



March 21, 2014

Dear Investor:

The independent review committee of the Marret Funds (the “Marret IRC”) was established on May 28, 2009. The role of the Marret IRC is to provide approval or recommendation in respect of conflict of interest matters identified by Marret Asset Management Inc. (“Marret”) as the manager of the funds listed in Schedule A to this report (the “Marret Funds”).

Marret is responsible for referring to the Marret IRC any matter which a reasonable person could view Marret as having an interest that may conflict with its ability to act in good faith and in the best interest of the Marret Funds. The Marret IRC reviews each such matter and provides its approval or recommendation, having regard to whether the actions proposed by Marret achieve a fair and reasonable result for the Marret Funds.

Marret takes governance and stewardship very seriously and continues to view the IRC as an enhancement to its commitment to unitholders for high standards of operations and governance.

CI Financial Corp. (“CI”) (TSX: CIX) acquired 65% of the voting securities of Marret on November 29, 2013. CI is an independent, Canadian-owned wealth management company. CI Investments Inc. (“CI Investments”), a wholly owned subsidiary of CI, is one of Canada's largest investment management companies. Pursuant to National Instrument 81-107, each of the existing members of the Marret IRC, John Anderson, Ross MacKinnon and Ronald Riley, ceased to be members of the Marret IRC on the change of control of Marret. CI Investments has an independent review committee (the “CI IRC”), consisting of 5 individuals, that is responsible for the CI investment funds. Rather than having two separate groups acting as independent review committees for Marret and CI, it was determined by Marret that the Marret IRC would be reconstituted with the members of the CI IRC. This appointment was effective on the change of control of Marret, November 29, 2013. A detailed description of the newly appointed Marret IRC is set out below.

The IRC consists of five members who have expertise in a broad range of areas, including the management and oversight of investment funds, accounting and general corporate experience.

As the IRC was reconstituted during the reporting period, any part of this report that deals with matters that took place before the new Marret IRC was reconstituted will be based on discussions with Marret, the former Marret IRC members and a review of such other materials as we considered necessary to provide this report.

During the year, the Marret IRC met on a regular basis, had regular discussions with management, received appropriate representations regarding conflict matters from the CEO and the Marret Chief Compliance Officer.

The annual Marret IRC review of the effectiveness of Marret’s policies and practices related to conflict matters took note of the fact that: Marret IRC activities had not revealed any issues with the conflict policies or practices; there were no cases of conflict matters not covered by the policies; and that there was no evidence that the policies were not effective. Regular audits of Marret Funds and

the internal compliance program have not identified any weaknesses in Marret's operations that might suggest deficiencies in the conflict policies or processes, nor has the IRC received any direct communication on conflict matters, except for those that have been satisfactorily dealt with by Marret.

The Marret IRC also assessed its own independence, effectiveness and compensation and no changes were identified except as noted below.

Attached is the IRC 2013 Annual Report to Unitholders for the period from January 1, 2013 to December 31, 2013. The Marret IRC is pleased with its continuing operations and found Marret responsive to questions and suggestions. The Marret management team has made itself available and we are comfortable with their dealings with our committee.

We look forward to continuing to serve you and the Marret Funds.

Stuart P. Hensman
Chair of the Independent Review Committee of the Marret Funds

INDEPENDENT REVIEW COMMITTEE OF THE MARRET FUNDS

2013 Annual Report to Unitholders

MEMBERS OF THE INDEPENDENT REVIEW COMMITTEE OF THE MARRET FUNDS (“MARRET IRC”)

MEMBER OF THE IRC	APPOINTED IN	EXPIRY OF TERM
Stuart P. Hensman Chair of the IRC Toronto, Ontario	2013	2016
William Harding Toronto, Ontario	2013	2016
Christopher M. Hopper ¹ Toronto, Ontario	2013	2016
Sharon M. Ranson Toronto, Ontario	2013	2016
James M. Werry Toronto, Ontario	2013	2016
John Anderson Chair of IRC Toronto, Ontario	2009	2013
Ross MacKinnon Huntsville, Ontario	2009	2013
Ronald Riley Toronto, Ontario	2011	2013

SECURITY HOLDINGS AND INDEPENDENCE OF THE MARRET IRC

As at December 31, 2013, the members of the Independent Review Committee owned beneficially, directly or indirectly, in aggregate the following securities:

- Any series or class of any Fund: NIL
- Any series or class of securities of the Manager: NIL
- Any series or class of securities of CI Financial Corp., the indirect parent company of the Manager: LESS THAN ONE PER CENT
- Any series or class of securities of The Bank of Nova Scotia, being a 37 percent shareholder of CI Financial Corp: NIL

¹ Mr. Christopher Hopper is also a director and member of the independent review committee of the VentureLink Funds.

- Any securities of any person or company that provides services to any of the Funds or the Manager: NIL

COMPENSATION AND INDEMNITIES

The members of the Marret IRC are entitled to be compensated by the Marret Funds and to be indemnified by the Marret Funds in appropriate circumstances. The aggregate compensation paid to the IRC in respect of all Marret Funds during the most recently completed financial year was \$47,500. Each Marret Fund paid a pro rata share of this compensation.

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

The compensation of the Marret IRC is set, from time to time, by the Marret 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 Marret 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.

CONFLICT OF INTEREST MATTERS

- Manager acting without positive recommendation

The Marret 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 Marret IRC for which the Marret IRC did not provide a positive recommendation.

- Manager failing to meet condition

The Marret 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 Marret IRC in its recommendation or approval.

- Reliance on standing instructions, recommendations and approvals

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

- a. In January 2013, the Manager advised the Marret IRC of a potential conflict related to the proposed rebalancing of the Marret Multi Strategy Income Fund (the “MMF Fund”) and the related Marret MSIF Trust (the “MMF Trust”). The MMF Fund gains exposure to the returns of the MMF Trust through a forward agreement. A fourth portfolio, the Marret Resource Yield Strategy, would be added to the MMF Trust and that would also be sub advised by Marret. Assets would be allocated away from a third party manager to Marret. The proposed annual rebalancing would give rise to a potential conflict of interest to the extent that Marret determined to allocate more of the assets of the MMF Trust to one of the underlying portfolios sub advised by Marret. As a result of the allocation change, Marret as a firm would manage 70% of the MMF Trust vs. 65% before the addition of the Marret Resource Yield Strategy, or approximately \$77M vs. \$71.5M in AUM based on the MMF Trust size of approximately \$110M. The incremental AUM would provide Marret with approximately \$82,500 in incremental management fee revenue on an annualized basis. Marret’s allocation decision was based on its outlook for the market and the various strategies in the MMF Trust.

The Marret IRC raised no objection to the rebalancing, which was effected on January 31, 2013

- b. In December 2013, the Manager advised the Marret IRC of two potential conflicts:
 - i. As a result of the proposed rebalancing of the MMF Fund resulting from the redemption of approximately 70% of the MMF Fund at year end assets would be allocated away from a third party manager to Marret: Marret as a firm would manage 80% of the MMF Trust vs. 70% before the rebalancing, or approximately \$29.6 million vs. \$25.9 million in AUM based on the post redemption Fund size of approximately \$37 million. The \$3.7 million in incremental AUM would provide Marret with approximately \$55,000 in incremental management fee revenue on an annualized basis. Marret’s allocation decision was based on its outlook for the market and the various strategies in the Fund. The proposed annual rebalancing would give rise to a potential conflict of interest to the extent that Marret determined to allocate more of the assets of the Trust to one of the Underlying Portfolios subadvised by Marret.

In the Marret IRC’s opinion after reasonable enquiry, the allocation recommendation achieved a fair and reasonable result for the MMF Fund and the MMF Trust.

- ii. The valuation of the illiquid securities affecting the MMF Fund, the MMF Trust, the Marret High Yield Strategies Fund (the “HYS Fund”) and the Marret HYS Trust (the “HYS Trust”) gives rise to a potential conflict of interest because Marret is responsible for determining the value of the positions and benefits from higher management fees to the extent that a

higher valuation is chosen. Marret believed that the pricing decisions represent the business judgment of Marret based on consistent valuation methodology, is uninfluenced by considerations other than the best interests of the relevant funds, is in compliance with the valuation rules and procedures relating to the relevant funds and achieves a fair and reasonable result for the relevant funds. The valuation was reviewed by PWC.

In the Marret IRC's opinion after reasonable enquiry, the pricing recommendation on the illiquid securities achieved a fair and reasonable result for the MMF Fund, the MMF Trust, the HYS Fund and the HYS Trust.



SCHEDULE A

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