

## **INDEPENDENT REVIEW COMMITTEE 2014 ANNUAL REPORT**

### **ASTON HILL ASSET MANAGEMENT INC. GROUP OF FUNDS**

Dear Unitholder:

I am writing on behalf the Independent Review Committee (the "IRC") of certain Funds, as listed in schedule "A", managed by Aston Hill Capital Markets Inc. ("Aston Hill" or the "Manager"), which has been established pursuant to National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107").

Securities regulators have given the IRC the mandate of reviewing mutual fund conflict of interest matters referred to the IRC by the Manager and giving its approval or recommendation, depending on the conflict of interest matter in question. The IRC's focus is on whether the Manager's proposed action in such a matter achieves a fair and reasonable result for the mutual fund.

The members of the IRC have experience in a variety of fields, including financial institutions, investment funds and other investment businesses. All members are also members of other IRCs.

At least once a year, the IRC conducts a self-assessment of the IRC's independence, compensation and effectiveness. The IRC conducted its latest annual assessment at its January 27, 2015 meeting. After this review, the IRC confirmed that each of its members was independent and also concluded that the committee as a whole, and each of its members, was functioning in a positive and effective manner. The IRC also reviews semi-annually the adequacy and effectiveness of the Manager's policies and procedures relating to conflict of interest matters in respect of the Funds (hereinafter defined).

During the year, the Manager referred the proposed change to the Aston Hill Short-Term Income Fund's (the "Fund") investment objective to the Fund's independent review committee (the "IRC"). The IRC considered this change and concluded that it could not provide a positive recommendation that the proposed change achieved a fair and reasonable result for the Fund. The IRC based its conclusion primarily on two concerns: (i) a concern that Unitholders who do not vote in favour of changing the Fund's investment objective will nonetheless be bound by the change if the Resolution is approved by other Unitholders, and (ii) a concern that financial advisers may not advise their clients whether the Fund remains a suitable investment for them after the Fund's investment objective is changed.

The Manager disagreed with the bases for the IRC's lack of a positive recommendation. It is a fundamental feature of the securities legislation applicable to mutual funds that the unitholders of a mutual fund may vote on any change to their mutual fund (including a change to its investment objective) and, if approved, the change is binding on all unitholders of the mutual fund. In the present case, the Manager also had agreed to waive the redemption fees of any existing Unitholder who no longer wishes to remain an investor in the Fund after its investment objective is changed. Further, the Manager has confidence in the ongoing advice provided by financial advisers to their clients regarding the suitability of their investments, as required by securities legislation in Canada. For these reasons, the Manager was of the view that the proposed change to the Fund's investment objective, if approved by the Resolution, would achieve a fair and reasonable result for the Fund. The change was subsequently approved by Unitholder Resolution.

The report that follows, prepared on the basis of information as of December 31st, 2014, is the annual report to unitholders of certain Funds managed by the Manager, mandated under NI 81-107.

The IRC looks forward to continuing to serve in the best interests of the Funds and to working effectively with management for the Funds.

(signed) "*John W. Crow*"

**John W. Crow**

Chair of the Independent Review Committee

March 24, 2015

**Composition of the IRC:**

<b>Member:</b>	<b>Fund families other than Aston Hill Asset Management Inc. on whose IRC Member Serves:</b>	<b>Appointed to the Aston Hill IRC IN:</b>
John Crow, Chair	CIBC funds, Cambridge Asset Management Funds, Aston Hill Capital Markets Inc.	2010
Robert Falconer	VentureLink funds, Cambridge Asset Management, Aston Hill Capital Markets Inc.	2011
Scott Browning	Cambridge Asset Management, Aston Hill Capital Markets Inc.	2011
Joe Wright	CC&L Financial Group, Aston Hill Capital Markets Inc.	August 15, 2013

**IRC Compensation:**

The current 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.

The aggregate compensation paid to the current IRC members for the period from January 1, 2014 to December 31, 2014 for all the Funds was \$102,087.

These fees and expense reimbursements are allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable.

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.

No indemnities were paid to the IRC members by the Funds or the Manager in the 12 months ended December 31, 2014.

**Holdings of securities:**

Investments of members of the IRC in the Aston Hill Funds are minimal amounts. They hold no securities issued by the Manager, and to the best of their knowledge own no investments in a person or company that provides services to the Funds or to the Manager.

**Charter:**

The IRC charter was reviewed on January 27, 2015 and minor revisions were made.

**SCHEDULE "A"**

**Funds Covered by this report:**

<b><u>Mutual Funds</u></b>	<b><u>Subject to NI 81-102 (Y/N)</u></b>	<b><u>Year End</u></b>
Aston Hill Capital Growth Class	Y	December 31
Aston Hill Capital Growth Fund	Y	December 31
Aston Hill Strategic Yield Class	Y	December 31
Aston Hill Strategic Yield Fund	Y	December 31
Aston Hill Strategic Yield Trust	Y	December 31
Aston Hill Strategic Yield II Class	Y	December 31
Aston Hill Strategic Yield II Fund	Y	December 31
Aston Hill Global Growth & Income Class	Y	December 31
Aston Hill Global Growth & Income Fund	Y	December 31
Aston Hill Growth & Income Class	Y	December 31
Aston Hill Growth & Income Fund	Y	December 31
Aston Hill Canadian Total Return Fund	Y	December 31
Aston Hill Global Resource & Infrastructure Class	Y	December 31
Aston Hill Global Resource & Infrastructure Fund	Y	December 31
Aston Hill Energy Growth Class	Y	December 31
<b>Non-Redeemable Investment Funds</b>		
Aston Hill VIP Income Fund	N	December 31
Aston Hill AVIP Trust	N	December 31
Aston Hill Oil & Gas Income Fund	N	December 31
Aston Hill O&G Trust	N	December 31
Aston Hill Advantage Oil & Gas Income Fund	N	December 31
Aston Hill Advantage VIP Income Fund	N	December 31
Aston Hill Advantage Bond Fund	N	December 31
Aston Hill MBB Trust	N	December 31

**Conflict of interest matters:**

Listed below are the conflict of interest matters that are subject to IRC approval or recommendation, as the case may be.

- Structural conflicts
  1. Fund-on-Fund Investing
  2. Related Party Investing
  3. Inter-Fund Trading
- Business/Operational conflicts
  1. Treatment of NAV Errors and Order Execution Errors
  2. Trade Errors and Trade Modifications
- Improper Investments
  1. Suitability of Investments
- Soft Dollar Arrangements
- Allocation of Expenses
- Changes in Service Providers
- Changes in Management Fee
- Charging start-up/organization expenses back to the Fund
- Fundamental Changes to the Operation of a Fund
- Trading Allocations (Fair Dealing) Among Aston Hill Managed Funds/Accounts