



**Management Discussion and Analysis
For the period ended March 31, 2014**

Management's Discussion and Analysis

The following management discussion and analysis ("MD&A") dated May 12, 2014 presents the financial conditions, changes in financial condition and results of operations for Aston Hill Financial Inc. ("Aston Hill" or the "Company") and should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes of the Company for the period ended March 31, 2014 as well as the audited consolidated financial statements for the year ended December 31, 2013. The historical information of the Company can be found on SEDAR under Aston Hill Financial Inc. Unless otherwise indicated, all dollar amounts in this MD&A are expressed in Canadian dollars.

Forward looking statements

This MD&A may contain forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe," "will," "would," "aim," "may," "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest rates, global financial markets, changes in government regulations, industry competition, technological developments and other factors described under "Risk Management" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements.

Non-IFRS Financial Measures

The Company uses several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. Management believes that these measures are useful to most shareholders, creditors, other stakeholders and investment analysts in analyzing Aston Hill's results. These non-IFRS financial measures should not be considered as an alternative to the Consolidated Net and Comprehensive Income (Loss) or any other measure of performance under IFRS.

Assets Under Management

Any reference to Assets Under Management ("AUM") includes managed and sub-advised closed end and open ended mutual funds, hedge funds, separately managed accounts, brokerage accounts, structured products, pooled assets, and oil and gas properties under administration.

EBITDA

Aston Hill uses EBITDA (earnings before interest, taxes, depreciation and amortization) as a measure of operating performance to assess its underlying profitability prior to the impact of financing expenses, income taxes, amortization of deferred sales commissions, depreciation of property and equipment and depreciation of intangible assets with finite life. EBITDA can be used to facilitate valuation or can be used as a substitute for cash flow and permits comparisons of companies within the industry before any distortion caused by different financing methods and levels of taxation.

Pre-Tax Operating Earnings

Aston Hill uses pre-tax operating earnings to assess its underlying profitability before incomes taxes, excluding service fee revenue, non-cash management fees, performance fees and investment gains, investment losses, amortization of deferred sales commissions, depreciation of property and equipment and share based compensation.

Material Contracts

This MD&A refers from time to time to material contracts which can be found under Aston Hill Financial Inc. at SEDAR.com.

Overview

Aston Hill is a publicly traded corporation on the Toronto Stock Exchange (the "TSX") under the symbol "AHF" and is incorporated under the Business Corporations Act of Alberta. The primary business focus of the Company is the management of mutual funds. In addition, Aston Hill's services also include high net worth investment management, institutional investment management, portfolio advisory services, oil and gas administration and other fee based investment products in Canada. Management does not consider these different types of clients to be distinct reportable business segments for accounting purposes as Aston Hill operates as a single business line, under the same senior management team and with one fundamental business philosophy at this time.

During the first quarter of 2014, financial results were impacted by the following since the year ended December 31, 2013:

- AUM for mutual funds increased by \$191.0 million and closed end funds increased by \$54.0 million.
- Pension AUM decreased by \$350.0 million.
- General and administrative expenses decreased by \$0.8 million.
- AUM for assets under administration decreased by \$168.0 million due to the drop in Argent Energy Trust share price.
- The Company repurchased 289,000 common shares through its normal-course issuer bid for a total transaction cost of \$345,000 excluding commission expenses.
- The IA Clarington sub-advisory contract has an automatic renewal for an indefinite period effective February 7, 2015.

Financial Portfolio Management, Advisory and Brokerage

Aston Hill Asset Management Inc. (“AHAM”), is a Toronto-based registered Investment Fund Manager (“IFM”) specializing in the development, sales, and management of closed end mutual funds, open ended mutual funds and hedge funds.

AHAM manages the Aston Hill Group of Funds and has sub-advisory relationships with IA Clarington Investments Inc. (“IA Clarington”), Redwood Asset Management Inc. (“Redwood Funds”), First Asset Management Inc. (“First Asset”), Propel Capital (“Propel”), and BMO Nesbitt Burns (“BMO”). Eight licensed portfolio managers, including Ben Cheng, Barry A. Morrison, Jeffrey Burchell, Andrew Hamlin, Vivian Lo, and Steve Vanatta in the Toronto office, and Joanne Hruska and Carol Pretty in the Calgary office, are responsible for the Financial Portfolio Management and Advisory division of Aston Hill.

AHF Capital Partners (“AHFCP”) manages and provides sub-advisory services for five funds included in the Company’s AUM. AHFCP has one licensed portfolio manager, Alexander (Sandy) Liang in the Toronto office. AHFCP is 49% owned by RJT Capital Inc., a related party and makes up the non-controlling interest.

Aston Hill Capital Markets Inc. (“AHCM”) is a Canadian structured financial products company focused on creating and managing closed end investment funds. AHCM manages a group of closed end funds and has a sub-advisory relationship with BMO. AHCM is 20% owned by two directors of AHCM which makes up the non-controlling interest.

Aston Hill Securities Inc. (“AHS”) (formerly Citadel Securities Inc.) is a full service investment dealer, and a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund. AHS provides professional, personalized trading and investment services to private investors.

Oil & Gas Property Management

Aston Hill identifies potential oil and natural gas exploration and development opportunities in both the private and public sectors. The mandate is to identify, acquire, manage and administer oil and gas properties on behalf of both institutional and retail investors.

The Company provides administrative services under an administration contract with Argent Energy Trust (“Argent”), a Canadian energy trust that is not a specified investment flow-through (“SIFT”) trust which expires August 12, 2015. Argent holds oil and gas assets in the United States and provides its unit holders with a monthly distribution.

Business Drivers

Aston Hill’s revenues are derived mainly from management fees, calculated as a percentage of daily average net asset value (“NAV”) for funds under management. Revenues on sub-advisory fees are calculated based on the daily average net asset value (“NAV”). The oil and gas administration fee is calculated based on a tiered set fee, based on enterprise value. The Company may also earn other income or incur losses from its cash balances and its investments, if any, which include newly seeded portfolios.

Aston Hill’s expenses include salaries and benefits (which contain a bonus component that may fluctuate based on the overall performance of the Company), product development, general and administrative expenses, share based compensation, depreciation of property and equipment, amortization of deferred sales commissions and trailer fees.

Net additions or net withdrawals of client capital, acquisitions, as well as investment performance are the main factors that impact AUM. Aston Hill’s goal is to attract and retain investors through its expertise in income and structured products, resource investments, and the oil and gas industry, as well as its commitment by its staff to provide excellent customer service. The wealth of knowledge accumulated by management and the investment team in this space has allowed for an expansion of revenue lines in the sub-advisory and administrative services sector.

On August 15, 2013 the Company closed the acquisition of Connor, Clark and Lunn Capital Markets Inc. ("CC&LCM") and acquired 80% of the issued and outstanding common shares of CC&LCM for cash consideration of \$16.4 million, as well as entered into a forward purchase contract to purchase the remaining 20% of CC&LCM for \$4.1 million. CC&LCM was renamed Aston Hill Capital Markets Inc. (AHCM).

In order to finance the acquisition, on August 7, 2013, the Company completed a bought deal financing pursuant to an agreement with a syndicate of underwriters, to which it issued 13,600,000 subscription receipts at a price of \$1.40 per share unit for gross proceeds of approximately \$19.0 million (the "Offering"). The underwriters also partially exercised an over-allotment option, by purchasing 1.7 million additional share units at a price of \$1.40 per share unit. After exercise of the over-allotment option, gross proceeds from the Offering were \$21.4 million. The remaining proceeds were used for the repayment of debt as well as working capital and general corporate purposes.

Financial Highlights

(in thousands, except assets under management and per share amounts)

	As at Mar 31, 2014	As at Dec 31, 2013	As at Mar 31 2013	% change quarter-over- quarter	% change year-over- year
Assets under management (in billions)	\$ 7.38	\$ 7.77	\$ 6.83	-5%	8%
Total assets	95,940	100,167	64,178	-4%	49%
Shares outstanding	89,891	89,954	73,211	0%	23%
<i>For the three months ended</i>					
	As at Mar 31, 2014	As at Dec 31, 2013	As at Mar 31 2013	% change quarter-over- quarter	% change year-over- year
Total revenues	\$ 11,068	\$ 11,424	\$ 7,276	-3%	52%
Total expenses excluding finance expense	9,551	9,997	5,549	-4%	72%
Total finance expense	1,264	1,152	1,040	10%	22%
Income (loss) before income taxes	\$ 253	\$ 275	\$ 687	-8%	-63%
Income tax expense (recovery)	\$ 260	\$ 562	\$ 256	-54%	2%
Net (loss) income	\$ (7)	\$ (287)	\$ 431	98%	102%
Net income to non-controlling interest	199	270	-	-26%	100%
Net (loss) income to controlling interest	\$ (206)	\$ (557)	\$ 431	63%	-148%
Per share - Basic	\$ (0.002)	\$ (0.007)	\$ 0.006	67%	-138%
Per share - Diluted	\$ (0.002)	\$ (0.007)	\$ 0.006	71%	-133%
Cash dividends declared per share	\$ 0.015	\$ 0.015	\$ 0.0125	0%	20%
EBITDA	\$ 2,164	\$ 2,218	\$ 1,985	-2%	9%
Weighted average shares outstanding	89,977	82,363	72,943	9%	23%

For the three months ended March 31, 2014:

- During the first quarter of 2014, the Company saw positive growth in its core business with the AUM for mutual funds increasing by \$191.0 million and closed end funds increasing by \$54.0 million compared to prior quarter. This growth was offset by a \$350.0 million decrease in pension management and a \$124.0 million decrease in sub-advisory management. In addition, assets under administration decreased by approximately \$168.0 million due to an adverse change to the share price of Argent Energy Trust in the first quarter of 2014, which resulted in a net decrease in AUM of \$397.0 million or 5%. Change in AUM from the first quarter of prior year is discussed in the AUM section on page 8.
- The decrease in AUM also resulted in a decrease in revenue of \$0.4 million (or 3%) to \$11.1 million in the first quarter of 2014 compared to the fourth quarter of 2013. This change was mainly the result of the decrease in pension management AUM. The percent change in revenue is lower than the percent change in AUM due to lower revenue margins on the pension management contracts compared to mutual funds and closed end funds.
- The increase in AUM and revenue from the first quarter of prior year is mainly attributable to the acquisition of Aston Hill Capital Markets. Total AUM attributable to AHCM as at March 31, 2014 is \$1,230.5 million. Revenue attributable to AHCM for the first quarter of 2014 is \$2.7 million. The remaining \$1.1 million increase in revenue is due to internal growth in mutual fund and closed end fund management.
- EBITDA was expected to increase by \$0.4 million from prior quarter had the Company's investment in Argent Energy Trust remained consistent, however, the Company's investment in Argent Energy Trust resulted in a loss of \$0.5 million in the period due to a drop in the market share price. EBITDA for the period ended March 31, 2014 remained relatively consistent with prior quarter with a slight decrease of \$54,000 (or 2%) to \$2.2 million. The change is attributable to the \$0.4 million decrease in revenue, an increase in trailer fees of \$0.2 million and an increase of share based compensation of \$0.2 million, which was offset by a significant decrease in G&A expense of \$0.8 million. Change in EBITDA from the first quarter of prior year is discussed in the EBITDA section on page 12.
- Expenses decreased by \$0.4 million (or 4%) from the prior quarter mostly due to a decrease in G&A of \$0.8 million, a combined decrease of \$0.1 million in depreciation and product development which was offset by an increase in share based compensation of \$0.2 million with trailer fees increasing by \$0.2 million as well as an increase in net losses on investments of \$0.1 million as a result of the change in market value of Argent Energy Trust shares held by the Company. Change in expenses from the first quarter of prior year is discussed in the Expenses section on page 12.
- Net loss to controlling interest for the period ended March 31, 2014 was \$0.2 million and represented losses per share, basic and diluted, of \$0.002 and \$0.002 respectively, compared to net earnings of \$0.4 million for the period ended March 31, 2013 and represented earnings per share, basic and diluted of \$0.006 and \$0.006 respectively.

Market Outlook and Business Environment

Market Outlook

For the first quarter of 2014, GDP in the United States was anemic at 0.1% quarter over quarter annualized. Not surprisingly, weather related issues were a factor in various segments of the economy. Housing in the United States, while continuing its long term trend of recovery, slowed in the first quarter of 2014 due to weather-related disruptions. The overhang of last year's "taper-tantrum" which induced a rise in mortgage rates also continued to dampen mortgage applications. Manufacturing and capital expenditure expansions are expected to continue in North America. Despite some strength in wage growth, inflation concerns remain muted and will remain that way for some time as the velocity of money is extremely low. Low interest rates for the foreseeable future in Canada and the United States are supported by both the Bank of Canada and the Federal Reserve. The threat of the Libyan oil supply returning to the market and growth in Iraqi production could temporarily strain Saudi Arabia's ability to balance markets. However, prices should stabilize as supply growth moderates in 2015. Growth in emerging markets has stalled, however the demand for energy continues to grow. The Canadian natural gas spot prices outperformed US prices with AECO rising 17% in the first quarter of 2014. The Canadian equity markets meaningfully outperformed the US in the first quarter of 2014, after several years of underperformance. Demand for income and search for yield remains a dominant theme with investors, especially in this low growth economic environment. This will bode well for investments in dividend paying cyclical equities and high yield bonds. Aston Hill's team continues to focus on generating consistent risk adjusted returns for investors based on proactive adjustments to economic indicators.

Business Outlook

The Company's primary focus for 2014 continues to be on its financial portfolio management and advisory operations. Aston Hill plans to launch several new managed funds during the year, including a new open ended Canadian Equity mutual fund. The fund will incorporate hedge like characteristics with a low volatility objective that offers steady returns. Regarding sub-advisory relationships, Aston Hill has engaged IA Clarington in discussions to clarify the longer term relationship and management of the Tactical Funds. The five year contract automatically renews for an indefinite period on February 7, 2015.

Results of Operations

Overall Performance

Aston Hill's revenue in the first quarter of 2014 has increased substantially from the same period in prior year due to its focus on its financial portfolio management and advisory operations. The acquisition of AHCM in the latter half of 2013 saw an increase in revenue from the management fees on the acquired closed end funds. In addition, general and administrative expenses have increased due to salary expenses for additional employees for the sales team and increases in consulting, office, legal and shareholder reporting expenses.

Assets under Management, Advisory and Administration

Total AUM, which includes closed end and open ended mutual funds, hedge funds, separately managed accounts, structured products, pooled assets, and oil and gas properties under administration is summarized in the table of AUM and various investment profiles managed by the Company below:

(in millions of Canadian dollars)	March 31, 2014	December 31, 2013	March 31, 2013
Assets Under Management, Advisory and Administration			
Financial Portfolio Management	\$ 3,267	\$ 3,372	\$ 2,233
Financial Portfolio Advisory	3,812	3,936	4,089
Assets Under Administration	298	466	506
Total Assets under Management, Advisory and Administration	\$ 7,377	\$ 7,774	\$ 6,828

- Financial Portfolio Management AUM saw a net decrease of \$105.0 million from prior quarter due to a \$350.0 million decrease in the AUM for pensions despite AUM for mutual funds increasing by \$191.0 million and closed end funds increasing by \$54.0 million. Assets Under Administration AUM decreased by approximately \$168.0 million due to an adverse change to the share price of Argent Energy Trust in the first quarter of 2014. In addition, Financial Portfolio Advisory AUM decreased by \$124.0 million which resulted in a total net decrease in AUM of \$397.0 million or 5%.
- The Company has seen tremendous growth of \$1,034.0 million in its Financial Portfolio Management AUM as at March 31, 2014 compared to the same period in prior year. This was mainly due to the acquisition of AHCM in the latter half of 2013 which attributed to the \$1,174.0 million growth in closed end funds. Mutual funds AUM increased by \$433.0 million from the same quarter in prior year due to internally generated growth while pension fund AUM decreased by \$573.0 million. The net growth in Financial Portfolio Management AUM was offset by a decrease in AUM of \$277.0 million in Financial Portfolio Advisory and a decrease in Assets Under Administration of \$208.0 million due to the adverse change to Argent's share price in the first quarter of 2014.

Breakdown of Managed and Sub-Advised Funds and Assets Under Administration

Financial Portfolio Management:

Closed end funds:

Aston Hill Advantage VIP Income Fund
Aston Hill VIP Income Fund
Aston Hill Advantage Oil & Gas Income Fund
Aston Hill Oil & Gas Income Fund
Aston Hill Advantage Bond Fund
Australian Banc Capital Securities Trust
Australian Banc Income Fund
Build America Investment Grade Bond
Canadian 50 Advantaged Preferred Share Fund
Canadian Banc Capital Securities Trust
Hbank Capital Securities Trust
ING Diversified Floating Rate Senior Loan Fund
ING Floating Rate Senior Loan Fund
Low Volatility Canadian Equities Income Fund
Macquarie Emerging Markets Infrastructure Income Fund
North American Financials Capital Securities Trust
North American Portfolio Trust
US Agency Mortgage Backed REIT Advantaged Fund
ING High Income Floating Rate Fund
Macquarie Global Infrastructure Income Fund

Mutual funds:

Aston Hill Growth & Income Fund & Class
Aston Hill Capital Growth Fund & Class
Aston Hill Strategic Yield Fund & Class
Aston Hill Global Growth & Income Fund & Class
Aston Hill Global Resource & Infrastructure Fund & Class
Aston Hill Short-Term Income Fund
Aston Hill Strategic Yield II Fund & Class
Aston Hill Energy Growth Class

Hedge funds:

Aston Hill Opportunities Fund
AHF Credit Opportunities Fund

Financial Portfolio Advisory:

Closed end funds:

Star Yield Trust
First Asset Preferred Share Investment Trust
Strategic Income Allocation Fund
Coxe Global Agribusiness Income Fund
US Housing Recovery Fund

Mutual funds:

IA Clarington Tactical Income Fund & Class
IA Clarington Global Tactical Income Fund & Class
IA Clarington Tactical Bond Fund & Class
Renaissance Millennium High Income Fund
Redwood Income Strategies Class
Lonsdale Balanced Tactical Fund
Newport Yield Fund

Assets Under Administration:

Argent Energy Trust

Pre-Tax Operating Earnings

(in thousands of Canadian dollars, except per share amounts)					
	Quarter ended		Quarter ended		
	Mar 31, 2014		Mar 31, 2013		
				% Change	
Income (loss) before income taxes	\$	253	\$	687	-63%
Add:					
Net losses (gains) on investments		284		(305)	-193%
Amortization of deferred sales commissions		259		181	43%
Amortization of intangibles - finite life		300		-	100%
Amortization of property and equipment		88		77	14%
Share based payments expense		359		454	-21%
Pre-tax operating earnings	\$	1,543	\$	1,094	41%
Per share		0.017	\$	0.015	13%

Pre-tax operating earnings, as set out in the table above, was \$1.5 million in the first quarter of 2014, an increase of \$0.4 million or 41% from the first quarter of 2013. The change in pre-tax operating earnings can mainly be attributed to the increase in revenue of \$3.8 million which was offset by an increase in G&A of \$1.4 million and an increase in sub-advisory of \$1.1 million resulting from the acquisition of AHCM and increased personnel expenses. Trailer fees also increased by \$0.6 million in the first quarter of 2014 compared to the same period in prior year due to the increase in net subscriptions of mutual funds.

Summary of Quarterly Results

(in thousands of Canadian dollars, except per share amounts)

Three months ended,	Mar 31,	Dec 31,	Sept 30,	June 30,	Mar 31,	Dec 31,	Sept 30,	June 30,
	2014	2013	2013	2013	2013	2012	2012	2012
Revenues	\$ 11,068	\$ 11,424	\$ 9,176	\$ 7,686	\$ 7,276	\$ 6,438	\$ 6,195	\$ 5,779
Expenses								
General and administrative	5,718	6,538	5,337	4,205	4,347	4,191	3,341	3,647
Sub-advisory expense	1,253	1,229	142	235	200	538	256	236
Product Development	135	200	117	339	101	399	269	132
Share based compensation	359	128	430	483	454	384	564	631
Depreciation of property & equipment	88	133	70	117	77	155	171	94
Amortization of intangible assets - finite	300	480	-	-	-	-	-	-
Amortization of deferred sales commissions	259	178	277	244	181	123	104	111
Trailer fees	1,102	894	748	621	453	356	296	204
Commissions	53	45	54	39	41	47	35	35
Net losses (profits) on investments	284	172	(129)	(55)	(305)	152	(942)	8
Finance expense	1,264	1,152	1,041	1,052	1,040	949	1,052	1,055
Total expenses	\$ 10,815	\$ 11,149	\$ 8,087	\$ 7,280	\$ 6,589	\$ 7,294	\$ 5,146	\$ 6,153
Income (loss) before income taxes	253	275	1,089	406	687	(856)	1,049	(374)
Income taxes (recovery)	260	562	646	81	256	(109)	254	(166)
Net (loss) income for the period	\$ (7)	\$ (287)	\$ 443	\$ 325	\$ 431	\$ (747)	\$ 795	\$ (208)
Net income (loss) to non-controlling interest	199	270	85	(4)	-	-	-	-
Net (loss) income to controlling interest	\$ (206)	\$ (557)	\$ 358	\$ 329	\$ 431	\$ (747)	\$ 795	\$ (208)
Net income (loss) - per share - basic	\$ (0.002)	\$ (0.007)	\$ 0.004	\$ 0.004	\$ 0.006	\$ (0.010)	\$ 0.011	\$ (0.003)
Net income (loss) - per share - diluted	\$ (0.002)	\$ (0.007)	\$ 0.004	\$ 0.004	\$ 0.006	\$ (0.010)	\$ 0.011	\$ (0.003)

Revenue

(in thousands of Canadian dollars)

	Quarter ended Mar 31, 2014	Quarter ended Mar 31, 2013
Managed	\$ 7,890	\$ 3,481
Advisory	2,639	3,026
Administration	539	769
Total revenues	\$ 11,068	\$ 7,276

Revenues were \$11.1 million for the quarter ended March 31, 2014, an increase of 52% from the \$7.3 million earned during the quarter ended March 31, 2013. The increase in revenues over the same quarter in prior year is mainly attributable to revenue from the acquisition of AHCM funds, increase in mutual fund net subscriptions and the positive performance of the funds, netted against the slight decrease in Assets Under Administration.

Expenses

G&A expenses were \$5.7 million for the period ended March 31, 2014, an increase of 32% from the same period in prior year. The \$1.4 million increase in G&A from the same quarter in prior year is the result of an increase in salary expense of \$0.7 million and marketing expense of \$0.2 million, which is mainly attributable to the addition of AHCM employees after the acquisition in the third quarter of 2013 and the addition of sales employees in the latter half of 2013. The Company leased additional office space in the first quarter of 2014 which resulted in an increase of \$0.2 million in rent compared to the same period in prior year. Audit, legal and consulting fees also increased by \$0.3 million due to the scope of audit, review and legal work expected for 2014.

The sub-advisory fees increase of \$1.1 million from the first quarter of prior year can be mainly attributable to the acquisition of AHCM. In addition, trailer fees increased by \$0.6 million due to an increase in net subscriptions of mutual funds in the first quarter of 2014 compared to the same period in prior year.

The amortization expense for the quarter was \$0.3 million. Finite life intangible assets were acquired through the acquisition of AHCM in the third quarter of 2013, therefore no amortization of intangible assets was recorded for the first quarter of 2013.

During the first quarter of 2014, net losses on investments were \$0.3 million compared to the \$0.3 million net gain in prior year. The net change of \$0.6 million is mainly due to the drop in the market share price for Argent Energy Trust.

Share based compensation expenses were \$0.4 million for the quarter ended March 31, 2014 compared with an expense of \$0.5 million in the same period in prior year. The decrease in share based compensation over the prior year is due to the prior year expense being inclusive of a one time share based compensation issued in 2011 related to corporate acquisitions. In addition, the Company's share price volatility has been decreasing which has been reducing the Black-Scholes valuation of share based compensation.

EBITDA

(in thousands of Canadian dollars, except per share amounts)			
	Quarter ended		Quarter ended
	Mar 31, 2014		Mar 31, 2013
Net Income (loss) for the period	\$	(7)	\$ 431
Add (deduct):			
Finance expense		1,264	1,040
Current Income tax expense		13	123
Future income tax expense		247	133
Amortization of intangible assets - finite		300	-
Amortization of deferred sales commissions		259	181
Depreciation of property and equipment		88	77
EBITDA	\$	2,164	\$ 1,985
Per diluted share	\$	0.024	\$ 0.027
EBITDA margin (as a % of revenue)		20%	27%

EBITDA for the quarter ended March 31, 2014 was \$2.2 million (\$0.024 per share) compared with EBITDA of \$2.0 million (\$0.027 per share) for the quarter ended March 31, 2013. The 9% increase is primarily due to the increase in revenue of \$3.8 million offset by the G&A and sub-advisory expense increase of \$2.4 million, trailer fees increasing by \$0.6 million and loss on investments of \$0.6 million.

EBITDA as a percentage of total revenues (EBITDA margin) for the first quarter of 2014 was 20%, compared to 27% from the same quarter last year. The decrease in EBITDA as a percentage of revenues year-over-year is the result of an increase in G&A expense and trailer fees.

For the three months ended March 31, 2014, the Company expensed \$0.1 million (March 31, 2013 - \$0.1 million) in product development. Based on the early stage of development of some of the Company's investment funds, the Company feels it is in its best interest to bear the burden of some of these fund expenses to maintain the management expense ratio of each of its primary funds at an acceptable level.

For the quarter ended March 31, 2014, Aston Hill reported net income before income taxes of \$0.3 million compared to \$0.7 million in the same period in prior year due to the increase in revenue of \$3.8 million attributed to the acquisition of AHCM, mainly offset by an increase in G&A expenses of \$1.4 million, an increase in sub-advisory expense of \$1.1 million, amortization of intangible assets of \$0.3 million, an increase in trailer fees of \$0.6 million, net losses on investments increased by \$0.6 million, total increase in deferred sales commission of \$0.1 million and an increase in finance expenses of \$0.2 million. For the quarter ended March 31, 2014, Aston Hill reported a net loss after tax to controlling interest of \$0.2 million (\$0.002 loss per share) compared to earnings of \$0.4 million (\$0.006 earnings per share) in the quarter ended March 31, 2013.

Finance expense of \$1.3 million was recorded for the quarter ended March 31, 2014 compared with \$1.0 million for the quarter ended March 31, 2013. Finance expense from the prior year has increased due to the accrual of interest on convertible debentures and the use of the revolving credit facility. Aston Hill's debt and borrowing costs are further discussed under "Liquidity and Capital Resources."

Liquidity and Capital Resources

Financial Position at (stated in thousands of Canadian dollars)	Mar 31, 2014	Dec 31, 2013
Working capital	5,718	6,973
Total assets	95,940	100,167
Long term debt (convertible debentures)	36,428	36,428

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. In addition to the Company's current balance of cash and cash equivalents, other potential sources of liquidity include the Company's marketable securities, accounts receivable, and its revolving credit facility. The Company's continued ability to access capital markets to raise funds is dependent on market conditions that are subject to change.

Four of the Company's subsidiaries are subject to externally imposed capital requirements. AHAM, AHCM, AHFCP are registered with the Canadian Securities Administrators as Investment Fund Managers. AHS is a broker dealer registered with the Investment Industry Regulatory Organization of Canada ("IIROC"). AHAM, AHCM and AHFCP are each currently required to maintain minimum working capital of \$100,000, plus \$100,000 deductible under their respective bonding insurance policies. Aston Hill Securities is required to maintain a level of Risk-Adjusted Capital greater than \$nil in accordance with such requirements as IIROC may from time to time prescribe. In the event of non-compliance, these subsidiaries are required to file additional financial information and to review their policies and procedures for compliance with securities law and to file a compliance report.

At March 31, 2014, the Company and its subsidiaries were in compliance with all externally imposed capital requirements.

In the first quarter of 2014, the additions of property and equipment amounted to \$45,000 (March 31, 2013 - \$49,000). Aston Hill's policies and procedures related to the management of capital are described in the audited Consolidated Financial Statements for the year ended December 31, 2013 in note 5.

During the three months ended March 31, 2014, the Company paid \$1.4 million of dividends compared to \$0.9 million in the same quarter in prior year.

Financing costs paid on convertible debentures remained relatively consistent year over year for the first quarter at \$1.2 million and \$1.2 million respectively as the balance of convertible debentures did not change significantly.

Aston Hill paid deferred sales commissions of \$0.7 million in the three months March 31, 2014 compared to \$0.5 million in the same period in prior year. This is a result of incremental sales on the Aston Hill mutual funds under the low-load, deferred sales charge option. This option was created in 2011 as a sales incentive on specified series of units or shares in specified funds.

Aston Hill has mitigated liquidity risk by renewing the \$6.0 million revolving line of credit as of July 29, 2013. As at March 31, 2014, the Company has \$6.0 million of the revolving line of credit available.

The following table outlines the future cash outflows that Aston Hill has committed to:

Commitments

(in thousands of Canadian dollars)								
As at March 31, 2014								
	Total	2014	2015	2016	2017	2018	Thereafter	
Financial liabilities:								
Trade and other payables	\$ 4,280	\$ 4,280	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Convertible debentures								
-principal	40,202	-	-	40,202	-	-	-	-
-interest	6,030	2,412	2,412	1,206	-	-	-	-
Operating leases	5,559	1,377	844	798	566	567	1,407	
	\$ 56,071	\$ 8,069	\$ 3,256	\$ 42,206	\$ 566	\$ 567	\$ 1,407	

Summary Balance Sheet Data

(in thousands of Canadian dollars)			
		Mar 31, 2014	Dec 31, 2013
Current assets	\$	11,258	\$ 15,777
Non current assets		84,682	84,390
Total Assets	\$	95,940	\$ 100,167
Current liabilities	\$	5,540	\$ 8,804
Non current liabilities		51,104	50,832
Total Liabilities	\$	56,644	\$ 59,636
Non-controlling interest		662	463
Shareholders' equity		38,634	40,068
Total Liabilities & Shareholders' Equity	\$	95,940	\$ 100,167

The balance sheet for Aston Hill at March 31, 2014 reflects total assets of \$95.9 million, a decrease of \$4.2 million from \$100.2 million at December 31, 2013. This change can be mainly attributed to a decrease in cash due to the payment of the provision accrued at the end of the prior year end in the first quarter of 2014 (\$3.3 million) as well as the repayment of the revolving line of credit (\$0.3 million).

Accounts receivable decreased \$1.0 million to \$5.9 million as at March 31, 2014 from \$6.9 million at December 31, 2013. The balance consists of \$2.8 million receivable from the Aston Hill funds under management compared to \$3.3 million at December 31, 2013. In addition, sub-advised fees receivable decreased by \$0.2 million to \$1.2 million from prior quarter and administration and cost recoveries due from Assets Under Administration decreased by \$0.1 million to \$0.7 million. Other receivables of \$1.2 million decreased by \$0.3 million from prior quarter.

Total liabilities decreased \$3.0 million to \$56.6 million at March 31, 2014 from \$59.6 million at December 31, 2013. The primary contributors to this decrease was the payment of the provisions at December 31, 2013 in the first quarter of 2014 of \$3.3 million which was partially offset by the first quarter accrual of the 2014 provision of \$0.7 million. In addition, the Company repaid the \$0.3 million in revolving credit facility in the same period.

The revolving line of credit was renewed for a two year term on July 29, 2013, and the credit limit was extended from \$4.0 million to \$6.0 million.

Aston Hill's annualized debt-to-EBITDA ratio excluding convertible debentures as at March 31, 2014 was 0.0 to 1.0. Aston Hill is within its financial covenants with respect to its credit facility, which requires that the debt-to-EBITDA ratio remain below 1.2 to 1.0, and AUM not fall below \$4.6 billion.

Shareholders' equity decreased by \$1.4 million during the period ended March 31, 2014 mainly as a result of dividends paid of \$1.4 million and a net loss in the period of \$0.2 million and normal course issuer bid transactions of \$0.1 million. This was offset by an increase in contributed surplus of \$0.3 million.

Controls and Procedures

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that all information required to be disclosed by the Company is recorded, processed, summarized and reported within required time periods and that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of the Company has ensured that internal controls over DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, and information required to be disclosed by the Company in its interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal controls over financial reporting ("ICFR") have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no changes in ICFR in the most recent quarter that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Management of the Company has evaluated the design of its DC&P and ICFR (as defined under National Instrument 52-109) as of March 31, 2014, under the supervision of the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the DC&P and ICFR were properly designed as of March 31, 2014.

Risk Management

For a full understanding of the risks that impact Aston Hill, the following discussion should be read in conjunction with our 2013 annual financial statements.

Aston Hill is exposed to a number of risks through the pursuit of our strategic objectives as listed below:

- Exposure to the securities market
- Credit risk
- Concentration risk
- Investment performance of the funds
- Competitive pressures
- Rapid growth or decline in our AUM
- Sufficiency of insurance
- Changes to the investment management industry regulations
- Dependence on senior management
- Commitment of key personnel
- Employee errors or misconduct
- Capital requirements
- Litigation risks
- General business risk and liability
- Failure by the Company to implement effective information security policies, procedures and capabilities
- Failure by the Company to implement effective and efficient technologies
- Failure to develop effective business resiliency plans and information technology recovery plans
- Failure to comply with government regulations

The foregoing risk factors are mitigated to the extent possible and practical from a cost and perceived benefit perspective by senior management's direct involvement in the day-to-day operation of the business. Senior management meets on a regular basis to address any concerns with the risks discussed above as well as managing any new risks which may arise through business. Financial information as well as in depth analysis are reviewed by management on a monthly and quarterly basis and therefore mitigate risks in employee and reporting errors. Aston Hill maintains appropriate internal controls and procedures to safeguard assets, control expenses and ensure that financial reporting is accurate and reliable.

Some of these risks impact the investment industry as a whole, and others are unique to our operations. Actively managing these risks improves our ability to effectively execute our business strategy. Our risks have not changed substantially since December 31, 2013. A more in-depth discussion of material risk factors affecting the Company can be found in our annual financial statements for the year ended December 31, 2013.

Related Party Transactions

In addition to those disclosed elsewhere in the financial statements, the Company had the following related party transactions:

- a) The Company's subsidiaries receive management fees and sub-advisory fees and pay for expenses incurred by its various funds under management. These expenses are then charged back to the funds and are recovered under non-interest bearing, normal credit terms in accordance with the prospectus of the funds. Management fees, sub-advisory fees and other amounts due from funds under management and included in accounts receivable at March 31, 2014 are \$3.9 million (December 31, 2013 - \$3.6 million). Other amounts due to funds under management recorded in accounts payable as at March 31, 2014, was \$0.1 million (December 31, 2013 - \$0.2 million). For the period ended March 31, 2014, \$7.3 million (March 31, 2013 - \$3.5 million) was recorded as revenue in respect of these management and other fees. In addition, for the period ended March 31, 2014, the Company absorbed \$0.1 million (March 31, 2013 - \$0.1 million), respectively, of expenses incurred by funds under management.
- b) The Company has an Administrative Services Contract (the "Contract") with Argent in which the Company has recorded administration charges for the period ended March 31, 2014 of \$0.5 million (March 31, 2013 - \$0.5 million). For the period ended March 31, 2014, the Company recorded \$0.2 million (March 31, 2013 - \$0.3) in salary & overhead recoveries for shared overhead costs that have been reimbursed by Argent. Eric Tremblay, Chairman and Director of Aston Hill is also the Chairman and a Director of Argent.
- c) On August 10, 2012, 210,000 restricted trust units receivable were granted with a par value of \$10.00 per unit to the Company for services rendered under the Contract. 70,000 restricted trust units vest per year. On August 10, 2013, the Company was paid \$0.8 million to settle the first vested tranche of restricted trust units receivable. As at March 31, 2014, the closing price for Argent per unit on the TSX was \$4.84 (December 31, 2013 - \$7.77) with a receivable balance of \$0.5 million at March 31, 2014 (December 31, 2013 - \$0.4 million) and a revenue balance of \$39,000 (March 31, 2013 - \$0.3 million).
- d) As at March 31, 2014, \$nil (December 31, 2013 - \$11,000) of trade and other receivables and \$0.1 million (December 31, 2013 - \$0.1 million) of trade and other payables related to amounts related to RJT Capital Inc., a company which owns 49% of the outstanding shares of a subsidiary of the Company.
- e) As at March 31, 2014, \$1.1 million (March 31, 2013 - \$0.5 million) of the financial assets at fair value through profit or loss is related to holdings in the Company's funds under management. For period ended March 31, 2014, \$83,000 (March 31, 2013 - \$nil) of the net gains on investments recorded during the year was related to these funds under management.

All related party transactions are in the normal course of operations and have been measured at the agreed to exchange amounts, which is the amount of consideration established and agreed to by the related parties.

Subsequent Event

AHAM acquired the management contract for the management of the Redwood Income Strategies Class on April 14, 2014.

On May 2, 2014, the Company announced a quarterly cash dividend in the amount of \$0.015 per Common Share which will be paid on May 23, 2014 to all Aston Hill shareholders of record on May 14, 2014.

Significant Accounting Policies & Estimates

The Unaudited Interim Consolidated Financial Statements for the year ended March 31, 2014 have been prepared in accordance with IFRS. The accounting policies followed are the same as those applied in the Company's audited Consolidated Financial Statements for the period ended December 31, 2013 except as described in changes in accounting policies. For a discussion of all significant accounting policies, please refer to note 2 of the December 31, 2013 Consolidated Financial Statements. Also included in the Notes to the Unaudited Interim Consolidated Financial Statements is note 3 which includes a discussion on the determination of the fair values of the Company's investments.

The Company carries significant intangible assets on its balance sheet. Aston Hill uses valuation models that use estimates of sales and redemptions of investment products as the primary determinants of fair value. Aston Hill uses a valuation approach based on a multiple of assets under management. Aston Hill has assessed these variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate.

Changes in accounting policies

On January 1, 2014, the company adopted the limited scope amendments in relation to IAS 36 which entails additional disclosure of the fair value hierarchy and removed the disclosure of recoverable amounts of a unit or group of units for which there has been no impairment or reversal of impairment.

The Company has assessed that there is no significant impact to the results of the financial statements other than disclosures upon adoption of the limited scope amendments in relation to IAS 36.

Financial Instruments

As of March 31, 2014, Aston Hill's financial instruments include cash, investments at fair value through profit or loss, accounts receivable, restricted trust units, accounts payable and accrued liabilities, investments at fair value through other comprehensive income, share based compensation and convertible debentures.

The fair value of cash and cash equivalents, trade and other receivables, notes receivable and trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. As at March 31, 2014, the fair value of these balances approximated their carrying value due to their short term nature.

Restricted trust units receivable are fair valued at each reporting period by using the fair value models calculated by Aston Hill. As at March 31, 2014, the restricted trust units receivable were fair valued to be \$0.5 million (December 31, 2013 - \$0.4 million). The valuation model to fair value restricted trust units receivable uses the quoted price from the TSX for the Argent shares at each period end. It is considered to be a level 2 fair value measurement as it is actively traded on the TSX venture exchange with quoted prices but is not an identical asset.

In addition, the Company holds investments at fair value through profit or loss which consist of an investment in Argent Energy Trust, which is classified as a level 1 investment as the quoted market price is used to fair value an identical asset at each period end. The remaining marketable securities consist of investments in funds which have been classified as a level 2 investments. As at March 31, 2014, the Company's investments at fair value through profit or loss totaled \$2.0 million (2013 - \$2.4 million). During the period ended March 31, 2014, the Company recorded net realized and unrealized loss on its marketable securities of \$0.3 million compared to the \$0.3 million gain in the same period in prior year.

The fair value of the Company's investment in Journey Energy Inc. (formerly Sword Energy Inc.) is a financial asset recorded at fair value through other comprehensive income. Aston Hill uses estimation techniques to determine fair value which include recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, multiple earnings analysis and reserve based valuations. The fair value is affected significantly by a volatile oil and natural gas pricing environment; therefore, the fair value of the Journey investment may fluctuate materially from quarter to quarter. As at March 31, 2014, the Company's long-term investment in Journey Energy Inc. ("Journey") had an estimated fair value of \$7.8 million (December 31, 2013 - \$7.8 million). The Company recorded a change in the fair value through other comprehensive income of long-term investments for the period ended March 31, 2014 of \$nil million (March 31, 2013 - \$22,000 loss).

The fair value of the convertible debentures at initial recognition was determined based on discounted cash flows assuming no future conversions and continuation of current interest and principal payments as well as taking into consideration the current public trading activity of such debentures. The Company applied a discount rate of 10% considering current available market information, assumed credit adjustments and various terms to maturity. The equity component of the debentures was calculated as the residual between the face value of the instrument and the fair value of the debt.

The fair value of employee share based compensation is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

Outstanding Share Data

Capital	Authorized	Outstanding as at May 12, 2014	Common Shares Underlying Convertible Securities
Common shares ⁽¹⁾	Unlimited	89,474,444	Not applicable
Stock options	Not applicable	7,164,176	7,164,176
Convertible debentures (face value) 6.00% maturing 2016	Not applicable	\$ 40,202,000	15,765,490

⁽¹⁾ The common shares are presented net of 627,305 common shares held in treasury. The Company received shareholder approval to reserve for issuance up to 10% of the issued and outstanding Common Shares at the date of the creation for its incentive stock option plan.

Additional Information

Reference is made in this Management Discussion & Analysis to the Company's Consolidated Financial Statements disclosure for the relevant periods filed on the SEDAR website at www.sedar.com where additional disclosure relating to the Company can also be located.

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