LOGiQ Asset Management

Aston Hill VIP Income 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 VIP Income Fund** (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. **The annual financial statements and accompanying notes are attached to this report.**

You can obtain a copy of the annual financial statements at no cost by writing to LOGiQ Asset Management Ltd. (formerly, Aston Hill 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.

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

On May 1st, 2016, Manitou Investment Management was appointed as investment manager (the "Investment Manager").

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 investment objectives of the Fund are to provide unitholders with the benefits of a high level monthly income, together with the opportunity for capital appreciation.

The Fund seeks to achieve its investment objectives through active asset and sector allocation and by investing in income producing securities that the Manager believes represent the best weighting to achieve the investment objectives. The Fund has exposure to a diversified portfolio consisting of income producing securities including income trusts, dividend paying common shares, convertible debt, preferred shares, and investment grade fixed income investments.

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 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.

Investment Manager Commentary (February 2017)

Manitou was appointed subadvisor to the VIP funds in May of 2016. In our first commentary, the Semi-Annual Report, we highlighted Manitou's core approach and how that was being applied to this income focused mandate. As a firm, we focus on total return and use concentrated, well researched, portfolios to achieve our return objectives. Our investee companies must meet stringent quality requirements where sustainability, and growth, of cash flow is paramount. Thus, the vast majority of names we investment in have significant and growing dividends and are well suited for an income mandate. We have managed the fund with a balance of cash, bonds and equities with sufficient cash to support the distribution, a limited number of bonds given the rate environment, and a diversified collection of equity positions in quality operators. Leaning on our equity positions, we will work to grow the capital base while using a buffer of cash and bonds to maintain the distribution. The certainly of capital preservation is critical while we strive to grow the capital base.

Our most significant move during the year was predicated on preserving capital. Given the ultra low rate environment, the income from quality bonds is generally not sufficient to meet inflation. In this environment, high yield equities, such as REITS (Real Estate Investment Trusts) and utilities, have become the bond substitute. Our concern, mid-year, was that the market would start pricing in higher rates as positive economic data was causing the U.S. Federal Reserve to signal a rate hike was likely coming before the end of the year. The prospect of higher yields on bonds implied high yield equity could be revalued downward and we sold out of several utility, pipeline and REIT positions such as Algonquin Power and Utilities Corp, Enbridge Inc and Slate Retail REIT. We replaced these positions with companies that we believe have solid prospects for capital appreciation as well as a decent yield including Great West Lifeco Inc., CME Group Inc., Enghouse Systems Limited and Constellation Software Inc. In hind sight, this was a reasonable move as both the Utilities sector and the newly formed Real Estate sector posted negative returns in the forth quarter of 2016. We also added Constellation Software bonds which have an attractive yield and the coupon is inflation adjusted.

As we start 2017, we expect speculation on inflation and interest rate moves to continue to be a critical driver of market performance. We will continue to focus our research on finding individual companies that can grow their core business and generate enough cash flow to exceed their re-investment needs and pay the excess as a sustainable and growing dividend stream. We will stay sensitive to the environment in which these companies operate as well as review our allocation between cash, bonds and equities. We believe the business climate will be stable to improving, rate hikes will be gradual and equites will be the most suitable asset class to generate total returns. Thus, we will maintain the portfolio with a heavy tilt toward equity and will maintain a suitable cash buffer.

Capital transactions

During the year ended December 31, 2016, 4,553,704 units were redeemed for the value of $43,624,484 (2015 – there were 5,385,092 units redeemed for the value of $52,478,260).

Market repurchases

Units of the Fund are listed on the TSX under the symbol VIP.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 year ended December 31, 2016 and 2015.

LEVERAGE

The Fund had a 364-day revolving credit facility that provides for maximum borrowings of $65.0 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, plus a fixed percentage. The facility has been used to invest in additional portfolio investments and for working capital purposes. The loan facility is collateralized by the Fund’s total Net Assets. The credit facility term was terminated on June 25, 2015, and the related interest expense was $nil (for the year ended December 31, 2015 - $200,737).

DISTRIBUTIONS

The Fund pays monthly distributions at $0.035 per unit, representing an approximately 4.31% annual yield, based on the December 31, 2016 Net Assets per unit. The new rate is consistent with the yields available within the Fund's investable universe.

For the year ended December 31, 2016, the Fund paid distributions of $0.42 per unit ($0.49 in 2015). Since inception in February 2002, the Fund has paid total cash distributions of $12.45 per 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

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.85% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the Net Asset Value of the Fund. 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. The sub-advisor fees are also paid out of Management fees.

For the year ended December 31, 2016, the management fees amounted to $1,764,910 (for the year ended December 31, 2015 - $2,292,193); the service fees amounted to $813,435 (for the year ended December 31, 2015 - $1,050,244). 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 operation and oversight of the Fund. For the year ended December 31, 2016, administration fees amounted to $154,120 (for the year ended December 31, 2015 - $142,949).

Independent Review Committee Fee

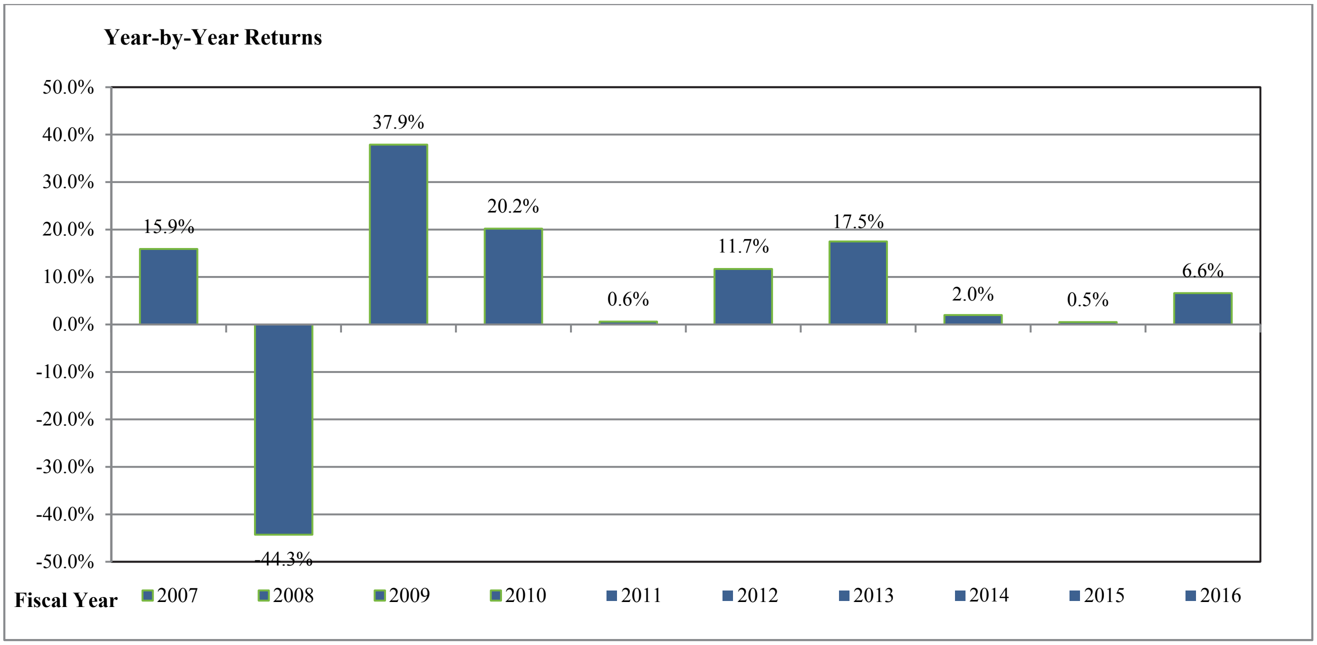
The members of the Independent Review Committee are John Crow (chair), Joseph Wright, Robert B. Falconer and Scott Browning. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager.

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, IRC fees amounted to $12,384 (for the year ended December 31, 2015 - $2,314).

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.



Annual Compound Returns

	1-Year	3-Year	5-Year	7-Year	10-Year	Since Inception[(1)]
Aston Hill VIP Income Fund	6.58%	2.98%	7.47%	8.17%	4.44%	8.48%
S&P/TSX Composite Index	21.08%	7.05%	8.23%	6.89%	4.70%	7.68%

[(1)] Period from February 19, 2002 (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:

Net Assets per Unit

	2016	**2015**	**2014**	**2013**	**2012**
Net Assets, beginning of period (1)	**9.56**	**9.99**	**10.31**	**9.27**	**9.00**
Increase (decrease) from operations:					
Total revenues	0.31	0.45	0.50	0.48	0.40
Total expenses	(0.17)	(0.17)	(0.20)	(0.17)	(0.14)
Realized gains (losses) for the period	0.43	0.07	0.81	0.69	0.38
Unrealized gains (losses) for the period	0.02	(0.28)	(0.48)	0.52	0.37
Total increase (decrease) from operations (2)	**0.59**	**0.07**	**0.63**	**1.52**	**1.01**
Distributions:					
From income	(0.13)	(0.29)	(0.32)	(0.31)	(0.24)
Return of capital	(0.29)	(0.20)	(0.22)	(0.23)	(0.53)
Total Distributions (1) (3)	**(0.42)**	**(0.49)**	**(0.54)**	**(0.54)**	**(0.77)**
Net Assets, end of period (4) (5)	**9.75**	**9.56**	**9.99**	**10.31**	**9.27**

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

(2) The increases (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 gains and return on capital are based on the Fund's tax return.

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

(5) 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.

Ratios and Supplemental Data	**2016**	**2015**	**2014**	**2013**	**2012**
Net Assets (000s)	164,405	204,716	267,751	306,494	315,757
Number of units outstanding (in 000s)	16,863	21,417	26,802	29,720	34,045
Base management expense ratio (1)	1.40%	1.46%	1.56%	1.43%	1.42%
Management expense ratio ("MER") (2)	1.55%	1.54%	2.05%	1.60%	1.53%
Trading expense ratio (3)	0.14%	0.16%	0.15%	0.13%	0.12%
Portfolio turnover rate (4)	98.02%	79.40%	82.10%	95.35%	100.66%
Net Assets per unit (5)	9.75	9.56	9.99	10.31	9.27
Closing market price (TSX)	9.50	9.09	9.65	9.88	8.92

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

(2) 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.

(3) 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.

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

(5) The 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 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 Aston Hill VIP Income Fund	**% of Net assets**
Portfolio by Category	
Financials	37.0%
Canadian Corporate Bonds	12.8%
Cash	7.5%
Telecommunication Services	7.5%
Energy	7.2%
Information Technology	6.3%
Industrials	6.1%
Consumer Staples	5.9%
Consumer Discretionary	4.3%
Exchange-traded Funds	2.9%
Real Estate	2.7%
Foreign Currency Forward Contracts	0.0%
Net Other Assets (Liabilities)	(0.2%)
Total	**100.0%**

Top 25 Holdings Long Positions	**Coupon Rate %**	**Maturity Date**	
Royal Bank of Canada	2.350%	December 9, 2019	9.3%
Great-West Lifeco Inc.			7.5%
Cash			7.5%
Royal Bank of Canada			6.0%
The Bank of Nova Scotia			5.8%
Suncor Energy Inc.			4.8%
Magna International Inc.			4.3%
Canadian National Railway Co.			4.1%
Telus Communication			3.9%
CI Financial Corp.			3.9%
Brookfield Asset Management Inc.			3.7%
BCE Inc.			3.6%
CME Group Inc.			3.0%
Constellation Software Inc.			3.0%
iShares DEX All Corporate Bond Index Fund			2.9%
Walgreens Boots Alliance Inc.			2.7%
Brookfield Property Partners LP			2.7%
Chemtrade Logistics Income Fund			2.3%
Chartwell Retirement Residences			2.1%
Easy Legal Finance Inc.	11.750%	November 1, 2019	2.1%
Stericycle Inc., Preferred, 5.250%			2.0%
Ethoca Solutions Inc., Class A			1.9%
Alimentation Couche Tard Inc., Class B			1.9%
Canadian Natural Resources Ltd.			1.5%
Enghouse Systems Ltd.			1.4%
Net Assets			**$164,405,270**