



**REPORT OF THE INDEPENDENT REVIEW COMMITTEE**

**TO UNITHOLDERS OF**

**Marret High Yield Strategies Fund  
Marret HYS Trust  
Marret Investment Grade Bond Fund  
Marret IGB Trust  
Marret Multi Strategy Income Fund  
Marret MSIF Trust**

The Independent Review Committee (“IRC”) of the funds listed above (the “Funds”) is pleased to submit its report to unitholders of the Funds for the year ended December 31, 2011.

**1. MEMBERS OF THE INDEPENDENT REVIEW COMMITTEE**

All members of the IRC are independent from Marret Asset Management Inc. and persons or companies related to Marret. The IRC carries out the mandate for independent review committees of publicly offered Funds required by securities regulators.

<b>Name</b>	<b>Date of Appointment</b>
John Anderson (Chair)	June 17, 2009
Ross MacKinnon	June 17, 2009
Ronald Riley	November 1, 2011

Ronald Riley replaced Richard Stone as a member of the IRC on November 1, 2011. There have been no other changes in the composition or membership of the IRC during the most recently completed financial year.

The members of the IRC have concluded that they have no material relationship with the Funds that could reasonably be perceived to interfere with any member’s judgment regarding a conflict of interest matter.

**2. HOLDINGS OF SECURITIES**

**(a) Fund**

As at December 31, 2011, no member of the IRC beneficially owned, directly or indirectly, any units of the Funds.

(b) **Manager**

As at December 31, 2011, no member of the IRC beneficially owned, directly or indirectly, any shares of Marret Asset Management Inc. (the “**Manager**”).

(c) **Service Providers**

As at December 31, 2011, the percentage of each class or series of voting securities beneficially owned, directly or indirectly, in aggregate, by all members of the IRC in any person or company that provides services to the Funds or Manager is less than 1 percent.

**3. COMPENSATION AND INDEMNITIES**

The aggregate compensation paid to the IRC in respect of all Marret Funds during the most recently completed financial year was \$35,875, \$13,375 for the Chair and \$11,250 for each non Chair member. The non Chair member fee was pro rated for Messrs. Stone and Riley for the fourth quarter of 2011. Each Marret Fund paid a pro rata share of this compensation.

The compensation of the IRC is set, from time to time, by the IRC, giving consideration to the following:

- (i) the most recent assessment of its compensation;
- (ii) the Manager’s recommendation, if any;
- (iii) the number, nature and complexity of the investment funds and fund families for which it acts;
- (iv) the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member;
- (v) industry best practices, including industry averages and surveys on independent review committee compensation;
- (vi) the best interests of the Fund; and
- (vii) such other factors deemed necessary or appropriate.

The IRC voted to increase their fees to an aggregate of \$47,500 per year (\$17,500 for the Chair, up from \$12,000, and \$15,000 for each non Chair member, up from \$10,000) effective October 1, 2011. The IRC viewed this increase as reasonable in light of the above factors, in particular a review of OSC IRC Compensation Review and an independent review of industry averages. The increase was supported by the Manager.

No indemnities have been paid to members of the IRC by the Fund during the most recently completed financial year.

#### 4. CONFLICT OF INTEREST MATTERS

##### (a) **Manager acting without positive recommendation**

The IRC is not aware of any instance where, during the most recently completed financial year, the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not provide a positive recommendation.

##### (b) **Manager failing to meet condition**

The IRC is not aware of any instance, during the most recently completed financial year, where the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

##### (c) **Reliance on standing instructions, recommendations and approvals**

During the financial year, the Manager relied on the following standing instructions, recommendations and approvals of the IRC:

##### **Standing Instructions:**

Marret amended its inter-fund trading policy in December 2009 to prohibit all inter-fund trades.

##### **Recommendations:**

For transactions that may be contemplated in illiquid, non-brokered private placement securities where the Manager is involved in structuring the transaction and participates in more than 10% of the deal, the IRC requests that a notice be delivered to the committee that outlines the investment, but not the merits of the investments, and advises the committee that the investment as been reviewed for conflict of interest and that no conflict of interest exists.

##### **Approval:**

In October 2011, the Manager, on behalf of various funds under management including Marret High Yield Strategies Fund and Marret Multi Strategy Income Fund, notified the IRC that it was participating in a non-brokered 2-year term loan in an amount of up to \$50 million, with an initial coupon of 10%, issued by Cline Mining Corporation. The initial funding would be approximately \$50 million and the Manager's participation would represent 100% of the deal. The Manager confirmed that there were no conflicts of interest with respect to this investment.


##### **Other Approvals**

At a meeting of unitholders of the Marret Multi Strategy Income Fund (the "Fund") held on February 10, 2012, the Manager sought approval of an extraordinary resolution of Unitholders set forth in Schedule A to the information circular of the Fund dated January 11,

2012, to allow the Manager to rebalance the Fund's exposure to the Underlying Portfolios held by the Marret MSIF Trust from time to time to ensure that the Fund is optimally positioned, in the Manager's opinion, to achieve the Fund's investment objectives. In so doing, approximate equal weighting of Marret MSIF Trust's assets among each Underlying Portfolio would no longer be required.

Pursuant to National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107"), the IRC reviewed the terms of the proposal which raised a conflict of interest for purposes of NI 81-107 by virtue of the fact that a greater percentage of the total assets of the Trust might be (allocated to Underlying Portfolios managed by the Manager. The IRC reviewed such conflict of interest matter and, having regard to among other things; the requirement to obtain unitholder approval, the IRC recommended to the Manager that such conflict of interest matter would achieve a fair and reasonable result for the Fund. While the IRC had considered the proposal from a "conflict of interest" perspective, it was not the role of the IRC to recommend that unitholders vote in favour of the proposal. Unitholders were asked to review the proposal and make their own decision.

Respectfully submitted this 30<sup>th</sup> day of March, 2012.

  
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John Anderson  
Chairman of the Independent Review Committee