

2012

MARRET ASSET MANAGEMENT INC.



MARRET HIGH YIELD STRATEGIES FUND

2012 Annual Management Report of Fund Performance

Caution regarding forward-looking statements

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “**may**”, “**will**”, “**should**”, “**could**”, “**expect**”, “**anticipate**”, “**intend**”, “**plan**”, “**believe**”, or “**estimate**” or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the fund may invest, and the risks detailed from time to time in the fund’s simplified prospectus. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise.

MARRET HIGH YIELD STRATEGIES FUND

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You may obtain a copy of the annual financial statements at your request, and at no cost, by collect calling 416-214-5800, by sending a request to Investor Relations, Marret Asset Management Inc., 200 King Street West, Suite 1902, Toronto, ON M5H 3T4, or by visiting our website at www.marret.com or the SEDAR website, at www.sedar.com.

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The Fund

Marret High Yield Strategies Fund (the "**Fund**") is a closed-end investment fund managed by Marret Asset Management Inc. ("**Marret**" or the "**Manager**"). The units of the Fund trade on the Toronto Stock Exchange under the symbol MHY.UN. Through a forward agreement (the "**Forward Agreement**") between the Fund and The Bank of Nova Scotia (the "**Counterparty**"), the Fund is exposed to a portfolio of securities (the "**Portfolio**") held by Marret HYS Trust. The Portfolio is comprised primarily of debt securities and term loans that are generally rated at or below BB+ from Standard & Poor's, or Ba1 or less from Moody's Investor Services, Inc., or a similar rating from a qualified rating agency. The Counterparty has agreed to pay the Fund on May 30, 2014, the economic return provided by the Portfolio. The Portfolio is managed by the Manager.

Investment Objective and Strategies

The Fund was created to achieve the following investment objectives: (i) to maximize total returns for holders of units of the Fund, consisting of both tax-advantaged distributions and capital appreciation, while attempting to reduce risk, and (ii) to provide holders of units of the Fund with attractive monthly tax-advantaged cash distributions by obtaining exposure to the Portfolio, which is focused primarily on high yield debt. The specific strategy employed by the Manager from time to time in managing the Portfolio will depend on the phase of the credit cycle.

The return to investors of the Fund is dependent on the return of Marret HYS Trust's portfolio pursuant to the Forward Agreement. As a result, this management report of fund performance includes discussion of the performance of Marret HYS Trust, where applicable.

Risk

Risks associated with an investment in the units of the Fund are discussed in the Fund's prospectus dated May 28, 2009 (the "**Prospectus**"), which is available on the Fund's website at www.marret.com or on SEDAR at www.sedar.com. There has been no change in the Fund's stated investment strategy, and no changes to the Fund during 2012 that have materially affected the risks associated with an investment in the units of the Fund.

Leverage

Through the Forward Agreement, the Fund is exposed to leverage in Marret HYS Trust. Leverage did not cause a material change in the risk associated with an investment in units of the Fund. An increase in leverage may cause an investment in units to become more risky should any event adversely affect the value of an investment held by the Portfolio as the impact would be magnified to the extent leverage is employed. The leverage of the Fund during the period was below the threshold as stated in the Prospectus and did not result in a change in suitability of the investment from what was previously disclosed in the Prospectus.

As indicated in the Fund's Prospectus, the net exposure of Marret HYS Trust will not exceed 135%, on a daily marked-to-market basis, with net exposure calculated as the value of long security positions, excluding cash and cash equivalents, minus the absolute value of short positions, divided by the net asset value of Marret HYS Trust. At December 31, 2012, the Portfolio's net exposure was 80.8% of the net asset value of Marret HYS Trust.

Figures presented in this management report of fund performance are generally based on the Fund's calculation of its weekly net asset value ("**Net Asset Value**"), in accordance with the Fund's Prospectus which may be calculated on a basis different from the application of Canadian Institute of Chartered Accountants ("**CICA**") Section 3855. In accordance with National Instrument 81-106—*Investment Fund Continuous Disclosure* ("**NI 81-106**"), certain figures are derived from the financial statements' calculation of net assets ("**Net Assets**") and are noted as such.

Results of Operations from January 1, 2012 to December 31, 2012

This past year was a strong year for risk assets. The driving force behind the markets' performance was accommodative actions by the world's largest central banks. The accommodative actions offset weak fundamentals that included elevated and rising levels of sovereign debt in Europe, Japan and the US, weakening economic growth in Europe and China, and slowing earnings growth in the US. The unconventional monetary policy employed by the central banks proved to be extremely successful in both increasing the price of risk assets and lowering volatility despite the deteriorating economic conditions.

Another major factor affecting markets this year was investor positioning. Financial market participants, including the Fund, entered the year with a very defensive posture that was easily justified by the litany of risks facing global economies and markets. By reducing the yield on low risk assets to unattractive levels, central banks have forced investors into higher risk assets. The result has been strong returns for risk assets when economic fundamentals would suggest only modest gains.

High yield corporate debt has been a great beneficiary of investors search for yield. There have been large inflows into the asset class and it was a record year for new issuance. The BofA Merrill Lynch US High Yield Index finished the year at its lowest yield on record, very close to 6%, but spreads are much closer to their long-term average at just over 500bps. Corporate balance sheets continued to remain healthy resulting in default rates staying below average as companies benefitted from both lower interest expense as well as increased ability to refinance existing debt.

High yield corporate bonds had very strong performance in 2012. The asset class' performance was supported by both declining treasury yields and narrowing credit spreads. The Fund maintained a conservative stance with a position in AAA corporate bonds, a focus on shorter duration, higher quality credits, and a limited exposure to CCC rated securities. The Fund's conservative stance coupled with elevated cash balances resulted in underperformance versus the benchmark. While the Fund remained cautious because of low yields and fragile economic conditions, it also found attractive total return opportunities in higher yielding credits in the metals/mining and energy sectors, which positively contributed to performance. For the year ended December 31, 2012, the BofA Merrill Lynch Master U.S. High Yield Master II Index (hedged to CAD) returned 16.2% while the Fund returned 3.2%.

Recent Developments

As we enter 2013 it is difficult to envision the central banks changing course unless there is a major improvement in global growth and/or a sudden surge in inflation. The amount of headwinds created by continued deleveraging of the global banking system, and the onset of policies to lower the US deficit and ultimately the debt/GDP ratio makes both of these unlikely. We expect Central Bank policies to remain aggressively skewed to the accommodative side, which likely takes systemic risk off the table. At the same time, we do expect volatility to increase as it will be difficult for central banks to replicate the incredible success they achieved at calming markets in 2012.

Spreads on high yield debt remain attractive given low expected default rates, although yields are fully valued at these low levels. We believe valuations of resource credits are the most attractive at this point in time. Going forward, the fund is expected to maintain a barbell approach through a

stable and conservative core portfolio that is complemented with higher yielding total return opportunities.

On May 8, 2012, the Fund announced that the TSX had accepted its notice of intention to make a normal course issuer bid ("NCIB"). The NCIB commenced on May 10, 2012 and will expire on May 9, 2013. Under the NCIB, the Fund purchased 2,790,100 units during the year ended December 31, 2012 at an average price of \$9.60 per unit.

On June 12, 2012, Marret also announced that it had reduced the Fund's monthly distribution rate from \$0.067 per unit to \$0.05 per unit, effective July 31, 2012. The revised monthly distribution rate represented a current yield of 6.19% per annum based on the closing price of the units on the TSX on June 11, 2012. The revised distribution rate applied for the monthly payment dates beginning with the July distribution. Marret decided to reduce the distribution rate based on its outlook for the high yield market and for markets generally. In accordance with past practice, the monthly distribution rates applicable in subsequent quarters will be announced by Marret prior to the beginning of the relevant quarter.

On August 1, 2012, Marret announced that 9,204,598 units of the Fund (representing 11.4% of the outstanding units of the Fund) were submitted for redemption on the annual redemption date of July 31, 2012. Unitholders who tendered units for redemption received \$9.8164 per unit, the net asset value per unit on the annual redemption date. Redeeming unitholders also received the previously announced monthly distribution for July of \$0.05 per unit. Payments were made on August 13, 2012.

On January 21, 2013, Marret announced a proposed private placement of units of the Fund for gross proceeds of \$8,220,201. The offering price was not dilutive to the existing unitholders of the Fund. The private placement closed at the end of February, 2013.

Harmonized Sales Tax

On August 26, 2011, a majority of voters in a British Columbia referendum opted to eliminate the application of HST in that province. The government of British Columbia has indicated that it will phase out the HST and return to its former system of GST and provincial sales tax effective April 1, 2013.

In addition, the government of Prince Edward Island has announced plans to harmonize its provincial sales tax with the federal HST at a combined rate of 14% effective April 1, 2013.

Furthermore, the government of Quebec has harmonized certain aspects of the QST with the HST effective January 1, 2013, subject to certain transitional rules. As of January 1, 2013, the QST is calculated on the selling price not including GST. However, to ensure the total taxes payable remain the same, the QST rate has been increased to 9.975%. The combined GST/QST rate is 14.975%.

International Financial Reporting Standards

The Canadian Accounting Standards Board (“AcSB”) confirmed that effective January 1, 2011, IFRS replaced current Canadian standards and interpretations as Canadian GAAP for publicly accountable enterprises, which includes investment funds. The adoption of IFRS for investment companies will not be mandatory until periods beginning on or after January 1, 2014. The deferral of the mandatory changeover was intended to allow the International Accounting Standard Board’s (“IASB”) proposed exemption from consolidation for investment companies to be in place prior to the adoption of IFRS by investment companies in Canada.

In October 2012, the IASB approved the proposed amendments to IFRS 10 which define criteria for an entity to qualify as an investment entity and exempts such entity from consolidation requirements. The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries at fair value through profit or loss in accordance with “Financial Instruments” (“IFRS 9”) and expand disclosures to help users evaluate the nature and financial effect of its investment activities. The amendment will be effective January 1, 2014. Based on the Manager’s assessment, the Fund currently meets the proposed criteria for an investment entity and as such expects to be exempt from consolidation requirements.

The Manager has developed a plan to meet the timetable published by CICA for the changeover to IFRS. The key elements of the plan include an assessment of: differences between Canadian GAAP and IFRS; changes required to financial statement disclosure; and, the impact on the financial reporting process.

Based on the Manager’s assessment of the accounting differences between Canadian GAAP and IFRS, the following areas of differences were identified:

- (a) IAS 32, “Financial Instruments; Disclosure and Presentation”, requires puttable instruments to be classified as a liability unless certain conditions are met. The Fund’s unitholders’ equity meets the definition of puttable instrument. The Manager has assessed the Fund’s unitholder structure and expects that liability treatment will be the most appropriate classification.
- (b) IFRS 13, Fair Value Measurements, was published in May 2011. The standard provides guidance on the measurement of fair value and allows for the use of closing market prices to value investments. Under Canadian GAAP the fair value of investments for financial statement reporting purposes, was required to be measured at closing bid price for long positions and closing ask price for short positions. The Manager has assessed the guidance that will apply under IFRS and has determined that the use of closing market prices is likely to be appropriate in valuing investments.

The Manager has presently determined that the impact of IFRS will also include additional note disclosure and modifications to existing presentation. The Manager does not expect that the trading net asset value or trading net asset value per unit will be impacted by the changeover to IFRS.

Related Party Transactions

Related party transactions consist of services provided by the Manager to the Fund. Pursuant to the management agreement, the Manager receives a management fee from the Fund equal to 0.25% per annum of the net asset value of the Fund (or 1.00% in total when combined with the management fee received from Marret HYS Trust), calculated and payable monthly in arrears, plus applicable taxes. The management fee is in consideration for providing management, portfolio management, and administrative services and facilities to the Fund. In addition to the management fee, the Manager receives a service amount calculated and paid as soon as practicable after the end of each calendar quarter, equal to 0.40% per annum of the Net Asset Value attributable to the units of the Fund. The service amount is paid to brokers based on the number of units of the Fund held by clients of such brokers at the end of the relevant quarter.

For the year ended December 31, 2012, the management fee, inclusive of applicable taxes, earned was \$2,025,910 (\$8,128,154 in total when combined with the management fee earned from Marret HYS Trust). The service amount paid/payable from the Fund, inclusive of applicable taxes, for the year ended December 31, 2012 was \$3,241,427.

The Manager also receives a performance fee from Marret HYS Trust (the “**Performance Fee**”). The Performance Fee is determined as of December 31 of each year and for each year is an amount for each unit of Marret HYS Trust then outstanding equal to 15% of the amount by which the sum of (i) the net asset value of such unit (without taking into account the Performance Fee), and (ii) the distributions paid on such unit during the previous 12 months, exceeds 106.35% of the “Threshold Amount”. For years ending after December 31, 2009, the Threshold Amount is the greater of (i) the net asset value per unit of the Fund immediately following June 17, 2009, which was \$10.00, (ii) the net asset value per unit of Marret HYS Trust on December 31 for the previous fiscal year (after payment of the Performance Fee), and (iii) the net asset value per unit of the Fund on December 31 in the last fiscal year in which a Performance Fee was paid (after payment of the Performance Fee). There was no Performance Fee earned for the year ended December 31, 2012.

Subsequent Events

On March 21, 2013, the Federal Minister of Finance presented the majority government's budget. The budget will treat the return from the derivative investment portion of character conversion transactions, such as those employed by the Fund, as ordinary income rather than capital gains. The changes

apply to agreements entered into or amended after March 20, 2013. Based on the Fund's legal structure and derivative contracts in place, the Manager does not currently expect any impact of these changes on the Fund, prior to the maturity of its existing derivative agreement on May 30, 2014.

FINANCIAL HIGHLIGHTS

FOR THE PERIODS ENDED DECEMBER 31, 2009 TO DECEMBER 31, 2012

The following tables show selected key financial information about the Fund that are intended to help you understand the Fund's financial performance for the past four periods ended December 31, as applicable. The inception of the Fund was June 17, 2009. In the year a fund is established, 'period' represents inception to December 31 of that year. In all other cases, 'period' represents year ended December 31.

The Fund's Net Assets per Unit ⁽¹⁾

	Period ended Dec 31, 2012	Period ended Dec 31, 2011	Period ended Dec 31, 2010	Period ended Dec 31, 2009 ⁽²⁾
Net Assets, beginning of period	\$ 10.14	\$ 10.79	\$ 10.20	\$ 10.00
Issue expense ⁽³⁾	\$ -	\$ -	\$ -	\$ (0.56)
Net Assets, beginning of period (net of issue expense)	\$ 10.14	\$ 10.79	\$ 10.20	\$ 9.44
Increase / (decrease) from operations:				
Total revenue	\$ -	\$ -	\$ -	\$ -
Total expenses	\$ (0.10)	\$ (0.11)	\$ (0.11)	\$ (0.06)
Realized gains / (losses) for the period	\$ 0.23	\$ 0.14	\$ 0.12	\$ 0.03
Unrealized gains / (losses) for the period	\$ 0.14	\$ 0.02	\$ 1.38	\$ 1.23
Total increase / (decrease) from operations ⁽⁴⁾	\$ 0.27	\$ 0.05	\$ 1.39	\$ 1.20
Distributions:				
From income	\$ -	\$ -	\$ -	\$ -
From dividends	\$ -	\$ -	\$ -	\$ -
From capital gains	\$ -	\$ -	\$ -	\$ -
Return of capital	\$ 0.70	\$ 0.80	\$ 0.80	\$ 0.43
Total Distributions ⁽⁵⁾	\$ 0.70	\$ 0.80	\$ 0.80	\$ 0.43
Net Assets, end of period	\$ 9.75	\$ 10.14	\$ 10.79	\$ 10.20

(1) This information is derived from the Fund's audited annual financial statements. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for weekly Net Asset Value purposes. The Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities on that date and includes the valuation of securities at bid prices for securities held long and at ask prices for securities held short divided by the number of units then outstanding.

(2) Information presented is for the period from June 17, 2009 to December 31, 2009.

(3) Issue expenses of \$9,326,976 were paid by participants of the offering of 21,085,000 units (\$0.44 per unit) in February 2012. Issue expense of \$9,770,324 were paid by participants of an offering of 21,275,000 units (\$0.46 per unit) in September 2011. Issue expense of \$7,409,106 were paid by participants of an offering of 15,666,109 units (\$0.47 per unit) in October 2010. These amounts have been excluded from the table above as they did not impact existing unitholders.

(4) Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the period.

(5) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

Ratios and Supplemental Data (based on Net Asset Value)

	Period ended Dec 31, 2012	Period ended Dec 31, 2011	Period ended Dec 31, 2010	Period ended Dec 31, 2009 ⁽¹⁾
Total Net Asset Value	\$670,731,877	\$605,283,673	\$414,311,288	\$231,901,872
Number of Units Outstanding	68,758,811	59,671,109	38,396,109	22,730,000
Management Expense Ratio ("MER") ⁽²⁾	4.48%	4.81%	6.46%	9.06%
Trading Expense Ratio ⁽³⁾	0.02%	0.03%	0.04%	0.05%
Portfolio Turnover Rate ⁽⁴⁾	25.03%	8.31%	8.12%	3.74%
Net Asset Value per Unit	\$ 9.75	\$ 10.14	\$ 10.79	\$ 10.20
Closing Market Price	\$ 9.48	\$ 11.06	\$ 11.31	\$ 10.68

(1) Information presented is for the period from June 17, 2009 to December 31, 2009.

(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) of the Fund and Marret HYS Trust for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of daily average Net Asset Value of the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the

securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period. The portfolio turnover ratio for Marret HYS Trust for the period ended December 31, 2012 was 630.61% (2011—311.87%, 2010—240.37% and 2009—40.01%)

Management Expense Ratio

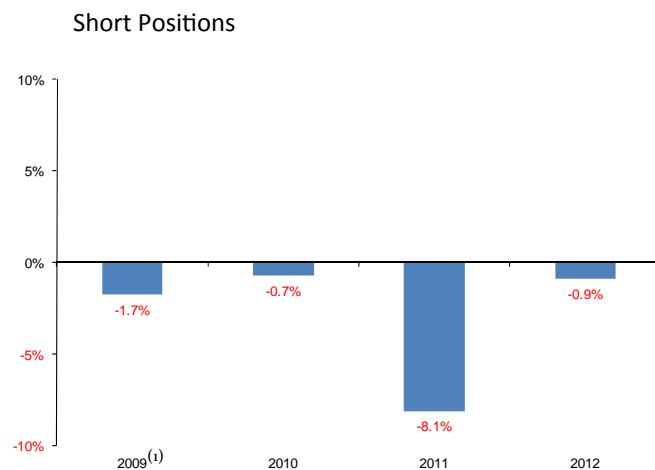
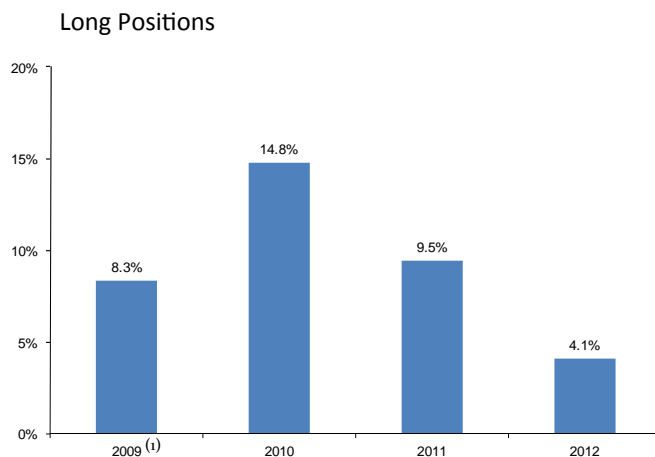
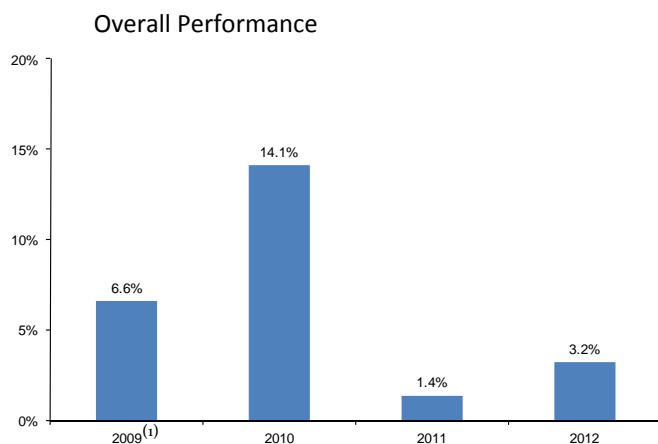
The MER for the period after adjusting for one-time issue expenses which were paid by the participants of the new issue was 3.20% (2011 – 2.77%, 2010 – 3.82%; 2009 – 3.46%). The calculation of the MER requires that all items included in the expenses, as presented in the statement of operations of the Fund and Marret HYS Trust, be included in this calculation. As Marret HYS Trust invests both long and short, the expenses in the statement of operations include interest expense (on cash borrowings), security borrowing fees, interest expense on short positions, and dividend expense on short positions. These expenses (collectively "execution expenses") relate to execution of the investment strategy, not the administrative efficiency of the Fund, and increase the MER relative to funds that invest long only. The MER for the Fund excluding one time issue expenses and execution expenses for the period was 1.88% (2011 – 1.88%, 2010 – 3.53%; 2009 – 3.11%). The MER also includes performance fees in years that a performance fee was earned by the Manager. The MER for the period excluding one time issue expenses, execution expenses and performance fees was 1.88% as there were no performance fees earned (2011 – 1.88%, 2010 - 1.87%; 2009 – 1.87%).

PAST PERFORMANCE

This section shows the historical performance for the Fund for the periods ended December 31. Historical performance is based on the change in Net Asset Value per unit, assuming reinvestment of all distributions. Management fees and operating expenses have been taken into account before calculating performance. Historical performance does not take into account the potential impact on returns of purchases, redemptions, distribution fees or other optional charges or income taxes payable by an investor. Keep in mind that past performance does not necessarily indicate how the Fund will perform in the future.

Year-by-Year Returns

The bar charts show the Fund's total return for the overall Portfolio, long Portfolio positions and short Portfolio positions for the periods from inception to December 31, 2012. The charts show, in percentage terms, how an investment held on the first day of each period would have changed by the last day of the period.



(1) Period from June 17, 2009 (Fund inception) to December 31, 2009.

Benchmark Indices

BofA Merrill Lynch U.S. High Yield Master II Index hedged to CAD (“**High Yield Index**”), the S&P/TSX Composite Total Return Index (“**TSX**”) and the S&P 500 Total Return Index hedged to CAD (“**S&P 500**”). The High Yield Index is a broad-based index that tracks the performance of U.S. dollar denominated below investment grade corporate debt publicly issued in the U.S. domestic market. The TSX tracks the performance of approximately 300 large-cap stocks listed on the TSX and the S&P 500 tracks 500 large-cap U.S. stocks representing all major industries.

Annual Compound Returns

The following table shows the Fund’s annual compound return for each period indicated, compared with the High Yield Index, TSX and S&P 500. The High Yield Index, TSX and S&P 500 are calculated without the deduction of fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

	1 Year	3 Year	Since Inception ⁽¹⁾
Marret High Yield Strategies Fund - Overall ⁽²⁾	3.2%	6.1%	7.0%
<i>Long positions</i>	4.1%	9.4%	10.3%
<i>Short positions ⁽³⁾</i>	-0.9%	-3.3%	-3.3%
BofA Merrill Lynch U.S. High Yield Master II Index ⁽⁴⁾	16.2%	11.8%	15.7%
S&P/TSX Composite Total Return Index	7.2%	4.8%	8.5%
S&P 500 Total Return Index ⁽⁴⁾	16.6%	11.0%	15.9%

(1) Period from June 17, 2009 (Fund inception) to December 31, 2012.

(2) Based on Net Asset Value per unit and assuming that distributions made by the Fund on its units in the periods shown were reinvested (at Net Asset Value per unit) in additional units of the Fund.

(3) Annual compound return for short positions does not include foreign currency hedging gains/losses.

(4) Hedged to the Canadian dollar.

SUMMARY OF INVESTMENT PORTFOLIO

AS AT DECEMBER 31, 2012

Portfolio Composition ⁽¹⁾		Top 25 Holdings ⁽²⁾	
Category	Percentage of Net Asset Value	Security Name	Percentage of Net Asset Value
High Yield Corporate Debt Long	56.4%	Long Positions	
High Grade Corporate Debt Long	26.9%	Cash and Cash Equivalents	18.2%
Capital Structure Arbitrage - Debt Long vs Debt Short	6.5%	Procter & Gamble Co/The 5.55% 05Mar2037	4.6%
ETFs Long	5.1%	Cline Mining Corp 10% 27Feb2014	4.6%
Government Debt Long	3.9%	McDonald's Corp 6.3% 01Mar2038	3.8%
Equities Long	2.9%	Johnson & Johnson 4.85% 15May2041	3.7%
Bank Loans Long	2.6%	Canada Government 0.875% 14Feb2017	3.6%
Capital Structure Arbitrage - Debt Long vs Equity Short	1.0%	Johnson & Johnson 4.5% 01Sep2040	3.5%
Convertible Debt Long	0.1%	SPDR Gold Trust	2.9%
Equities Short	-0.4%	MGM Resorts Intl 6.75% 01Apr2013	2.9%
High Yield Corporate Debt Short	-1.0%	Columbus Intl Inc 11.5% 20Nov2014 144A	2.5%
ETFs Short	-4.9%	Microsoft Corp 5.3% 08Feb2041	2.5%
Government Debt Short	-18.3%	Athabasca Oil Corp 7.5% 19Nov2017	2.4%
Cash and Cash Equivalents	19.0%	Data & AVent Holdings 15% 25Sep2018	2.1%
Other assets (liabilities)	0.3%	Procter & Gamble Co/The 4.7% 15Feb2019	1.9%
		Microsoft Corp 3% 01Oct2020	1.9%
Total Net Asset Value (in \$ millions)	<u>670.7</u>	Calpine Cons Fin/CCFC Fi 8% 01Jun2016 144A	1.7%
		Canadian Satellite Radio 9.75% 21Jun2018	1.7%
		Berkshire Hathaway Inc 3.4% 31Jan2022	1.6%
		Cricket Communications I 7.75% 15May2016	1.6%
		iShares S&P/TSX Global Gold	1.6%
		Short Positions	
		US Treasury N/B 2.75% 15Aug2042	-12.3%
		US Treasury N/B 1.625% 15Nov2022	-3.5%
		US Treasury N/B 2.75% 15Nov2042	-2.6%
		SPDR Barclays High Yield Bd	-2.0%
		iShares iBoxx H/Y Corp Bond	-1.8%
		Total Portfolio Longs	108.6%
		Total Portfolio Shorts	-27.8%

(1) Through the Forward Agreement, the Fund is exposed to the value of the investment portfolio of Marret HYS Trust. A summary of the investment portfolio of Marret HYS Trust is included above.

(2) The top 25 holdings of Marret HYS Trust, as a percentage of the Net Asset Value of Marret HYS Trust, have been presented in accordance with NI 81-106.

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Updates will be available on a quarterly basis.

The prospectus and other information about the Fund are available on the internet at www.sedar.com and at www.marret.com.



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