

2016 Semi-Annual Management Report of Fund Performance

for the period ended June 30, 2016



Marret High Yield Strategies Fund

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the investment trust. You can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 416-214-5800, by writing to us at Marret Asset Management Inc., 2 Queen Street East, Twelfth Floor, Toronto, Ontario M5C 3G7 or by visiting our website at www.marret.com 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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RESULTS OF OPERATIONS

As at June 30, 2016 and December 31, 2015, the Fund's net assets were \$26.8 million. The Fund's six-month return was 0.0%, compared to the returns of the benchmark of 9.3%. The benchmark is the Bank of America Merrill Lynch U.S. High Yield Total Return Index.

As previously announced, the Fund has continued in order to hold private positions (the "Private Portfolio"). Our 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 equity and bonds issued by Cline Mining Inc. ("Cline"). Cline holds various mineral assets, including the New Elk Coal Mine in Colorado, which has almost 630 million tonnes of in-place coal. The Private Portfolio used to include bonds issued by Data & Audio-Visual Enterprises ("Mobilicity"), but those bonds were retired in 2015.

Cline's focus remains on improving liquidity through the sale of non-core assets and the reduction of expenses. During the period, the company entered into an agreement to sell Cline Gold, which is expected to close in July 2016. The company has lowered headcount and further reduced its burn rate at the New Elk Mine. As the mine remains on "care and maintenance," Cline management continues to sell used equipment into a challenging market. Sales of equipment and the non-core assets are being undertaken with an aim to maximize corporate liquidity until a buyer for the asset can be secured.

RECENT DEVELOPMENTS

The market for metallurgical coal remains very challenging due to weakness in the Chinese steel market and the strength in the U.S. dollar. Met coal prices have declined to the lowest levels in a decade, and are well below the break-even costs for most producers. While money-losing production has been shut in, the market remains oversupplied, and further cuts and/or a pickup in end-demand will be required to rebalance the market. The strong U.S. dollar has been a competitive headwind for U.S. producers versus their Canadian and Australian peers, given the weakness in those currencies. One offset to this is that Cline's debt is denominated in Canadian dollars; Australian and Canadian dollars tend to move in the same direction, so this acts as a partial buffer in Cline's favour.

As coal markets remain distressed, Cline's strategy is to cut costs, enhance liquidity, and maintain the safety and integrity of the mine until markets improve. The bottoming process is underway, but it may be a multi-year process before coal prices improve.

On June 13, 2016, the Manager of the Fund announced that the Fund applied to voluntarily delist its Class A units from the Toronto Stock Exchange ("TSX"). The Class A units were delisted from the TSX at the close of trading on June 24, 2016.

On June 27, 2016, the Class A Units commenced trading on the Canadian Securities Exchange ("CSE").

RELATED PARTY TRANSACTIONS

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 six periods, as applicable.

NET ASSETS PER UNIT ^(1,2,8)

Class A	Six Months Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	Jun. 30, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012 ^A	Dec. 31, 2011 ^A
Commencement of operations June 17, 2009	\$	\$	\$	\$	\$	\$
Net assets at the beginning of period ⁽¹⁾	0.73	0.99	9.00	9.75	10.14	10.79
Increase (decrease) from operations:						
Total revenue	-	0.16	-	-	-	-
Total expenses (excluding distributions)	-	-	(0.04)	(0.10)	(0.10)	(0.11)
Realized gains (losses) for the period	-	0.37	0.73	0.63	0.23	0.14
Unrealized gains (losses) for the period	-	(0.08)	(0.96)	(0.73)	0.14	0.02
Total increase (decrease) from operations ⁽²⁾	-	0.45	(0.27)	(0.20)	0.27	0.05
Distributions:						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.70)	(7.74)	(0.60)	(0.70)	(0.80)
Total distributions ^{(2),(3)}	-	(0.70)	(7.74)	(0.60)	(0.70)	(0.80)
Net assets at the end of the period shown ⁽¹⁾	0.73	0.73	0.99	9.00	9.75	10.14
Ratios and Supplemental Data						
Total net assets (\$) ⁽⁴⁾	26,751,767	26,764,866	36,180,984	331,011,022	670,731,877	605,283,673
Number of units outstanding ⁽⁴⁾	36,729,002	36,729,002	36,729,002	36,789,967	68,758,811	59,671,109
Portfolio turnover rate (%) ⁽⁵⁾	-	81.78	0.01	-	25.03	8.31
Trading expense ratio (%) ⁽⁶⁾	-	-	0.01	0.02	0.02	0.03
Management expense ratio after taxes (%) ⁽⁴⁾	0.38	0.12	0.93	2.80	4.48	4.81
Closing market price (\$)	0.05	0.045	0.11	8.00	9.48	11.06

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

(1) This information is derived from the Fund's semi-annual and 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) from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

(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 June 30, 2016 and December 31, 2015 and of the Fund and Marret HYS Trust for the prior periods, including interest expense and issuance costs, and is expressed as an annualized percentage of daily average Net Asset Value of the period.

(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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period. 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.

(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 period.

(7) For financial periods 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. 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 for the period ended June 30, 2016 and the years ended December 31.

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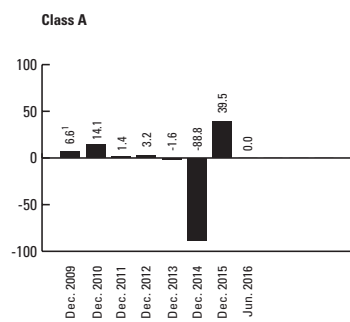
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PAST PERFORMANCE

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



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

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SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2016

Portfolio Breakdown		Portfolio Breakdown (cont'd)		Top Holdings	
Category	Percentage of Net Assets (%)	Category	Percentage of Net Assets (%)	Security Name	Percentage of Net Assets (%)
Country allocation		Sector allocation			
Canada	98.5	Canadian Corporate Bonds	98.5	Cline Mining Corp., Floating Rate, 2022/07/08	90.5
Other Assets, Less Liabilities	1.5	Other Assets, Less Liabilities	1.5	Cline Mining Corp., Floating Rate, 2022/07/08	8.0
				Cline Mining Corp., Convertible	-
				Data & Audio-Visual Enterprises Holdings Inc., Pay-In-Kind, Callable, 15.000%, 2018/09/25	-
				Data & Audio-Visual Enterprises Holdings Inc., Class 'B', Warrants, 2018/09/25	-
				Data & Audio-Visual Enterprises Holdings Inc., Warrants, 2018/09/25	-
				Xinergy Ltd., Warrants, 2017/08/13	-
				Total Net Assets (in \$)	\$26,751,767

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be 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.