Aston Hill AVIP Trust

Semi-Annual Management Report of Fund Performance

June 30, 2016

MANAGEMENT REPORT OF FUND PERFORMANCE

This semi-annual management report of fund performance for **Aston Hill AVIP Trust** (the "Fund") contains financial highlights but does not contain the complete semi-annual financial statements of the Fund.

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

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

Aston Hill AVIP Trust is an investment trust that is managed by Aston Hill Asset Management Inc. (the "Manager"), and Manitou Investment Management Inc. is the Portfolio Manager ("the "Portfolio Manager").

The investment objective of the Fund is to capture the opportunity for capital appreciation. The Fund seeks to achieve its investment objective through active asset and sector allocation and by investing in those income-producing securities that the Manager believes represent the best weighting to achieve its investment objectives. The Fund has exposure to a diversified portfolio of income producing securities including income trusts, dividend paying common shares, convertible debt, preferred shares and investment grade fixed income investments. Subject to its investment restrictions, the Fund may invest in high-yield debt and special situations, such as foreign equities and non-dividend paying equities.

RISK

Risks associated with an investment in the units of the Fund are discussed in the Fund's 2015 annual information form, which is available on the Manager's website at www.astonhill.ca or on SEDAR at www.sedar.com. There were no changes to the Fund for the six-month period ended June 30, 2016 that materially affected the risks associated with an investment in the units of the Fund.

RESULTS OF OPERATIONS

Caution regarding forward-looking statements

The analysis in the document includes forward-looking statements. The use of any of the words anticipate, may, will, expect, estimate, should, believe and similar expressions are intended to identify forward-looking statements. Such statements reflect the opinion of the Portfolio Manager regarding factors that might be reasonably expected to affect the performance and the distributions on units of the Fund and are based on information available at the time of writing. The Portfolio Manager believes that the expectations reflected in these forward-looking statements and in the analysis are reasonable but no assurance can be given that these expectations or the analysis will prove to be correct and accordingly, they should not be unduly relied on. These statements speak only as of the date of this report. Actual events and outcomes may differ materially from those described in these forward-looking statements or analysis.

Portfolio Manager Commentary (August 2016)

Manitou Investment Management was appointed portfolio manager of the AVIP Trust on May 1st of 2016. As our first written commentary to unit holders we are pleased to present the "Manitou Approach" and how we are applying it to the Fund in the current market environment.

At Manitou, our primary focus is to provide absolute returns, significantly above inflation, on a rolling 3 year basis. We are predominantly long only equity managers and therefore are dedicated to understanding every company we own on behalf of unit holders. With our approach, the generation of returns generally comes from two sources: 1) Owning outstanding businesses that despite above average long term growth prospects are perennially under-valued by the market and 2) Owning businesses that are temporarily significantly mispriced by the market. In either case, it is through the knowledge of individual companies that we can decipher quality as well as mispricing by the market, both of which are critical to generating compelling risk adjusted returns. When and if mispricing disappears, we manage the weight of a position based on the return expectation we have for the company. If overpricing becomes evident, we will sell even our most highly regarded companies. Accordingly, we are willing to hold significant cash levels from time to time.

In light of our quality and valuation discipline, we are comfortable managing concentrated portfolios of, typically 20 -24 equity positions diversified across several industries. This focused approach ensures we generate maximum benefit from our rigorous independent research. Our investigative work does include applying the knowledge acquired to build a forecast, and thereby an estimate of fair value. We also stay acutely aware of the things we do not know and cannot know with certainty, such as the dynamics associated with price movements in the stock market, the timing of economic cycles, impactful geopolitical events and other "black swans". To protect against these uncertainties, we concentrate on investing in companies built to survive economic contractions and other disruptive events. This requires a robust balance sheet and sustaining cash flow. In fact, we filter our universe of stocks to companies that meet stringent balance sheet strength and return on invested capital (ROIC) threshold. Further, while we are often aggressive buyers when market fear is dominating sentiment, we strive to invest in those companies that can be opportunistic during disruptive periods by acquiring and/or hiring to strengthen their business and benefit from the missteps of others.

Given our attention to cash flow, high ROIC and balance sheet strength, the majority of the companies we follow generate excess cash flow that is distributed as a growing dividend stream. Thus, the opportunity to manage an income oriented mandate is a natural extension of our core philosophy. We do manage a fixed income portfolio as well and whether we are deciding to own equities or bonds, we take a total return approach. In the current environment, yields on quality bonds are insufficient to cover inflation, let alone the distribution on the Fund. Thus, additional yield and/or return on capital is required to achieve the Funds' objectives, which necessitates taking some capital risk. We generally prefer to own equity when the security has an indefinite life and no defined limit to the upside potential as opposed to high yield bonds or those bonds priced well below par. Thus, the intention is to manage the Fund with a tiered risk profile where we will hold sufficient cash and cash equivalents to support the near term distributions; potentially some income producing securities including bonds and preferred shares, and the majority of the holdings being dividend paying equities. The end result is a portfolio of high quality companies selected with the intent of generating the total return necessary to support the distribution as well as grow the capital base over time.

In the current context, our broader view of the markets is one of caution. Generally speaking, stock valuations are near historically high levels and economic growth, globally, has been light to non-existent. Risky assets, such as equities, are relatively attractive given the unprecedented action of central banks to hold interest rates at historic lows or even go negative as has been the case in Japan and some countries in Europe. In this environment we will be fairly defensive and will be willing to, occasionally, hold excess cash – not as a market call, but as a by-product of our company valuation process. However, given a high degree of concentration, we do not need many compelling opportunities to put significant cash to work. As a recent example, we were quite active after the Brexit vote, putting cash to work as stocks traded down on the surprise result. We focused on those companies that will not be particularly affected by the UK's relationship with the rest of the European Union. This activity was part of a fairly active two months where we have been aligning the holdings in the Fund to be consistent with the strategy indicated above. Over the next quarter, this activity will continue and we will offer insights into the individual securities selections made in future commentaries.

At Manitou, we are excited by the opportunity to manage money on your behalf. We look forward to working with you and thank you for your support.

Capital Transactions

During the six-month period ended June 30, 2016, 570 units were redeemed for the total value of $5,650 (no purchase or redemption during the six-month period ended June 30, 2015).

LEVERAGE

The Fund has a 364-day revolving credit facility that provides for maximum borrowings of $30.0 million, with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate, plus a fixed percentage, or in US currency at either the US base rate or the LIBOR, plus a fixed percentage. The facility has been used to invest in additional portfolio investments and for working capital purposes. As at June 30, 2016, there were $Nil borrowings outstanding under this facility ($Nil at December 31, 2015).

DISTRIBUTIONS

For the six-month period ended June 30, 2016, the Fund has paid distributions $0.29 per unit ($0.36 – in the first half of 2015). Since inception in February 2006, the Fund has paid total cash distribution of $11.65 per unit.

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee of the Fund tabled no special reports and made no extraordinary material recommendations to management of the Fund during the six-month period ended June 30, 2016.

RELATED PARTY TRANSACTIONS

Aston Hill Advantage VIP Income Fund is the top fund, which is exposed to the portfolio held by the Fund through a forward agreement.

Management Fees

Aston Hill Asset Management Inc. is the Manager and Trustee of the Fund. Pursuant to the management agreement between the Fund and the Manager, the Manager is responsible for the day-to-day operations of the Fund, and in return, the Fund pays the Manager management fees. Pursuant to a management agreement, the Manager provides management and administrative services to the Fund and Aston Hill Advantaged VIP Income Fund, for which it is paid management fees, which, when taken together, are equal to 0.90% per annum of the Net Asset Value of Aston Hill Advantage VIP Income Fund, plus applicable taxes. The Fund pays a management fee equal to 0.25% per annum of the Net Asset Value as its portion of the fee. The management fee is used by the Manager to cover its costs to obtain the Fund's assets, the cost to administer the Fund, and for profit. During the six-month period ended June 30, 2016, management fees amounted to $125,262 ($160,251 – in the first half of 2015).

Administration Fees

The Manager allocates back to the Fund a portion of the base salaries of individuals who have spent time working on matters relating to the operations of the Fund. The expenses are directly attributable to the Fund as they relate to time spent on Fund accounting, valuation, taxation, compliance, investor relations, financial and shareholder reporting, cost management, oversight and any other operations matter.

The Fund's Administration Fees is paid through its top fund Aston Hill Advantage VIP Income Fund.

Independent Review Committee ("IRC") Fee

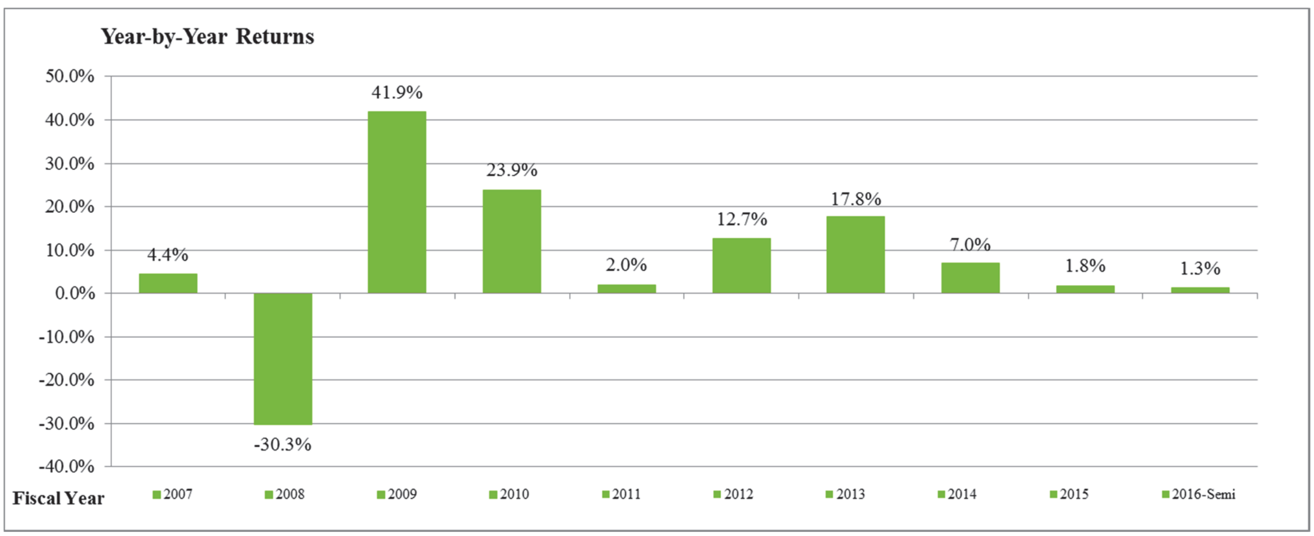
The members of the Independent Review Committee are John Crow (chair), Joseph Wright, Robert B. Falconer and Scott Browning. The Independent Review Committee acts as a review committee for a number of investment funds managed by the Manager.

The IRC members each receive $15,000 per annum ($20,000 for the Chairman) plus $1,250 per meeting for acting in such capacity and are also reimbursed for expenses in connection with performing their duties. These fees and expense reimbursements are allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable.

The Fund's IRC fee is paid through its top fund Aston Hill Advantage VIP Income Fund.

PAST PERFORMANCE

The following bar charts show the Fund's semi-annual and annual performance by showing both semi-annual and annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Fund during the years shown were reinvested. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. The bar charts show, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to aid in understanding the Fund's financial performance since inception. This information is derived from the Fund's audited annual financial statements and unaudited semi-annual financial statements:

Net Assets per Unit

The Fund's Net Assets per Unit:	**2016(1)**	**2015**	**2014(6)**	**2013(6)**	**2012**
Net Assets, beginning of period (2)	**10.18**	**10.63**	**10.62**	**9.72**	**9.68**
Increase (decrease) from operations:					
Total revenues	0.17	0.43	0.49	0.47	0.44
Total expenses	(0.03)	(0.06)	(0.06)	(0.05)	(0.05)
Realized gains (losses) for the period	0.14	0.13	0.86	0.71	0.36
Unrealized gains (losses) for the period	(0.15)	(0.30)	(0.45)	0.48	0.40
Total increase (decrease) from operations (3)	**0.13**	**0.20**	**0.84**	**1.61**	**1.15**
Distributions:					
Cash distributions:					
From income	(0.29)	(0.13)	(0.73)	(0.77)	(1.13)
Return of capital	–	(0.52)	–	–	–
Unit distributions:	–	–			
From net realized gain on investments	–	–	(0.05)	(0.87)	(0.02)
Total Distributions (2) (4)	**(0.29)**	**(0.65)**	**(0.78)**	**(1.64)**	**(1.15)**
Net Assets, end of period (5) (6)	**10.01**	**10.18**	**10.63**	**10.62**	**9.72**

(1) Results are for the six-month period ended June 30, 2016
(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time.
(3) The increase (decrease) in Net Assets from operations per unit are based on the weighted average number of units outstanding over the fiscal period.
(4) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on the Fund's tax return. Allocations for the year ended December 31, 2015 are not determinable until year end.
(5) This is not a reconciliation between the opening and the closing Net Assets balances.
(6) The Fund adopted International Financial Reporting Standards ("IFRS") commencing January 1, 2014. This information for the period up to December 31, 2012 is presented under Canadian GAAP.

Ratios and Supplemental Data

Ratios and Supplemental Data:	**2016(1)**	**2015**	**2014**	**2013**	**2012**
Net asset value (000's)	86,588	88,023	108,877	123,035	129,467
Number of units outstanding (000's)	8,650	8,650	10,243	11,591	13,314
Base management expense ratio(2)	0.33%	0.32%	0.33%	0.35%	0.35%
Management expense ratio ("MER") (3)	0.36%	0.43%	0.45%	0.39%	0.39%
Trading expense ratio (4)	0.21%	0.14%	0.12%	0.13%	0.11%
Portfolio turnover rate (5)	77.76%	82.45%	63.24%	92.20%	89.42%

(1) Results are for the six-month period ended June 30, 2016
(2) A separate base management expense ratio is presented to exclude interest expenses and issuance cost.
(3) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction cost) of the Fund for the stated period, including interest expense and issuance costs, if applicable, and is expressed as an annualized percentage of daily average net asset value during the period.
(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
(5) The Fund's turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities (including fixed income) in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.

SUMMARY OF INVESTMENT PORTFOLIO AS OF JUNE 30, 2016

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available at www. astonhill.ca and at www.sedar.com.

	As at June 30, 2016
Portfolio by Category	
Sector Allocation	**% of NAV**
Financials	30.1%
Short-term Investments	9.1%
Exchange-traded Funds	8.1%
Information Technology	6.9%
Energy	6.6%
Telecommunication Services	5.9%
Consumer Staples	4.6%
Utilities	4.1%
Consumer Discretionary	2.7%
Industrials	2.7%
Canadian Corporate Bonds	1.9%
Materials	1.1%
Foreign Currency Forward Contracts	(0.1%)
Cash	16.0%
Net Other Assets (Liabilities)	0.3%
Total	100.0%

Top 25 Holdings

Security Name	**Interest rate**	**Maturity date**	**% of NAV**
Cash			16.0%
Great-West Lifeco Inc.			5.9%
Canadian Treasury Bill	0.516%	September 22, 2016	4.6%
Royal Bank of Canada B/A	0.802%	August 29, 2016	4.6%
iShares Core Canadian Long Term Bond Index ETF			4.1%
Royal Bank of Canada			4.1%
The Bank of Nova Scotia			4.0%
iShares DEX All Corporate Bond Index Fund			4.0%
Suncor Energy Inc.			3.1%
Telus Corporation			3.0%
BCE Inc.			2.9%
CI Financial Corp.			2.9%
Northland Power Inc.			2.9%
Brookfield Asset Management Inc., Class A			2.9%
Magna International Inc.			2.7%
Canadian National Railway Co.			2.6%
Ethoca Solutions Inc., Class A			2.3%
TransCanada Corp.			2.2%
Walgreens Boots Alliance Inc.			2.2%
Slate Retail Real Estate Investment Trust (CAD)			2.2%
Brookfield Property Partners LP			2.1%
CME Group Inc.			2.0%
Constellation Software Inc.			2.0%
Chartwell Retirement Residences			1.9%
Microsoft Corp.			1.5%
Total Net Asset Value (NAV):			**$86,587,977**