Aston Hill Advantage VIP Income Fund

Management Responsibility Statement

The accompanying financial statements of Aston Hill Advantage VIP Income 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 VIP Income 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 deficit, 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 (note 7)	**$ 122,810,174**	$ 129,155,885
Cash	**117,801**	403,156
Total assets	**122,927,975**	129,559,041
Liabilities		
Management fees payable	**74,943**	76,738
Accounts payable and accrued liabilities	**292,308**	279,876
Distributions payable to unitholders	**526,155**	609,762
Redemptions payable to unitholders	**—**	39,547
Total liabilities	**893,406**	1,005,923
Unitholders' equity		
Unitholders' capital (note 4)	**77,500,000**	103,777,099
Contributed surplus (note 4)	**56,164,637**	54,852,796
Deficit	**(11,630,068)**	(30,076,777)
Net Assets representing unitholders' equity	**$ 122,034,569**	$ 128,553,118
Units outstanding (note 4)	**11,076,938**	12,837,103
Net Assets per unit (note 3)	**$ 11.02**	$ 10.01

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 Deficit

For the years ended December 31		**2013**		2012
Expenses				
Management fees (note 9)	**$**	**908,332**	$	938,951
Service fees (note 9)		**500,394**		522,810
Forward Agreement fees		**322,770**		330,387
Audit fees		**54,052**		33,050
Independent review committee fees		**7,200**		6,566
Trustee fees		**13,022**		12,610
Custodial fees		**24,937**		22,140
Legal fees		**5,845**		13,515
Unitholder reporting costs		**73,579**		80,675
Interest expense		**1,921**		51
Administration fees		**95,668**		82,080
		2,007,720		2,042,835
Net investment loss		**(2,007,720)**		(2,042,835)
Net realized gain on partial settlements of Forward Agreement (note 10)		**9,310,548**		6,019,674
Net change in unrealized gain on Forward Agreement		**11,189,287**		9,988,988
Transaction costs		**(45,406)**		(43,447)
Increase in Net Assets from operations		**18,446,709**		13,922,380
Deficit, beginning of year		**(30,076,777)**		(43,999,157)
Deficit, end of year	**$**	**(11,630,068)**	$	(30,076,777)
Increase in Net Assets from operations per unit[(1)]	**$**	**1.51**	$	1.03

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

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

Statements of Changes in Net Assets

For the years ended December 31	**2013**	2012
Net Assets, beginning of year	**$ 128,553,118**	$ 135,656,580
Operations:		
Increase in Net Assets from operations	**18,446,709**	13,922,380
Unitholder distributions: (note 8)		
Return of capital	**(6,883,566)**	(10,405,090)
	(6,883,566)	(10,405,090)
Unitholder transactions: (note 4)		
Redemption of units	**(17,054,496)**	(8,110,933)
Repurchase of units	**(1,027,196)**	(2,509,879)
Warrant cost adjustment (note 5)	**—**	60
Total unitholder transactions	**(18,081,692)**	(10,620,752)
Net decrease in Net Assets	**(6,518,549)**	(7,103,462)
Net Assets, end of year	**$ 122,034,569**	$ 128,553,118

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 AVIP Trust			
Par Value ($)	**Fixed income investments**			
	Convertible bonds			
1,300,000	Delavaco Properties Inc., Convertible Debenture, *7.500%, due December 20, 2014*[1]	$ 1,285,245	$ 1,381,245	
2,300,000	Essar Energy Investment Ltd., *4.250%, due February 1, 2016*[1]	1,720,135	1,808,368	
1,291,000	Tricon Capital Group Inc., *5.600%, due March 31, 2020*	1,291,000	1,349,095	
	Total Convertible bonds	**4,296,380**	**4,538,708**	**3.7%**
	High-yield bonds			
2,045,000	ACE Cash Express Inc., *11.000%, due February 1, 2019*	1,921,885	1,743,675	
1,700,000	Air Canada, *8.750%, due April 1, 2020*	1,753,290	1,919,133	
1,046,000	Algeco Scotsman Global Finance Plc, *10.750%, due October 15, 2019*	1,020,629	1,172,496	
1,800,000	American Apparel Inc., *13.000%, due April 15, 2020*[1]	1,793,880	1,773,837	
1,700,000	Century Aluminum Co., *7.500%, due June 1, 2021*[1]	1,644,194	1,761,087	
2,460,000	Crescent Resources, *10.250%, due August 15, 2017*	2,546,835	2,842,442	
1,200,000	Eletson Holdings, *9.625%, due January 15, 2022*	1,258,726	1,306,870	
1,700,000	Gibson Brands Inc., *8.875%, due August 1, 2018*	1,795,738	1,905,587	
1,500,000	Golden Nugget Escrow Inc., *8.500%, due December 1, 2021*	1,562,175	1,609,681	
1,700,000	Hockey Merger Sub 2 Inc., *7.875%, due October 1, 2021*	1,770,446	1,855,915	
2,000,000	Landrys Holdings II Inc., *10.250% January 1, 2018*	1,969,506	2,255,148	
1,500,000	Neiman Marcus Group LTD Inc., *8.750%, due October 15, 2021*	1,542,829	1,669,447	
1,200,000	NGL Energy Partners LP, *6.875%, due October 15, 2021*	1,245,989	1,306,870	
2,000,000	Shelf Drilling Holdings Ltd., *8.625%, due November 1, 2018*	2,014,673	2,294,991	
1,922,000	Vector Group Ltd., *7.750%, due February 15, 2021*	1,920,847	2,159,539	
1,600,000	Wok Acquisition Corp., *10.250%, due June 30, 2020*	1,695,232	1,846,618	
	Total High-yield bonds	**27,456,874**	**29,423,336**	**24.3%**
	Total Fixed income investments	**31,753,254**	**33,962,044**	**28.0%**
No. of Shares	**Equities**			
	Financials			
24,080	Bank of Nova Scotia	1,329,105	1,598,912	
47,586	Bankunited Inc.	1,301,219	1,663,927	
24,250	CIT Group Inc.	1,041,762	1,343,415	
68,000	Element Financial Corp Preferred Ser A	1,700,000	1,706,120	
78,000	Gluskin Sheff + Associates Inc.	1,482,000	2,003,040	
51,265	Great-West Lifeco Inc.	1,090,698	1,678,416	
33,615	IGM Financial Inc.	1,440,627	1,885,465	
19,360	Macerich Co.	1,234,841	1,210,951	
80,070	Manulife Financial Corp.	1,447,949	1,677,467	
21,847	Royal Bank of Canada	1,151,161	1,559,876	
252,400	Tricon Capital Group Inc.	1,497,994	1,946,004	
	Total Financials	**14,717,356**	**18,273,593**	**15.2%**

(1) Level 3 financial assets of Aston Hill AVIP 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
No. of Shares	**Equities** (continued)			
	Energy			
30,375	Altagas Ltd.	$ 1,040,906	$ 1,238,389	
209,369	Argent Energy Trust*	1,801,985	1,626,797	
113,900	Cardinal Energy Ltd.	1,242,843	1,315,545	
47,870	Crescent Point Energy Corp.	1,972,615	1,973,680	
32,000	Enbridge Inc.	1,422,706	1,484,480	
178,808	ES Investments Ltd.(1)	286,093	286,093	
42,909	Gibson Energy Inc.	961,304	1,175,707	
65,816	Inception Exploration Ltd.(1)	263,264	263,264	
45,530	Pembina Pipeline Inc.	1,427,147	1,703,733	
130,000	Precision Drilling Corp.	1,206,400	1,290,900	
46,747	Suncor Energy Inc.	1,531,393	1,739,923	
29,000	Tourmaline Oil Corp.	1,148,290	1,296,300	
40,092	Trilogy Energy Corp.	1,146,878	1,106,539	
	Total Energy	**15,451,824**	**16,501,350**	**13.6%**
	Consumer discretionary			
41,620	Autocanada Inc.	1,040,500	1,906,612	
89,910	Bauer Performance Sports Ltd.	1,061,535	1,270,428	
22,080	Dollar General Corp.	1,255,054	1,414,633	
29,220	Dorel Industries Inc.	970,522	1,182,241	
45,183	Thomson Reuters	1,295,314	1,815,001	
	Total Consumer discretionary	**5,622,925**	**7,588,915**	**6.3%**
	Consumer staples			
21,424	Alimentation Couche-Tard Cl B	1,063,072	1,710,706	
14,703	George Weston Limited	997,469	1,138,159	
11,600	Kraft Foods Group Inc.	578,044	664,438	
10,320	Procter & Gamble Co.	673,532	892,548	
	Total Consumer staples	**3,312,117**	**4,405,851**	**3.6%**
	Industrials			
38,900	Boyd Group Income Fund	1,075,736	1,287,201	
29,308	Canadian National Railway Co.	1,005,179	1,774,306	
260,000	CERF Inc.	702,000	759,200	
260,000	CERF Inc., Warrants, *January 25, 2015*(1)	—	—	
79,420	Fly Leasing Ltd.	1,186,498	1,356,886	
161,350	Horizon North Logistics Inc.	1,157,445	1,602,206	
21,946	MacDonald Dettwiler & Associates Ltd.	1,291,056	1,801,767	
	Total Industrials	**6,417,914**	**8,581,566**	**7.1%**
	Information technology			
706,987	Cenoplex Inc.(1)	887,232	901,405	
52,200	Davis + Henderson Corp.	1,166,489	1,553,994	
15,000	Ethoca Solutions Inc.(1)	963,269	972,184	
89,994	Information Services Corp.	1,478,731	1,552,397	
	Total Information technology	**4,495,721**	**4,979,980**	**4.1%**

(1) Level 3 financial assets of Aston Hill AVIP Trust.

* Eric Tremblay, Chairman and Director of Aston Hill Financial Inc., the parent company of the Manager, is also a Director and the Executive Chairman of Argent Energy 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
No. of Shares	**Equities** (continued)			
	Materials			
311,100	Canexus Corp.	$ 2,453,225	$ 2,227,478	
481,600	East Africa Metals Inc.	121,604	60,200	
6,890	PPG Industries Inc.	872,459	1,388,425	
965,000	Western Forest Products Inc.	1,399,160	1,843,150	
965,000	Western Forest Products Inc., Warrants, *July 31, 2014*	90	308,800	
	Total Materials	**4,846,538**	**5,828,053**	**4.8%**
	Real estate			
34,360	Allied Properties Real Estate Investment Trust	1,134,590	1,124,603	
113,932	Chartwell Retirement Residences	1,090,351	1,138,181	
70,150	Cominar Real Estate Investment Trust	1,461,338	1,290,760	
136,700	Crombie Real Estate Investment Trust	1,770,437	1,850,918	
134,300	Dundee Industrial Real Estate Investment Trust	1,259,565	1,185,869	
174,800	Dundee International Real Estate Investment Trust	1,579,317	1,468,320	
63,180	H&R Real Estate Investment Trust	1,422,216	1,350,788	
165,360	InterRent Real Estate Investment Trust	1,051,131	884,676	
362,200	Pure Industrial Real Estate Trust	1,720,126	1,716,828	
46,030	RioCan Real Estate Investment Trust	1,190,597	1,139,243	
58,000	Slate US Opportunity No 3 Realty Trust Class I Units[1]	602,360	616,248	
103,700	WPT Industrial Real Estate Investment Trust	1,053,281	951,962	
	Total Real estate	**15,335,309**	**14,718,396**	**12.2%**
	Telecommunication services			
25,976	BCE Inc.	829,590	1,193,857	
7,500	Iridium, *7% Series PFD*[1]	737,398	810,817	
41,762	Telus Communication	1,327,743	1,526,819	
	Total Telecommunication services	**2,894,731**	**3,531,493**	**2.9%**
	Utilities			
182,110	Algonquin Power & Utilities Co.	1,297,142	1,334,866	
42,700	Pattern Energy Group Inc.	1,003,610	1,374,668	
	Total Utilities	**2,300,752**	**2,709,534**	**2.2%**
	Total Equities	**75,395,187**	**87,118,731**	**72.0%**
	Embedded Broker Commission	(82,418)	—	
	Total Investments in Aston Hill AVIP Trust	**$ 107,066,023**	**$ 121,080,775**	**100.0%**
	Cash and short-term investments of Aston Hill AVIP Trust		1,184,687	
	Other Net Assets of Aston Hill AVIP Trust		544,712	
	Net Assets of Aston Hill AVIP Trust		122,810,174	
	Less: Prepayment under Forward Agreement		(72,984,011)	
	Unrealized gain on Forward Agreement		$ 49,826,163	

(1) Level 3 financial assets of Aston Hill AVIP Trust.

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 VIP Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on January 27, 2006, pursuant to an amended and restated declaration of trust. Computershare Trust Company of Canada is the Trustee and Aston Hill Asset Management Inc. ("AHAM") (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 February 15, 2006.

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

The Fund's investment objectives are to provide unitholders with high, monthly, tax-advantaged cash distributions and low management fees, together with the opportunity for capital appreciation, based on the performance of the portfolio of Aston Hill AVIP Trust. Aston Hill AVIP Trust's investments are comprised of income-producing securities, including dividend-paying common shares, income trusts, convertible debt, preferred shares, and investment grade and high-yield 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 are deemed held for trading in accordance with the CPA Canada Handbook Section 3855. The Fund's investments are valued at fair value. Investments that are publicly traded are valued at their bid price on the valuation date. Investments with no available bid price are valued at their closing price. 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. Short-term investments and bonds are valued at the average bid quotations from recognized investment dealers. The cost of investments is based on their average cost.

b) 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 (paid out) on the Forward Agreement as at the valuation date is recognized as the fair value of the Forward Agreement on the Statements of Net Assets. All unrealized gains (losses) arising from the Forward Agreement are recorded as part of the net change in unrealized gain (loss) on the Forward Agreement in the Statements of Operations and Deficit.

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

c) Cash

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

d) 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.

e) 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 Deficit.

f) 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.

g) 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.

h) Other Assets and Liabilities

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

Notes to the Financial Statements (continued)

December 31, 2013 and 2012

i) Warrants

Warrants are accounted for as equity in the financial statements. Upon issuance, a deemed distribution is recorded as a charge to retained earnings based on the fair value of the warrants on the date of issuance. The fair value of warrants, net of the related warrant issue costs, is categorized as a separate component of unitholders' equity and reclassified to unitholders' capital as the warrants are exercised. Any portion of the warrant capital related to warrants that expire is transferred to contributed surplus upon the expiry of the related warrants.

While the warrants are outstanding, diluted Net Assets per unit is calculated when the closing price of the Fund's units on a valuation date is greater than the subscription price. To calculate diluted Net Assets per unit, Net Assets are increased by the net proceeds received from the exercise of all warrants, and units are increased by the number of units issued from the exercise of all warrants.

j) 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.

k) 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 Standard ("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 International Accounting Standard 32, Financial Instruments: Presentation. The impact of this standard is on classification and disclosure only and does not impact Net Assets per unit.

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

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**		2012	
	Total	**Per Unit**	Total	Per Unit
Net Asset Value	**$ 122,259,635**	**$ 11.04**	$ 128,863,717	$ 10.04
Section 3855 adjustment[(1)]	**(225,066)**	**(0.02)**	(310,599)	(0.03)
Net Assets	**$ 122,034,569**	**$ 11.02**	$ 128,553,118	$ 10.01

(1) The Section 3855 adjustment relates to the valuation of an investment at bid price for Net Assets and at closing price for Net Asset Value.

4. UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be redeemed at the option of unitholders by tendering units of the Fund by the last business day of July for redemption on the second last business day of August ("Redemption Valuation Date"). Redemption of tendered units will be settled based on the Net Asset Value per unit on the Redemption Valuation Date, less associated costs of the redemption, including brokerage costs. Units tendered for redemption will be redeemed effective on the Redemption Valuation Date and will be settled on or before the tenth business day in September.

Units may also be redeemed at the option of unitholders on the second last business day of the month, except for the month of August. Unitholders whose units are redeemed will receive a redemption price per unit equal to the lesser of (i) 94% of the weighted average trading price of the units for the 10 trading days immediately preceding the Redemption Valuation Date and (ii) 100% of the closing market price of the units.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from April 14, 2012 to April 13, 2013. Pursuant to the issuer bid, the Fund could purchase up to 1,382,948 of its units for cancellation when the Net Asset Value per unit exceeded its trading price. The Fund renewed the issuer bid program for the period from April 14, 2013 to April 13, 2014, which allows the Fund to purchase up to 1,279,821 units for cancellation. The Fund may repurchase units when the Net Asset Value per unit exceeds its trading price.

Issued

	2013		2012	
	Number of Units	**Amount**	Number of Units	Amount
Units, beginning of year	**12,837,103**	**$ 103,777,099**	13,915,315	$ 126,061,890
Redemption of units	**(1,659,565)**	**(18,285,120)**	(818,012)	(9,012,873)
Repurchase of units under normal course issuer bid	**(100,600)**	**(1,108,413)**	(260,200)	(2,866,888)
Return of capital	**—**	**(6,883,566)**	—	(10,405,090)
Warrant cost adjustment (note 5)	**—**	**—**	—	60
Units, end of year	**11,076,938**	**$ 77,500,000**	12,837,103	$ 103,777,099

Pursuant to the annual redemption option, on August 31, 2013, 1,657,277 (2012 – 812,491) units were redeemed at the price of $10.28 (2012 – $9.92) per unit.

Pursuant to the monthly redemption option, during the year ended December 31, 2013, 2,288 (2012 – 5,521) units were redeemed at an average price of $9.61 (2012 – $9.18) per unit during the year.

As at December 31, 2013, the Fund had accumulated contributed surplus of $56,164,637 (2012 – $54,852,796) since inception. 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 units outstanding for the year ended December 31, 2013 was 12,207,715 (2012 – 13,495,681).

5. WARRANTS

The Fund issued 5,100,000 warrants to unitholders of record on February 22, 2011. Unitholders received warrants on the basis of one-third of one warrant for each unit held. A whole warrant entitled the holder to subscribe for one unit of the Fund at a subscription price of $10.57. Warrants not exercised prior to May 6, 2011 were void and of no value. Upon the exercise of a warrant, the Fund paid a fee equal to $0.16 per warrant to the dealer whose client was exercising the warrant. Pursuant to the warrant offering, the Fund issued 17,524 units for net proceeds of $182,425. Based on the closing price of the first trading day, the fair value of each warrant on the date of issuance was $0.03 per warrant. Costs associated with the issuance of these warrants amounted to $143,699, and 5,082,476 warrants expired on May 6, 2011.

As at December 31, 2011, there were accrued costs of $60 relating to the previous issuance of warrants. As at December 31, 2012, these costs were no longer considered payable, resulting in an adjustment to issuance costs.

6. 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 includes 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.

Notes to the Financial Statements (continued)

December 31, 2013 and 2012

7. 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 AVIP 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 AVIP 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 AVIP 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 AVIP Trust, calculated and payable monthly in arrears.

8. 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 $0.57 (2012 – $0.77) per unit, which amounted to $6,883,566 (2012 – $10,405,090).

9. MANAGEMENT AND SERVICE FEES

Pursuant to management agreements, the Fund, together with Aston Hill AVIP Trust, pays a management fee equal to 0.90% per annum of the Net Asset Value of the Fund, plus applicable taxes. The portion of the fees paid by the Fund is equal to 0.65% per annum.

The Manager is responsible for paying the fees to AHAM, the Portfolio Manager of Aston Hill AVIP Trust. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the Net Asset Value of the Fund. The service fee is in turn paid by the Manager to investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

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.

10. INVESTMENT TRANSACTIONS

Investment transactions related to the pre-settlements of the Forward Agreement for the year ended December 31 were as follows:

	2013	2012
Proceeds from settlement of Forward Agreement	**$ 26,521,864**	$ 23,570,423
Less cost of investment portfolio sold:		
Prepayment of Forward Agreement during the year	**17,211,316**	17,550,749
Net realized gain on partial settlements of Forward Agreement	**$ 9,310,548**	$ 6,019,674

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

11. 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 portfolio held by Aston Hill AVIP Trust. The Statement of Investment Portfolio presents the securities held by Aston Hill AVIP 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 AVIP Trust as at December 31, 2012.

		As at December 31, 2012	
Investment Sector	Equities	Fixed Income Investments	Total
Consumer discretionary	9.5%	10.9%	20.4%
Financials	13.8%	4.7%	18.5%
Energy	12.1%	4.5%	16.6%
Industrials	6.2%	7.6%	13.8%
Real estate	7.4%	1.1%	8.5%
Consumer staples	4.7%	3.7%	8.4%
Telecommunication services	7.1%	—	7.1%
Information technology	4.2%	—	4.2%
Materials	0.7%	1.8%	2.5%
Total	65.7%	34.3%	100.0%

The Fund invests in a forward agreement whose value is based on the performance of Aston Hill AVIP Trust. The Manager attempts to minimize the potential adverse effects of these risks on the Fund's performance by diversifying the investment portfolio 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 Aston Hill AVIP Trust's investment activities and monitors compliance with the Aston Hill AVIP Trust's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio of Aston Hill AVIP Trust is primarily comprised of Canadian and US equities and Canadian and US dollar denominated debt securities. It is the Manager's intention to hedge substantially all of the US dollar foreign exchange exposure in Aston Hill AVIP Trust through its US dollar denominated loans of foreign currency forward contracts.

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 debt. The Fund is exposed to the risk that the value of interest-bearing financial instruments held by Aston Hill AVIP Trust will fluctuate due to changes in the prevailing levels of market interest rates.

The Fund is also exposed to interest rate risk on variable interest rate loans in Aston Hill AVIP Trust. Fluctuations in interest rates have a direct impact on the interest payments Aston Hill AVIP Trust makes on its loans.

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

As at December 31, 2013	**Less Than 1 Year**	**1–3 Years**	**3–5 Years**	**> 5 Years**	**Total**
Short-term and fixed income investments	**$ 1,580,891**	**$ 1,808,368**	**$ 9,298,168**	**$ 21,474,263**	**$ 34,161,690**
As a percentage of Net Assets	**1.3%**	**1.5%**	**7.6%**	**17.5%**	**27.9%**

As at December 31, 2012	Less Than 1 Year	1–3 Years	3–5 Years	> 5 Years	Total
Short-term and fixed income investments	$ 2,996,619	$ 1,294,408	$ 13,950,193	$ 25,757,167	$ 43,998,387
As a percentage of Net Assets	2.3%	1.0%	10.8%	19.9%	34.0%

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 $1.3 million or 1.1% (2012 – $1.3 million or 1.0%). 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 $1.4 million or 1.2% (2012 – $1.3 million or 1.0%) of Net Asset Value. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the portfolio. 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 AVIP Trust, to which the Fund is exposed through the Forward Agreement, is comprised of Canadian and US equities, Canadian and US dollar denominated debt securities and Canadian and US cash. As at December 31, 2013, Aston Hill AVIP Trust's exposure to US dollar foreign exchange of US$46.7 million (2012 – US$42.2 million) was substantially hedged through its foreign currency forward contracts of US$42.3 million notional (2012 – US$34.1 million).

The following tables summarize Aston Hill AVIP 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	$	49,611	$	(43,402)	$	6,209	5.1%
Total	**$**	**49,611**	**$**	**(43,402)**	**$**	**6,209**	**5.1%**

As at December 31, 2012

Currency (000s)		Financial Instruments Exposure		Derivatives Exposure		Total Currency Exposure	% of Net Assets
US dollar	$	42,222	$	(34,167)	$	8,055	6.2%
Total	$	42,222	$	(34,167)	$	8,055	6.2%

As at December 31, 2013, had the Canadian dollar strengthened or weakened by 10% in relation to the US dollar held in the Fund or held in the Trust, with all other variables held constant, Net Assets of the Fund would have increased or decreased, respectively, by approximately $620,900 (2012 – $805,500). In practice, actual results may vary from this analysis, and the difference may be material.

c) Other Price Risk

Other price risk is the risk that the 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), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund is exposed to other price risk through the Forward Agreement. The maximum risk of loss resulting from the Forward Agreement is equivalent to its fair value.

As at December 31, 2013, had the prices on the respective stock exchanges for the securities of Aston Hill AVIP Trust increased or decreased by 10%, with all other variables held constant, Net Assets would have increased or decreased, respectively, by approximately $8.7 million or 7.1% of Net Assets (2012 – approximately $7.9 million or 6.1% of Net Assets). Actual trading results may differ, and the difference could be material.

d) 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 the Counterparty in the full amount of the Forward Agreement. The Fund is also exposed to credit risk through the Forward Agreement. The carrying amount of the Net Assets of Aston Hill AVIP Trust underlying the Forward Agreement, as presented on the Statement of Investment Portfolio, and other assets represents the maximum credit risk exposure 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, Royal Bank of Canada, had a credit rating of AAA from Standard & Poor's.

As at December 31, 2013, the Fund had 28.2% (2012 – 34.4%) exposure to debt securities through the Forward Agreement, with the following credit ratings. Credit ratings represent the best ratings of Standard & Poor's, Moody's and Fitch Ratings.

Debt Securities by Rating Category as a % of Net Assets	**2013**	2012
AAA	**0.2%**	2.3%
Below BBB-	**29.7%**	31.9%
Total	**29.9%**	34.2%

As at December 31, 2013, securities rated AAA were comprised of short-term investments.

e) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund is exposed to liquidity risk through its monthly and annual redemptions. For the annual redemption, the Fund receives notice at least 20 business days prior to the Redemption Valuation Date and has up to the tenth business day in September to settle the redemptions, which gives the Manager time to settle the Forward Agreement, in whole or in part.

The Fund manages liquidity risk by being able to partially settle the Forward Agreement.

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

12. 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 and bank indebtedness are classified as level 2.

Assets at fair value as at December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Forward Agreement	$ —	$ 122,810,174	$ —	$ 122,810,174
Total	**$ —**	**$ 122,810,174**	**$ —**	**$ 122,810,174**

Assets at fair value as at December 31, 2012	Level 1	Level 2	Level 3	Total
Forward Agreement	$ —	$ 129,155,885	$ —	$ 129,155,885
Total	$ —	$ 129,155,885	$ —	$ 129,155,885

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

13. INCOME TAXES

The Fund had accumulated non-capital losses for tax purposes as at December 31, 2013 of $3,402,798 (2012 – $3,550,603) that will expire as follows.

	2013	2012
2029	**$ 2,621,472**	$ 2,769,277
2030	**781,326**	781,326

The Fund had accumulated capital losses as at December 31, 2013 of $20,942,512 (2012 – $20,942,512). The capital losses can be carried forward for an indefinite period.

14. COMPARATIVE FIGURES

Certain prior period 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

Computershare Trust Company of Canada

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