable units	**(764,579)**	39,589,546
Net Assets attributable to holders of redeemable units, end of period	**29,656,024**	100,263,889

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

STATEMENTS OF CASH FLOWS (Unaudited)

For the six-month periods ended June 30		2015		2014
Cash flows from operating activities:				
Increase (decrease) in Net Assets attributable to holders of redeemable units	**$**	**547,458**	$	11,530,953
Adjustments to reconcile net cash provided by (used in) operations				
Net foreign exchange (gain) loss on cash		**(113)**		-
Net realized (gain) loss on sale of investments		**14,015,674**		(827,253)
Net change in unrealized (gain) loss on investments		**(14,353,593)**		(9,761,472)
Purchase of investments		**(25,489,151)**		(23,177,740)
Proceeds from sale of investments		**38,602,013**		9,150,585
Increase (decrease) in income receivable		**105,381**		162,675
(Increase) decrease in management fees payable		**(3,114)**		-
(Increase) decrease in accounts payable and accrued liabilities		**(102,009)**		327,564
Net cash flow provided by (used in) operating activities		**13,322,546**		(12,594,688)
Cash flows from financing activities:				
Issuance costs on warrants		**-**		(463,362)
Proceeds from issuance of units upon exercise of warrants, net		**-**		30,266,892
Distributions paid to holders of redeemable units (note 9)		**(1,312,037)**		(1,604,640)
Amounts paid for redemption of redeemable units		**-**		(10,021)
(Increase) decrease in loans payable		**(7,995,507)**		-
Net cash flow provided by (used in) financing activities		**(9,307,544)**		28,188,869
Net foreign exchange gain (loss) on cash		**113**		-
Net increase (decrease) in cash		**4,015,002**		15,594,181
Cash, beginning of period		**2,200,624**		1,392,781
Cash, end of period	**$**	**6,215,739**	$	16,986,962
Supplemental information (included in operating activities):				
Dividend received, net of withholding tax		**617,618**		1,588,759
Interest received		**7,810**		559
Interest paid		**18,541**		19,945

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

SCHEDULE OF INVESTMENT PORTFOLIO (Unaudited)

As at June 30, 2015		Cost	Fair Value	% of Portfolio
	Equities			
No. of Units	**Energy**			
4,510	Anadarko Petroleum Corp.	$ 446,188	$ 439,519	
62,591	ARC Resources Ltd.	1,694,091	1,339,447	
96,138	Bonavista Energy Corp.	2,325,449	652,777	
40,250	Calfrac Well Services Ltd.	317,065	310,328	
84,790	Canadian Energy Services & Technology Corp.	464,249	610,488	
50,365	Cardinal Energy Ltd.	724,249	721,730	
29,500	Crew Energy Inc.	157,928	168,445	
2,770	EOG Resources Inc.	300,705	302,767	
39,890	Gibson Energy Inc.	1,029,262	899,520	
2,780	Halliburton Co.	149,116	149,483	
3,460	Helmerich & Payne Inc.	301,102	304,190	
107,367	Inception Exploration Ltd.(1)	429,468	429,468	
4,410	Matador Resources Co.	148,864	137,642	
6,750	Memorial Resource Development Corp.	163,038	159,862	
31,840	Mullen Group Ltd.	668,797	649,854	
36,557	Peyto Exploration and Development Corp.	896,641	1,116,085	
3,160	Phillips 66	302,311	317,819	
21,020	PrairieSky Royalty Ltd.	646,365	662,340	
28,260	Precision Drilling Corp.	207,313	237,384	
1,360,000	Relentless Resources Ltd.	306,000	234,600	
71,640	Secure Energy Services Inc.	1,022,557	915,559	
32,790	Seven Generations Energy Ltd.	576,413	535,133	
16,150	TransCanada Corp.	859,003	819,774	
23,265	Vermilion Energy Inc.	1,084,500	1,255,147	
86,950	Whitecap Resources Inc.	1,134,052	1,146,001	
2,510	Williams Cos. Inc.	148,294	179,839	
66,245	Newalta Corp.	1,006,482	942,004	
	Total Energy	17,509,502	15,637,205	**100.0%**
	Total Equities	**17,509,502**	**15,637,205**	**100.0%**
	Embedded Broker Commission	(18,671)		
	Total Investments	**$ 17,490,831**	**$ 15,637,205**	**100.0%**

(1) Level 3 financial instruments (note 17)

Schedule A Short-Term invesments

As at June 30, 2015		Cost	Fair Value
	Short-term investments		
Par Value($)	**Treasury Bills**		
1,000,000	Canadian Treasury Bill, 0.510% *due August 27, 2015*	$ 997,770	$ 997,770
1,000,000	Canadian Treasury Bill, 0.511% *due July 16, 2015*	998,350	998,350
2,000,000	Canadian Treasury Bill, 0.589% *due July 2, 2015*	1,997,260	1,997,260
1,000,000	Canadian Treasury Bill, 0.590% *due September 10, 2015*	997,290	997,290
1,000,000	Canadian Treasury Bill, 0.591% *due August 13, 2015*	997,740	997,740
1,000,000	Canadian Treasury Bill, 0.599% *due September 24, 2015*	997,020	997,020
1,000,000	Canadian Treasury Bill, 0.661% *due October 8, 2015*	997,470	997,470
1,000,000	Canadian Treasury Bill, 0.666% *due October 22, 2015*	997,200	997,200
	Total Short-term investments	**$ 8,980,100**	**$ 8,980,100**

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

NOTES TO THE FINANCIAL STATEMENTS (June 30, 2015)

1. GENERAL INFORMATION

Aston Hill Oil & Gas Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on September 28, 2004, pursuant to a declaration of trust. Computershare Trust Company of Canada is the Trustee, and Aston Hill Asset Management Inc. (the "Manager") is responsible for managing the affairs of the Fund. RBC Investor Services Trust is the custodian of the Fund's assets and prepares the weekly valuations of the Fund including managing the Fund's portfolio. The Fund is listed on the Toronto Stock Exchange (the "TSX") under the symbol OGF.UN and commenced operations on October 7, 2004. The address of the Fund's registered office is 77 King Street West, suite 2110, Toronto, Ontario, M5K 1G8.

The Fund is designed to achieve a high level of monthly distributions and the opportunity for capital appreciation by investing in a diversified portfolio of oil and gas investments, including oil-and-gas dividend-paying equities and convertible debt of oil and gas producers, energy service companies and pipelines.

These financial statements were authorized for issue by Aston Hill Asset Management Inc. (the "Manager") on August 31, 2015.

2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB). The Fund adopted this basis of accounting on January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board.

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 Funds' 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. SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Fund's long position investments in debt and equity securities and fixed income securities are designated at fair value through profit or loss ("FVTPL") at inception. The Fund's derivatives are categorized as held for trading. As a result of such designation and categorization, the Fund's investments and derivatives are measured at FVTPL. Leverage, interest payable, distributions payable, accounts payable, accrued liabilities and management fees payable are designated as other financial liabilities and reported at amortized cost which given its short term nature approximates its fair value. 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 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.

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 at the beginning of the period 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 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 17 for further information about the Fund's fair value measurements. The Fund's net asset value per unit (including those by class, as applicable) did not differ from its net assets attributable to holders of redeemable units per unit as at June 30, 2015 and December 31, 2014, as applicable.

c) Cash

Cash consists of cash on hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown in current liabilities in the Statements of Financial Position.

d) Investment Transactions and Income Recognition

Regular purchases and sales are recognized on the trade date - the date on which the Fund commits to purchase or sell the investment and any realized and unrealized gains or losses are recognized using the average cost of the investments, which excludes broker commissions. The interest income for distribution purposes shown on the Statements of Comprehensive Income (Loss) represents the coupon interest earned 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. Dividend income is recognized on the ex-dividend date.

e) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are expensed and are recognized in the Statements of Comprehensive Income (Loss).

f) Income Taxes

The Fund qualifies as a unit trust and is deemed a financial institution under the Income Tax Act (Canada). Provided the Fund makes distributions in each year of its net income and net realized capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized and unrealized capital gains on an annual basis. Accordingly, no income tax provision has been recorded. The Fund may incur 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 expense in the Statement of Comprehensive Income.

g) Foreign Exchange

The fair values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the date of such transactions.

h) Foreign Currency Translation

The majority of the Funds' 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 exchange gain (loss) on cash" in the Statements of Comprehensive Income (Loss).

i) Derivative Contracts

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. The fair value of such contracts will fluctuate with changes in currency exchange rates. The contracts are marked-to-market and the change in fair value is recorded as an unrealized gain or loss. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed.

j) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income (Loss).

k) Warrants

While the warrants are outstanding, diluted Net Assets per unit is calculated when the closing price of the Fund's units on a valuation date is greater than the subscription price. To calculate diluted Net Assets per unit, Net Assets are increased by the net proceeds received from the exercise of all warrants, and units are increased by the number of units issued from the exercise of all warrants.

Diluted increase (decrease) in Net Assets attributable to holders of redeemable units per unit is calculated using the treasury stock method.

l) Accounting 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 Fund 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 Fund have 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. The unitholders can request cash distributions upon redemption of units and therefore the Fund's units do not meet the criteria in IAS 32 for classification as equity. They have been reclassified as financial liabilities on transition to IFRS.

Functional and Presentation Currency

The Fund's investors are primarily 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.

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

When the Fund holds financial instruments that are not quoted in active markets, the 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 markers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding.

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 judgments about the classification of financial instruments and the applicability of the fair value option to its investments which are not held for trading. The Manager has determined that the Fund's derivatives are held for trading due to their short term nature. The fair value option has been applied to the Fund's investments in fixed income securities as the investments are managed on a fair value basis in accordance with the Fund's investment strategy.

5. REDEEMABLE UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Asset Value of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be redeemed at the option of unitholders by tendering units of the Fund by the last business day of July for redemption on the second last business day of each August ("Redemption Valuation Date"). Redemption of tendered units will be settled based on the Net Asset Value per unit on the Redemption Valuation Date, less associated costs of the redemption including brokerage costs. Units tendered for redemption will be redeemed effective on the Redemption Valuation Date and will be settled on or before the tenth business day in September.

Units may also be redeemed at the option of unitholders by tendering the units on the last business day of the preceding month other than the month of August. Unitholders whose units are redeemed will receive a redemption price per unit equal to the lesser of (i) 94% of the market price which is the weighted average trading price of the units for the 10 trading days immediately preceding the Redemption Valuation Date and (ii) 100% of the closing market price of the units, which is the closing price on TSX, on the applicable Redemption Valuation Date, less any costs associated with the redemption including brokerage costs.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from November 8, 2013 to November 7, 2014, which allowed the Fund to purchase up to 1,158,405 units for cancellation. The Fund renewed its normal course issuer bid for the period from November 6, 2014 to November 5, 2015, which allows the Fund to purchase up to 971,929 units for cancellation. The Fund may repurchase units when the Net Asset Value per unit exceeds its trading price.

During the six-month period ended June 30, 2015, there were no warrants exercised (there were 5,792,027 units issued upon exercise of warrants during the same period ended 2014 and $463,236 solicitation fees paid to dealers). There were no units redeemed (2,000 units redeemed for $10,021 - 2014).

Changes in outstanding Units during six-month periods ended May 31, 2015 and 2014 are summarized as follows:

	June 30, 2015 Number of Units	**June 30, 2014 Number of Units**
Redeemable units, beginning of period	9,719,293	11,584,055
Issuance of units upon exercise of warrants, net	-	5,792,027
Redemption of redeemable units	-	(2,000)
Redeemable units, end of period	**9,719,293**	**17,374,082**

The weighted average number of units outstanding for the six-month period ended June 30, 2015 was 9,719,293 (June 30, 2014 – 12,538,152).

6. CUSTODIAN

Pursuant to the Trust Agreement, RBC Investor & Treasury Services (the "Custodian") also acts as custodian of the assets of the Fund. In consideration for these services, the Fund pays a fee to the Custodian. The Custodian is rated AA- by Standard & Poor's ("S&P") as of June 30, 2015 and December 31, 2014.

7. FUND ADMINISTRATION

RBC Investor & Treasury Services is responsible for certain aspects of the Fund's day-to-day operations, including calculating net assets attributable to holders of redeemable units, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

8. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide unitholders with a high level of income through monthly cash distributions and to preserve the Net Asset Value per unit. The Fund's capital includes unitholders' capital and loans payable. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, increase or decrease its level of borrowing, issue warrants or purchase units for cancellation. There are currently no externally imposed capital requirements for the Fund.

9. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the six-month period ended June 30, 2015, the Fund declared total distributions of $0.135 (June 30, 2014 – $0.135) per unit, which amounted to $1,312,037 (June 30, 2014 – $1,734,916). The distribution reinvestment plan has been cancelled commencing with the January distribution payments in 2014 due to low participation.

10. RELATED PARTY TRANSACTIONS

Management Fees and Service Fees

Pursuant to a management agreement, the Fund pays a management fee to the Manager equal to 0.85% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Fund also pays a service fee equal to 0.40% per annum of the Net Asset Value. The service fee, plus applicable taxes, is in turn paid by the Manager to investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

For the six-month period ended June 30, 2015, the management fee amounted to $140,725 (June 30, 2014 - $334,944), out of which $22,489 is payable as of June 30, 2015 (December 31, 2014 - $25,603); the service fees amounted to $59,650 (June 30, 2014 - $176,469). 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 base salaries and overhead expenses 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 unitholder reporting cost management, oversight and any other operations matter. For the six-month period ended June 30, 2015, administration fees amounted to $16,960 (June 30, 2014 - $24,376).

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.

11. BROKER COMMISSION CHARGES AND SOFT DOLLAR SERVICES

The brokerage commissions paid to dealers included $81,132 (June 30, 2014 – $46,477) that was available for paying to third party vendors, of which $1,237 (June 30, 2014 - $1,590) was used for research by the Manager.

12. DERIVATIVE CONTRACTS

The Fund may use foreign currency forward contracts to hedge foreign exchange risks associated with its US dollar investment portfolio. At June 30, 2015 and December 31, 2014, the Fund had not entered into any foreign currency forward contracts.

13. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies, or a permitted supranational agency as defined in NI 81-102. The market values of the securities on loan and the related collateral at June 30, 2015, were $5.4 million (December 31, 2014 – $16.7 million) and $5.5 million (December 31, 2014 – $17.0 million), respectively.

14. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility. The revolving credit facility provides for maximum borrowings of $16.0 million (December 31, 2014 – $16.0 million), with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate, plus a fixed percentage, or in US currency at either the US base rate or the LIBOR rate, plus a fixed percentage. There were nil borrowings (December 31, 2014 – $7,995,507) outstanding under this facility as at June 30, 2015. The credit facility is secured by a first-priority security interest over all of the Fund's assets. During the six-month period ended June 30, 2015, the minimum and maximum amounts of borrowings were $nil (December 31, 2014 – $nil) and $8.0 million (December 31, 2014 – $10.0 million), respectively.

The credit facility contains several financial covenants that require the Fund to meet certain financial ratios and financial condition tests. The Fund is within its financial covenants with respect to the credit facility. The Manager monitors the use of the credit facility on a regular basis.

15. INCOME TAXES

The Fund had accumulated capital losses as at December 31, 2014 of $125,167,034 (2013 – $122,204,315).The capital losses can be carried forward for an indefinite period. There was no non-capital loss as at December 31, 2014 and 2013.

16. FINANCIAL RISK MANAGEMENT

The Fund is exposed to a variety of financial instruments risks: credit risk, liquidity risk, portfolio concentration risk and market risk (including interest rate risk, currency risk and price risk). The level of risk to which each Fund is exposed depends on the investment objectives and the type of investments the Fund holds. The value of investments 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 attempt to 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 investments by asset type and term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at June 30, 2015, and groups the securities by asset type and market segment. The following comparative summary represents the securities by asset type and market segment held by the Fund as at December 31, 2014.

Concentration risk

	As at December 31, 2014
Investment Sector	As of % of Portfolio
Equities	
Energy	100.0%
Total	100.0%

The Fund's total investments include long equity investments. Short-term income investments are not included.

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.

Significant risks that are relevant to the Fund are discussed below.

Interest rate risk

Interest rate risk arises from the interest-bearing credit facility and financial instruments held in the investment portfolio such as bonds and short-term notes. The Fund is exposed to interest rate risk on its variable interest rate, 364-day revolving credit facility. Fluctuations in interest rates have a direct impact on the interest payments the Fund makes on its loans.

As at June 30, 2015, the Fund had no (December 31, 2014 – $8.0 million) outstanding on its credit facility.

Since the short-term notes held by the Fund are floating rate instruments with a very short duration, changes in the prevailing levels of market interest rates are not expected to have a significant impact on the fair value of the portfolio. As at June 30, 2015 and December 31, 2014, interest rate risk was minimal.

Currency Risk

Currency risk is the risk that financial instruments are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2015 and December 31, 2014, the Fund had no exposure to foreign currency.

Market Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in equities. As at June 30, 2015, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, Net Assets would have increased or decreased by approximately $1.6 million or 5.3% of Net Assets attributable to holders of redeemable units (December 31, 2014 – approximately $3.6 million or 12.0% of Net Assets attributable to holders of redeemable units). In practice, the actual trading results may differ, and the difference could be material.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of income receivable and amounts receivable for investments sold also represents the maximum credit risk exposure, as they will be settled in the short term.

All transactions in securities are settled or paid for upon delivery. The risk of default is considered minimal as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Manager evaluates the credit quality of the securities prior to purchase and performs ongoing monitoring of the credit quality of securities. As of the purchase date, The Fund will not invest more than 10% of its total assets in the securities of any one issuer in accordance with investment restrictions.

The Fund has entered into a securities lending program with its custodian; see note 13. Credit risk associated with these transactions is considered minimal as all counterparties have approved credit and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

As June 30, 2015 and December 31, 2014, the Fund had no significant exposure to credit risk as it did not invest in debt securities other than short-term notes.

Liquidity Risk

Liquidity risk is the risk that 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 value. 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 market quotations could not be obtained and which may be illiquid, if applicable.

The Fund is exposed to liquidity risk through its monthly and annual redemptions and loans payable. For the annual redemption, the Fund receives notice by the last business day in July and has up to the tenth business day in September to settle the redemptions, which gives the Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price. Overall, the equities held by the Fund provide sufficient liquidity to meet the needs of the unitholders.

The Fund also has a 364-day revolving credit facility, which can be used to Fund redemptions or finance investments; see note 14. The credit facility contains several financial covenants that require the Fund to meet certain financial ratios and financial condition tests. The Fund is within its financial covenants with respect to the credit facility. The Manager monitors the use of the credit facility on a regular basis.

All of the Fund’s financial liabilities at June 30, 2015 and December 31, 2014 had maturities of less than one year. The tables below analyze the Fund’s financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted amounts.

As at June 30, 2015:

Financial liabilities		On demand		less than 3 months		Total
Due to broker	$	–	$	918,305	$	919,305
Management fees payable		–		22,489		22,489
Accounts payable and accrued liabilities		–		96,047		96,047
Distributions payable		–		218,684		218,684
Total	**$**	**–**	**$**	**1,255,525**	**$**	**1,255,525**

As at December 31, 2014:

Financial liabilities		On demand		less than 3 months		Total
Management fees payable	$	–	$	25,603	$	25,603
Accounts payable and accrued liabilities		–		198,056		198,056
Distributions payable		–		218,684		218,684
Loans payable		7,995,507		–		7,995,507
Total	**$**	**7,995,507**	**$**	**442,343**	**$**	**8,437,850**

17. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The Fund classifies its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level l: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

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.

Warrants: Warrants that are actively traded on an exchange are classified as level 1. Where the 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 warrants are classified as level 3.

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2015 and December 31, 2014.

Assets at fair value as at June 30, 2015		**Level 1**		**Level 2**		**Level 3**		**Total**
Equities	$	15,207,737	$	–	$	429,468	$	15,637,205
Short-term investments	$	–	$	8,980,100	$	–	$	8,980,100
Total	**$**	**15,207,737**	**$**	**8,980,100**	**$**	**429,468**	**$**	**24,617,305**

Assets at fair value as at December 31, 2014		**Level 1**		**Level 2**		**Level 3**		**Total**
Equities	$	35,514,380	$	–	$	959,563	$	36,473,943
Total	**$**	**35,514,380**	**$**	**–**	**$**	**959,563**	**$**	**36,473,943**

There were no transfers of financial assets between the levels 1 and 2 during the six-month periods ended June 30, 2015 and 2014.

The following table provides a reconciliation of fair value of investments using level 3 inputs from December 31, 2014 to June 30, 2015:

		Equities		Total
Balance, beginning of year January 1, 2015	$	959,563	$	959,563
Sales		(163,528)		(163,528)
Realized gain (loss)		(359,762)		(359,762)
Unrealized gain (loss)		(6,805)		(6,805)
Balance, end of year June 30, 2015	$	429,468	$	429,468

The following table provides a reconciliation of fair value of investments using level 3 inputs from December 31, 2013 to December 31, 2014:

		Equities		Total
Balance, beginning of year January 1, 2014	$	952,758	$	952,758
Purchases		–		–
Net transfers in (out)		–		–
Unrealized gain (loss)		6,805		6,805
Balance, end of year December 31, 2014	$	959,563	$	959,563

The change in unrealized gains (losses) during the six-month period for assets held as at June 30, 2015 was $nil (December 31, 2014 - $6,805).

The fair value of the level 3 investments is reviewed by management based on a number of applicable valuation techniques that depend on a number of factors including stage of business, the period since the last third-party financing, the ability to compare the businesses to similar publicly held companies, the reliability of future cash flow projections, and disclosed information related to transactions involving similar businesses. Due to the nature of this detailed approach to fair value determination and the number of different key assumptions, there is no alternative assumption applicable to the investments of the Fund; however, changes in key assumptions may cause material changes in the value of the investments held by the Fund.

The Fund's Level 3 securities consist of private equity positions. These positions are typically valued at cost and are adjusted based on market conditions. The Fund's Manager coordinates regular reviews to the value of these private companies using valuation techniques relevant to each position and any available market data.

The following shows the impact to the fair value of material assets and liabilities categorized in level 3 held at the end of June 30, 2015 and December 31, 2014, had the value of the security increased or decreased as a result in a reasonable shift in value of any unobservable inputs used to value these securities:

As at June 30, 2015

Security Name	**Fair Value**	**Valuation technique**	**Unobservable inputs**	**Weighted average**	**Reasonable Shift (+/-)**		**Change in valuation**	
Inception Exploration Ltd.	429,468	Recent equity financing	Lack of marketability discount	55%	+10%	-10%	$ (96,000)	$ 96,000

As at December 31, 2014

Security Name	Fair Value	Valuation technique	Unobservable inputs	Weighted average	Reasonable Shift (+/-)		Change in valuation	
Inception Exploration Ltd.	429,468	Recent equity financing	Lack of marketability discount	58%	+10%	-10%	-$ 101,000	$ 101,000
New Wave Energy Services Group Ltd.	115,695	Comparable company multiples	2015 projected revenue multiples	6.2 x	+0.8 x	-1.7 x	$ 42,000	-$ 62,000
New Wave Energy Services Group Ltd., Private Placement	414,400	Comparable company multiples	2015 projected revenue multiples	6.2 x	+0.8 x	-1.7 x	$ 185,000	-$ 211,000

The Fund may hold other assets and liabilities categorized in level 3, however they are immaterial to the Fund and any reasonable possible shift in their valuation would not have any significant impact to the Net Assets attributable to holders of redeemable unit of the Fund.

18. WARRANTS

The Fund issued 9,445,000 warrants to unitholders of record on February 22, 2011. Unitholders received warrants on the basis of one-half of one warrant for each unit held. A whole warrant entitled the holder to subscribe for one unit of the Fund at a subscription price of $5.65. Warrants not exercised prior to March 24, 2011 were void and of no value. Upon the exercise of a warrant, the Fund paid a fee equal to $0.09 per warrant to the dealer whose client was exercising the warrant. Pursuant to the warrant offering, the Fund issued 8,061,461 units for net proceeds of $45,239,782 during the year ended December 31, 2011. Based on the closing price of the first trading day, the fair value of each warrant on the date of issuance was $0.08 per warrant. Costs associated with the issuance of these warrants amounted to $139,203.

For the year ended December 31, 2011, there were accrued costs of $152,945 relating to the issuance of warrants in previous years that, at December 31, 2012, were no longer considered payable, resulting in a one-time adjustment to issuance costs.

The Fund issued 5,792,027 warrants to unitholders of record on December 23, 2013. Unitholders received warrants on the basis of one-half of one warrant for each unit held. A whole warrant entitled the holder to subscribe for one unit of the Fund at a subscription price of $5.25. Warrants not exercised prior to June 10, 2014 were to be voided and of no value. Upon the exercise of a warrant, the Fund paid a fee equal to $0.08 per warrant to the dealer whose client was exercising the warrant. All warrants were exercised by June 10, 2014, therefore nil warrants were voided.

While the warrants are outstanding, diluted Net Assets per unit is calculated when the closing price of the Fund's units on a valuation date is greater than the subscription price. To calculate diluted Net Assets per unit, Net Assets are increased by the net proceeds received from the exercise of all warrants, and units are increased by the number of units issued from the exercise of all warrants. The maximum solicitation fee paid to each dealer was capped at $2,500.00.

Diluted increase (decrease) in Net Assets from operations per unit is calculated using the treasury stock method. There were 5,792,027 warrants exercised during the year ended December 31, 2014 and $255,483 solicitation fees paid to dealers.

19. 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 (Loss).

20. FINANCIAL INSTRUMENTS BY CATEGORY

The following table presents the net gains (losses) on financial instruments at FVTPL by category for the six-month periods ended June 30, 2015 and 2014.

	Net gains (losses)	
Net gains (losses) on financial instruments at FVTPL	**June 30, 2015**	June 30, 2014
Financial Assets and Liabilities at FVTPL:		
Held for Trading	$ –	$ –
Designated at inception	857,966	12,201,476
Total financial assets and liabilities at FVTPL	**$ 857,966**	**$ 12,201,476**

CORPORATE INFORMATION

Independent Review Committee

John Crow
Chairman

C. Scott Browning

Robert Falconer

Joseph H. Wright

Directors and Senior Officers of the Manager

Peter Anderson
Interim Chief Executive Officer
(effective August 1, 2015)

Ben Cheng[1]
Chief Investment Officer

W. Neil Murdoch
Director and President

Derek Slemko
Interim Chief Financial Officer
(effective August 1, 2015)

Portfolio Management

Andrew Hamlin
Vice President and Portfolio Manager

John Kim
Portfolio Manager

Vivian Lo
Vice President and Portfolio Manager

Barry Morrison
Portfolio Manager

Alexander (Sandy) Liang
Portfolio Manager and President
AHF Capital Partners Inc.

Manager

Aston Hill Asset Management Inc.

Transfer Agent and Trustee

Computershare Trust Company of Canada

Custodian

RBC Investor Services Trust

Auditors

PricewaterhouseCoopers LLP

Website

www.astonhill.ca

(1) Mr. Cheng does not act as a portfolio manager for any Aston Hill mutual funds. Effective February 23, 2015, Ben Cheng and Aston Hill no longer provide sub-advisory services to IA Clarington Investments Inc.

See www.astonhill.ca for details.

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