Aston Hill Advantage Bond Fund

Management Responsibility Statement

The accompanying financial statements of Aston Hill Advantage Bond Fund (the "Fund") have been prepared by Aston Hill Asset Management Inc. (the "Manager") and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in note 2 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

The Manager, with the approval of its Board of Directors, has appointed the external firm of PricewaterhouseCoopers LLP as the auditors of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.

Michael J. Killeen
President
Aston Hill Asset Management Inc.

Larry W. Titley
Chief Financial Officer
Aston Hill Asset Management Inc.

March 24, 2014

Independent Auditor's Report

To the Unitholders of Aston Hill Advantage Bond Fund (the Fund)

We have audited the accompanying financial statements of the Fund which comprise the statement of investment portfolio as at December 31, 2013, the statements of net assets as at December 31, 2013 and 2012 and the statements of operations and retained earnings, and changes in net assets for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements of the Fund based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2013 and 2012 and the results of its operations, and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
Calgary, Alberta

March 24, 2014

Statements of Net Assets

As at December 31	**2013**	2012
Assets		
Forward Agreement at fair value (note 6)	$ **20,082,568**	$ 26,238,463
Cash	**115,587**	81,419
Total assets	**20,198,155**	26,319,882
Liabilities		
Management fees payable	**7,357**	10,119
Accounts payable and accrued liabilities	**114,305**	99,923
Distributions payable to unitholders	**93,681**	125,330
Total liabilities	**215,343**	235,372
Unitholders' equity		
Unitholders' capital (note 4)	**10,062,032**	16,529,563
Retained earnings	**9,920,780**	9,554,947
Net Assets representing unitholders' equity	$ **19,982,812**	$ 26,084,510
Net Assets representing unitholders' equity per class		
Class A	$ **19,085,246**	$ 24,841,278
Class F	$ **897,566**	$ 1,243,232
Units outstanding (note 4)		
Class A	**1,538,993**	2,052,227
Class F	**67,060**	96,410
Net Assets per unit (note 3)		
Class A	$ **12.40**	$ 12.10
Class F	$ **13.38**	$ 12.89

Approved on behalf of the Manager, Aston Hill Asset Management Inc.

Michael J. Killeen
Director

Larry W. Titley
Director

The accompanying notes are an integral part of these financial statements.

Statements of Operations and Retained Earnings

For the years ended December 31	2013	2012
Expenses		
Management fees (note 8)	$ 148,215	$ 160,975
Service fees (note 8)	114,255	136,001
Forward Agreement fees (note 6)	63,081	69,042
Audit fees	65,695	20,190
Independent review committee fees	1,500	1,551
Trustee fees	3,352	3,304
Custodial fees	25,078	26,255
Legal fees	2,163	10,616
Unitholder reporting costs	42,338	65,895
Administration fees	23,991	23,548
	489,668	517,377
Net investment loss	(489,668)	(517,377)
Net realized gain on partial settlements of Forward Agreement (note 9)	3,984,684	1,940,216
Net change in realized loss on foreign currency transactions	(11)	—
Net change in unrealized (loss) gain on Forward Agreement	(1,439,015)	2,117,117
Increase in Net Assets from operations	2,055,990	3,539,956
Retained earnings, beginning of year	9,554,947	6,675,297
Excess of stated value paid on repurchase of units	(1,690,157)	(660,306)
Retained earnings, end of year	$ 9,920,780	$ 9,554,947
Increase in Net Assets from operations per class		
Class A	1,966,437	3,368,038
Class F	89,553	171,918
Increase in per unit Net Assets from operations per class[(1)]		
Class A	$ 1.00	$ 1.51
Class F	$ 1.24	$ 1.67

[(1)] Based on the weighted average number of units outstanding for the year (note 4).

Statements of Changes in Net Assets

Class A

For the years ended December 31	2013	2012
Net Assets, beginning of year	$ 24,841,278	$ 25,841,183
Operations:		
Increase in Net Assets from operations	1,966,437	3,368,038
Unitholder distibutions:		
Return of capital	(1,379,900)	(1,545,040)
	(1,379,900)	(1,545,040)
Unitholder transactions: (note 4)		
Conversion of units	328,421	57,429
Redemption of units	(6,295,975)	(2,379,612)
Repurchase of units	(375,015)	(500,720)
	(6,342,569)	(2,822,903)
Net decrease in Net Assets	(5,756,032)	(999,905)
Net Assets, end of year	$ 19,085,246	$ 24,841,278

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets (continued)

Class F

For the years ended December 31	2013	2012
Net Assets, beginning of year	**$ 1,243,232**	$ 1,275,713
Operations:		
Increase in Net Assets from operations	**89,553**	171,918
Unitholder distibutions:		
Return of capital	**(49,100)**	(71,828)
	(49,100)	(71,828)
Unitholder transactions: (note 4)		
Conversion of units	**(328,421)**	(57,429)
Redemption of units	**(57,698)**	(75,142)
	(386,119)	(132,571)
Net decrease in Net Assets	**(345,666)**	(32,481)
Net Assets, end of year	**$ 897,566**	$ 1,243,232

Fund Total

For the years ended December 31	2013	2012
Net Assets, beginning of year	**$ 26,084,510**	$ 27,116,896
Operations:		
Increase in Net Assets from operations	**2,055,990**	3,539,956
Unitholder distibutions:		
Return of capital	**(1,429,000)**	(1,616,868)
	(1,429,000)	(1,616,868)
Unitholder transactions: (note 4)		
Redemption of units	**(6,353,673)**	(2,454,754)
Repurchase of units	**(375,015)**	(500,720)
	(6,728,688)	(2,955,474)
Net decrease in Net Assets	**(6,101,698)**	(1,032,386)
Net Assets, end of year	**$ 19,982,812**	$ 26,084,510

The accompanying notes are an integral part of these financial statements.

Statement of Investment Portfolio

As at December 31, 2013		Cost	Fair Value	% of Portfolio
Investments held by Aston Hill MBB Trust				
Par Value	**Fixed income investments**			
	Domestic bonds			
500,000	AIMIA Inc., *6.95%, due January 26, 2017*	$ 501,920	$ 549,527	
400,000	Air Canada, *7.625%, due October 1, 2019*	400,000	421,370	
600,000	Air Canada, *8.75%, due April 1, 2020*	618,690	677,341	
50,000	AltaGas Ltd., *4.60%, due January 15, 2018*	49,966	53,329	
750,000	Athabasca Oil, *7.50%, due November 19, 2017*	750,625	707,129	
350,000	Bell Canada, *7.65%, due December 30, 2031*	395,500	413,491	
200,000	Cameco Corp., *5.67%, due September 2, 2019*	200,847	219,375	
95,000	Canadian Government Bond, *4.00%, due June 1, 2041*	117,898	108,064	
130,000	Canadian Pacific Railway Co., *6.45%, due November 17, 2039*	129,931	154,548	
75,000	Canadian Western Bank, *4.39%, due November 30, 2020*	75,000	77,832	
500,000	First Quantum Minerals Ltd., *7.25%, due October 15, 2019*	490,826	516,639	
250,000	GE Capital Canada Funding Co., *5.68%, due September 10, 2019*	249,813	284,131	
400,000	Genworth MI Canada Inc., *5.680%, due June 15, 2020*	411,740	435,624	
1,000,000	Golf Town Canada Inc., *10.50%, due July 24, 2018*[(1)]	1,002,500	1,042,500	
750,000	HudBay Minerals Inc., *9.50%, due October 1, 2020*	732,787	818,786	
40,000	Inter Pipeline Ltd., *3.84%, due July 30, 2018*	40,000	41,377	
500,000	Loblaw Cos Ltd., *5.22%, due June 18, 2020*	515,371	543,988	
750,000	Mattamy Group Corp., *6.88%, due November 15, 2020*	750,000	743,438	
500,000	RioCan Real Estate Investment Trust, *4.50%, due January 21, 2016*	500,375	522,589	
26,000	Royal Bank of Canada, *4.93%, due July 16, 2025*	25,992	28,008	
450,000	TELUS Corp., *5.05%, due July 23, 2020*	456,060	488,788	
	Total Domestic bonds	**8,415,841**	**8,847,874**	**55.1%**
	Foreign bonds			
	Britain			
750,000	Algeco Scotsman Global Financial, *10.75%, due October 15, 2019*	727,503	840,700	
8,000	Lloyds Bank PLC, *10.13%, due December 16, 2021*	7,972	9,340	
		735,475	**850,040**	**5.3%**
	Greece			
500,000	Eletson Holdings, *9.63%, due January 15, 2022*	549,019	544,529	
		549,019	**544,529**	**3.4%**
	United States of America			
1,000,000	Ace Cash Express Inc., *11.00%, due February 1, 2019*	908,691	852,653	
500,000	Allegheny Technologies Inc., *5.95%, due January 15, 2021*	498,831	551,111	
134,000	Allied Nevada Gold, *8.75%, due June 1, 2019*	133,414	85,760	
500,000	American Apparel Inc., *13.00%, due April 15, 2020*[(1)]	513,908	492,733	
750,000	CNL Lifestyle Properties Inc., *7.25%, due April 15, 2019*	698,624	820,778	
1,000,000	Crescent Resources LLC, *10.25%, due August 15, 2017*	1,013,752	1,155,464	
1,000,000	CVR Refining LLC, *6.50%, due November 1, 2022*	976,896	1,043,902	
500,000	Goodman Networks Inc., *12.13%, due July 1, 2018*	502,939	560,467	
750,000	Landrys Inc., *9.38%, due May 1, 2020*	825,983	868,590	
500,000	Legacy Reserves LP, *8.00%, due December 1, 2020*	488,310	552,498	
500,000	Magnum Hunter Resources Corp., *9.75%, due May 15, 2020*	503,523	573,748	
250,000	NGL Energy Partners LP, *6.88%, due October 15, 2021*	259,638	272,265	
750,000	Niska Gas Storage US LLC, *8.888%, due March 15, 2018*	745,802	828,747	
500,000	Patriot Merger Corp., *9.00%, due Julu 15, 2021*	511,005	557,810	
500,000	Proquest LLC, *9.00%, due October 15, 2018*[(1)]	482,499	531,248	
1,000,000	Prospect Capital Corp., *5.75%, due March 15, 2018*	1,011,669	1,119,605	

[(1)] Level 3 financial assets of Aston Hill MBB Trust.

The accompanying notes are an integral part of these financial statements.

Statement of Investment Portfolio (continued)

As at December 31, 2013		Cost	Fair Value	% of Portfolio
Par Value	**Foreign bonds** (continued)			
	United States of America (continued)			
500,000	Republic Services Inc., *3.80%, due May 15, 2018*	$ 473,980	$ 562,661	
243,000	Saratoga Resources Inc., *12.50%, due July 1, 2016*	238,663	241,404	
500,000	Valspar Corp., *7.25%, due June 15, 2019*	563,093	631,186	
500,000	Vector Group Ltd., *7.75%, due February 15, 2021*	499,700	561,795	
		11,850,920	**12,864,425**	**80.1%**
	Total Foreign bonds	**13,135,414**	**14,258,994**	**88.8%**
	Total Fixed income investments	**21,551,255**	**23,106,868**	**143.9%**
	Short positions			
	Government			
(7,000,000)	Canadian Government Bond, *2.75%, due June 1, 2022*	(7,649,040)	(7,051,148)	
	Total Short positions	**(7,649,040)**	**(7,051,148)**	**(43.9%)**
	Total Investments in Aston Hill MBB Trust	**$ 13,902,215**	**$ 16,055,720**	**100.0%**
	Cash of MBB Trust		**$ 3,212,450**	
	Other Net Assets held by MBB Trust		**$ 814,398**	
	Forward Agreement		**$ 20,082,568**	

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

December 31, 2013 and 2012

1. OPERATIONS

Aston Hill Advantage Bond Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on March 30, 2009, pursuant to an amended and restated declaration of trust. Equity Financial Trust Company is the Trustee and Aston Hill Asset Management Inc. (the "Manager") is responsible for managing the affairs of the Fund. RBC Investor Services Trust is the custodian of the Fund's assets and prepares the weekly valuation of the Fund. The Fund commenced operations on April 23, 2009.

The Fund has a forward agreement ("Forward Agreement") that provides exposure to the return on the portfolio held by Aston Hill MBB Trust. The return to investors of the Fund is dependent upon the return of Aston Hill MBB Trust pursuant to the Forward Agreement.

The investment objectives of the Fund are to provide unitholders with the benefits of attractive monthly tax-advantaged cash distributions together with the opportunity for capital appreciation based on the performance of the Aston Hill MBB Trust portfolio. Aston Hill MBB Trust seeks to achieve its investment objectives through an actively managed portfolio consisting of North American corporate bonds managed by the Manager of MBB Trust and, at the discretion of the Manager, the short selling of government bonds with an aggregate sales price of up to one-third of the total assets of MBB Trust and investing the proceeds in additional corporate bonds.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the periods for which the financial statements report. Actual results could differ from these estimates.

a) Valuation of Investments

Investments, long and short, and derivatives are deemed to be classified as held-for-trading in accordance with the CPA Canada Handbook Section 3855, Financial Instruments – Recognition and Measurement ("Section 3855"). Securities listed on a recognized public stock exchange are valued at their bid and ask prices for long and short investments, respectively. Investments in securities having no quoted market value are valued at estimated fair value using valuation techniques as determined by the Manager. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. The Manager uses estimation techniques to determine fair value, including discounted cash flows, multiples of earnings and comparison with other securities that are substantially the same.

Written options are valued at ask price, and purchased options are valued at bid price as reported on recognized exchanges.

b) Cash

Cash consists of cash on hand. Cash is deemed held-for-trading and therefore is carried at fair value.

c) Investment Transactions and Income Recognition

Investment transactions are recorded on the trade date, and any realized and unrealized gains or losses are recognized using the average cost of the investments, which excludes broker commissions. Interest income is recognized on an accrual basis.

d) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities are expensed and are recognized in the Statements of Operations and Retained Earnings.

e) Income Taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). Provided the Fund makes distributions in each year of its net income and net realized capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

f) Foreign Exchange

The fair values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the date of such transactions.

g) Valuation of Forward Agreement

The Forward Agreement is valued at the gain or loss that would be realized on the valuation date if the contract were closed or expired. The amount to be received (or paid) on the Forward Agreement as at the valuation date is recognized as an unrealized gain (loss) on Forward Agreement on the Statements of Net Assets. All unrealized gains (losses) arising from the Forward Agreement are recorded as a change in unrealized gain (loss) on Forward Agreement in the Statements of Operations and Retained Earnings.

The Forward Agreement is classified as held-for-trading in accordance with the CPA Canada Handbook Section 3855.

h) Other Assets and Liabilities

For the purposes of categorization in accordance with Section 3855, accounts payable and accrued liabilities and distributions payable to unitholders are designated as financial liabilities and reported at amortized cost. Amortized cost approximates fair value for these liabilities due to their short-term nature.

i) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in Net Assets from operations during the reporting period. A significant area requiring the use of management judgements and estimates is the valuation of non-public investments. The resulting values may differ materially from values that would have been used had a readily available market existed for the investments and the prices at which the investments may be sold.

j) Transition to International Financial Reporting Standards

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 will also report its interim financial statements for the period ending June 30, 2014, in accordance with IFRS.

The Manager has reviewed and developed the Fund's 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 the fair values of its investments, the inclusion of a statement of cash flows 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, it represents 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 that 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 measurement 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.

Under Canadian GAAP, the Fund is not required to provide a statement of cash flows. In addition to the financial statements currently presented for the Fund, a statement of cash flows will now be included in the financial statements in accordance with the requirements of IFRS and prepared in accordance with International Accounting Standards ("IAS") 7, Statement of Cash Flows.

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 IAS 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.

3. RECONCILIATION OF NET ASSETS TO NET ASSET VALUE

In accordance with National Instrument ("NI") 81-106, a reconciliation is required between the Net Assets for financial reporting purposes (the "Net Assets") and the Net Asset Value for reporting other than in the financial statements (the "Net Asset Value"). The reconciliation is as follows:

As at December 31, 2013	**Class A**		**Class F**	
	Total	**Per Unit**	**Total**	**Per Unit**
Net Asset Value	$ 19,170,123	$ 12.46	$ 901,557	$ 13.44
Section 3855 adjustment[1]	(84,877)	(0.06)	(3,991)	(0.06)
Net Assets	$ 19,085,246	$ 12.40	$ 897,566	$ 13.38

As at December 31, 2012	Class A		Class F	
	Total	Per Unit	Total	Per Unit
Net Asset Value	$ 24,941,519	$ 12.15	$ 1,248,246	$ 12.95
Section 3855 adjustment[1]	(100,241)	(0.05)	(5,014)	(0.06)
Net Assets	$ 24,841,278	$ 12.10	$ 1,243,232	$ 12.89

[1] The Section 3855 adjustment relates to the valuation of investments traded on an exchange at bid price for Net Assets and closing price for Net Asset Value.

Notes to the Financial Statements (continued)

December 31, 2013 and 2012

4. UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of Class A and Class F units. The Class F units are designed for fee-based accounts and differ from the Class A units in the following ways: (i) Class F units will not be listed on a stock exchange, (ii) the agent's fee payable on the issuance of the Class F units is lower than for the Class A units, and (iii) the service fee is only payable in respect of the Class A units. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. On termination of the Fund, unitholders are entitled to receive their pro rata share of the assets of the Fund.

A holder of Class F units may convert Class F units into Class A units, and it is expected that liquidity for the Class F units will be obtained by means of conversion into Class A units and the sale of those Class A units through the facilities of the Toronto Stock Exchange. Class F units may be converted in any month on the conversion date by delivering a notice and surrendering such Class F units at least 10 business days prior to the conversion date. For each Class F unit so converted, a holder will receive that number of Class A units equal to the Net Asset Value per Class F unit as of the close of trading on the business day immediately preceding the conversion date, divided by the Net Asset Value per Class A unit as of the close of trading on the business day immediately preceding the conversion date. No fractions of Class A units will be issued upon any conversion of Class F units, and any fractional amounts will be rounded down to the nearest whole number of Class A units.

Class A units and Class F units may be redeemed on the second last business day of October of each year ("Annual Redemption Date"), commencing in 2010. Units redeemed on the Annual Redemption Date will receive a redemption price in an amount equal to 100% of the Net Asset Value per unit of the relevant class (less any costs associated with the redemption, including brokerage costs).

In addition, Class A units and Class F units may also be redeemed on the second last business day of each month, other than in the month of October. Unitholders surrendering Class A units for redemption will receive a redemption price equal to the lesser of (i) 94% of the weighted average trading price of Class A units for the 10 trading days immediately preceding the redemption date and (ii) 100% of the closing market price of Class A units on the applicable date, less, in each case, any costs associated with the redemption, including brokerage costs. Unitholders surrendering Class F units for redemption will receive an amount equal to the product of (i) the monthly redemption amount of Class A units determined as above and (ii) a fraction, the numerator of which is the most recently calculated Net Asset Value per Class F unit and the denominator of which is the most recently calculated Net Asset Value per Class A unit.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from May 24, 2012 to May 23, 2013. Pursuant to the issuer bid, the Fund could purchase up to 225,664 Class A units for cancellation when the Net Asset Value per unit exceeded its trading price. The Fund renewed the issuer bid for the period from May 24, 2013 to May 23, 2014, which allows the Fund to purchase up to 206,357 Class A units for cancellation. The Fund may repurchase units when the Net Asset Value per unit exceeds its trading price.

Issued

For the year ended December 31, 2013:

	Class A		Class F		Total
	Number of Units	Amount	Number of Units	Amount	Amount
Units, beginning of year	**2,052,227**	**$ 15,756,995**	**96,410**	**$ 772,568**	**$ 16,529,563**
Conversion of units	**26,648**	**328,421**	**(25,000)**	**(239,676)**	**88,745**
Repurchase of units under normal course issuer bid	**(31,100)**	**(292,736)**	**—**	**—**	**(292,736)**
Redemption of units	**(508,782)**	**(4,792,836)**	**(4,350)**	**(41,704)**	**(4,834,540)**
Return of capital	**—**	**(1,379,900)**	**—**	**(49,100)**	**(1,429,000)**
Units, end of year	**1,538,993**	**$ 9,619,944**	**67,060**	**$ 442,088**	**$ 10,062,032**

For the year ended December 31, 2012:

	Class A		Class F		Total
	Number of Units	Amount	Number of Units	Amount	Amount
Units, beginning of year	2,287,543	$ 19,496,539	106,910	$ 945,060	$ 20,441,599
Conversion of units	4,784	57,429	(4,500)	(43,142)	14,287
Repurchase of units under normal course issuer bid	(42,900)	(402,273)	—	—	(402,273)
Redemption of units	(197,200)	(1,849,660)	(6,000)	(57,522)	(1,907,182)
Return of capital	—	(1,545,040)	—	(71,828)	(1,616,868)
Units, end of year	2,052,227	$ 15,756,995	96,410	$ 772,568	$ 16,529,563

During the year ended December 31, 2013, the Fund issued 26,648 Class A units in respect of a conversion of 25,000 Class F units (2012 – 4,784 Class A units were converted from 4,500 Class F units).

Pursuant to the monthly redemption option, 200 (2012 – nil) Class A units and 4,350 (2012 – 6,000) Class F units were redeemed during the period.

As at December 31, 2013, the Fund had accumulated contributed surplus of $1,690,159 (2012 – $660,306). Contributed surplus is recorded when units of the Fund are redeemed or repurchased at prices per unit which are below the average cost per unit of unitholders' capital.

The weighted average number of Class A and Class F units outstanding for the year ended December 31, 2013 was 1,968,832 and 72,116 (2012 – 2,224,928 and 103,068), respectively.

5. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide unitholders with high monthly, tax-advantaged cash distributions and the opportunity for capital appreciation. The Fund's capital is comprised of unitholders' equity. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, purchase units for cancellation, or settle the Forward Agreement in whole or in part. There are currently no externally imposed capital requirements for the Fund.

6. FORWARD AGREEMENT

The Fund entered into a forward purchase and sale agreement ("Forward Agreement") with a Canadian chartered bank (the "Counterparty"). The obligations of the Counterparty to the Fund under the Forward Agreement are determined by reference to the performance of Aston Hill MBB Trust.

Gains and losses realized by the Fund on the sale of the portfolio of Canadian securities under the Forward Agreement are treated as capital gains and losses for tax purposes by the Fund. However, the federal budget that was announced in March 2013 proposed measures with respect to certain financial arrangements, such as the Forward Agreement, that would eliminate certain tax benefits for taxable unitholders of investment funds that utilize this kind of agreement. The budget announcement states that these changes apply only to forward agreements entered into on or after March 21, 2013 (the "Budget Day"). The federal budget, part of Bill C-4, was enacted into law on December 12, 2013.

Based on the new laws in place following Budget Day, the Manager must terminate the Forward Agreement on or before March 21, 2018.

As a result of the new laws put in place following Budget Day, the Counterparty will need to pay to the Fund, on or about March 21, 2018 or earlier, in whole or in part at the request of the Fund, an amount equal to the redemption proceeds of the number of units of Aston Hill MBB Trust specified in the Forward Agreement in exchange for a portfolio of Canadian securities with an aggregate value equal to the redemption proceeds of the number of units of Aston Hill MBB Trust as specified in the Forward Agreement.

In order to permit the Fund to pay (i) monthly distributions, (ii) redemptions and repurchases of units, and (iii) operating expenses and other liabilities of the Fund, the terms of the Forward Agreement provide that the Forward Agreement may be settled in whole or in part prior to March 29, 2028, by the Fund at its discretion. The Manager intends to terminate the Forward Agreement on or before March 21, 2018.

Under the Forward Agreement, the Fund pays to the Counterparty a fee of 0.25% of the Net Asset Value of Aston Hill MBB Trust, calculated and payable monthly in arrears.

7. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions of the Fund, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the year ended December 31, 2013, the Fund declared total distributions of $0.70 per Class A unit (2012 – $0.70) and $0.70 per Class F unit (2012 – $0.70), which amounted to $1,379,900 (2012 – $1,545,040) and $49,100 (2012 – $71,828), respectively.

Notes to the Financial Statements (continued)

December 31, 2013 and 2012

8. MANAGEMENT AND SERVICE FEES

The Manager will receive a management fee from the Fund and Aston Hill MBB Trust equal in the aggregate to 0.75% per annum of the total assets of the Fund, calculated and payable monthly in arrears, plus applicable taxes. The portion of the fee paid by the Fund equals 0.4% per annum.

The Fund pays to the Manager a service fee, solely with respect to the Class A units, equal to 0.50% per annum of the Net Asset Value attributable to the Class A units, plus applicable taxes. The service fee is in turn paid by the Manager to investment dealers based on the number of Class A units held by clients of each dealer at the end of the relevant quarter. No service fee is payable in respect of the Class F units.

The Fund is responsible for all other operating expenses incurred in connection with its operation and administration, such as custodian, valuation, trustee, reporting, audit and legal fees.

9. INVESTMENT TRANSACTIONS

Investment transactions related to the pre-settlements of the Forward Agreement for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Proceeds from settlement of Forward Agreement	**$ 8,637,307**	$ 4,670,390
Less cost of investment portfolio sold:		
Prepayment of Forward Agreement during the year	**4,652,623**	2,730,174
Net realized gain on sale of Forward Agreement	**$ 3,984,684**	$ 1,940,216

For the year ended December 31, 2013 and 2012, there were no soft dollar amounts paid.

10. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Fund has a forward agreement that provides exposure to the return on the investment portfolio held by Aston Hill MBB Trust. The Statement of Investment Portfolio presents the securities held by Aston Hill MBB Trust as at December 31, 2013 and groups the securities by asset type and market segment. The following comparative summary represents the securities by asset type and market segment held by Aston Hill MBB Trust as at December 31, 2012.

As at December 31, 2012

Investment Sector	% of Portfolio
Long positions	
Consumer discretionary	33.2%
Industrials	22.2%
Energy	19.1%
Government	0.7%
Materials	16.2%
Consumer staples	11.2%
Financials	29.0%
Utilities	10.9%
Telecommunication services	10.0%
Short positions	
Government	(52.5%)
Total	100.0%

The Fund invests in a forward agreement whose value is based on the performance of Aston Hill MBB Trust. The Manager attempts to minimize the potential adverse effects of this risk on the Fund's performance by diversifying the investment portfolio of MBB Trust within the constraints of the investment objectives and by using financial instruments to hedge certain risk exposures. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio of the Trust is primarily comprised of long and short positions in Canadian and US dollar denominated debt securities. Significant risks that are relevant to the Fund are discussed below.

a) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as corporate and government debt. The Fund is exposed to the risk that the value of interest-bearing financial instruments held by Aston Hill MBB Trust will fluctuate due to changes in the prevailing levels of market interest rates.

The tables below summarize Aston Hill MBB Trust's exposure to interest rate risk by remaining term to maturity as at December 31, 2013 and 2012.

As at December 31, 2013	**Less Than 1 Year**	**1–3 Years**	**3–5 Years**	**> 5 Years**	**Total**
Short-term and fixed income investments	$ —	$ 763,993	$ 7,152,054	$ 15,190,821	$ 23,106,868
Fixed income investments sold short	—	—	—	(7,051,148)	(7,051,148)
Total	$ —	$ 763,993	$ 7,152,054	$ 8,139,673	$ 16,055,720
As a percentage of Net Assets	0.0%	4.0%	35.6%	40.7%	80.3%

As at December 31, 2012	Less Than 1 Year	1–3 Years	3–5 Years	> 5 Years	Total
Short-term and fixed income investments	$ 2,696,957	$ 1,460,413	$ 5,506,845	$ 21,321,851	$ 30,986,066
Fixed income investments sold short	—	—	—	(9,742,271)	(9,742,271)
Total	$ 2,696,957	$ 1,460,413	$ 5,506,845	$ 11,579,580	$ 21,243,795
As a percentage of Net Assets	10.3%	5.6%	21.0%	44.1%	81.0%

As at December 31, 2013, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, Net Assets of the Fund would have decreased by approximately $0.52 million or 2.6% of its Net Assets (2012 – $0.3 million or 1.1%). Similarly, had prevailing interest rates decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, Net Assets of the Fund would have increased by $0.55 million or 2.7% of its Net Assets (2012 – $0.3 million or 1.1%). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the portfolio and the impact on annual interest expense for the loans payable. In practice, the actual trading results may differ, and the difference could be material.

Notes to the Financial Statements (continued)

December 31, 2013 and 2012

b) Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The investment portfolio of Aston Hill MBB Trust, to which the Fund is exposed through the Forward Agreement, includes US dollar denominated debt securities and US dollar denominated cash. As at December 31, 2013, Aston Hill MBB Trust's exposure to US currency of US$17.7 million (2012 – US$17.4 million) was substantially hedged through its US dollar denominated, foreign currency forward contracts of US$17.0 million notional (2012 – US$15.0 million).

The following tables summarize Aston Hill MBB Trust's exposure to currency risk in Canadian dollar equivalents as at December 31, 2013 and 2012.

As at December 31, 2013

Currency (000s)	**Financial Instruments Exposure**	**Derivatives Exposure**	**Total Currency Exposure**	**% of Net Assets**
US dollar	$ 18,760	$ (17,750)	$ 1,010	5.0%
Total	**$ 18,760**	**$ (17,750)**	**$ 1,010**	**5.0%**

As at December 31, 2012

Currency (000s)	Financial Instruments Exposure	Derivatives Exposure	Total Currency Exposure	% of Net Assets
US dollar	$ 16,983	$ (15,031)	$ 1,952	7.4%
Total	$ 16,983	$ (15,031)	$ 1,952	7.4%

As at December 31, 2013, had the Canadian dollar strengthened or weakened by 10% in relation to the US dollars held in the Fund, with all other variables held constant, Net Assets of the Fund would have increased or decreased, respectively, by approximately $101,000 (2012 – $195,200). In practice, actual results may vary from this analysis, and the difference may be material.

c) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund is exposed to credit risk through the Forward Agreement for the full amount of the Forward Agreement. The Net Asset Value of Aston Hill MBB Trust underlying the Forward Agreement, as presented on the Statement of Investment Portfolio, and other assets represents the maximum credit risk exposure of the Forward Agreement as at December 31, 2013.

Other assets will be settled in the short term.

As at December 31, 2013, the Counterparty to the Forward Agreement, Scotiabank, had a credit rating of AAA from Standard & Poor's.

As at December 31, 2013 and 2012, the Fund had indirect exposure to debt securities through the Forward Agreement with the following credit ratings. Credit ratings are obtained from Standard & Poor's. DBRS or Moody's are used if there are no ratings from Standard & Poor's.

Debt Securities by Rating Category as a % of Net Assets	**2013**	2012
AAA	**0.5%**	10.9%
AA	**1.6%**	2.9%
A	**2.2%**	5.7%
BBB	**29.6%**	27.3%
BB	**5.1%**	12.4%
B	**57.4%**	51.8%
CCC	**17.5%**	6.7%
Unrated	**1.2%**	0.9%
Total	**115.1%**	118.6%

d) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Unitholder redemption requests are the main liquidity risk for the Fund.

The Fund is exposed to liquidity risk through its monthly and annual redemptions. This risk is mitigated by the pre-settlement option of the Forward Agreement. For the annual redemption, the Fund receives notice at least 20 business days prior to the Annual Redemption Date (note 4) and has up to the tenth business day in November to settle the redemptions, which gives the Manager time to sell securities in Aston Hill MBB Trust to pre-settle the Forward Agreement, although there may not be sufficient time to sell the securities at a reasonable price.

All of the Fund's financial liabilities at December 31, 2013 and 2012 had maturities of less than one year.

e) Other Price Risk

Other price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) caused by factors specific to a security, its issuer or all factors affecting a market or a market segment. Exposure to other price risk comes from investments in securities and commodities.

As at December 31, 2013 and 2012, none of the Fund's Net Assets were invested in those asset types.

11. FAIR VALUE DISCLOSURES

The Fund's assets and liabilities recorded at fair value have been categorized in accordance with the CPA Canada Handbook Section 3862, Financial Instruments – Disclosure.

Section 3862 requires the Fund to classify its investments and derivative assets and liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Short-term notes included in cash and short-term investments are classified as level 2.

Assets at fair value as at December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Forward Agreement	$ —	$ 20,082,568	$ —	$ 20,082,568
Total	**$ —**	**$ 20,082,568**	**$ —**	**$ 20,082,568**

Assets at fair value as at December 31, 2012	Level 1	Level 2	Level 3	Total
Forward Agreement	$ —	$ 26,238,463	$ —	$ 26,238,463
Total	$ —	$ 26,238,463	$ —	$ 26,238,463

There were no transfers of financial assets between level 1 and level 2 during the years ended December 31, 2013 and 2012.

12. INCOME TAXES

The Fund had accumulated non-capital losses of $173,854 as at December 31, 2013 (2012 – $173,854) that will expire as follows.

	2013	2012
2029	**$ 105,468**	$ 105,468
2032	**68,384**	68,384

13. COMPARATIVE FIGURES

Certain prior year numbers have been reclassified to conform to the current year's presentation.

Corporate Information

Independent Review Committee

John Crow
Chairman

C. Scott Browning

Robert Falconer

Joseph H. Wright

Directors and Senior Officers of the Manager

Eric Tremblay
Director and Chief Executive Officer

Ben Cheng[1]
Co-Chief Investment Officer

Michael J. Killeen
Director and President

Larry W. Titley
Director and Chief Financial Officer

Portfolio Management

Jeffrey Burchell
Co-Chief Investment Officer and Portfolio Manager

Andrew Hamlin
Vice President and Portfolio Manager

Joanne Hruska
Vice President and Portfolio Manager

Vivian Lo
Vice President and Portfolio Manager

Steve Vannatta
Portfolio Manager

Barry Morrison
Portfolio Manager

Manager

Aston Hill Asset Management Inc.

Transfer Agent and Trustee

Equity Finance

Custodian

RBC Investor Services Trust

Auditors

PricewaterhouseCoopers LLP

Website

www.astonhill.ca

(1) Mr. Cheng acts as a portfolio manager exclusively to investment funds managed by IA Clarington Investments Inc., and to two other investment funds, not including the fund in this document. See www.astonhill.ca for details.

AstonHill ASSET MANAGEMENT

Mailing Address
77 King Street West
Suite 2110, PO Box 92
Toronto-Dominion Centre
Toronto, ON M5K 1G8

General Inquiries: 1-800-513-3868
Website: www.astonhill.ca