

2014 Annual Management Report of Fund Performance

for the year ended December 31, 2014



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 investment trust. You can get a copy of the annual financial statements at your request, and at no cost, by calling 416-214-5800, by writing to us at Marret Asset Management Inc., 200 King Street West, Suite 1902, Toronto, Ontario M5H 3T4 or by visiting our website at www.marret.ca or SEDAR at www.sedar.com.

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

Marret High Yield Strategies Fund

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INVESTMENT OBJECTIVE AND STRATEGIES

Marret High Yield Strategies Fund (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.

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 2014 that have materially affected the risks associated with an investment in the units of the Fund except as noted under the Recent Developments section on page 3 in connection with the redemption of units and the Portfolio's illiquid holdings.

RESULTS OF OPERATIONS

The Fund's net asset value decreased by \$294.8 million to \$36.2 million from December 31, 2013 to December 31, 2014. The Fund had net redemptions of \$0.4 million for the period. The Fund paid distributions totaling \$284.3 million while the portfolio's performance decreased assets by \$10.1 million. The Fund's one-year return was -88.8%, compared to the return of the benchmark of 2.5%. The benchmark is the Bank of America Merrill Lynch U.S. High Yield Total Return Index.

As previously announced, the Fund had been scheduled to terminate on May 30, 2014. The bulk of the Fund's assets were distributed to unitholders on June 16, 2014. Rather than terminate, the Fund will continue in order to hold two private positions (the "Private Portfolio"). The TSX has confirmed that the Fund will continue to be listed. Marret's intention is to distribute the net proceeds from the Private Portfolio when the holdings are sold and the proceeds are received by the Fund. No ongoing management fee or other fees will be charged by Marret for overseeing the liquidation of the Private Portfolio.

The Private Portfolio consists of bonds issued by Cline Mining Inc. ("Cline") and Data & Audio-Visual Enterprises Holdings Inc. ("Mobicity"). Cline holds various mineral assets, including the Elk Coal Mine in Colorado, which has almost 620 million tons of in-place coal. Mobicity owns a mobile communications network, including valuable wireless spectrum licenses.

The Fund underperformed the Bank of America Merrill Lynch U.S. High Yield Total Return Index.

Cline Mining

The Manager has written down the net asset value of Cline due to the significant decline in coal prices since the end of 2013 (Seaborne Hard Coking Coal contract price declined from \$152 to \$120 per tonne), and the additional glut of assets competing with the Cline coal asset for buyers. In these circumstances, the Manager has concluded that there is a heightened risk that it would take significantly longer to realize on the value of this investment.

Mobicity

It was reported mid-year that Telus terminated the proposed going concern transaction to purchase Mobicity. As a result, we reduced the value of the bonds to reflect the uncertainty surrounding the potential sale or realization on the assets.

We originally made the investment in Mobicity on the premise that the spectrum the company controlled was in limited supply, would appreciate over time, and would support the value of the company in a workout situation. The terms of the spectrum auction included a clause that precluded a sale of the spectrum to Bell, Telus or Rogers for a period of five years. This moratorium expired in February 2014. Despite this, the government has refused to approve the sale of Mobicity to Telus on the premise that it would hinder competition in the Canadian wireless industry. The government's stance has been detrimental to all investors in the new entrant wireless companies.

RECENT DEVELOPMENTS

Mobicity

Mobicity continues to explore potential alternatives and has been engaged in discussions with several parties who have expressed interests in advancing a transaction involving the company. Mobicity is currently operating on a cash flow breakeven basis, and its business operations and customer base have been stable.

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Cline Mining

Given the continued deterioration in the coal markets, Cline initiated restructuring proceedings in Canada and the U.S. on December 3, 2014 as Cline was unable to sell its assets at a reasonable valuation, nor meet its obligations to its secured and unsecured creditors, including the Fund. The proposed restructuring, in its current form, is supported by the Manager and if all approvals are obtained, would result in the Fund receiving a new secured term loan in addition to a proportionate share of equity in Cline equal to the Fund's proportion of outstanding debt in Cline, in exchange for the existing notes. Completion of the process would allow Cline to simplify its corporate structure and provide additional cost cutting opportunities.

International Financial Reporting Standards

As previously confirmed by the Canadian Accounting Standards Board ("AcSB"), most Canadian publicly accountable entities adopted International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, on January 1, 2011. However, the AcSB allowed investment funds to defer adoption of IFRS until fiscal years beginning on or after January 1, 2014. As a result, the Fund has adopted IFRS January 1, 2014. The Fund's annual financial statements as of December 31, 2014, including comparative information, are prepared in accordance with IFRS.

RELATED PARTY TRANSACTIONS

Manager

Marret Asset Management Inc. is the Manager of the Fund and in consideration of management fees of \$0.4 million, provided management services required in the day-to-day operations of the Fund for the period.

Management Fees

100% of the management fees received for the period were used to pay for investment management and other general administration.

Independent Review Committee

The Fund received standing instructions from the Independent Review Committee ("IRC") with respect to the following Related Party Transactions: trades in securities of CI Financial Corp. and Marret Resource Corp.

The applicable standing instructions require that Related Party Transactions be conducted in accordance with the Manager's policies and procedures. The Manager is required to advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that the investment decision in respect to Related Party Transactions (a) are made by the Manager free from any influence by any entities related to the Manager and without taking into account any consideration to any affiliate of the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; and (c) are made in compliance with the Manager's policies and procedures. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

The Fund relied on the IRC's standing instructions regarding Related Party Transactions during this reporting period.

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FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years.

THE FUND'S NET ASSETS PER UNIT ^(1,2,8)

Class A	Year Ended Dec. 31, 2014	Year Ended Dec. 31, 2013	Year Ended Dec. 31, 2012[^]	Year Ended Dec. 31, 2011[^]	Year Ended Dec. 31, 2010[^]
Commencement of operations June 17, 2009	\$	\$	\$	\$	\$
Net assets at the beginning of year ⁽¹⁾	9.00	9.75	10.14	10.79	10.20
Increase (decrease) from operations:					
Total revenue	-	-	-	-	-
Total expenses (excluding distributions)	(0.04)	(0.10)	(0.10)	(0.11)	(0.11)
Realized gains (losses) for the year	0.73	0.63	0.23	0.14	0.12
Unrealized gains (losses) for the year	(0.96)	(0.73)	0.14	0.02	1.38
Total increase (decrease) from operations ⁽²⁾	(0.27)	(0.20)	0.27	0.05	1.39
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	(7.74)	(0.60)	(0.70)	(0.80)	(0.80)
Total distributions ^{(2),(3)}	(7.74)	(0.60)	(0.70)	(0.80)	(0.80)
Net assets at the end of the year shown ⁽¹⁾	0.99	9.00	9.75	10.14	10.79
Ratios and Supplemental Data					
Total net assets (\$) ⁽⁶⁾	36,180,984	331,011,022	670,731,877	605,283,673	414,311,288
Number of units outstanding ⁽⁶⁾	36,729,002	36,789,967	68,758,811	59,671,109	38,396,109
Portfolio turnover rate (%) ⁽⁶⁾	0.01	-	25.03	8.31	8.12
Trading expense ratio (%) ⁽⁶⁾	0.01	0.02	0.02	0.03	0.04
Management expense ratio after taxes (%) ⁽⁴⁾	0.93	2.80	4.48	4.81	6.46
Closing market price (\$) ⁽⁸⁾	0.11	8.00	9.48	11.06	11.31

[^] Historical figures are based on Canadian GAAP, for more details refer to footnote 7.

(1) This information is derived from the Fund's audited annual financial statements.

(2) 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 fiscal year.

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

(4) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) of the Fund for December 31, 2014 and of the Fund and Marret HYS Trust for the prior years, including interest expense and issuance costs, and is expressed as an annualized percentage of daily average Net Asset Value of the year.

(5) 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 year, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the year.

(6) 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 year.

(7) For financial years beginning on or after January 1, 2013 the financial highlights are derived from the financial statements prepared in accordance with *International Financial Reporting Standards* ("IFRS"). IFRS allows net assets to be calculated based on the last traded market price for financial assets and financial liabilities where the last traded price falls within the day's bid-ask spread. There are no differences between the net assets calculated for purpose of processing unitholders transactions and the net assets attributable to holders of redeemable units used for financial statement reporting purposes as at December 31, 2014 and 2013. For financial years before January 1, 2013, the financial highlights are derived from the financial statements prepared in accordance with Canadian GAAP. Under Canadian GAAP net assets for financial statement purposes were calculated based on bid/ask price while for purpose of processing unitholder transactions net assets were calculated based on the closing market price.

(8) This information is provided as at December 31, of the year shown.

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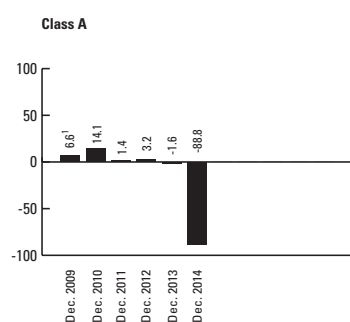
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PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the years shown were reinvested in additional units of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

Year-by-Year Returns

The following chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted.



¹This figure is for the period from June 17, 2009 to December 31, 2009.

Annual Compound Returns

The following table shows the Fund's annual compound returns for each period indicated, compared to the Bank of America Merrill Lynch U.S. High Yield Total Return Index, the S&P/TSX Composite Total Return Index and the Standard & Poor's 500 Total Return Index ("S&P 500 TR Index").

The Bank of America Merrill Lynch U.S. High Yield Total Return Index is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

The S&P/TSX Composite Total Return Index is a float adjusted market capitalization weighted index which is the principal broad measure of the Canadian equity market. It includes common stocks and income trust units of companies incorporated in Canada which are listed on the Toronto Stock Exchange.

The Standard & Poor's 500 Total Return Index is an index composed of 500 stocks weighted by capitalization and representing all major U.S. industries. The S&P 500 Total Return Index is a broad measure of the stock performance of the largest U.S. companies with market capitalization in excess of US\$5 billion.

A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this report.

	One Year (%)	Three Years (%)	Five Years (%)	Since Inception (%)
Marret High Yield Strategies Fund	(88.8)	0.6	3.4	7.9
Bank of America Merrill Lynch U.S. High Yield Total Return Index	2.5	8.4	8.9	11.9
S&P/TSX Composite Total Return Index	10.6	10.2	7.5	10.1
S&P 500 Total Return Index	24.2	25.9	17.9	18.9

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SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2014

Portfolio Breakdown		Portfolio Breakdown (cont'd)		Top Holdings	
Category	Percentage of Net Asset (%)	Category	Percentage of Net Asset (%)	Security Name	Percentage of Net Asset (%)
Country allocation		Sector allocation			
Canada	99.1	Canadian Corporate Bonds	99.1	Cline Mining Corp., Restricted, 10.000%, 2014/06/15 (USD)	74.4
Other Assets, Less Liabilities	0.9	Other Assets, Less Liabilities	0.9	Data & Audio-Visual Enterprises Holdings Inc., 15.500%, 2014/06/30	11.8
				Cline Mining Corp., Convertible, Restricted, 10.000%, 2014/06/15	6.6
				Data & Audio Visual Enterprises Wireless Inc., Callable, 9.500%, 2018/04/29	3.9
				Data & Audio Visual Enterprises Wireless Inc., Callable, 9.500%, 2018/04/29	2.4
				Data & Audio-Visual Enterprises Holdings Inc., Pay-In-Kind, Callable, 15.000%, 2018/09/25	-
				Cline Mining Corp., Warrants, 2015/05/14	-
				Data & Audio-Visual Enterprises Holdings Inc., Class 'B', Warrants, 2018/09/25	-
				Data & Audio-Visual Enterprises Holdings Inc., Warrants, 2018/09/25	-
				Pacific Coal Resources Ltd., Warrants, 2016/03/14	-
				Xinergy Ltd., Warrants, 2017/08/13	-
				Total Net Assets (in \$)	\$ 36,180,984

The summary of investment portfolio may change due to ongoing portfolio transactions and updates are available on a quarterly basis.

A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause

actual events or results to differ materially from those expressed or implied in any forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.