

ASTON HILL VIP INCOME FUND

ANNUAL INFORMATION FORM

Units

**FINANCIAL YEAR ENDED
DECEMBER 31, 2016**

March 31, 2017

No securities regulatory authority has expressed an opinion about these Units and it is an offence to claim otherwise.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Manager believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form.

In particular, this annual information form may contain forward-looking statements pertaining to distributable cash and Distributions. The actual results could differ materially from those anticipated in these forward-looking statements as a result of, among other things, the risk factors set out in this annual information form. The Manager does not undertake any obligation to publicly update or revise any forward-looking statements.

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GLOSSARY OF TERMS

In this Annual Information Form, the following terms shall have the meanings set forth below, unless otherwise indicated.

“**Additional Distributable Amount**” means, with respect to any taxation year of the Fund, the amount, if any, by which the aggregate of the Net Income and Net Capital Gains, less any Net Capital Gains the tax on which would be refundable to the Fund under Part I of the Income Tax Act, for such taxation year exceeds the aggregate Distributions paid or payable by the Fund for such taxation year.

“**Annual Redemption Amount**” means a redemption price per Unit surrendered for redemption on the Annual Redemption Date that is equal to 100% of the Net Asset Value per Unit minus costs associated with the redemption, including brokerage costs.

“**Annual Redemption Date**” means the second last Business Day of August in each year.

“**Annual Redemption Payment Date**” means on or before the tenth Business Day of the month subsequent to an Annual Redemption Date.

“**Business Day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**CDS Participant**” means a participant in CDS.

“**Closing Market Price**” means the closing price of the Units on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX) or, if there was no trade on the relevant Monthly Redemption Date, the average of the last bid and the last asking prices of the Units on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX).

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means RBC Investor Services Trust in its capacity as custodian under the Custodian Agreement, as appointed from time to time by the Manager.

“**Custodian Agreement**” means the master custodian agreement between the Custodian and the Manager dated November 18, 2011, as it may be amended from time to time.

“**Declaration of Trust**” means the declaration of trust governing the Fund as it may be amended, restated or modified from time to time, described in section 1.1 of this Annual Information Form.

“**Distributions**” means the cash and *in specie* distributions which are paid by the Fund to Unitholders.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66²/₃% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of approving such resolution.

“**Fund**” means Aston Hill VIP Income Fund.

“**Fund Investment**” means an investment acquired and managed by the Manager on behalf of the Fund and “**Fund Investments**” means more than one Fund Investment taken collectively.

“**Fund Property**” means the property and assets of the Fund.

“**High Yield Debt**” means high yielding debt that, at the time of investment, is either rated below BBB- by Standard & Poor's Corporation or a similar rating with another rating agency or unrated.

“**Income Tax Act**” means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and shall include regulations promulgated thereunder.

“**Investment Objectives**” means the investment objectives of the Fund as set forth in the Declaration of Trust as described in section 1.1.1 of this Annual Information Form.

“**Investment Restrictions**” means the investment restrictions of the Fund as set forth in the Declaration of Trust, including without limitation those described in section 2.0 of this Annual Information Form.

“**Investment Strategy**” means the investment strategy of the Fund as set forth in the Declaration of Trust, as described in section 1.1.2 of this Annual Information Form.

“**IRC**” means the Independent Review Committee established by the Manager for the Fund pursuant to NI 81-107.

“**Loan Facility**” means the loan facility described in section 14.1 of this Annual Information Form.

“**LOGiQ**” means LOGiQ Asset Management Ltd.

“**Management Agreement**” means the amended and restated management agreement dated as of July 4, 2008 between the Manager and the Fund, as it may be amended from time to time.

“**Management Fee**” means the management fee payable to the Manager pursuant to the Management Agreement and the Declaration of Trust, as described in section 8.1.1 of this Annual Information Form.

“**Manager**” means the manager, administrator and portfolio manager of the Fund, namely LOGiQ Asset Management Ltd. (formerly, Aston Hill Asset Management Inc.), or if applicable its successor.

“**Market Price**” means the weighted average trading price on the TSX (or such other stock exchange on which the Units are listed, if the Units are no longer listed on the TSX) for the 10 trading days immediately preceding the relevant Monthly Redemption Date.

“**Monthly Redemption Amount**” means a redemption price per Unit surrendered for redemption on a Monthly Redemption Date that is equal to the lesser of:

- (a) 94% of the Market Price of the Units, and
- (b) 100% of the Closing Market Price of the Units on the applicable Monthly Redemption Date,

minus in each case any costs associated with the redemption, including brokerage costs.

“**Monthly Redemption Date**” means the second last Business Day of any month, excluding the month of August in any year.

“**Monthly Redemption Payment Date**” means on or before the tenth Business Day of the month subsequent to a Monthly Redemption Date.

“**Net Asset Value**” means the net asset value of the Fund, as determined in accordance with the Declaration of Trust as described in section 5.0 of this Annual Information Form.

“**Net Asset Value per Unit**” means the Net Asset Value divided by the total number of Units outstanding on any Valuation Date.

“**Net Capital Gains**” of the Fund for a taxation year means the amount, if any, by which:

- (i) the capital gains realized by the Fund in the taxation year;

exceed the aggregate of

- (ii) the capital losses incurred by the Fund in the taxation year;
- (iii) the unapplied capital losses incurred by the Fund in the preceding taxation years, to the extent that they may be, and are applied against capital gains realized by the Fund in the taxation year; and
- (iv) any Net Loss of the Fund for the year and, if the Trustee so determines, any unapplied non-capital losses (as defined in the Income Tax Act) of the Fund for preceding years of the Fund, in each case multiplied by the reciprocal of the applicable fraction in paragraph 38(a) of the Income Tax Act.

For this purpose, “capital gains” and “capital losses” shall be computed in accordance with the provisions of the Income Tax Act.

“**Net Income**” or “**Net Loss**” of the Fund for a taxation year means the amount, if any, by which the income or loss of the Fund for such taxation year computed in accordance with the provisions of the Income Tax Act, other than paragraph 82(1)(b) and subsection 104(6) thereof and disregarding any designations made by the Fund under subsection 104(19) of the Income Tax Act, without reference to the Fund’s “capital gains” or “capital losses” (as those terms are defined in the Income Tax Act) for the taxation year, exceeds the non-capital losses of the Fund (as defined in the Income Tax Act) for any preceding taxation years of the Fund, to the extent that they may be, and are deducted in computing taxable income of the Fund for such taxation year for the purposes of the Income Tax Act.

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of at least 50% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of approving such resolution.

“**Service Fee**” means the fee required to be paid by the Fund to the Manager, who is in turn required to pay such fee in an equivalent amount to dealers, all in accordance with the Declaration of Trust, as described in section 8.1.2 of this Annual Information Form.

“**SIFT Rules**” means the provisions of the Income Tax Act that apply to a SIFT Trust, as that term is defined in section 122.1 of the Income Tax Act, and the unitholders of a SIFT Trust.

“**Special Situations**” means foreign equities and non-dividend paying equities.

“**Tax Proposals**” means all specific proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**Termination Date**” means the date the Fund is terminated in accordance with the Declaration of Trust, as described in section 3.4 of this Annual Information Form.

“**Total Assets**” means the aggregate value of the assets of the Fund determined in accordance with the Declaration of Trust as described in section 4.0 of this Annual Information Form.

“**Trustee**” means Computershare Trust Company of Canada, in its capacity as trustee under the Declaration of Trust.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means one transferable, redeemable trust unit of the Fund, representing an equal, fractional and undivided beneficial interest in the Fund Property net of all liabilities of the Fund. “**Units**” represents more than one transferable, redeemable trust unit of the Fund.

“**Unitholder(s)**” means holder(s) of a Unit.

“**Valuation Date**” means, at a minimum, Thursday of each week, or if any Thursday is not a Business Day, the immediately preceding Business Day, and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit.

1.0 NAME, FORMATION AND HISTORY

Aston Hill VIP Income Fund is a closed-end investment trust with a registered office located at 77 King Street West, Suite 2110, P.O. Box 92, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8. The Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of October 25, 2001. Material amendments to the declaration of trust included: (a) an amendment dated October 26, 2005 to change the name of the Fund, change certain redemption features and change certain Investment Restrictions; (b) an amendment dated December 31, 2005 in connection with the merger of the Fund with Brompton MVP Income Fund (as described below) which included the adoption by the Fund of the investment strategy and investment objectives of Brompton MVP Income Fund; (c) an amendment and restatement dated July 4, 2008 in connection with a reorganization whereby Brompton Stable Income Fund (“BSR”), Brompton Equal Weight Income Fund (“EWI”), Business Trust Equal Weight Income Fund (“BWI”), Brompton Tracker Fund (“BTF”), BG Top 100 Equal Weighted Income Fund (“BTH”) and BG Income + Growth Split Trust (“BDS”) merged into the Fund (as described below), and (d) an amendment dated September 9, 2011 which changed the name of the Fund from “Brompton VIP Income Fund” to its current name. The amendment dated July 4, 2008 included: (i) amending the Investment Objectives, Investment Strategy, and Investment Restrictions to, among other things, expand the investment universe of the Fund into other income-producing securities; (ii) setting the distribution policy of the Fund, with distribution rates to be determined by the Manager from time to time; (iii) amending the redemption provisions to move forward, on a permanent basis, the annual redemption date to the second last Business Day in August; and (iv) effecting certain administrative changes to improve operating efficiency.

Effective December 31, 2005, Brompton VIP Income Trust (the predecessor to the Fund) completed a merger with Brompton MVP Income Fund resulting in a continuing trust under the name “Brompton VIP Income Fund”. The merger was approved, as required at a special meeting of the unitholders of each fund, held on October 26, 2005. Pursuant to the merger, unitholders of Brompton MVP Income Fund each received Units of the Fund, based on an exchange ratio calculated based on the relative net asset value of each fund, determined as at the close of trading on December 30, 2005.

Effective July 4, 2008, the Fund completed a reorganization whereby BSR, EWI, BWI, BTF, BTH and BDS merged into the Fund. The reorganization was approved, as required at a special meeting of unitholders of each fund, held on June 9, 2008. The reorganization was designed primarily to address the expected tax on income trusts. Pursuant to the reorganization, unitholders of BSR, EWI, BWI, BTF, BTH and BDS each received Units of the Fund at an exchange ratio calculated as the net asset value per unit of each merging fund divided by the net asset value per unit of the Fund, each determined as at the close of business on July 3, 2008. Preferred securities of BDS were automatically exchanged for preferred securities of the Fund and preferred securityholders of BDS were considered to have disposed of their BDS preferred securities for proceeds equal to \$10.00 per preferred security upon the exchange.

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., consequently Aston Hill Asset Management Inc. changed its name to LOGiQ Asset Management Ltd and Front Street changed its name to LOGiQ Capital 2016.

1.1 Declaration of Trust

1.1.1 Investment Objectives

The Declaration of Trust provides that the Investment Objectives of the Fund are to provide Unitholders with the benefits of a high level of monthly income, together with the opportunity for capital appreciation, which is actively managed by Manitou Investment Management Ltd. (the “Sub-Advisor”).

1.1.2 Investment Strategy

The Fund seeks to achieve its Investment Objectives through active asset and sector allocation and by investing in those income producing securities that the Sub-Advisor believes represent the best weighting to achieve the Investment Objectives. The Fund has exposure to a diversified portfolio consisting of income producing securities, including but not limited to income trusts, dividend paying common shares, convertible debt, preferred shares and investment grade fixed income investments. Subject to the Investment Restrictions, the Fund may also invest in High Yield Debt and Special Situations.

1.1.3 General

The Declaration of Trust also provides for the administration of the Fund and governs matters including, without limitation, the powers of the Trustee, the issue and sale of Units, the registration and the transfer of Units, the redemption and repurchase of Units, Distributions to Unitholders, the provision of management and administration, portfolio management and custodial services to the Fund, the limitation on the liability of the Unitholders, the Trustee and other parties and the termination of the Fund.

2.0 INVESTMENT RESTRICTIONS

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to conventional mutual funds under such legislation including National Instrument 81-102 *Mutual Funds*. However, the Fund is subject to certain other requirements and restrictions contained in securities legislation, including National Instrument 81-106 *Investment Fund Continuous Disclosure*, which governs the continuous disclosure obligations of investment funds, such as the Fund. The Fund is managed in accordance with such applicable requirements and restrictions and the Investment Restrictions set out in the Declaration of Trust.

The Units are qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans. During 2015, the Fund did not deviate from the rules under the Income Tax Act that apply to the status of the Units qualifying for inclusion in such plans.

Units will not be a prohibited investment under the Income Tax Act for a tax-free savings account or a trust governed by a registered retirement savings plan or a registered retirement income fund, provided the holder of the tax-free savings account or the annuitant of a registered retirement savings plan or a registered retirement income fund deals at arm's length with the Fund, does not have a “significant interest” (within the meaning of the Income Tax Act) in the Fund, and does not have a “significant interest” (within the meaning of the Income Tax Act) in a corporation, partnership or trust that does not deal at arm's length with the Fund.

3.0 DESCRIPTION OF SECURITIES

3.1 The Units

The Fund is authorized to issue an unlimited number of a single class of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units. On the redemption of Units, however, the Fund may, in its sole discretion, designate payable to the redeeming Unitholder, as part of the redemption price any capital gain realized by the Fund in the taxation year of the Fund in which the redemption occurred. Each holder of Units is entitled to one vote for each whole Unit held and is entitled to participate equally with respect to any and all Distributions made by the Fund, including distributions of Net Income and Net Capital Gains, if any. On termination or liquidation of the Fund, the holders of outstanding Units of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The Declaration of Trust permits fractions of Units to be issued which have the same rights, restrictions, conditions and limitations attaching to whole Units in the proportion which they bear to a whole Unit, except that fractional Units do not have the right to vote.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer in each of the provinces and territories of Canada, and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

3.2 Distributions

Distributions are payable to Unitholders of record on the last Business Day of each month and, unless a Unitholder is a participant in any distribution reinvestment plan established by the Fund, all cash distributions payable, less any amount required to be withheld therefrom under applicable law, are to be paid in Canadian dollars no later than the tenth Business Day of the subsequent month. The Fund will make monthly distributions to Unitholders at the discretion of the Trustee, upon the advice of the Manager. Distributions will be paid out of revenue generated by the portfolio and, if required, out of capital. Future distribution rates will be determined from time to time by the Manager. There can be no assurance that the Fund will make any distribution in any particular month or months.

The Fund has also adopted a distribution reinvestment plan pursuant to which Distributions paid to Unitholders may be reinvested, automatically on each Unitholder's behalf at the option of such Unitholder, to purchase additional Units in accordance with the plan. Subject to the terms and restrictions of the plan and applicable securities laws, Unitholders may also apply additional cash payments towards the purchase of additional Units under the plan. Notwithstanding the availability of the plan, all Distributions to non-resident Unitholders are paid in cash and will not be reinvested.

Many of the issuers of the securities in which the Fund invests are entitled to tax deductions relating to the nature of their assets, with the result that their cash distributions exceed the amount required to be included in the income of the recipients. As a result, cash Distributions received by Unitholders from the Fund in a year can exceed the amount required to be included in their income for tax purposes and as a result the excess will be a return of capital. The proportion of the Distributions characterized as a return of capital will be affected by Net Capital Gains realized by the Fund. To the extent that the Fund has received distributions from income funds included in the portfolio as a return of capital that reduced the adjusted cost base of such securities to the Fund, the Fund may realize a capital gain if such securities are sold. In addition, the Fund may realize a capital gain on sales if the securities of the income funds sold have appreciated in value. Such capital gains will reduce the

proportion of the Distributions characterized as a return of capital.

The Fund is subject to tax under Part I of the Income Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes Distributions in each year of its Net Income and Net Capital Gains, and provided the Fund deducts in computing its income the full amount available for deduction in each year, the Fund will not generally be liable for income tax under Part I of the Income Tax Act. In order to ensure this result, the Declaration of Trust provides that, if necessary, an Additional Distributable Amount will be automatically payable in each year to Unitholders of record on December 31. The Additional Distributable Amount may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly Distributions paid or made payable to Unitholders during the year. The Additional Distributable Amount may, at the option of the Manager, be satisfied by the issuance of additional Units having a value equal to the cash shortfall. Following such issue of additional Units, the outstanding Units of the Fund will be automatically consolidated on a basis such that the number of consolidated Units (before giving effect to any redemption of Units on such date) is equal to the number of Units outstanding immediately preceding payment of the Additional Distributable Amount, except in the case of a non-resident Unitholder if tax was required to be withheld in respect of the distribution. Additional information regarding tax matters is set out in section 11.0.

3.3 Amendment of the Declaration of Trust

3.3.1 Amending of the Declaration of Trust by the Trustee

The Declaration of Trust provides that the Trustee is entitled to amend the Declaration of Trust without consent of, or notice to, the Unitholders to:

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

3.3.2 Amending of the Declaration of Trust by Unitholders

The Declaration of Trust provides that except as otherwise required by or contemplated in the Declaration of Trust, which exceptions are summarized below, the Declaration of Trust may be amended by an Ordinary Resolution of the Unitholders.

The Declaration of Trust provides that the following may only be undertaken with the approval of

Unitholders by an Extraordinary Resolution:

- (i) the removal of the Trustee or any one of its affiliates as the trustee of the Fund;
- (ii) any change in the Investment Objectives, Investment Strategy or Investment Restrictions of the Fund unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (iii) any material change in the Management Agreement, other than a change in the Manager, provided the new manager is an affiliate of the Manager;
- (iv) any increase in the fees paid to the Manager;
- (v) any amendment, modification or variation in the provisions or rights attaching to the Units;
- (vi) any issue of Units for net proceeds per Unit less than the most recently calculated Net Asset Value per Unit prior to the date of the setting of the subscription price by the Fund;
- (vii) any change in the frequency of calculating Net Asset Value per Unit to less often than weekly;
- (viii) the sale of all or substantially all of the assets of the Fund other than in the ordinary course;
- (ix) any merger, arrangement or similar transaction other than in the ordinary course;
- (x) any liquidation, dissolution or termination of the Fund, except if it is determined by the Manager, in its sole discretion, to be in the best interest of the Unitholders or otherwise in accordance with the Declaration of Trust; and
- (xi) any amendment to the above provisions except as permitted under the Declaration of Trust.

3.4 Termination of the Fund

Pursuant to the Declaration of Trust, the Fund shall continue until the date specified in an Extraordinary Resolution of Unitholders calling for the termination of the Fund approved at a duly called meeting of Unitholders, provided that at least 90 days written notice has been given to the Manager by the Trustee of the date so fixed by the Unitholders for the termination of the Fund. In addition to such termination upon the approval of the Unitholders, the Declaration of Trust also provides that the Fund may be terminated in the following circumstances:

- In the event that the Manager resigns and no new Manager is appointed by the Trustee within 120 days of the Manager giving notice to the Trustee of such resignation, the Fund will automatically terminate on the date which is 60 days following the end of such 120 day period.
- The Manager may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion, it would be in the best interests of the Unitholders to terminate the Fund.

The Declaration of Trust further provides that prior to a Termination Date, the Manager will instruct the Manager to convert the Fund Investments to cash to the extent practicable and will satisfy or make

appropriate provision for all liabilities of the Fund. The Declaration of Trust permits that the Manager may, in its discretion and upon not less than 30 days' notice to the Unitholders, postpone the Termination Date by a period of up to 180 days if the Manager is unable to convert all of the Fund Investments to cash prior to the original Termination Date and the Manager determines that it would be in the best interests of the Unitholders to do so. Upon termination, the Declaration of Trust provides that the Fund will distribute to Unitholders their *pro rata* portions of the remaining assets of the Fund which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to the Termination Date, such unliquidated assets *in specie* rather than in cash. Following such distribution, the Declaration of Trust provides that the Fund will be dissolved.

4.0 VALUATION OF PORTFOLIO SECURITIES

Under the Declaration of Trust, the calculation of Total Assets on a Valuation Date is to be determined as follows:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, dividend or other amount receivable (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, dividend or other amount receivable (or declared to holders of record of securities owned by the Fund on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair market value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use provided that, for the purpose of calculating the Annual Redemption Amount, the value of any security will be equal to the weighted average trading price over the last three Business Days of the month in which the Annual Redemption Date occurs;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities or recognized information provider in such securities;
- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair market value on the Valuation Date on which the Total

Assets are being determined as determined by the Manager (generally the Manager will value such security at cost until there is a clear indication of an increase or decrease in value);

- (f) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Fund from the Custodian on the Valuation Date on which the Total Assets are being determined;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Manager; and
- (h) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Manager has not exercised its discretion to determine fair market value in the last three years.

The primary difference between the valuation principles set out above and Canadian generally accepted accounting principals ("Canadian GAAP") is that under Canadian GAAP, securities traded in an active market are valued using the last available bid price rather than the latest available sale price.

5.0 CALCULATION OF NET ASSET VALUE

Pursuant to the Declaration of Trust, the Net Asset Value per Unit on any Valuation Date shall be calculated by dividing the Net Asset Value (calculated by subtracting the aggregate amount of the Fund's liabilities from the Total Assets) on such Valuation Date by the total number of Units outstanding on such Valuation Date.

The Net Asset Value per Unit is calculated as at the close of business on each Valuation Date which is, at a minimum, Thursday of each week (or if any Thursday is not a Business Day, the immediately preceding Business Day) and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit.

The Net Asset Value per Unit is calculated in Canadian dollars.

6.0 PURCHASES OF UNITS

6.1 General

The Units are listed for trading on the TSX under the symbol VIP.UN and may be purchased through the facilities of the TSX. Registration of interests in and transfers of the Units are made only through CDS and the Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of holders must be exercised through, and all payments or other property to which such holders are entitled are made or delivered by, CDS or the CDS Participant through which

the holder holds such Units. Upon purchase of any Units, holders receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the securities are purchased. Units may also be purchased by Unitholders under the distribution reinvestment plan as described in section 3.2.

6.2 Issuer Bid

The Declaration of Trust provides that, subject to applicable law and stock exchange requirements, the Fund may, in its sole discretion, from time to time purchase (in the open market or by invitation for tenders) Units for cancellation.

7.0 REDEMPTION OF SECURITIES

7.1 Monthly

Subject to the Fund's right to suspend redemptions as discussed in section 7.4, Unitholders are entitled to surrender Units for redemption in accordance with the Declaration of Trust on a Monthly Redemption Date, provided the Units are surrendered by 5:00 p.m. (Toronto time) on the last Business Day of the month prior to the Monthly Redemption Date. The Declaration of Trust provides that Units surrendered for redemption on the Monthly Redemption Date will be redeemed at a redemption price per Unit equal to the Monthly Redemption Amount and payment will be made on or before the tenth Business Day of the subsequent month.

7.2 Annual

Subject to the Fund's right to suspend redemptions as discussed in section 7.4, Unitholders are entitled to surrender Units for redemption in accordance with the Declaration of Trust in August of each year, provided the Units are surrendered by 5:00 p.m. (Toronto time) on the last Business Day of July. The Declaration of Trust provides that Units surrendered for redemption will be redeemed on the Redemption Date at a redemption price per Unit equal to the Annual Redemption Amount and payment will be made on or before the tenth Business Day of the month following the Annual Redemption Date.

7.3 General

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise the redemption right sufficiently in advance of the Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the last Business Day of the month prior to a Monthly Redemption Date and by 5:00 p.m. (Toronto time) on the last Business Day of July in the case of an Annual Redemption Date.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Monthly Redemption Date or Annual Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that in the opinion of the Manager such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice or its withdrawal will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund or the Trustee to the CDS Participant or the Unitholder.

On the redemption of Units, the Fund may, in its sole discretion, designate payable to the redeeming Unitholder, as part of the redemption price, any capital gain realized by the Fund in the taxation year of the Fund in which the redemption occurred.

7.4 Suspension of Redemptions

The Declaration of Trust permits the Manager to direct the Trustee to suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more stock exchanges, options exchanges or futures exchanges on which more than 50% of the Fund Investments (by value) included in the portfolio (by value) are listed and traded; or (b) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances, all Unitholders shall have, and shall be advised that they have, the right to withdraw their requests for redemption. Redemptions that have been suspended will be affected at a price determined on the first date that the Net Asset Value per Unit, Market Price and Closing Market Price, as applicable, is calculated following the termination of the suspension. The suspension shall terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

8.0 RESPONSIBILITY FOR OPERATIONS

8.1 Manager

The Declaration of Trust provides that the Trustee shall appoint or retain a manager to manage the business and affairs of the Fund. The Trustee has appointed the Manager pursuant to the terms of the Declaration of Trust and the Management Agreement.

The Manager was formed pursuant to the *Business Corporations Act* (Ontario) by articles of amalgamation dated December 30, 2011. Its head office is located at 77 King Street West, Suite 2110, P.O. Box 92, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8. Its telephone number is (416) 583-2300, its e-mail address is info@astonhill.ca and its website address is www.logiqasset.com. Prior thereto, Aston Hill Management Limited (formerly called Brompton Funds Management Limited) was the manager of the Fund and was acquired by Aston Hill Financial Inc. on July 27, 2011. On December 30, 2011, Aston Hill Management Limited and certain of its affiliates amalgamated under Ontario law to form the Manager. The Manager is a wholly-owned subsidiary of LOGiQ Asset Management Inc. (formerly, Aston Hill Financial Inc.), a public company listed on the TSX.

The Manager is registered with the Ontario Securities Commission as an exempt market dealer, portfolio manager and investment fund manager.

Pursuant to the Sub-advisor Agreement, the Manitou Investment Management Ltd. manages the Portfolio.

The Sub-Advisor employs a disciplined process to identify, analyze, purchase and monitor investments. This process begins with macro-economic research. The Sub-Advisor continually monitors world events, interest rate trends, domestic and global economic cycles and other economic variables. This research helps the Sub-Advisor identify industries for further review and analysis, while avoiding sectors prone to the clustering of defaults.

Once industries have been identified for further review and analysis, the Sub-Advisor analyzes those industries in terms of whether they are cyclical or non-cyclical, production or distribution, durable or non-durable, integrated or non-integrated, industrial or consumer, domestic or international, and analyzes their capital flows, developing trends, pricing power and supply/demand dynamics.

Fundamental credit analysis is the foundation of the Sub-Advisor's portfolio construction. The Sub-Advisor analyzes potential investments with respect to both the individual company and the deal structure. Fundamental credit analysis of a company is an in-depth, independent analysis focused on free cash flow generation, liquidity and adequacy of collateral coverage. In addition, the Sub-Advisor evaluates a company's management, its competitive position, its market share within its industry, and the strengths and weaknesses of its business segments.

The Sub-Advisor's review of the structure of a proposed transaction focuses on the provisions of the credit documents, particularly the strength of the protective covenants and the voting rights of lenders. The Sub-Advisor also analyzes the sponsors of the transaction to determine whether they are proven, committed, and have the financial resources required to support the company if necessary.

8.1.1 Management Fee

In consideration for these services, the Fund pays the Manager a fee and reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. The Manager receives a Management Fee equal to 0.85% per annum of Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes. The sub-advisor fees are also paid out of Management fees.

For the year ended December 31, 2016, the management fee for the Fund amounted to \$1,764,910 (December 31, 2015 - \$2,292,193).

8.1.2 Service Fee

The Manager is paid a Service Fee by the Fund for paying the fees payable to dealers based on the number of Units held by clients of such dealers at the end of each relevant quarter. The Service Fee (calculated quarterly and paid as soon as practicable after the end of each calendar quarter) is equal to 0.40% per annum of the Net Asset Value of the Fund represented by the Units held at the end of the relevant quarter by clients of dealers, plus applicable taxes.

For the year ended December 31, 2016, the service fee amounted to \$813,435 (December 31, 2015 - \$1,050,244).

8.1.3 Termination of the Management Agreement

The Management Agreement may be terminated at any time by the Trustee on behalf of the Fund on 90 days written notice with the approval of the Unitholders by an Ordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such Ordinary Resolution. The

Management Agreement may also be terminated by the Trustee on behalf of the Fund:

- at any time on 30 days written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Management Agreement, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Management Agreement;
- at any time on 10 days written notice to the Manager for an uncured material breach of the Management Agreement by the Manager following written notice of such breach by the Trustee;
- immediately in the event of the commission by the Manager of any fraudulent act; and
- automatically, if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors.

The Manager may resign and the Management Agreement terminated upon 120 days' notice to the Trustee. The Manager may assign the Management Agreement to an affiliate of the Manager at any time.

8.1.4 Directors and Officers of the Manager

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

Name Municipality	and Position with the Manager	Principal Occupation
Joseph Canavan Toronto, Ontario	Director and Chief Executive Officer	Chief Executive Officer, LOGiQ Asset Management Inc.
Kal Zakarneh Toronto, Ontario	Director and Chief Financial Officer	Chief Financial Officer, LOGiQ Asset Management Ltd.
Mary Anne Palangio Toronto, Ontario	Director and President	Chief Financial Officer, LOGiQ Asset Management Inc.
Terence Lui Toronto, Ontario	Vice President, Chief Compliance Officer and General Counsel	Vice President, General Counsel and Chief Compliance Officer, LOGiQ Asset Management Inc.

Joseph Canavan: Mr. Canavan joined LOGiQ Asset Management Inc. as President and Chief Executive Officer in December 2016. Mr. Canavan has several years of financial services industry experience as an executive, entrepreneur and venture investor. He served as the Chief Executive Officer and President at Assante Wealth Management (Canada) Limited. Mr. Canavan served as the Chief Executive Officer and Chairman of United Financial Corporation from November 2003 to November 2009, and prior to that he served as the Chief Executive Officer and President at Synergy Asset Management Inc. from October 1997 to July 2003. Mr. Canavan was awarded "Person of Influence of the Decade" during the 2004 Canadian Investment Awards, was honoured as Concordia University's "Alumnus of the Year" in 2006 and was also the recipient of the Queen Elizabeth Diamond Jubilee II Medal in 2012. He received a Bachelor of Business Administration in Business at Concordia University and holds an OPM in Business from Harvard Business School.

Kal Zakarneh: B.Comm, University of Jordan. Mr. Zakarneh joined LOGiQ Asset Management Ltd. in 2013. Prior thereto Mr. Zakarneh was a Fund Accounting Controller with Connor, Clark & Lunn Financial Group since 2005.

Mary Anne Palangio: Ms. Palangio joined LOGiQ Asset Management Inc. in February 2017. Previously, she served as Chief Financial Officer of the Ontario Retirement Pension Plan Administration Corporation until August 2016. From 2008 to 2016, Ms. Palangio held several senior operations roles within Manulife Financial Corporation. From 2005 to 2008, she served as the Executive Vice-President, Operations at Perimeter Financial Corporation, and before that also held a number of senior finance and operations roles at EdgeStone Capital Partners and The Canada Life Assurance Company. Ms. Palangio holds a Bachelor of Arts, Commerce and Economics, degree from the University of Toronto. She is also a Chartered Professional Accountant, Chartered Accountant, and holds the Chartered Financial Analyst designation.

Terence Lui: Mr. Lui is the Vice President, General Counsel and Chief Compliance Officer of LOGiQ Asset Management Inc., having joined LOGiQ Capital 2016 (formerly Front Street Capital 2004) in May 2012, which was acquired by LOGiQ Asset Management Inc. in December 2016. Prior to joining Front Street Capital 2004, Mr. Lui was at Borden Ladner Gervais LLP from September 2004 to April 2012, being a partner specializing in corporate and securities law in his last role. He was also an adjunct professor at Osgoode Hall Law School. Mr. Lui holds a Juris Doctor from the University of Toronto Faculty of Law and a Bachelor of Commerce from the Rotman School of Management at the University of Toronto. Mr. Lui also holds the Chartered Financial Analyst designation.

8.1.5 Independent Review Committee

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

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

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

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

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

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

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

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, members of the IRC were paid the following aggregate compensation: Mr. Crow: \$25,000; Mr. Falconer: \$18,750; Mr. Browning: \$20,000 and Mr. Wright: \$20,000. For the year ended December 31, 2016, there were IRC fees of \$12,384 charged to the Fund (December 31, 2015 - \$2,314).

The report prepared by the IRC is available on the Manager's website (www.logiqasset.com), or on request at no cost, by contacting the Manager at 77 King Street West, Suite 2110, P.O. Box 92, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8; telephone: (416) 583-2300; or toll free: 1-800-513-3868.

The IRC reviews its compensation on an annual basis, giving consideration to: industry practice; the number, nature and complexity of the funds; and the nature and extent of the workload.

8.2 Portfolio Manager

As of May 1st, 2016, the Manager appointed Manitou Investment Management Inc. to manage the portfolio of the Fund. Prior to May 2016, the Manager acts as the portfolio manager to the Fund. As portfolio manager, the Manager is responsible for maintaining the Portfolio in accordance with the Investment Strategy and subject to the Investment Restrictions.

8.2.1 Principal Portfolio Advisors

The following individuals are primarily responsible for making investment decisions for AVIP Trust:

Peter Hofstra: joined Manitou Investment Management Ltd. in 2010. Manitou is a sub-advisor to LOGiQ Asset Management. Peter is Manitou's Chief Investment Officer and also supports the research team as an Analyst and Portfolio Manager. Prior to joining Manitou, he spent six years at AIC

Investment managing a US equity technology portfolios. He later co-founded an LP focused on environmentally responsible investing. He also spent eight years as a senior manager for a publicly traded technology company.

Peter earned a Bachelor of Science Degree in Chemistry from the University of Guelph, a Ph.D. in Engineering Physics from McMaster University and holds the Chartered Financial Analyst® designation.

8.2.2 Brokerage Arrangements

The Manager has an approved list of dealers with whom to trade based on the dealer's financial strength and regulatory history. Factors considered when selecting a dealer from this list include the dealer's ability to source liquidity, provide anonymity, willingness to commit capital, trading experience and reputation. Commission rate schedules have been negotiated with each approved dealer considering the overall level of service provided by each dealer. The majority of the commission rate schedules are in the form of bundled services where the dealer provides the Manager with trade execution services and their proprietary research services which typically include sector and company research reports, economic reports, analyst calls, meetings with company management, analyst meetings, sales calls and financial models. The Manager also uses third party research services provided by third party vendors. The Manager obtains these research services using client commissions in accordance with applicable securities regulations.

On any given trade, the trader considers the full range of a dealer's capabilities and services which may include the ability to execute a difficult order, certainty of execution and the overall cost of transaction. On a regular basis, the trader and the manager monitor and evaluate the performance and execution capabilities of the dealers. The dealers are ranked on a number of qualitative criteria that relate to the level of service that the Manager has received. In addition, a working group reviews reports that provide analysis of the Manager's trading execution performance and of the dealers that are used. This enables the Manager to assess the overall quality of execution obtained for clients. The results of the findings may ultimately alter the ranking of a dealer and future trading with a dealer. The Manager does not trade through affiliated dealers.

Since the date of the last annual information form, the Manager has had brokerage relationships with dealers who have provided research goods and services in addition to order execution. The names of the dealers and third parties who provide research and order execution services to the Fund are available upon request by calling the Manager toll-free at 1-800-513-3868, by sending the Manager an email at info@astonhill.ca or by writing to the Manager.

8.3 Trustee

Computershare Trust Company of Canada is the Trustee of the Fund and is responsible for certain aspects of the administration of the Fund as described in the Declaration of Trust. The address of the Trustee is 100 University Avenue, 11th Floor, Toronto, Ontario M5J 2Y1.

8.4 Custodian

The Manager has appointed RBC Investor Services Trust as Custodian, pursuant to the terms of the Custodian Agreement, to provide various safekeeping and custodial services relating to the Fund Property. The address of the Custodian is 155 Wellington Street West, Toronto, Ontario M5V 3L3.

8.4.1 Custodian Fees

In consideration for its services, the Fund pays to the Custodian such compensation as agreed upon in writing between the Manager and the Custodian from time to time and reimburses the Custodian for all reasonable costs and expenses incurred by the Custodian on behalf of the Fund.

8.4.2 Termination of the Custodian Agreement

The Custodian Agreement may be terminated by either party without penalty at any time on 60 days prior written notice.

Prior notice is not required and termination will be immediate if:

- either party is declared bankrupt or shall be insolvent;
- the assets or the business of either party shall become liable to seizure or confiscation by any public or governmental authority; or
- the Manager's powers and authorities to act on behalf of or represent the Fund have been revoked or terminated.

8.5 Valuation Services

The Manager, on behalf of the Fund, has appointed RBC Investor Services Trust to provide the Fund with valuation services. Such services include the calculation of the Fund's Net Asset Value, calculated in accordance with the Fund's valuation parameters described in section 4.0.

8.6 Auditor, Registrar, Transfer Agent and Distribution Agent

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario. The auditors of the Fund can be changed by an Ordinary Resolution of the Unitholders.

Computershare Trust Company of Canada is the registrar, transfer agent and distribution agent for the Units. The register and transfer ledgers for the Units are kept by the Trustee at its offices located in Toronto.

8.7 Ongoing Expenses

The Fund pays for all expenses incurred in connection with the operation and administration of the Fund. These expenses include, without limitation: mailing and printing expenses for periodic reports to Unitholders; fees payable to the Trustee for acting as trustee of the Fund; fees payable to the Registrar and Transfer Agent for performing certain financial, record-keeping, Unitholder reporting, distribution agency and general administrative services; fees payable to the auditors and legal advisors of the Fund; ongoing regulatory filing fees and other fees; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; expenses relating to portfolio transactions; and any expenditures which may be incurred upon the termination of the Fund.

Administration and operating costs were approximately \$710,162 during the year ended December 31, 2016 (administration and operating costs were \$906,334 during the year ended December 31, 2015).

9.0 CONFLICTS OF INTEREST

9.1 Principal Holders of Securities

The Manager is a wholly-owned subsidiary of LOGiQ Asset Management Inc. (Aston Hill Financial Inc.), a public company traded on the TSX. As of the date hereof, no person owned more than 10% of the outstanding Units.

The Declaration of Trust acknowledges that the Trustee may provide services to the Fund in other capacities, provided that the terms of any such arrangements are no less favourable to the Fund than those which would be obtained from parties which are at arm's length for comparable services. The services of the Custodian and the officers and directors of the Custodian are not exclusive to the Fund. The Custodian and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in any other activity.

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with investment objectives similar to the Fund. The Manager acts as the investment advisor or administrator for other funds and may in the future act as the investment advisor to other funds which are considered competitors of the Fund. The services of the Manager are not exclusive to the Fund.

In addition, the directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities. The Manager or its affiliates may be a manager of one or more issuers in which the Fund may acquire securities and may be managers or administrators of funds with similar investment objectives as the Fund. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund and the Manager, as applicable.

No person or entity that provides services to the Fund or the Manager in relation to the Fund is an affiliated entity of the Manager.

9.2 Securities Held by Members of the Independent Review Committee

As at the date hereof, the members of the IRC did not own, directly or indirectly, any securities in the Manager. Further, as at the date hereof the percentage of securities of each class or series of voting securities beneficially owned, directly or indirectly, in aggregate, by all members of the IRC in any person or company that provides material services to the Fund or Manager or in any one or more Canadian chartered bank which provides a loan facility or other credit to the Fund or Manager is less than 1%.

10.0 FUND GOVERNANCE

The Manager supports good governance practices for its investment funds. The board of directors of the Manager (the "Board") is responsible for the overall stewardship of the business and affairs of the the Fund. The Board consists of 3 directors. Details regarding the names and principal occupations of the Board are set out in section 8.1.4.

The Board is responsible for developing the Fund's approach to governance issues. To ensure the proper management of the Fund and compliance with regulatory requirements, the Board has adopted policies, procedures and guidelines relating to business practices, risk management control, and internal conflicts of interest. As part of managing its business practices, the Board has adopted a whistleblower policy, a privacy policy and a proxy voting policy. The whistleblower policy establishes a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and

auditing matters pertaining to the Fund. The privacy policy dictates the manner in which the Fund and the Manager may collect, use and disclose personal information regarding Unitholders. The proxy voting policy is described in section 10.2. As part of its risk management, the Board has adopted a disclosure policy. The disclosure policy sets out guidelines that aim to ensure that complete, accurate and balanced information is disclosed to the public in a timely, orderly and broad-based manner in accordance with securities laws and regulations. As part of managing potential internal conflicts of interest, the Board has adopted a code of business ethics and an insider trading policy. The code of business ethics and insider trading policy address, among other things, ethical business practices and handling of material information and purchasing or selling of securities by insiders.

NI 81-107 requires the Manager to have policies and procedures relating to conflicts of interest and the Manager has such policies and procedures in place.

In accordance with NI 81-107, the Manager has appointed an IRC to deal with potential conflict of interest matters between the Manager and the Fund. See section 8.1.5 of this Annual Information Form.

The Manager maintains a website for the Fund at www.logiqasset.com. The Manager has an investor relations line to respond to inquiries from Unitholders, which is 1-800-513-3868.

10.1 Composition of the Independent Review Committee

As indicated in section 8.1.5 of this Annual Information Form, the IRC is comprised of four members, who were appointed by the Manager in accordance with NI 81-107. Subsequent to this initial appointment by the Manager, the IRC shall, taking into consideration any recommendation of the Manager, fill vacancies on the IRC, provided that if for any reason the IRC has no members, the Manager shall fill the vacancies.

10.2 Proxy Voting Policy

The Manager is authorized to exercise all rights and privileges incidental to ownership for the Fund Investments. The Fund has adopted the Manager's proxy voting policy (the "Proxy Voting Policy"), which provides general guidance, in compliance with applicable legislation, for the voting of proxies. The Manager has retained a third party service provider to provide proxy analysis, vote recommendations and vote execution services on behalf of the Manager, all in accordance with the Proxy Voting Policy. However, the ultimate decision as to how to cast a vote rests with the Manager, based on what the Manager believes to be in the best interest of the Fund and in accordance with the Fund's Investment Objectives, Investment Strategy and Investment Restrictions.

The Manager's Proxy Voting Policy includes:

- (i) a standing policy with respect to dealing with routine matters, such as the election of directors, appointment of auditors, reporting of results and changes in capital structure. The Proxy Voting Policy generally provides for voting in favour of management's recommendations, unless there are specific circumstances for voting against and/or the Manager believes that the Fund's best interests would be better served by such counter vote. The Manager will also document the reasons for a decision to cast a proxy vote in a manner that deviates from the standing policy;
- (ii) policies and procedures with respect to dealing with non-routine matters, including situations, albeit infrequently, where the Manager refrains from voting on such matters. Non-routine matters include: corporate restructurings, mergers and acquisitions, proposals affecting shareholder rights and executive compensation. These policies vary depending on the specific matter involved and are usually

addressed on a case-by-case basis with a focus on the best interests of the securityholders of the Fund and the potential impact of the vote on securityholder value; and

- (iii) policies and procedures with respect to dealing with potential conflicts of interest. With respect to potential conflicts of interest that may arise, the Manager will first review the matter to assess whether a conflict does in fact exist. In the event a conflict of interest has been initially determined, the matter will be thereafter referred to an internal committee of the Manager and if required, the Fund's IRC, for final determination. The rationale for the committee's ultimate decision will be documented accordingly.

The policies and procedures that the Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-800-513-3868 or by writing to the Manager at 77 King Street West, Suite 2110, P.O. Box 92, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

The Fund's voting record for the most recent period ended June 30 of each year is available free of charge to any Unitholder of the Fund upon request at any time after August 31 of that year. The Fund has made its proxy voting record available on its website at www.logiqasset.com.

10.3 Use of Derivatives

The Declaration of Trust allows the Fund to invest in or use derivative instruments for hedging purposes consistent with the Investment Objectives and Investment Strategy and subject to the Investment Restrictions.

10.4 Securities Lending

In order to generate additional returns, the Manager may enter into securities lending transactions through its Custodian as agent.

The Manager manages the risks associated with securities lending by requiring the Custodian to:

- Enter into securities lending, repurchase or reverse purchase transactions with reputable and well-established Canadian and foreign brokers, dealers and institutions ("counterparties");
- Maintain internal controls, procedures and records including a list of approved counterparties based on generally accepted creditworthiness standards, transaction and credit limits for each counterparty and collateral diversification standards;
- Establish daily the market value of both the securities loaned by the Fund under a securities lending transaction or sold by the Fund under a repurchase transaction and the cash or collateral held by the Fund. If on any day the market value of the cash or collateral is less than 102% of the market value of the borrowed or sold securities, the Custodian will request that the counterparty provide additional cash or collateral to the Fund to make up the shortfall;
- Ensure that no more than 50% of the Total Assets of the Fund are out on loan at one time; and
- Ensure that the collateral to be delivered to the Fund is one or more of cash, qualified securities or securities immediately convertible into, or exchangeable for, securities of the same issuer, class or type, and same term, if applicable, as the securities being loaned by the Fund.

The transaction may be terminated by the Fund at any time and the loaned securities recalled within the normal and customary settlement period for such transactions.

The Manager has written procedures that set out the objectives, goals and risk management practices with respect to securities lending arrangements which are reviewed by the Board. The securities lending arrangements and risks are monitored by the Manager. The Custodian conducts simulations to test the portfolio under stress conditions.

10.5 Short-Term Trades

The Fund's Units trade on the TSX. The Fund does not have policies and procedures in place to monitor, detect and deter short-term trading given that:

- (i) the Fund is a closed-end investment trust;
- (ii) Unitholders are only permitted to redeem Units on a monthly or annual basis;
- (iii) the Monthly Redemption Amount is equal to the lesser of (i) 94% of the Market Price of the Units, and (ii) 100% of the Closing Market Price on the applicable Monthly Redemption Date minus, in each case, any costs associated with the redemption, including brokerage costs;
- (iv) the Annual Redemption Amount is based on the Net Asset Value per Unit on the second last business day of August, minus any costs associated with the redemption, including brokerage costs;
- (v) for the purpose of calculating the Annual Redemption Amount the value of any security is equal to the weighted average trading price over the last three Business Days of the month of August; and
- (vi) redemptions require more than 4 weeks to process from the date a holder notifies CDS of their redemption request to the date the redemption proceeds are paid out.

11.0 INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the Income Tax Act with respect to the acquisition, ownership and disposition of Units generally applicable as at the date of this annual information form to you if you are an individual (other than a trust) and, for the purposes of the Income Tax Act, are resident in Canada, deal at arm's length with the Fund and hold Units as capital property.

Generally, Units will be considered to be capital property to a holder provided that the holder does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired such securities in one or more transactions considered to be an adventure or concern in the nature of trade. Certain holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have Units treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Income Tax Act.

This summary is based upon the current provisions of the Income Tax Act, the Tax Proposals, an understanding of the current published administrative practices of CRA. This summary assumes that the Tax Proposals will be enacted as proposed. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law, whether by way of legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations. There is no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire such securities. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary according to the status of the holder, the province or provinces in which the holder resides or carries on business and, generally, the holder's own particular circumstances. Accordingly, the following description of income tax matters is of a general nature only and is not intended to constitute advice to any particular holder. Holders should consult their own tax advisors with respect to the income tax consequences of investing in Units based upon the Unitholder's particular circumstances.

This summary is based on the assumption that the Fund will qualify at all times as a "unit trust" and a "mutual fund trust" within the meaning of the Income Tax Act. In order to so qualify, the Fund must comply on a continuous basis with the Investment Restrictions, and certain minimum distribution requirements relating to the Units. In the event the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different.

This summary is also based on the assumption that none of the issuers of the securities comprising the portfolio will be foreign affiliates of the Fund or of any Unitholder and that none of the securities comprising the portfolio will be tax shelter investments, offshore investment fund property, or interests in a non-resident trust other than an exempt foreign trust under the Tax Proposals.

11.1 Taxation of the Fund

The Fund is subject to tax in each taxation year under Part I of the Income Tax Act on the amount of its income for the year, including the taxable portion of Net Capital Gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. Provided the Fund makes distributions in each year of its Net Income and Net Capital Gains, and provided the Fund deducts in computing its income the full amount available for deduction in each year, the Fund will not generally be liable in such year for income tax under Part I of the Income Tax Act.

With respect to an issuer included in the portfolio that is a trust (subject to the SIFT Rules discussed below), the Fund will be required to include in its income such portion of the Net Income and the taxable portion of Net Capital Gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided appropriate designations are made by the issuer, any net taxable capital gains realized by the issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund.

The Fund will generally be required to reduce the adjusted cost base of the units of such issuer to the extent that all amounts paid or payable in a year by the issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year and the Fund's share of the non-taxable portion of capital gains of such issuer for the year. To the extent that the adjusted cost base to the Fund of a unit of such an issuer would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such unit will be increased by the amount of such deemed capital gain.

With respect to an issuer included in the portfolio that is a limited partnership (subject to the SIFT Rules discussed below), the Fund will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the issuer allocated to the Fund for the fiscal period of the issuer ending in the Fund's taxation year, whether or not a distribution is received. In general, the adjusted cost base to the Fund of the interest

in such an issuer at a particular time will be equal to the actual cost of such interest plus the share of the income and capital gains of the issuer allocated to the Fund for fiscal periods of the issuer ending before the particular time less the share of losses and capital losses of the issuer allocated to the Fund for fiscal periods of the issuer ending before the particular time, and less the Fund's share of any distributions received from the issuer before the particular time. If the adjusted cost base to the Fund of the interest in such an issuer would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such interest will be increased by the amount of such deemed capital gain.

The Fund will also be required to include in its income for each taxation year, all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest on borrowed funds used to purchase securities to be included in the portfolio.

Upon the actual or deemed disposition of a security included in the portfolio, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security provided such security is capital property to the Fund. The Fund has made an election under subsection 39(4) of the Income Tax Act so that all securities included in the portfolio that are Canadian securities (as defined in the Income Tax Act) will be deemed to be capital property to the Fund.

The SIFT Rules apply a tax at the trust level on distributions of certain income (other than income which is a taxable dividend received by a SIFT trust) from such SIFT trust at a rate of tax comparable to the combined federal and provincial corporate tax rate. Such distributions are treated as taxable dividends to the SIFT trust's unitholders.

Certain income funds in which the Fund holds units are SIFT trusts, as defined in the Income Tax Act, and distributions received by the Fund which have been subject to the new distribution tax will be characterized as taxable dividends received from a taxable Canadian corporation. Provided that appropriate designations are made by the Fund, that portion of its taxable dividends deemed to be received from taxable Canadian corporations as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Income Tax Act.

11.2 Taxation of Unitholders

A Unitholder will generally be required to include in income for a particular taxation year of the Unitholder such portion of the net income, including the taxable portion of the Net Capital Gains of the Fund for a taxation year as is paid or becomes payable to the Unitholder in the particular taxation year, whether received in cash or reinvested in additional Units. Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends received or deemed received by the Fund on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced dividend tax credit in respect of certain "eligible dividends". Any loss of the Fund for purposes of the Income Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders.

The non-taxable portion of Net Capital Gains of the Fund that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of a Unitholder's share of the Net Income of the Fund for a taxation year that is paid or becomes payable to the Unitholder in such year will not generally be included in computing the Unitholder's income for the year but will reduce the adjusted cost base of Units to the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder's share of such income and gains of the Fund.

Any additional Units acquired by a Unitholder on a reinvestment of distributions from the Fund will have an initial cost to the Unitholder equal to the amount of the Distribution so reinvested. In computing the adjusted cost base of a Unit so acquired, the cost of such Unit must be averaged with the adjusted cost base of all other Units then held by that Unitholder as capital property. If a Unitholder participates in the distribution reinvestment plan and the Unitholder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased.

Upon the disposition or deemed disposition by a Unitholder of a Unit, whether on a sale, redemption, repurchase or otherwise, a capital gain (or capital loss) will be realized by the Unitholder to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Unit to the Unitholder immediately before the disposition.

Generally one-half of any capital gain ("taxable capital gain") realized by a Unitholder or designated by the Fund in respect of the Unitholder in a taxation year must be included in computing the income of the Unitholder for that year and one-half of any capital loss ("allowable capital loss") realized by a Unitholder in a taxation year may be deducted from taxable capital gains realized by the Unitholder or designated by the Fund in respect of the Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, against taxable capital gains realized in those years, including taxable capital gains realized on the disposition of Units or amounts designated by the Fund to a Unitholder as taxable capital gains.

12.0 REMUNERATION OF DIRECTORS, OFFICERS AND IRC

The Manager is paid the Management Fee as disclosed in section 8.1.1 of this Annual Information Form. The directors of the Manager do not receive any fees from the Fund.

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, 2015, members of the IRC were paid the following aggregate compensation: Mr. Crow: \$29,662; Mr. Falconer: \$24,012; Mr. Browning \$24,012 and Mr. Wright \$24,012.

13.0 MATERIAL CONTRACTS

The Fund and/or the Manager, on behalf of the Fund, are party to the Declaration of Trust, the Management Agreement and the Custodian Agreement. Copies of these material contracts may be accessed by prospective or existing Unitholders at www.sedar.com under the Fund's profile. They are also available at the Fund's office during normal business hours. Details regarding each of these contracts are provided in section 1.1 in the case of the Declaration of Trust and in section 8 in the case of the other contracts.

14.0 OTHER MATERIAL INFORMATION

14.1 Loan Facility

The Fund entered into a Loan Facility with a Canadian chartered bank (the "Lender") in order to provide the Fund with the ability to utilize leverage to enhance the total return on the portfolio. The terms, conditions, interest rates, fees and expenses of and under the Loan Facility are typical for loans of this nature. The Lender is at arm's length to the Fund, the Trustee and the Manager and their respective affiliates and associates.

The Loan Facility permits the Fund to borrow monies for various purposes including, without limitation, purchasing Fund Investments in accordance with the Investment Objectives and Investment Strategy and subject to the Investment Restrictions, effecting market purchases of Fund Units, maintaining liquidity, funding redemptions and paying Distributions. The Fund has provided a security interest in all of its assets in favour of the Lender to secure such borrowings. The Manager will ensure that in the event of default, the Lender's recourse will be limited to the assets of the Fund.

Other than borrowings by the Fund under the Loan Facility of up to 25% of the Total Assets (including securities purchased with the amount borrowed), determined at the time of borrowing, and short-term credits necessary for settlement of securities transactions, which are not considered borrowing, the Fund will not engage in further borrowing.

14.2 Risk Factors

Certain risk factors relating to the Fund, the Units are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund and the ability of the Fund to make distributions on the Units, could be materially adversely affected.

No Assurance in Achieving Investment Objectives or Monthly Distributions

There is no assurance that the Fund will be able to achieve its Investment Objectives. Furthermore, there is no assurance that the Fund will be able to pay Distributions in the short or long term, nor is there any assurance that the Net Asset Value will be preserved. Changes in the relative weightings between the various types of investment vehicles making up the Fund Investments can affect the overall yield to Unitholders. The distributions received by the Fund from Fund Investments may vary from month to month and certain issuers may pay distributions less frequently than monthly, with the result that revenue generated by the Fund Investments and available for distribution to Unitholders may vary substantially. To the extent necessary, Fund Investments will be sold in order that distributions can be paid to Unitholders at the distribution rate then in effect.

Recent Global Financial Developments

Global financial markets experienced a sharp increase in volatility beginning in 2008. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities, contributing to a reduction in liquidity among financial institutions and a reduction in the availability of credit to those institutions and to the issuers who borrow from them. While central banks and governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. Some or all of these economies may experience significantly diminished growth and some or all may suffer a recession, the duration of which cannot be predicted. These market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the Fund Investments. A substantial decline in the North American equities markets could be expected to have a negative effect on the Fund and the market price of the Units.

Fluctuation in Value of Fund Investments

The value of the Units will vary according to the value of the Fund Investments, and in some cases the value of the Fund Investments may be affected by factors beyond the control of the Manager or the Fund. There is no assurance that an adequate market exists for the Fund Investments acquired by the Fund. The Fund Investments issued by issuers who are not reporting issuers in all provinces may be subject to an indefinite hold period under certain provincial securities legislation. In some circumstances, the issuers of the Fund Investments which the Fund may acquire have limited operating histories. The amounts which such issuers have been distributing may not be sustainable and the forecast distributions of such issuers may not be realized. The value of the Fund Investments will be influenced by factors which are not within the control of the Fund, including the financial performance of the respective issuers, operational risks relating to the specific business activities of respective issuers, quality of assets owned by respective issuers, commodity prices, risks associated with issuers operating outside of Canada, exchange rates, interest rates, environmental risks, political risks, issues relating to government regulation and other financial market conditions.

Trading Price of Units

Units may trade in the market at a discount to the Net Asset Value per Unit and there can be no assurance that Units will trade at a price equal to the Net Asset Value per Unit. Units will be redeemable at 100% of the Net Asset Value per Unit on the applicable Annual Redemption Date less any costs associated with the redemption, including brokerage costs. While the redemption right provides Unitholders the option of annual liquidity at the Net Asset Value per Unit, there can be no assurance that it will reduce trading discounts.

Fixed Income Investments

The portfolio includes fixed income investments which may include High Yield Debt, convertible debt and preferred securities. High Yield Debt investments involve greater risk than investment grade debt, including risks of default on interest and principal, lower recovery rates on High Yield Debt that is in default and greater price changes due to such factors as general economic conditions and the issuer's creditworthiness. Such securities can be regarded as predominantly speculative, and involve certain risk exposure to adverse conditions and may be subject to substantial price volatility, especially during times of economic change. Lower rated debt may be less liquid than investment grade debt. During periods of thin trading, the spread between bid and ask prices is likely to increase significantly and the Manager may have difficulty selling such securities. There are no formal exchanges on which such High Yield Debt trades; accordingly, there may be limited liquidity for

holders of such debt.

Composition of Fund Investments

The composition of the Fund Investments may vary widely from time to time and may be concentrated by type of security, commodity, industry or geography, resulting in the Fund Investments being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Fund will suffer a loss because of declines in the prices of securities in those sectors or industries.

Use of Leverage

The Fund utilizes leverage in order to enhance returns for Unitholders. The use of leverage may result in capital losses or a decrease in distributions to Unitholders. The interest expense and banking fees incurred in respect of the Loan Facility may exceed the incremental capital gains, if any, and income generated by the incremental investment with the borrowed funds in Fund Investments to be included in the portfolio. There can be no assurance that the borrowing strategy employed by the Fund will enhance returns. In addition, the Fund may not be able to renew the Loan Facility on acceptable terms. The level of leverage actually employed may impose additional restrictions on the Fund and the Fund will be affected by credit markets and the availability of credit at the relevant time.

Illiquid Securities

There is no assurance that an adequate market will exist for the Fund Investments. The Fund cannot predict whether the Fund Investments will trade at a discount to, a premium to, or at their respective net asset values. In addition, if the Manager is unable, or determines that it is inappropriate to dispose of some or all of the Fund Investments prior to the termination of the Fund, Unitholders may, subject to applicable laws, receive distributions of Fund Investments *in specie* upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration.

Taxation of the Fund

If the Fund ceases to qualify as a “mutual fund trust” under the Income Tax Act, the income tax considerations described in section 11.0 would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Currently, a trust will be deemed not to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than “taxable Canadian property” as defined in the Income Tax Act (or any amendment to such definition). On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals (the “September 16th Tax Proposals”) which propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property. If the September 16th Tax Proposals are enacted as proposed, and if these circumstances applied to the Fund, the Fund would thereafter cease to be a mutual fund trust and the income tax considerations as described in section 11.0 would be materially and adversely different in certain respects. The September 16th Tax Proposals do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) indicated that the September 16th Tax Proposals are being further considered.

The CRA has expressed a view that, in certain circumstances, the interest on money borrowed to invest in an income fund that may be deducted may be reduced on a *pro rata* basis in respect of distributions from the income fund that are a return of capital and which are not reinvested for an income earning purpose. While the ability to deduct interest depends on the facts, based on the jurisprudence, the CRA's view should not affect the Fund's ability to deduct interest on money borrowed to acquire units of income funds included in the Portfolio. If the CRA's view were to apply to the Fund, part of the interest payable by the Fund in connection with money borrowed to acquire certain securities held in the portfolio could be non-deductible, increasing the net income of the Fund for tax purposes and the taxable component of Distributions to Unitholders. Income of the Fund which is not distributed to Unitholders would be subject to non-refundable income tax in the Fund.

As described in section 11.1, certain income funds in which the Fund may hold units are SIFT trusts, as described in the Income Tax Act. Accordingly, in such event, the after-tax returns realized by Unitholders may be reduced to the extent that the trust receives distributions of income or capital gains from such SIFT trusts. Finally, as a result of these proposals, it is possible that SIFT trusts may seek to restructure their affairs and organizational structures in a manner that could have an impact upon the returns to the Fund and could limit the number of potential issuers in which the Fund may invest.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Income Tax Act will not be changed in a manner which adversely affects the distributions received by the Fund and/or by the Unitholders.

Interest Rate and Foreign Exchange Hedging

Interest rate and foreign exchange hedges may be used by the Fund to the extent that the Manager considers appropriate. The use of hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Manager's assessment of certain market movements is incorrect; the risk that the use of hedges could result in losses greater than if the hedging had not been used.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb investment losses.

Status of the Fund

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds. The Fund is a mutual fund trust for purposes of the Income Tax Act.

Securities Lending

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Sensitivity to Interest Rates

It is anticipated that the market price for the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units and increase the cost of borrowing of the Fund, if any. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price or sale price of the Units will be negatively affected by interest rate fluctuations.

Reliance on the Manager

The Manager will manage the Fund in a manner consistent with the Investment Objectives, Investment Strategy and Investment Restrictions of the Fund. The officers of the Manager who will be primarily responsible for the management of the portfolio have extensive experience in managing investment portfolios, however there is no certainty that such individuals will continue to be employees of the Manager until the termination of the Fund.

Conflicts of Interest

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the Fund. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund and the Manager, as applicable.

Use of Derivatives

The Fund may invest in and use derivative instruments for hedging purposes to the extent considered appropriate by the Manager, taking into account factors including transaction costs. There can be no assurance that the Fund's hedging strategies will be effective. The Fund is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there is a risk of loss by the Fund of margin deposits in the event of the bankruptcy of the dealer with whom the Fund has an open position in an option or futures or forward contract. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. The ability of the Fund to close out its positions may also be affected by exchange imposed daily trading limits on options and futures contracts. If the Fund is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have an adverse impact on the Fund's ability to use derivative instruments to effectively hedge its portfolio or implement its Investment Strategy.

Foreign Currency Exposure

As a portion of the Fund Investments may be comprised of securities denominated in United States dollars or other foreign currencies or securities whose value may be linked, in part, with the value of the United States dollar or other foreign currencies, the Net Asset Value per Unit and the value of distributions received by the Fund will, when measured in Canadian dollars, will be affected by fluctuations in the value of the United States dollar or other foreign currencies relative to the Canadian dollar.

Significant Redemptions

If a significant number of Units are redeemed, the trading liquidity of the Units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer Units resulting in a potentially lower Distribution per Unit. The Manager has the ability to terminate the Fund if, in its opinion, it would be in the best interests of Unitholders to do so.

Not a Trust Company

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under provisions of that Act or any other legislation.

Nature of the Units

The Units are neither fixed income nor equity securities. The Units represent a fractional interest in the assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

An investment in Units does not constitute an investment by Unitholders in the securities included in the Fund Investments. Unitholders will not own securities held by the Fund.

General Risks of Investing in Equity Securities

The Fund will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. In addition, issuers of equity securities may reduce or eliminate dividends or distributions.

General Risk of Investing in Debt Instruments

Generally, debt instruments will decrease in value when interest rates rise and increase in value when interest rates decline. The Net Asset Value of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the Fund Investments. The value of debt instruments is also affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer’s creditworthiness. Debt instruments may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Certain of the debt instruments that may be included in the Fund Investments from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets experienced a significant re-pricing over recent years, which has contributed to a reduction in liquidity and the availability of credit, enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

14.3 Accounting Changes

Beginning January 1, 2014, the Fund will prepare its annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and provide comparative statements on an IFRS basis, including an opening balance sheet as at January 1, 2013 (the transition date). The Fund reported its interim financial statements for the period ending June 30, 2014, in accordance with IFRS.

The Manager has reviewed and developed its IFRS changeover plan, which included performing an impact assessment and identifying differences between existing Canadian generally accepted accounting principles (“GAAP”) and IFRS. Management has monitored developments in IFRS and has assessed the likely impacts on accounting policies, implementation decisions, internal controls, information systems and training. Based on management’s assessment to date, the more significant changes impacting the financial statements may be how the Fund measures fair values of its investments and the classification of Net Assets representing unitholders’ equity. The Manager does not consider this to be a comprehensive list of the accounting changes required when the Fund adopts IFRS, but in the view of the Manager, they represent the key differences. The differences described in the sections that follow are based on Canadian GAAP as at December 31, 2013 and IFRS that are in effect as of January 1, 2014.

Under Canadian GAAP, the Fund measures the fair values of its investments in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement. This section requires the use of bid prices for the long positions and ask prices for the short positions to the extent such prices are available. In May 2011, the IASB issued IFRS 13, Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. The impact of this may result in the elimination of the differences between the transactional Net Asset Value and Net Assets at the financial statements reporting dates.

The Fund’s outstanding redeemable unit entitlement includes a contractual obligation to deliver cash or another financial asset on the Fund’s fixed termination date, and therefore the ongoing redemption feature is not the Fund’s only contractual obligation. Consequently, the Fund’s outstanding redeemable units will be classified as financial liabilities in accordance with the requirements of International Accounting Standard 32, Financial Instruments: Presentation. The impact of this standard is on classification and disclosure only and does not impact Net Assets per unit.

Management will continue to monitor the Fund’s IFRS changeover plan to address the key elements of the IFRS conversion.

ANNUAL INFORMATION FORM FOR ASTON HILL VIP INCOME FUND

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ADDITIONAL INFORMATION:

Additional information about the Fund is available in the Fund's management report of fund performance and financial statements, and copies of these documents may be obtained at no cost:

- By calling (416) 583-2300 or toll-free at 1-800-513-3868,
- Direct from your dealer, or
- By e-mail at info@astonhill.ca.

Copies of these documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's website at www.logiqasset.com or on SEDAR at www.sedar.com.