

Audited Financial Statements of

ASTON HILL OPPORTUNITIES FUND

(formerly Navina Opportunities Fund)

For the years ended December 31, 2012 and 2011



March 25, 2013

Independent Auditor's Report

To the Unitholders of Aston Hill Opportunities Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investment portfolio as at December 31, 2012, the statements of net assets as at December 31, 2012 and December 31, 2011 and the statements of operations, 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 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 each of 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, 2012 and December 31, 2011 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

Chartered Accountant

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ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

Statements of Net Assets

As at December 31

	2012	2011
Assets		
Investments, at fair value	\$ 3,058,386	\$ 2,921,457
Cash and short-term investments	2,432,709	2,655,042
Broker margin	457,026	-
Unrealized gain on forward currency contracts (note 5)	-	28,030
Amounts receivable for investments sold	23,356	13,162
Option premium (note 6)	-	1,173
Dividends and interest receivable	9,939	2,091
Total assets	5,981,416	5,620,955
Liabilities		
Investments sold short, at fair value	164,725	289,313
Unrealized loss on forward currency contracts (note 5)	1,666	-
Amounts payable for investments purchased	126,591	110,725
Management fees payable (note 7)	5,001	2,424
Performance fees payable (note 7)	1,346	-
Accounts payable and accrued liabilities	29,146	20,916
Dividends payable	150	-
Redemptions payable to unitholders	-	17
Distributions payable to unitholders	734,789	-
Total liabilities	1,063,414	423,395
Net Assets representing unitholders' equity	\$ 4,918,002	\$ 5,197,560
Net Assets per series		
Original Series	\$ -	\$ 5,197,560
Series A	\$ 154,508	-
Series F	\$ 465,282	-
Series Y	\$ 2,189,488	-
Series Z	\$ 2,108,724	-
Units outstanding per series (note 4)		
Original Series	-	34,749
Series A	5,589	-
Series F	15,825	-
Series Y	74,171	-
Series Z	76,181	-
Net Assets per unit (note 3)		
Original Series	\$ -	\$ 149.57
Series A	\$ 27.65	-
Series F	\$ 29.40	-
Series Y	\$ 29.52	-
Series Z	\$ 27.68	-

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



Michael J. Killeen
Director



Larry W. Titley
Director

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

Statements of Operations

For the years ended December 31

	2012	2011
Income		
Dividends	\$ 38,263	\$ 14,008
Interest income	22,166	18,771
	60,429	32,779
Expenses		
Management fees (note 7)	62,801	31,493
Performance fees (note 7)	1,346	-
Audit fees	22,764	15,000
Dividends paid on investments sold short	6,503	3,887
Securities borrowing fees	3,236	-
Custody fees	5,603	-
Legal fees	38,855	-
Unitholder reporting costs	10,840	-
Independent review committee fees	737	-
Administration fees	41,393	5,598
Interest and borrowing fees	156	1,812
	194,234	57,790
Net investment loss	(133,805)	(25,011)
Net realized and unrealized gain on investments		
Net realized gain on investments	681,440	1,240,481
Net realized (loss) on foreign exchange	(16,957)	(17,938)
Net realized gain on forward currency contracts	93,449	-
Change in unrealized appreciation (depreciation) on investments	68,062	(448,257)
Change in unrealized (depreciation) appreciation on forward currency contracts	(29,696)	28,030
Change in unrealized appreciation on foreign exchange	10	469
Transaction costs	(24,504)	(1,489)
Net realized and unrealized gain on investments	771,804	801,296
Increase in Net Assets from operations	\$ 637,999	\$ 776,285
Increase in Net Assets from operations per series		
Original Series	\$ 440,438	\$ 776,285
Series A	\$ 2,628	-
Series F	\$ 8,792	-
Series Y	\$ 103,655	-
Series Z	\$ 82,486	-
Increase in Net Assets from operations per unit ⁽¹⁾		
Original Series	\$ 13.19	\$ 20.82
Series A	\$ 0.99	-
Series F	\$ 0.97	-
Series Y	\$ 1.32	-
Series Z	\$ 1.06	-

⁽¹⁾ Based on the weighted average number of units outstanding for the year.

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

Statements of Changes in Net Assets

Original Series

For the period from January 1 to May 15, 2012 and year ended December 31, 2011	2012	2011
Net Assets, beginning of year	\$ 5,197,560	\$ 5,074,076
Operations:		
Increase in Net Assets from operations	440,438	776,285
Capital unit transactions (note 1 & 4):		
Proceeds from issuance of Fund units	4,191	-
Redemptions	(529,335)	(652,801)
Re-designated as Series Y and Series Z units	(5,112,854)	-
	(5,637,998)	(652,801)
Net (decrease) increase in Net Assets	(5,197,560)	123,484
Net Assets, end of year	\$ -	\$ 5,197,560

Series A

For the period from July 31, 2012 (commencement of operations) to December 31, 2012	2012
Net Assets, beginning of period	\$ -
Operations:	
Increase in Net Assets from operations	2,628
Capital unit transactions (note 1 & 4):	
Proceeds from issuance of Fund units	175,000
	175,000
Distributions to unitholders:	
From capital gains	(23,120)
	(23,120)
Net increase in Net Assets	154,508
Net Assets, end of period	\$ 154,508

Series F

For the period from August 31, 2012 (commencement of operations) to December 31, 2012	2012
Net Assets, beginning of period	\$ -
Operations:	
Increase in Net Assets from operations	8,792
Capital unit transactions (note 1 & 4):	
Proceeds from issuance of Fund units	526,040
	526,040
Distributions to unitholders:	
From capital gains	(69,550)
	(69,550)
Net increase in Net Assets	465,282
Net Assets, end of period	\$ 465,282

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

Statements of Changes in Net Assets

Series Y

For the period from May 15, 2012 (commencement of operations) to December 31, 2012		2012
Net Assets, beginning of period	\$	-
Operations:		
Increase in Net Assets from operations		103,655
Capital unit transactions (note 1 & 4):		
Transferred from Class A of the Original shares		2,702,484
Reinvested Fund units		54
Redemptions		(289,774)
		<u>2,412,764</u>
Distributions to unitholders:		
From capital gains		(326,931)
		<u>(326,931)</u>
Net increase in Net Assets		2,189,488
Net Assets, end of period	\$	2,189,488

Series Z

For the period from May 15, 2012 (commencement of operations) to December 31, 2012		2012
Net Assets, beginning of period	\$	-
Operations:		
Increase in Net Assets from operations		82,486
Capital unit transactions (note 1 & 4):		
Transferred from Class F of the Original shares		2,410,370
Redemptions		(68,890)
		<u>2,341,480</u>
Distributions to unitholders:		
From capital gains		(315,242)
		<u>(315,242)</u>
Net increase in Net Assets		2,108,724
Net Assets, end of period	\$	2,108,724

Fund Total

For the years ended December 31		2012	2011
Net Assets, beginning of year	\$	5,197,560	\$ 5,074,076
Operations:			
Increase in Net Assets from operations		637,999	776,285
Capital unit transactions (note 1 & 4):			
Re-designated as Series Y and Series Z units		(5,112,854)	-
Transferred from Class A of the Original shares		2,702,484	-
Transferred from Class F of the Original shares		2,410,370	-
Proceeds from issuance of Fund units		705,231	-
Reinvested Fund units		54	-
Redemptions		(887,999)	(652,801)
		<u>(182,714)</u>	<u>(652,801)</u>
Distributions to unitholders:			
From capital gains		(734,843)	-
		<u>(734,843)</u>	-
Net (decrease) increase in Net Assets		(279,558)	123,484
Net Assets, end of year	\$	4,918,002	\$ 5,197,560

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2012

Face Value / No. of Shares		Coupon Rate	Maturity Date	Cost	Fair Value	% of Portfolio
Bonds						
Canada						
50,000	Golf Town Inc.	10.500%	July 24, 2018	50,000	50,537	
Total Canada				50,000	50,537	1.7%
Britain						
56,000	Algeco Scotsman Global Finance Plc	10.750%	October 15, 2019	54,205	54,923	
Total Britain				54,205	54,923	1.9%
Luxembourg						
20,000	Silver II Borrower	7.750%	December 15, 2020	19,716	20,611	
Total Luxembourg				19,716	20,611	0.7%
United States of America						
50,000	ACE Cash Express Inc.	11.000%	February 01, 2019	47,354	46,923	
5,000	Claire's Stores Inc.	9.000%	March 15, 2019	5,007	5,339	
50,000	Clean Harbors Inc.	5.125%	June 01, 2021	49,735	51,527	
33,000	H&E Equipment Services Inc.	7.000%	September 01, 2022	32,731	34,994	
50,000	Landry's Holdings II Inc.	10.250%	January 01, 2018	49,238	49,536	
38,000	Taylor Morrison Communities Inc.	7.750%	April 15, 2020	39,619	40,107	
30,000	U.S. Food Services Inc.	8.500%	June 30, 2019	30,334	30,468	
88,000	Wok Acquisition Corporation	10.250%	June 30, 2020	91,429	93,207	
Total United States of America				345,447	352,101	12.3%
Total Bonds				469,368	478,172	16.6%
Common Stocks						
Materials						
325	Air Products & Chemicals Inc.			26,728	27,192	
434	Airgas Inc.			38,616	39,449	
194	Compass Minerals International Inc.			14,956	14,443	
1,225	EI du Pont de Nemours & Company			61,450	54,863	
686	PPG Industries Inc.			66,410	92,444	
1,198	Schnitzer Steel Industries Inc.			36,212	36,179	
Total Materials				244,372	264,570	9.1%
Industrials						
Capital goods						
474	Boeing Co.			36,000	35,581	
186	Fastenal Co.			8,250	8,645	
1,716	Owens Corning			58,214	63,185	
1,001	Parker Hannifin Corporation			80,089	84,789	
1,128	Triumph Group Inc.			71,959	73,342	
1,311	United Technologies Corporation			102,113	107,052	
Total Capital goods				356,625	372,594	12.9%
Commercial services & supplies						
111	Equifax Inc.			5,106	5,981	
Total Commercial services & supplies				5,106	5,981	0.2%

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2012

No. of Shares		Cost	Fair Value	% of Portfolio
Transportation				
951	FedEx Corporation	86,938	86,869	
2,496	Hertz Global Holdings Inc.	39,263	40,386	
Total Transportation		126,201	127,255	4.4%
Total Industrial		487,932	505,830	17.5%
Consumer Discretionary				
Automobiles & Components				
1,864	Delphi Automotive PLC	59,164	70,973	
655	Drew Industries Inc.	21,017	21,033	
2,976	Ford Motor Co.	31,925	38,373	
1,886	Harley-Davidson Inc.	87,832	91,735	
Total Automobiles & Components		199,938	222,114	7.7%
Consumer Durables & Apparel				
2,808	Beazer Homes USA Inc.	41,252	47,251	
6,410	La-Z-Boy Inc.	96,256	90,375	
160	Stanley Black & Decker Inc.	11,087	11,784	
Total Consumer Durables & Apparel		148,595	149,410	5.2%
Consumer Services				
950	Cheesecake Factory Inc.	32,144	30,941	
2,406	H&R Block Inc.	44,113	44,463	
760	Ignite Restaurant Group Inc.	10,512	9,815	
808	Red Robin Gourmet Burgers Inc.	25,878	28,376	
2,064	Starbucks Corporation	104,775	110,236	
Total Consumer Services		217,422	223,831	7.7%
Media				
2,870	CBS Corporation	101,656	108,733	
459	Cineplex Inc.	13,373	14,596	
Total Media		115,029	123,329	4.3%
Retailing				
461	Bed Bath & Beyond Inc.	28,621	25,650	
804	Home Depot Inc.	49,699	49,514	
2,211	Macys Inc.	83,249	85,902	
4,220	Pier 1 Imports Inc.	81,295	83,953	
836	Target Corporation	51,527	49,245	
50	Tile Shop Holdings Inc.	742	835	
Total Retailing		295,133	295,099	10.1%
Total Consumer Discretionary		976,117	1,013,783	35.0%

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2012

No. of Shares		Cost	Fair Value	% of Portfolio
Consumer Staples				
Food & Staples Retailing				
1,971	Kraft Foods Group Inc.	87,602	89,197	
404	Susser Holdings Corporation	14,681	13,862	
Food & Staples Retailing		102,283	103,059	3.6%
Food Beverage & Tobacco				
353,217	Feronia Inc.	141,287	35,322	
1,500,000	Feronia Inc., Warrant	-	2	
347	General Mills Inc.	14,016	13,962	
Total Food Beverage & Tobacco		155,303	49,286	1.7%
Total Consumer Staples		257,586	152,345	5.3%
Healthcare				
Pharmaceuticals & Biotechnology				
839	Bruker Corporation	12,601	12,740	
1,536,000	ConjuChem Biotechnologies Inc.	161,280	154	
Total Pharmaceuticals & Biotechnology		173,881	12,894	0.4%
Healthcare Equipment				
1,354	HCA Holdings Inc.	41,258	40,688	
1,295	Zimmer Holdings Inc.	81,173	85,915	
Total Healthcare Equipment		122,431	126,603	4.4%
Total Healthcare		296,312	139,497	4.8%
Financials				
Banks				
1,806	Wells Fargo & Co.	61,593	61,518	
Total Banks		61,593	61,518	2.1%
Insurance				
1,957	Allstate Corporation	78,166	78,275	
1,897	Brown & Brown Inc.	50,243	48,071	
857	Travelers Cos Inc.	61,545	61,285	
Total Insurance		189,954	187,631	6.5%
Real Estate				
5,000	Regal Lifestyle Communities Inc.	50,000	45,900	
4,763	Rouse Properties Inc.	67,443	80,148	
Total Real Estate		117,443	126,048	4.4%
Total Financials		368,990	375,197	13.0%

ASTON HILL OPPORTUNITIES FUND (formerly Navina Opportunities Fund)

STATEMENT OF INVESTMENT PORTFOLIO (continued)

As at December 31, 2012

No. of Shares		Cost	Fair Value	% of Portfolio
	Information Technology			
	Software & Services			
2,079	Microsoft Corporation	62,669	55,312	
768	Oracle Corporation	25,639	25,480	
	Total Software & Services	88,308	80,792	2.8%
	Total Information Technology	88,308	80,792	2.8%
	Telecommunication Services			
1,119	Verizon Communications Inc.	49,074	48,200	
	Total Telecommunication Services	49,074	48,200	1.7%
	Total Long Common Stocks	2,768,691	2,580,214	89.2%
	Common Stocks			
	Energy			
(676)	United States Oil Fund LP	(21,853)	(22,468)	
	Total Energy	(21,853)	(22,468)	-0.8%
	Materials			
(1,960)	RPM International Inc.	(51,188)	(57,337)	
	Total Materials	(51,188)	(57,337)	-2.0%
	Industrial			
	Capital Goods			
(285)	AMETEK Inc.	(9,752)	(10,668)	
(280)	IDEX Corporation	(11,260)	(12,978)	
	Total Capital Goods	(21,012)	(23,646)	-0.8%
	Total Industrials	(21,012)	(23,646)	-0.8%
	Consumer Discretionary			
	Consumer Durables & Apparel			
(790)	Mattel Inc.	(28,816)	(28,805)	
(194)	Polaris Industries Inc.	(16,336)	(16,253)	
	Total Consumer Services	(45,152)	(45,058)	-1.6%
	Retailing			
(261)	SPDR S&P Retail ETF	(16,371)	(16,216)	
	Total Retailing	(16,371)	(16,216)	-0.6%
	Total Consumer Discretionary	(61,523)	(61,274)	-2.2%
	Total Short Common Stocks	(155,576)	(164,725)	-5.8%
	Transaction Costs	(1,092)		
	Total	3,081,391	2,893,661	100.0%

ASTON HILL OPPORTUNITIES FUND

(formerly Navina Opportunities Fund)

Notes to the Financial Statements

Years ended December 31, 2012 and 2011

1. THE FUND

Aston Hill Opportunities Fund (formerly Navina Opportunities Fund) (the “Fund”) is an investment trust which was initially established on July 29, 2005 and currently exists under the laws of the Province of Ontario pursuant to an amended and restated master declaration of trust dated as of April 19, 2012 (the “Declaration of Trust”). Aston Hill Asset Management Inc. is the trustee (in such capacity, the “Trustee”) and the manager (in such capacity, the “Manager”) of the Fund.

The Fund has one class of units, issuable in series. The Fund currently offers Series A Units and Series F Units (together, the “Units”) for sale to investors. Although the Fund is a “mutual fund” as defined in applicable securities legislation, it is not required to (and does not) operate in accordance with the requirements of National Instrument 81-102 – Mutual Funds and other regulations and policies of the Canadian securities regulators that are applicable only to public mutual funds.

Fund Reorganizations

Fund Merger:

At the close of business on May 15, 2012, listed under “Terminated Fund” in the following table merged with Aston Hill Opportunities fund (formerly Navina opportunities Fund) of similar investment objectives (the “Continuing Fund”). Pursuant to each of the mergers, the Continuing Fund acquired all of the assets and assumed all of the liabilities of the Terminated Fund in exchange of units of the Continuing Fund. The value of units of the Continuing Funds issued on the merger date was equal to the net assets transferred from the Terminated Funds. The purchase method was to account for these mergers, the Continuing Fund was identified as the acquiring fund for accounting purposes.

Terminated Fund	Continuing Fund	Net Assets Acquired	Number of Continuing Fund Units Issued
Aston Hill Advantage Fund Inc	Aston Hill Opportunities Fund		
Class A shares	Series Y units	\$ 2,702,484	83,112
Class D shares	Series Z units	\$ 2,410,370	78,360

2. SUMMARY OF 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) Cash and Short-term Investments

Cash and short-term investments consist of cash on hand and short-term debt investments with original maturities of three months or less. Cash and short-term investments are deemed held for trading and therefore are carried at fair value.

b) Valuation of Investments

Investments are deemed to be classified as held for trading in accordance with Canadian Institute of Chartered Accountants (“CICA”) 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.

c) Other Assets and Liabilities

ASTON HILL OPPORTUNITIES FUND

(formerly Navina Opportunities Fund)

Notes to the Financial Statements (continued)

Years ended December 31, 2012 and 2011

The Fund's other financial assets, which may include dividends and interest receivable and amounts receivable for investments sold are designated as loans and receivables, and carried at amortized cost. The Fund's other financial liabilities, which may include dividends payable, amounts payable for investments purchased, management fees payable, performance fees payable, accounts payable and accrued liabilities and distributions payable to unitholders, are designated as such and are carried at amortized cost. Amortized cost for these financial assets and liabilities approximates their fair value.

d) Investment Transactions and Income Recognition

All investment transactions are accounted for on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation in the value of investments are calculated on an average cost basis, excluding transaction costs and effect of foreign exchange, which is disclosed separately.

Interest income and expenses are recognized daily on an accrual basis.

Dividend income is recognized on the ex-dividend date.

e) Use of Estimate

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 amount of increases or 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 materially differ 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.

f) Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Funds are expensed and are included in transaction costs in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

g) Foreign Currency Translation

Investments at fair value and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange applicable on the valuation date. Investment transactions and income and expenses are translated at the rate of exchange on the date of such transactions.

h) Forward Currency Contracts

Forward currency contracts are valued at current fair value on each valuation date. The value is determined as the gain or loss that would be realized if, on the valuation date, the position of the forward currency contracts were closed out. Gains or losses incurred when forward currency contracts entered into by the Fund, which are of the nature of a general hedge of the currency exposure of the underlying portfolio of investments, mature or are closed out are included in net realized gain (loss) on foreign exchange in the Statements of Operations.

i) Interest and Borrowing Fees

As a result of taking both long and short positions, the Fund incurs both interest expense and borrowing fees. While the use of borrowed funds can substantially improve the return on invested capital, its use may also increase the adverse impact to which the investment portfolio of the Fund may be subjected by increasing the Fund's exposure to capital risk and higher current expenses. Interest and borrowing fees are expensed to the statements of operations as incurred.

j) Transition to International Financial Reporting Standards ("IFRS")

The Canadian Institute of Chartered Accountants ("CICA") Accounting Standards Board extended the deferral of the mandatory International Financial Reporting Standards ("IFRS") changeover date for investment companies to fiscal years beginning on or after January 1, 2014. The Funds, which are investment companies, will adopt IFRS commencing January 1, 2014.

ASTON HILL OPPORTUNITIES FUND

(formerly Navina Opportunities Fund)

Notes to the Financial Statements (continued)

Years ended December 31, 2012 and 2011

In order to prepare for the transition to IFRS, the Manager has performed an assessment of the impact of significant accounting differences between IFRS and Canadian GAAP including the impact to business processes and systems. Currently, the Manager does not expect any significant impact to net assets from the changeover to IFRS with the main impact of IFRS on the Funds' financial statements being additional disclosures in the financial statements, the potential elimination of the difference between the Net Assets Per Unit and the Net Assets Value Per Unit at the financial statement reporting dates and a potential change in the presentation of Unitholders' equity. Further updates on implementation progress and any changes to reporting impacts from the adoption of IFRS will be provided during the implementation period leading up to January 1, 2014. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

3. NET ASSET VALUE AND NET ASSETS

The application of CICA Handbook Section 3855 may result in a different value of securities for financial reporting purposes than the value used for pricing unitholder transaction.

The following is the Net Asset Value per unit determined in accordance with Part 14 of the National Instrument ("NI") 81-106 and the Net Assets per unit as shown on the Statements of Net Assets. The difference between these amounts represents the valuation difference of securities resulting from the application of Section 3855.

At December 31, 2012 and 2011, the differences between Net Assets per unit and Net Asset Value per unit were as follows:

	As at December 31, 2012		
	Net Asset Value per unit	Section 3855 adjustment	Net Assets per unit
Original series	\$ -	\$ -	\$ -
Series A	\$ 27.68	\$ (0.03)	\$ 27.65
Series F	\$ 29.44	\$ (0.04)	\$ 29.40
Series Y	\$ 29.56	\$ (0.04)	\$ 29.52
Series Z	\$ 27.71	\$ (0.03)	\$ 27.68

	As at December 31, 2011		
	Net Asset Value per unit	Section 3855 adjustment	Net Assets per unit
Original series	\$ 148.11	\$ 1.46	\$ 149.57
Series A	\$ -	\$ -	\$ -
Series F	\$ -	\$ -	\$ -
Series Y	\$ -	\$ -	\$ -
Series Z	\$ -	\$ -	\$ -

4. UNITS

The Fund is authorized to issue an unlimited number of redeemable units of beneficial interest, issuable in series, each of which represents an equal, undivided interest in the net asset value 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. The redemption price per unit will be equal to the net asset value per unit calculated on the redemption date.

Units of the Fund surrendered for redemption at least 30 days prior to the last business day of each month will be redeemed at the net asset value per unit calculated on the redemption date. Redemption of units prior to the first anniversary of the purchase of such units will be subject to an early redemption fee equal to 1% of the net assets of the units so redeemed.

Original series unit transactions for the period/year ended December 31 were as follows:

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Years ended December 31, 2012 and 2011

Original series	Number of Units	
	2012	2011
Units, beginning of year	34,749	39,193
Issuance of units	25	-
Redemption of units	(3,165)	(4,444)
Re-designated as Series Y and Z units	(31,609)	-
Units, end of year	-	34,749

Series A unit transactions from July 31, 2012 to December 31, 2012 were as follows:

Series A	Number of Units	
	2012	2011
Units, beginning of period	-	-
Issuance of units	5,589	-
Redemption of units	-	-
Units, end of period	5,589	-

Series F unit transactions from August 31, 2012 to December 31, 2012 were as follows:

Series F	Number of Units	
	2012	2011
Units, beginning of period	-	-
Issuance of units	15,825	-
Redemption of units	-	-
Units, end of period	15,825	-

Series Y unit transactions from May 15, 2012 to December 31, 2012 were as follows:

Series Y	Number of Units	
	2012	2011
Units, beginning of period	-	-
Issuance of units	-	-
Re-invested	2	-
Redemption of units	(8,943)	-
Transferred from Class A of the Original shares	83,112	-
Units, end of period	74,171	-

Series Z unit transactions from May 15, 2012 (commencement of operations) to December 31, 2012 were as follows:

Series Z	Number of Units	
	2012	2011
Units, beginning of period	-	-
Issuance of units	-	-
Redemption of units	(2,179)	-
Transferred from Class F of the Original shares	78,360	-
Units, end of period	76,181	-

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Years ended December 31, 2012 and 2011

5. FORWARD CURRENCY CONTRACTS

As at December 31, 2012 and 2011, the Fund had entered into forward foreign currency contracts to deliver currencies at specified future dates as follows:

December 31, 2012

Number of Contracts	Sold	Bought	Settlement Date	Unrealized Gain (loss)	Counterparty	Counterparty Credit Rating
1	(USD 1,300,000)	CAD 1,294,574	January 14, 2013	(CAD 230)	Royal Bank of Canada	AA+
4	(USD 1,000,000)	CAD 998,286	January 16, 2013	CAD 2,237	Royal Bank of Canada	AA+
3	(CAD 299,392)	USD 300,000	January 16, 2013	(CAD 578)	Royal Bank of Canada	AA+
3	(USD 600,000)	CAD 594,877	February 13, 2013	(CAD 3,095)	Royal Bank of Canada	AA+
Total				(CAD 1,666)		

December 31, 2011

Number of Contracts	Sold	Bought	Settlement Date	Unrealized Gain	Counterparty	Counterparty Credit Rating
5	USD 2,400,000	CAD 2,471,785	January 11, 2012	CAD 27,305	Bank of Montreal	A
1	CAD 202,980	USD 200,000	January 11, 2012	CAD 725	Bank of Montreal	A
Total				CAD 28,030		

CAD – Canadian Dollar

USD – U.S. Dollar

6. OPTION CONTRACTS

The Fund may write covered call and cash covered put options to generate additional income. As at December 31, 2012, there were no option contracts outstanding. As at December 31, 2011, the Fund had the following option contracts outstanding:

As at December 31, 2011							
Underlying interest	No. of contracts	Option type	Expiration date	Strike price per contract	Current price per contract	Premium received	Fair value
Honeywell International Inc.	(5)	put	January 21, 2012	\$ 50	\$ 0.3050	\$ (153)	\$ (155)
iShares Russel 2000 Index	10	put	January 21, 2012	69	0.6400	640	652
SPDR S&P 500	8	put	January 21, 2012	120	0.8300	664	676
Total						\$ 1,151	\$ 1,173

7. MANAGEMENT AND PERFORMANCE FEES

Effective May 15, 2012, management fees, in accordance with the Fund's offering memorandum, are up to 2.0%, 1%, 1%, and 2.0% per annum of the Net Asset Value for Series A, Series F, Series Y, and Series Z units, respectively, calculated daily and paid monthly in arrears, plus applicable taxes. For the year ended December 31, 2011, the management fee for Navina Opportunities Fund was 1% per annum.

Out of the management fees of Series A and Series Z, the Manager pays 1.0% per annum to investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

In addition, the Fund will pay to the Manager, on the last Business Day of each fiscal year of the Fund, a performance fee (the "Performance Fees") for each Unit in an amount equal to 20% of the amount by which the NAV per Unit of such Unit on such Business Day (excluding any accrued Performance Fee, but adding the aggregate amount of all distributions declared on such Unit during such fiscal year) exceeds the Performance Threshold. The "Performance Threshold" is the sum of the Starting NAV per Unit and the Hurdle Rate. The "Starting NAV per Unit" is (a) if the Unit was outstanding on the last Business Day of the previous fiscal year of the Fund, the NAV per Unit on such Business Day after deduction for any Performance Fees payable on such day, and (b) if the Unit was not outstanding on the last Business Day of the previous fiscal year of the Fund, the NAV per Unit on the subscription date for such Unit. The "Hurdle Rate" is 5% (or, for any Unit

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Years ended December 31, 2012 and 2011

not outstanding for the full fiscal year, a proportionate amount of 5%) of the High Water Mark. The Performance Fee will be accrued monthly or for such other period as the Manager may determine, and paid yearly in arrears.

8. INDEMNIFICATION OF THE MANAGER

The Fund, in its Declaration of Fund has indemnified the Manager, its principals and their respective affiliates from all claims that may arise for (a) mistakes of judgment or for action or inaction or for losses due to such mistakes, action or inaction so long as they acted honestly and not in bad faith and reasonably believed that their conduct was in the best interests of the Fund, and (b) losses due to mistakes of judgment or the action or omission of any broker or agent of the Manager, selected, engaged or retained by the Manager, the principals or their respective affiliates.

9. DISTRIBUTION PAYABLE TO UNITHOLDERS

For the year ended December 31, 2012, the Fund declared total distributions of \$4.1469 for series A, \$4.3950 for series F, \$4.4071 for series Y and \$4.1381 for series Z. There were no distributions in 2011.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund is exposed to a variety of financial instruments risks: credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). The value of investments within the portfolio can fluctuate daily as a result of changes in prevailing interest rates, economic and market conditions and company-specific news related to investments held by the Fund. The Manager of the Fund may minimize the potential adverse effects of these risks on the Fund's performance by, but not limited to, regular monitoring of the Fund's positions and market events and diversification of the investment portfolio by asset type, country, sector, and term to maturity within the constraints of the stated objectives, and through the usage of derivatives to hedge certain risk exposures.

a) Portfolio Concentration Risk

Portfolio concentration risk is the risk associated with the exposure to any one or more particular country, asset class or security. The Manager believes that there is no significant concentration risk for the Funds due to diversification by asset class and security.

The following is a summary of portfolio concentration as at December 31, 2012 and 2011:

Sector	2012	2011
Consumer discretionary	35.0%	44.7%
Industrials	17.5%	12.9%
Financials	13.0%	1.7%
Materials	9.1%	13.5%
Consumer staples	5.3%	19.0%
Healthcare	4.8%	-
Information technology	2.8%	8.3%
Telecommunication services	1.7%	-
Energy	-	5.0%
Utilities	-	2.2%
Bonds	16.6%	3.7%
Short position	(5.8%)	(11.0%)
	100.0%	100.0%

b) Credit Risk

Credit risk is the risk that a security issuer or counterparty to a financial instrument will fail to meet its financial obligations. The fair value of a debt instrument includes consideration for the creditworthiness of the debt issuer. The credit risk exposure of the Fund's other assets is represented by their carrying amount as disclosed in the Statements of Net Assets.

Credit ratings for debt securities, preferred securities and derivative instruments are obtained from Standard & Poor's, where available; otherwise, ratings are obtained from Moody's Investors Service, Dominion Bond Rating Services or Canadian Bond Rating Services.

The Fund's primary credit risk is fixed income, short-term debt securities. The Manager performs ongoing credit risk evaluation of counterparties.

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Years ended December 31, 2012 and 2011

As at December 31, 2012 and 2011, the Fund was invested in debt securities with the following credit ratings:

Debt securities by S&P rating	As a % of Net Assets	
	2012	2011
AAA	-	-
AA	-	19.2%
BB	1.9%	-
B	3.9%	-
CCC	3.9%	1.9%
Total	9.7%	21.1%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

c) Liquidity Risk

Liquidity risk is the risk 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 invests majority of its asset in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values. Thin trading in a security could make it difficult to liquidate holdings quickly. The Statement of Investment Portfolio of the Fund identifies securities for which a market quotation could not be obtained and may be illiquid if applicable. As at December 31, 2012, the Fund had \$2,432,709 (2011 – \$2,655,024) in cash and short-term investments on hand to meet its short-term obligations.

The Fund's accounts payable and accrued liabilities are generally due within 90 days. All of the Fund's other financial liabilities as at December 31, 2012 and 2011 had maturities of less than 90 days from the financial statement date

d) Interest Rate Risk

Interest rate risk is the risk that the fair value of interest-bearing investments will fluctuate due to changes in prevailing levels of market interest rates. As a result, the value of the Funds that invest in debt securities and/or income Funds will be affected by changes in applicable interest rates. If interest rates fall, the fair value of existing debt securities may increase due to the increase in yield. Alternatively, if interest rates rise, the yield of existing debt securities may decrease, which may then lead to a decrease in their fair value. The magnitude of the decline will generally be greater for long-term debt securities than for short-term debt securities.

The Fund is exposed to interest rate risk from debt instruments, the value of which fluctuates due to changes in prevailing levels of market interest rates. The Fund's exposure to interest rate risk by the fixed income debt instruments' remaining term to maturity was as follows:

As at December 31, 2012				
		Less Than 1 Year	Greater Than 5 Years	Total
Debt Instruments	\$	-	\$ 478,172	\$ 478,172

As at December 31, 2011				
		Less Than 1 Year	Greater Than 5 Years	Total
Debt Instruments	\$	98,268	\$ 999,307	\$ 1,097,575

As at December 31, 2012 and 2011, if the prevailing interest rates had risen or declined by 0.25%, assuming a parallel shift in the yield curve, with all other variables held constant, the Fund's Net Assets would have decreased or increased, respectively, by approximately \$4,821 (December 31, 2011 - \$1,099). The Fund's sensitivity to interest rate changes was

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Years ended December 31, 2012 and 2011

estimated using the average rate duration of the bonds. Actual results may differ from this sensitivity analysis, and the difference could be material.

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). The value of each investment is influenced by the outlook of the issuer and by general economic and political conditions, as well as industry and market trends. All securities present a risk of loss of capital.

Other assets and liabilities are monetary items that are short-term in nature and therefore are not subject to significant other price risk.

As at December 31, 2012, had the fair values of the S&P/TSX Composite Index increased or decreased by 10%, with all other variables held constant, this would have increased or decreased net assets by approximately \$305,839 (December 31, 2011 - \$236,888). In practice, the actual trading results could differ and the difference could be material.

f) Currency Risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The value of securities denominated in other currencies will fluctuate due to changes in exchange rates.

The following summarizes the Fund's exposure to currency risks, as at December 31, 2012:

Currency	Financial Assets	Forward Currency Contracts	Total	% of Net Assets
U.S. Dollar	3,203,362	(2,588,345)	615,017	12.51%
Total	3,203,362	(2,588,345)	615,017	12.51%

The following summarizes the Fund's exposure to currency risks, as at December 31, 2011:

Currency	Financial Assets	Forward Currency Contracts	Total	% of Net Assets
U.S. Dollar	648,665	(2,268,805)	(1,620,140)	-31.17%
Total	648,665	(2,268,805)	(1,620,140)	-31.17%

As at December 31, 2012, had Canadian dollar appreciated or depreciated by 1% in relation to the U.S. dollar, the Net Asset Value of the Fund would be higher or lower by \$6,151 (December 31, 2011 - \$16,201).

11. FAIR VALUE MEASUREMENTS

The Fund uses a fair value hierarchy that reflects the significance of the inputs used in making fair value measurements. The hierarchy has the following levels: quoted prices in an active market (level 1 – unadjusted inputs); observable inputs other than quoted prices (level 2 – directly or indirectly derived from quoted prices); and inputs not based on observable market data (level 3 – unobservable inputs). Cash and short-term investments are classified as level 2.

The following is a summary of the inputs used as at December 31, 2012 and 2011 in valuing the Fund's investments carried at fair values:

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Notes to the Financial Statements (continued)

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December 31, 2012

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	2,580,212	-	-	2,580,212
Warrants	-	-	2	2
Bonds	-	478,172	-	478,172
Total Financial Assets	2,580,212	478,172	2	3,058,386
Financial Liabilities				
Equities	(164,725)	-	-	(164,725)
Total Financial Liabilities	(164,725)	-	-	(164,725)

December 31, 2011

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial Assets				
Equities	2,589,711	-	-	2,589,711
Short Term Investments	-	999,307	-	999,307
Warrants	-	68,323	1	68,324
Restricted Common Stock	-	165,154	-	165,154
Bonds	-	98,268	-	98,268
Total Financial Assets	2,589,711	1,331,052	1	3,920,764
Financial Liabilities				
Equities	(289,313)	-	-	(289,313)
Total Financial Liabilities	(289,313)	-	-	(289,313)

There were no transfers of financial assets between Level 1 and Level 2 during the years ended December 31, 2012 and 2011.

12. INCOME TAXES

The Fund is taxed as a unit trust under the Income Tax Act (Canada). The Fund is required to make distributions each period of its net income and net realized capital gains and, therefore, will not generally be liable for income taxes. However, such part of a fund's taxable income and net realized capital gains that is not so paid or payable will be taxable to that fund. In addition, as the Fund did not qualify as a mutual fund trust for the year ended December 31, 2012, it is also subject to alternative minimum tax. At December 31, 2012, no tax provision was required to be recorded by the Fund.

Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses arising in taxation years after 2005 may be carried forward 20 years. Non-capital losses carried forward may reduce future net investment income.

As at December 31, 2012, the Fund has non-capital losses of \$8,510,053 (2011 - \$8,510,053). There were no capital losses as at December 31, 2012 and 2011.

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The non-capital loss carryforwards will expire as follows:

	2012	2011
2027	8,293,408	8,293,408
2028	216,645	216,645
	\$ 8,510,053	\$ 8,510,053

13. FILING EXEMPTION

The Fund is relying on the exemption pursuant to Section 2.11 of National Instrument 81-106, Investment Fund Continuous Disclosure, to not file its financial statements with the Ontario Securities Commission.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.