Artemis

Investment Management

ENERGY INCOME FUND

ANNUAL REPORT

DECEMBER 31, 2013

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MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Energy Income Fund (the "Fund") contains financial highlights but does not contain the complete annual financial statements of the Fund. The annual financial statements follow this report. You may obtain a copy of the annual financial statements, at no cost, by calling 647-477-4886, or by sending a request to Investor Relations, Artemis Investment Management Limited, 5 Hazelton Avenue, Suite 200, Toronto, ON, M5R 2E1, Canada or by visiting our website at www.artemisfunds.ca or the Fund's SEDAR profile at www.sedar.com. Holders may also contact us to request a free copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance are based on the Fund's calculation of its daily Net Asset Value ("NAV"), which is exempted from the application of CPA Handbook Section 3855, except for the figures presented in the NAV per units outstanding table, which can be found under Financial Highlights. In accordance with National Instrument 81-106, the figures in this table are derived from the financial statements.

THE FUND

The Fund is a closed-end investment trust. Artemis Investment Management Limited is the investment fund manager (the "Manager") of the Fund. The Fund has one class of units (each, a "Unit") outstanding. The Units trade on the Toronto Stock Exchange ("TSX") under the symbol ENI.UN. The Fund's portfolio managed by Vestcap Investment Management Inc. (the "Portfolio Advisor").

INVESTMENT OBJECTIVE

Energy Income Fund's investment objective is to provide holders of its Units ("Unitholders") with monthly cash distributions and achieve a total return on the portfolio that is greater than the total return provided by the benchmark index, as selected by the Manager from time to time. For the year ended December 31, 2011 and subsequent periods, the benchmark index used was changed to the S&P/TSX Capped Energy Index. Prior to 2011, the benchmark index was the S&P/TSX Capped Energy Trust Index.

RISKS

There are a number of risks associated with an investment in Energy Income Fund. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates, interest rates, and general business operation risks, any of which may affect the issuers' income and as a result reduce the value of its securities. Diversification and active management by the Fund's Investment Manager of the securities held in the portfolio may reduce these risks.

There were no changes in the year ended December 31, 2013 that materially affected the risks associated with an investment in Units of the Fund. For a complete list of risks, see the Fund's short form prospectus filed August 16, 2013 on the Fund's SEDAR profile at www.sedar.com.

RESULTS OF OPERATIONS

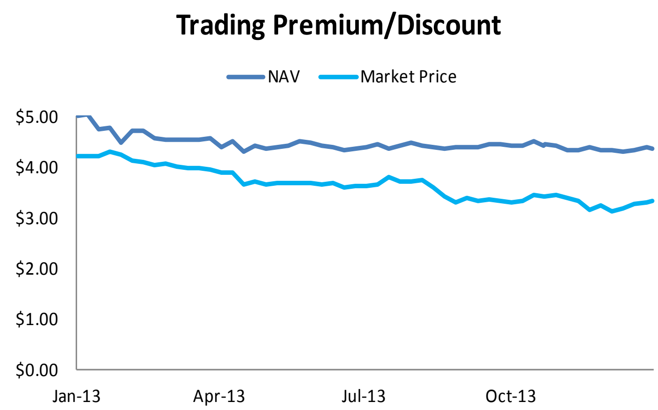
The total NAV of the Fund went from $32.10 million to $27.21 million between January 1, 2013 to December 31, 2013. Total revenue per Unit for 2013 was $0.20 ($1.26 million), down from $0.22 ($2.15 million) in 2012. Total operations of the Fund resulted in a NAV per Unit loss of $0.15 ($0.90 million) in 2013. For 2012, the Fund's total operations had a NAV per Unit loss of $0.62 ($6.03 million). The decrease in net assets from operations was compounded by redemptions in the period of $3.69 million, distributions of $2.20 million and a charge of $2.24 million by the former manager, Crown Hill Capital Corporation ("Crown Hill"), in connection with its resignation. This charge was composed of a $1.6 million resignation expense, $0.4 million administrative expense and $0.3 million in applicable taxes.

Total administrative expenses for the year ended December 31, 2013 were $2.47 million compared to $0.24 million for 2012. Excluding the charge related to the former manager's resignation, total administrative expenses were $0.23 million for 2013. Management fees also decreased for the year to $0.23 million (2012 - $0.40 million). Investment management fees decreased to $0.11 million during the year (2012 - $0.23 million). The reduction in administrative expenses, management fees and investment management fees resulted from expense reduction initiatives by the Manager as well as the Fund's lower average total net asset value throughout the year.

The NAV per Unit performance, including the impact of the charges related to the former manager's resignation, resulted in a negative total return of 2.81% for 2013. For the year ended December 31, 2013 and 2012, Energy Income Fund paid total cash distributions of $0.36 per Unit/$0.03 per Unit per month.

TRADING PREMIUM/DISCOUNT TO NET ASSET VALUE

For 2013, the Fund traded at an average discount to its net asset value per Unit of 18.25%, compared to an average discount of 15.48% during 2012.



RECENT DEVELOPMENTS

Warrant Offering

On August 19, 2013, the Fund announced that it had filed a short form prospectus relating to an offering of transferrable warrants to Unitholders of the Fund. A copy of the short form prospectus is available on the Fund's SEDAR profile at www.sedar.com. Each Unitholder of record on August 29, 2013 received one warrant for each Unit held. A total of 6,049,729 warrants were issued. Each warrant entitled the Unitholder to purchase a Unit upon payment of the subscription price of $3.39. Warrants could be exercised before the earlier of i) October 17, 2013 and ii) such date which was 20 business days after the warrants were called by the Fund in accordance with the terms of the warrant offering. Upon completion of the warrant offering, a total of 555,230 warrants were exercised for net proceeds of $1,843,364 in 2013, after expenses totaling $38,866.

Monthly Distributions for 2014

On January 22, 2014, the Fund announced distributions for 2014 of $0.01 per Unit per month. Unitholders of record on the last day of each month of 2014 would be paid distributions on the 15th day (or first business day thereafter) of the ensuing month. In connection with each monthly distribution, outstanding Units of the Fund would trade ex-distribution commencing on the date that is two trading days before the applicable monthly record date. Participants in the Fund's dividend reinvestment plan will continue to receive their distributions in Units, with no changes in the basis of calculation.

A copy of the full news release is available on the Fund's SEDAR profile at www.sedar.com.

Redemptions & Retractions

The maximum number of Units redeemable in a year pursuant to the annual redemption privilege is 10% of the public float of the Fund as determined on the last business day of November in the preceding year less the number of Units repurchased for cancellation or otherwise redeemed by the Fund during the preceding twelve-month period (the "Maximum Redemption Amount"). For 2013 that number was 644,871 Units. From January 1, 2013 to December 31, 2013, the Fund did not repurchase any Units for cancellation under the annual redemption privilege.

On January 17, 2013, 400,000 Units were redeemed pursuant to a special redemption. In November 2013, an additional 400,000 Units were redeemed for a total cost of $1,751,960.

Normal Course Issuer Bid Program ("NCIB Program")

Under its NCIB Program, the Fund could purchase up to 644,585 Units, subject to certain conditions. Further information on this matter can be found in the press release dated November 15, 2012 on the Fund's SEDAR profile at www.sedar.com. For the year ended December 31, 2013, the Fund did not repurchase any units under its NCIB Program, which expired on November 20, 2013.

Change in Portfolio Advisor

On May 22, 2013, the Fund announced the appointment of Vestcap Investment Management Inc. ("Vestcap") as Portfolio Advisor of the Fund effective August 22, 2013, replacing Galileo Global Equity Advisors Inc. Founded in 1988, Vestcap is a Toronto-based portfolio management firm. Further information on this matter can be found in the press release dated May 22, 2013 on the Fund's SEDAR profile at www.sedar.com.

Change in Manager

On January 15, 2013, Crown Hill Capital Corporation ("Crown Hill") announced that it had tendered its resignation as trustee and manager of the Fund. Such resignation was effective upon the appointment of Artemis Investment Management Limited ("Artemis") as the Manager of the Fund (the "Manager"), which subsequently took place on January 16, 2013.

RELATED PARTY TRANSACTIONS

The Manager is entitled to receive a management fee of 0.70% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly. For the year ended December 31, 2013, management fees totaled $226,008 (2012 - $399,660), of which $21,557 was payable as at December 31, 2013 (2012 - $10,913). The fund is responsible for all expenses incurred. Prior to Artemis becoming the Manager, all expenses of the Fund were initially paid by the manager, who was then reimbursed by the Fund. Artemis generally has all expenses incurred by the Fund paid directly by the Fund.

The Portfolio Advisor receives a fee of 0.40% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services. For the year ended December 31, 2013, investment management fees totaled $113,703 (2012 - $228,377), of which $10,242 was payable as at December 31, 2013.

Administrative expenses for the year ended December 31, 2013 totaled $2,469,671 (2012 - $236,761). For 2103, Artemis charged $15,000 per month plus applicable taxes to the Fund to cover related administrative salaries, employee benefits, general overhead and office supplies (2012 - $15,000). In addition to recurring administrative expenses of the Fund, certain non-recurring expenses in the period were a result of Crown Hill resigning as trustee and manager of the Fund. The resignation was effective upon the appointment of Artemis as the Manager of the Fund, which took place on January 16, 2013. A resignation expense of $1.6 million plus applicable taxes was paid to Crown Hill as a result of its resignation. In addition, expenses totaling $0.4 million plus applicable taxes were paid to Crown Hill.

For redemptions or repurchases made subsequent to the amended and restated declaration of trust as of March 7, 2014 (the "Declaration of Trust"), the manager is entitled to receive a fee per Unit of 5% of the net asset value per Unit plus applicable taxes. For the year ended December 31, 2013, redemption fees totaled $101,852 (December 31, 2012 - $1,805,432).

MANAGEMENT REPORT OF FUND PERFORMANCE

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years as applicable.

The Fund's Net Assets per Unit (1)

For the Periods Ended	2013	2012	2011	2010	2009
Net Assets Per Unit, Beginning of Year	**$4.98**	$6.35	$6.80	$5.85	$4.06
Increase (Decrease) From Operations:					
Total Revenue	**0.20**	0.22	0.33	0.38	0.38
Total Expenses	**(0.53)**	(0.19)	(0.23)	(0.31)	(0.17)
Realized Gains (Losses)	**0.13**	(0.21)	0.18	0.41	(0.54)
Unrealized Gains (Losses)	**0.06**	(0.44)	(0.19)	1.55	2.53
Total Increase (Decrease) From Operations (2)	**($0.15)**	($0.62)	$0.09	$2.03	$2.20
Distributions:					
From Net Investment Income	**-**	0.03	-	0.06	0.20
Return of Capital	**0.36**	0.33	0.36	0.30	0.25
Total Annual Distributions per Unit (3)	**0.36**	0.36	0.36	0.36	0.45
Net Assets per Unit At December 31 of Year Shown	**$4.38**	$4.98	$6.35	$6.80	$5.85

(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 per Unit calculated for fund pricing purposes because of the provisions of CPA Handbook Section 3855. An explanation of the differences can be found in the notes to the financial statements.
(2) Net assets and distributions are based on the actual number of Units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of Units outstanding over the financial period.
(3) Distributions were paid in cash.

RATIOS AND SUPPLEMENTAL DATA

For the Years Ended	2013	2012	2011	2010	2009
Total Net Asset Value ($ 000's) (1)	**$ 27,213**	$ 32,102	$ 47,339	$ 47,856	$ 26,413
Number of Units Outstanding (000's) (1)	**6,211**	6,449	7,458	7,036	4,517
Management Expense Ratio (2)	**11.49%**	2.68%	3.01%	4.51%	2.95%
Trading Expense Ratio (3)	**0.43%**	0.98%	0.27%	0.61%	0.55%
Portfolio Turnover Ratio (4)	**70.69%**	153.97%	37.68%	111.38%	108.51%
Closing Market Price	**$ 3.34**	$ 4.17	$ 5.07	$ 5.66	$ 5.38

(1) This information is provided as at December 31 of the year shown.
(2) Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.
(3) The trading expense ratio represents total commissions expressed as an annualized percentage of weekly average net assets during the period.
(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 and the greater the chance of an investor receiving taxable capital gains in a year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

MANAGEMENT FEES

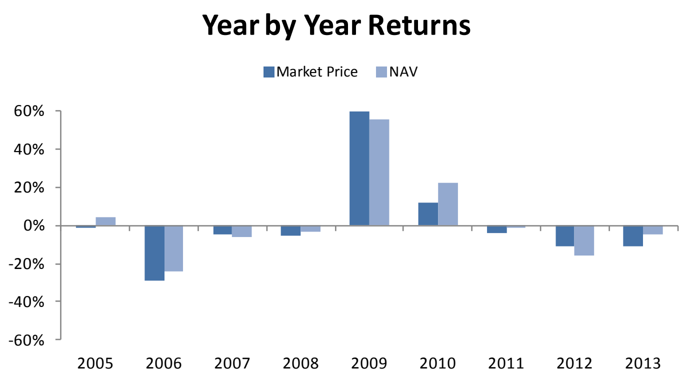
The Manager is entitled to receive a management fee of 0.70% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly. The Portfolio Advisor receives a fee of 0.40% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services.

PAST PERFORMANCE

The Fund's performance numbers represent the annual compound total returns over the period from inception in October 2005 to December 31, 2013 (except for returns of less than one year which are compounded total returns). Total returns are based upon both the Fund's change in market price and net assets per Unit plus the reinvestment of all distributions in additional Units of the Fund on the reinvestment dates for the year.

Returns do not take into account sales, redemptions, or income taxes payable that would have reduced returns. Past performance of the fund does not necessarily indicate how it will perform in the future.

The total return of the Fund for the year ended December 31, 2013 was negative 2.81% measured in terms of its NAV. The total return of the market price per Unit of the Fund for the year ended December 31, 2013 negative 11.49%.



(1) For 2013 and prior years, this represents the annual return, unadjusted for the exercise of warrants, for the twelve-month period ended December 31.

ANNUAL COMPOUND RETURNS

The following table presents the annual compound returns for Energy Income Fund based on market price and net assets per Unit for the periods indicated to December 31, 2013. For the year ended December 31, 2011 and subsequent periods, the returns are compared to the S&P/TSX Capped Energy Index due to the widespread conversion of oil & gas royalty trusts to corporations. The S&P/TSX Capped Energy Index is a market capitalization weighted total return index of corporations which are classified in the energy sector of the Global Industry Classification Standards.

	1-Year	3-Year	5-Year	Since Inception
Energy Income Fund (market price)	(11.49)%	(8.79)%	6.28%	(1.88)%
Energy Income Fund (net assets)	(2.81)%	(6.86)%	8.94%	(1.32)%
S&P/TSX Capped Energy Index (2)	9.72%	(5.50)%	4.72%	(1.11)%

(1) Prior to 2011, the annual compound returns for the Fund based on market price and net assets per Unit were compared to the S&P/TSX Capped Energy Trust Index and therefore will not match the current comparison to the S&P/TSX Capped Energy Index's compound returns. Under the Fund's Declaration of Trust, the change in the benchmark index used to measure against the return of the portfolio may be selected and changed by the Manager from time to time.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2013

Total Net Assets: $27,212,751

The major portfolio categories and top holdings of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available at www.artemisfunds.ca.

Portfolio by Sector	**% of Total Net Assets**
Canadian Equities	
Oil & Gas Corporations	78.30
Materials	2.20
Utilities	2.80
Total Canadian Equities	83.30
Canadian Bonds	4.20
International Equities	10.20
Other Assets, Net of Liabilities	2.30
Total Net Assets	100.00

TOP 25 HOLDINGS (as a % of Total Net Assets)

As at December 31, 2013

Vermillion Energy Inc.	8.00
Gibson Energy Inc.	7.00
Whitecap Resources Inc.	5.80
Pembina Pipeline Corp.	5.50
Baytex Energy Corp.	4.60
Cathedral Energy Services Ltd.	4.60
Canyon Services Group Inc.	4.40
Twin Butte Energy Ltd.	4.20
Canadian Energy Services & Technology Corp.	4.20
Athabasca Oil Corp., 7.500%, 11/19,2017	4.20
Crescent Point Energy Corp.	3.80
Encana Corp.	3.50
Western Energy Services Corp.	3.10
Peabody Energy Corp.	3.10
Bonterra Energy Corp.	3.00
Paramount Resources Ltd.	2.90
Caterpillar Inc.	2.80
Northland Power Inc.	2.80
Royal Dutch Shell PLC	2.80
Suncor Energy Inc.	2.70
Trilogy Energy Corp.	2.50
Husky Energy Inc.	2.50
Other Assets, Net of Liabilities	2.30
Cenovus Energy Inc.	2.20
Sherritt International Corp.	2.20
% of Total Net Assets	**94.70%**

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent the Manager's or Portfolio Advisor's expectations regarding future events. By their nature, forward-looking statements must be based on assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Actual results may differ materially from the Manager's or Portfolio Advisor's expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, foreign exchange 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 prospectus, Annual Information Form and other investor documentation. The foregoing list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, neither the Fund nor the Manager undertakes, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Financial Statements
(Expressed in Canadian dollars)

ENERGY INCOME FUND

For the year ended December 31, 2013

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statement of Energy Income Fund (the "Fund") have been prepared by Artemis Investment Management Limited ("Artemis") and approved by the Board of Directors of Artemis (the "Board"). Artemis is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

Artemis maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 4 to the financial statements.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

The board has appointed the external audit firm of KPMG LLP. It has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable it to express to unitholders its opinion on the financial statements. The auditor has full and unrestricted access to the Board to discuss its findings.

(signed)

Conor Bill
Chief Executive Officer
Artemis Investment Management Limited

(signed)

Trevor Maunder
Chief Financial Officer
Artemis Investment Management Limited

March 7, 2014

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Energy Income Fund

We have audited the accompanying financial statements of Energy Income Fund, which comprise the statements of net assets and investments as at December 31, 2013, the statements of operations and changes in net assets for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Energy Income Fund as at December 31, 2013, and its results of operations and its changes in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matter

The financial statements of Energy Income Fund as at and for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on April 2, 2013.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 7, 2014
Toronto, Canada

STATEMENTS OF NET ASSETS

December 31, 2013, with comparative figures for 2012

	2013	2012
Assets		
Investments at fair value	$ 26,592,010	$ 30,558,650
Cash and cash equivalents	756,381	1,718,555
Receivable for investments sold	-	566,793
Dividends and interest receivable	129,703	188,001
Prepaid expenses	-	47,539
Other receivables	63,088	-
	27,541,182	33,079,538
Liabilities		
Payable for investment purchases	-	597,024
Distributions payable	186,320	174,363
Management fees payable (note 6)	21,557	10,913
Accounts payable and accrued liabilities (note 6)	120,554	194,921
	328,431	977,221
Net Assets Representing Unitholder's Equity	$ 27,212,751	$ 32,102,317
Units Outstanding (note 5)	6,210,676	6,448,709
Net Assets per Unit (note 5)	$ 4.38	$ 4.98

See accompanying notes to financial statements.

On behalf of the Board,

(signed)

Conor Bill
Chief Executive Officer

(signed)

Trevor Maunder
Chief Financial Officer

STATEMENTS OF OPERATIONS

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Investment Income		
Dividend	$ 996,737	$ 1,945,761
Interest	213,666	202,487
Other	46,455	-
	1,256,858	2,148,248
Expenses		
Management fees (note 6)	226,008	399,660
Legal fees	54,966	257,596
Investment management fees (note 6)	113,703	228,377
Administrative	2,469,671	236,761
Regulatory and listing	89,296	50,010
Unitholder servicing	46,691	48,976
Custody, valuation and transfer fees	62,763	81,894
Audit and review fees	38,999	44,523
Independent review committee fees	28,891	22,020
Transaction costs (note 8)	118,964	509,595
Directors' fees	33,559	21,050
	3,283,511	1,900,462
Net Investment Income (Loss)	(2,026,653)	247,786
Net Realized Gain (Loss) on Sale of Investments (note 6)	768,298	(2,007,756)
Net Realized Gain (Loss) on Foreign Currency	20,319	(5,691)
Net Change in Unrealized Appreciation (Depreciation) in Value of Investments	340,722	(4,267,568)
Net Change in Unrealized Appreciation (Depreciation) in Value of Foreign Currency	115	-
(Decrease) in Net Assets from Operations	$ (897,199)	$ (6,033,229)
(Decrease) in Net Assets from Operations per Unit [1]	$ (0.15)	$ (0.62)

[1] Based on the weighted average number of units outstanding during the year.

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Net Assets - Beginning of Year	$ 32,102,317	$ 47,338,750
Operations		
Net investment income (loss)	(2,026,653)	247,786
Net realized gain (loss) on sale of investments (note 5)	768,298	(2,007,756)
Net realized gain (loss) on sale of foreign currency	20,319	(5,691)
Net change in unrealized appreciation in value of investments	340,722	(4,267,568)
Net change in unrealized appreciation in value of foreign currency	115	-
	(897,199)	(6,033,229)
Capital Unit Transactions (note 4)		
Proceeds from exercise of warrants	1,843,364	25,245,735
Fair value of net assets contributed on merger (note 1)	-	8,661,627
Proceeds from distribution reinvestment plan	61,442	67,464
Units canceled under the normal course issuer bid	-	(3,031,281)
Paid for Units redeemed	(3,693,805)	(36,733,064)
	(1,788,999)	(5,789,519)
Distributions to Unitholders		
From net investment income	-	(196,000)
Return to Unitholders	(2,203,368)	(3,217,685)
	(2,203,368)	(3,413,685)
(Decrease) in Net Assets	(4,889,566)	(15,236,433)
Net Assets - End of Year	$ 27,212,751	$ 32,102,317
Distributions per Unit	$ 0.36	$ 0.36

See accompanying notes to financial statements.

STATEMENT OF INVESTMENTS

December 31, 2013

Number of shares / par value	Investments owned	Average cost	Fair value	% of net assets
	CANADIAN BONDS			
1,200,000	Athabasca Oil Corp., 7.500%, 11/19/2017	$ 1,204,125	$ 1,131,406	4.2
	CANADIAN EQUITIES			
	Oil and Gas Corporations			
30,000	Baytex Energy Corp.	1,116,357	1,248,300	4.6
15,000	Bonterra Energy Corp.	628,392	812,100	3.0
50,000	Canadian Energy Services & Technology Corp.	549,559	1,154,000	4.2
100,000	Canyon Services Group Inc.	1,075,773	1,199,000	4.4
250,000	Cathedral Energy Services Ltd.	1,416,492	1,255,000	4.6
20,000	Cenovus Energy Inc.	622,260	608,000	2.2
25,000	Crescent Point Energy Corp.	980,914	1,030,750	3.8
50,000	Encana Corp.	902,500	958,000	3.5
70,000	Gibson Energy Inc.	1,579,550	1,918,000	7.0
20,000	Husky Energy Inc.	594,440	673,800	2.5
100,000	Lightstream Resources Ltd.	733,270	588,000	2.2
20,000	Paramount Resources Ltd.	666,382	777,600	2.9
40,000	Pembina Pipeline Corp.	1,120,199	1,496,800	5.5
20,000	Suncor Energy Inc.	730,786	744,400	2.7
25,000	Trilogy Energy Corp.	707,527	690,000	2.5
500,000	Twin Butte Energy Ltd.	1,357,031	1,130,000	4.2
971,500	United Hydrocarbon International Corp. (1)	1,144,825	425,700	1.6
35,000	Vermillion Energy Inc.	1,417,774	2,181,900	8.0
115,000	Western Energy Services Corp.	856,130	846,400	3.1
125,000	Whitecap Resources Inc.	1,083,778	1,577,500	5.8
		19,284,239	21,315,250	78.3
	Materials			
161,200	Sherritt International Corp.	574,664	596,440	2.2
	Utilities			
50,000	Northland Power Inc.	731,160	773,000	2.8
	TOTAL CANADIAN EQUITIES	20,590,063	22,684,690	83.3
	TOTAL CANADIAN BONDS AND EQUITIES	21,794,188	23,816,096	87.5

(1) This security has been classified as a Level 3 financial instrument. Please see note 4 of the Fund's December 31, 2013 financial statements for a description of the hierarchy used to determine the fair value of financial instruments and note 9 for further information on the fair value of the Fund's holdings, including this security.

STATEMENT OF INVESTMENTS

December 31, 2013

Number of shares / par value	Investments owned	Average cost	Fair value	% of net assets
	INTERNATIONAL EQUITIES			
15,000	Brookfield Renewable Energy Partners LP	418,485	417,300	1.5
10,000	Royal Dutch Shell PLC	706,908	756,710	2.8
		1,125,393	1,174,010	4.3
	U.S. EQUITIES			
8,000	Caterpillar Inc.	701,187	771,882	2.8
40,000	Peabody Energy Corp.	759,919	830,022	3.1
		1,461,106	1,601,904	5.9
	TOTAL INTERNATIONAL EQUITIES	2,586,499	2,775,914	10.2
	Transaction Costs	(52,623)	-	
	Total Investments	24,328,064	26,592,010	97.7
	Other Assets, Net of Liabilities		620,741	2.3
	Total Net Assets		$ 27,212,751	100.0

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2013

1. THE FUND

(a) Establishment of the Fund

Energy Income Fund (the "Fund") is the name of the combined Fund resulting from the merger on October 4, 2010 of Sustainable Production Energy Trust ("Sustainable"), Energy Plus Income Trust ("Energy Plus") and CGF Resource 2008 Flow Through LP ("CGF LP").

(b) Change of Manager and Portfolio Advisor

On January 15, 2013, Crown Hill Capital Corporation ("Crown Hill") announced that it had tendered its resignation as trustee and manager of the Fund. Such resignation was effective upon the appointment of Artemis Investment Management Limited ("Artemis") as the manager of the Fund, which subsequently took place on January 16, 2013. A termination payment of $1,834,481 was paid to Crown Hill. In addition, expenses totaling $406,800 resulting from the resignation, were paid to Crown Hill.

On May 22, 2013, the Fund announced the appointment of Vestcap Investment Management Inc. as investment manager ("Portfolio Advisor") of the Fund effective August 22, 2013, replacing Galileo Global Equity Advisors Inc. Further information on this matter can be found in the press release dated May 22, 2013 on the Fund's SEDAR profile at www.sedar.com.

2. INVESTMENT OBJECTIVES OF THE FUND

The Fund's investment objectives are to provide Unitholders with monthly cash distributions and achieve a total return on the portfolio that is greater than the total return provided by the benchmark index, as selected by the manager from time to time. For the year ended December 31, 2011 and subsequent periods, the benchmark index was changed to the S&P/TSX Capped Energy Index. Prior to 2011, the benchmark index was the S&P/TSX Capped Energy Trust Index.

3. INCOME TAXES

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada) and is subject to applicable federal and provincial taxes on the amount of net income for tax purposes for the year; to the extent such net income for tax purposes has not been paid or made payable to Unitholders in the year.

The Fund has non-capital losses which can be carried forward, as follows:

	Non-Capital Loss	
	2013	2012
Carry Forwards	$ 1,719,325	$ -

The Fund has capital losses which can be carried forward, as follows:

	Capital Loss	
	2013	2012
Carry Forwards	$ 12,737,265	$ 12,737,265

4. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting years. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and Equivalents

Cash and cash equivalents consists of cash on hand and short-term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of Investments

Securities listed on a recognized public stock exchange are valued at their bid price on the valuation date. The fair value of financial assets and liabilities that are not traded in an active market (for example: non-traded investments) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement date. Valuation techniques used include the use of comparable recent arm's length transactions, references to other instruments that are substantially the same, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants making the maximum use of market inputs. Certain financial assets and liabilities may be estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Assumptions used in these techniques may include the costs paid for the security, recent news reports about the issuer, and general market indicators. Their fair value may be determined using valuation models that have been tested against the prices of actual market transactions and using management's best estimate of the most appropriate model inputs. These are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, counter-party credit spread, and limitations in the model.

Short-term notes, treasury bills, and bonds are valued at the average bid quotations from recognized investment dealers.

The manager has reviewed its policies over the valuation of assets and liabilities and believes that the fair value ascribed to the financial assets and financial liabilities in these financial statements incorporates appropriate levels of credit risk.

(c) Investment Income

Dividend income is recorded on the ex-dividend date, interest and securities lending income is recognized as earned, and dividend income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(d) Distributions

Distributions to Unitholders are recorded by the Fund when declared.

(e) Transaction Costs

Transaction costs are expensed as incurred.

(f) Application of The Chartered Professional Accountants of Canada ("CPA") CPA Handbook Section 3855:

For the purpose of preparing its financial statements, the Fund values its investments pursuant to Section 3855 of the CPA Handbook as outlined above in note 2(b); the resulting net assets balance is referred to as "Net Assets". For all other purposes, including the processing of Unitholder transactions, the value of the Fund's investments that trade in an active market continue to be determined using the last traded price; the resulting net assets balance is referred to as "Transactional Net Assets". On each valuation date, the Transactional Net Assets per unit is computed by dividing the Transactional Net Assets of the Fund by the total number of its units outstanding. A reconciliation of Transactional Net Assets to Net Assets is as follows:

2013	Net Assets	Net Assets per Unit
Transactional Net Assets	$ 27,258,304	$ 4.39
Difference as a result of Section 3855	(45,553)	(0.01)
Net Assets	$ 27,212,751	$ 4.38

2012	Net Assets	Net Assets per Unit
Transactional Net Assets	$ 32,211,538	$ 5.00
Difference as a result of Section 3855	(109,221)	(0.02)
Net Assets	$ 32,102,317	$ 4.98

g) Securities Lending

The Fund may lend portfolio securities in order to earn additional revenue. The minimum allowable collateral is 102% of the current value of the loaned securities as per the requirements of National Instrument 81-102. The market value of the loaned securities is determined on the close of any valuation date, and any additional required collateral is made by the Fund on the next business day. The securities on loan continue to be included on the statements of investments and are included in the total value on the statements of net assets in investments at fair value.

As of December 31, 2013, the Fund had an aggregate value of securities on loan of nil (2012 - $11,633,000) and corresponding aggregate value of collateral for loan of nil (2012 - $12,270,650).

(h) Future Accounting Changes

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), on January 1, 2011. However, the AcSB deferred the mandatory IFRS changeover date for Canadian investment funds to January 1, 2014.

Consequently, the Fund will publish its first annual audited financial statements in accordance with IFRS for the year ending December 31, 2014, with comparatives for the year ending December 31, 2013, and prepare an opening IFRS statement of net assets at January 1, 2013. The Fund will also be publishing unaudited interim financial statements in accordance with IFRS for the 6-month period ending June 30, 2014.

The manager has not identified any changes that will impact net asset value per unit as a result of the changeover to IFRS. However, this determination is subject to change as the manager finalizes its assessment of the impact of IFRS, and the impact of new standards issued by the IASB prior to the Fund's adoption of IFRS (see commentary below). The criteria contained within IAS 32, Financial Instruments - Presentation, may require unitholders' equity to be classified as a liability within the Fund's statement of net assets, unless certain conditions are met. The manager is currently assessing the Fund's unitholder structure to confirm the appropriate classification in accordance with IFRS.

IFRS is also expected to affect the overall presentation of financial statements, such as the inclusion of a statement of cash flows in the financial statements. Overall, enhanced disclosure requirements are expected.

Upon adoption of IFRS, the Fund will apply IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in eliminating the difference between the net asset value per unit and net assets per unit under current GAAP.

On October 31, 2012, the IASB published Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), which provides an exemption from consolidation of subsidiaries under IFRS 10, Consolidated Financial Statements, for entities which meet the definition of an 'investment entity'. A qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. The consolidation exception is mandatory, not optional.

5. UNITHOLDERS' EQUITY

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

Units Issued and Outstanding

	2013		2012	
	Number	Amount	Number	Amount
Units - beginning of year	6,448,709	$ 69,227,249	7,457,656	$ 75,016,768
Issued under DRIP	16,737	61,442	15,100	67,464
Issued under merger (Note 1)	-	-	1,534,254	8,661,627
Warrants exercised	555,230	1,843,364	5,152,191	25,245,735
Units repurchased or canceled	-	-	(627,200)	(3,095,112)
Units redeemed	(810,000)	(3,693,805)	(7,083,292)	(36,669,233)
Units - end of year	6,210,676	$ 67,438,250	6,448,709	$ 69,227,249

Warrants Issued and Outstanding

	2013	2012
Balance of warrants outstanding - beginning of year	$ -	$ 5,152,191
Warrants issued during the year	6,049,729	-
Warrants exercised during the year	(555,230)	(5,152,191)
Warrants expired during the year	(5,494,499)	-
Balance of warrants outstanding - end of year	$ -	$ -

The weighted average number of units outstanding for the year ended December 31, 2013 was 6,145,467 units. The weighted average number of units outstanding for the year ended December 31, 2012 was 9,697,129 units.

Unitholders can acquire additional units by participating in the DRIP. The DRIP enables Unitholders to reinvest their monthly distributions in additional units of the Fund at the five-day weighted average market price of the Fund's units. For the year ended December 31, 2013, a total of 16,737 units were issued under the DRIP (2012 - 15,100 units).

Each Unitholder of record on October 7, 2011 received one warrant for each unit held (the "2011 warrant offering"). A total of 6,366,249 warrants were issued. Each warrant entitled the Unitholder to purchase a unit upon payment of the subscription price of $5.00. Warrants could be exercised at any time before the earlier of (a) March 1, 2012, or (b) such date which was 20 business days from the date the embedded call feature in the warrants was exercised by the Fund in accordance with the terms of the warrant offering. Upon completion of the 2011 warrant offering, a total of 6,366,249 warrants were exercised for net proceeds of $31,194,619 in 2012 and 2011 combined after expenses totaling $636,626.

Each Unitholder of record on August 29, 2013 received one warrant for each unit held (the "2013 warrant offering"). A total of 6,049,729 warrants were issued. Each warrant entitled the Unitholder to purchase a unit upon payment of the subscription price of $3.39. Warrants could be exercised at any time before the earlier of (a) October 17, 2013 and (b) such date which was 20 business days after the warrants were called by the Fund in accordance with the terms of the warrant offering. Upon completion of the 2013 warrant offering, a total of 555,230 warrants were exercised for net proceeds of $1,843,364, after expenses totaling $38,866.

Through the monthly redemption feature offered during 2012, 1,623 units were redeemed for a total cost of $7,255. Through the partial redemption offered in March 2012 (note 10), 1,000,000 units were redeemed for a total cost of $5,850,000. Through the special redemption feature offered in August 2012, 6,081,669 units were redeemed for a total cost of $30,811,978. For the year ended December 31, 2012, the Fund repurchased 627,200 units for cancellation at an average cost of $4.93 per unit under the normal course issuer bid ("NCIB") program.

During 2013, pursuant to the monthly redemption feature, 10,000 Units were redeemed for a total cost of $38,426. Pursuant to the special redemption offered in January 2013 (note 11), 400,000 Units were redeemed for a total cost of $1,903,600. Pursuant to the special retraction in November 2013, 400,000 Units were redeemed for a total cost of $1,751,977. For the year ended December 31, 2013, the Fund did not repurchase any Units under the normal course issuer bid program that expired November 21, 2013 (note 9).

Unitholders are entitled to retract their units outstanding on the last business day of each month at an amount equal to (a) the lesser of: (i) 90% of the weighted average trading price of a unit on the Toronto Stock Exchange (the "TSX") during the preceding 15 trading days and (ii) the closing market price on the TSX on that day, less (b) any retraction costs.

Unitholders are also entitled to retract their units outstanding on the second last business day of each November (the "Annual Redemption Date") at an amount equal to 100% of the net asset value per unit determined as of the Annual Redemption Date less any retraction costs.

6. RELATED PARTY TRANSACTIONS

The Manager is entitled to receive a management fee of 0.70% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly. For the year ended December 31, 2013, management fees totaled $226,008 (2012 - $399,660), of which $21,557 was payable as at December 31, 2013 (2012 - $10,913). The Fund is responsible for all expenses incurred. Prior to Artemis becoming the manager, all expenses of the Fund were initially paid by the manager, who was then reimbursed by the Fund. Artemis generally has all expenses incurred by the Fund paid directly by the Fund.

The Portfolio Advisor receives a fee of 0.40% per annum of the average net asset value of the Fund, plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services. For the year ended December 31, 2013, investment management fees totaled $113,703 (2012 - $228,377), of which $10,242 was payable at December 31, 2013.

Administrative expenses for the year ended December 31, 2013 totalled $2,469,671 (2012 - $236,761). As part of these expenses, the Fund is paying a general overhead cost to Artemis. Artemis received $15,000 per month plus applicable taxes during 2013 (2012 - $15,000 per month) to cover related administrative salaries, employee benefits, general overhead and office supplies. In addition to recurring administrative expenses of the Fund, certain non-recurring expenses in the year were a result of Crown Hill announcing its resignation as trustee and manager of the Fund as of January 15, 2013. A resignation expense of $1.6 million, plus applicable taxes, was paid to Crown Hill as a result of its resignation as manager of the Fund. In addition, expenses totaling $0.4 million, plus applicable taxes, were paid to Crown Hill.

For redemptions or repurchases made subsequent to the amended and restated declaration of trust as of March 7, 2014 (the "Declaration of Trust"), the Manager is entitled to receive a fee per unit of 5% of the net asset value per unit plus applicable taxes. For the year ended December 31, 2013, redemption fees totalled $101,852 (2012 - $1,805,432).

7. INVESTMENTS

The net realized gain on the sale of investments was determined as follows:

	2013[(1)]	2012[(1)]
Proceeds from the sale of investments	$ 23,443,852	$ 81,842,156
Less cost of investments sold:		
Investments at cost - beginning of year	28,635,426	34,598,279
Investments purchased during the year	18,368,192	77,887,059
Investments at cost - end of year	(24,328,064)	(28,635,426)
Cost of investments disposed of during the year	22,675,554	83,849,912
Net realized gain (loss) on sale of investments	$ 768,298	$ (2,007,756)

The net change in unrealized appreciation (depreciation) of investments was determined as follows:

	2013[(1)]	2012[(1)]
Investments at fair value - end of year	$ 26,592,010	$ 30,558,650
Investments at cost - end of year	(24,328,064)	(28,635,426)
Unrealized appreciation (depreciation) of investments - end of year	2,263,946	1,923,224
Unrealized appreciation (depreciation) of investments - beginning of year	(1,923,224)	(6,190,792)
Net change in unrealized appreciation (depreciation) of investments	$ 340,722	$ (4,267,568)

(1) The figures provided in this table exclude transaction costs for financial reporting purposes.

8. TRANSACTION COSTS

For the year ended December 31, 2013, the Fund incurred transaction costs of $118,964 (2012 - $509,595). These costs are recorded separately in the statements of operations as an expense for the year. The Fund paid $3.499 in soft dollar commission during the year ended December 31, 2013.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund aims to provide Unitholders with monthly distributions primarily through investments in energy-related companies. As a result, the Fund is exposed to the risk of being invested, on a concentrated basis, in these asset classes. The Fund's Investment Manager uses a disciplined, fundamental approach in its investment selection and portfolio management approach which consists of an intensive and ongoing research process of investment opportunities. The Investment Manager purchases and holds securities for the Fund for the short to medium term and also determines the timing of when to rotate the Fund's portfolio in order to enhance the Fund's portfolio performance and/or limit risk.

(a) Financial Instruments

CPA Canada Handbook Section 3862 requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

(i) Level 1 - inputs are unadjusted quoted prices of identical instruments in active markets;
(ii) Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
(iii) Level 3 - one or more significant inputs used in a valuation technique are unobservable in determining fair value of the instruments.

The following tables present, as at December 31, 2013 and 2012, the level within the fair value hierarchy for each of the financial assets and liabilities measured at fair value:

Financial Assets - Trading Investments

2013	Level 1	Level 2	Level 3	Total Fair Value
Equities	$ 25,034,904	$ -	$ 425,700	$ 25,460,604
Bonds	-	1,131,406	-	1,131,406
Total	$ 25,034,904	$ 1,131,406	$ 425,700	$ 26,592,010

2012	Level 1	Level 2	Level 3	Total Fair Value
Equities	$ 27,238,500	$ -	$ 913,342	$ 28,151,842
Bonds	-	2,406,808	-	2,406,808
Total	$ 27,238,500	$ 2,406,808	$ 913,342	$ 30,558,650

For the year ended December 31, 2013, the Fund had one security that represented Level 3 financial instruments: United Hydrocarbon International Corp. The investment was acquired during the year ended December 31, 2012.

For the year ended December 31, 2012, the Fund had two securities that represented Level 3 financial instruments: Ravenwood Energy Corp. and United Hydrocarbon International Corp.

The table below shows a reconciliation of the opening and closing balance of financial instruments recorded in Level 3:

Level 3 Reconciliation

	2013	2012
Total Level 3 Fair Value - Beginning of Period	$ 913,342	$ 905,000
Purchase	-	10,398
Sold	(8,342)	-
Net Change in Unrealized Appreciation (Depreciation) in the Value of Investments	(479,300)	(2,056)
Total Level 3 Fair Value - End of Period	$ 425,700	$ 913,342

(b) Market Risk

Market risk represents the potential loss that can be caused by a change in the fair value of the financial instrument. The investments of the Fund are subject to normal market fluctuations and the risks inherent in being invested in the trust market. The Fund will continue to invest using a long-term perspective while focusing on quality businesses that consistently deliver strong returns for Unitholders. The best estimate of the effect on net assets due to a reasonably possible change in the S&P/TSX Capped Energy Index (“Energy Index”), with other variables held constant, is as follows: If prices on the energy index had increased or decreased by 10.00%, all other variables held constant, the net assets of the Fund would increase or decrease by 6.7% or $1,833,320, respectively (2012 - 8.8% or $2,815,184). In practice, the actual results may differ from the above sensitivity analysis and the difference could be material.

(c) Interest Rate Risk

The Fund is exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its investments. The majority of the Fund’s assets are non-interest bearing. Excess cash and cash equivalents are invested in overnight deposits and bankers’ acceptances.

As at December 31, 2013, had the prevailing interest rates increased by 1%, with all other variables held constant, net assets would have decreased by approximately $36,669 (2012 - $87,981).

(d) Credit Risk

Credit risk represents the potential loss that the Fund would incur if the counterparties failed to perform to the terms of their obligations to the Fund. The Fund maintains all of its cash and cash equivalents at its custodian. All transactions in listed securities are settled (paid for) upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund invests approximately 93.6% of the investment portfolio in equity securities. Cash and short-term investments are held by the custodian. As at December 31, 2013, the Fund has a $1,131,406 exposure to credit risk (2012 - $2,406,808).

(e) **Foreign Currency Risk**

The assets and liabilities of the Fund are predominately held in the functional currency of the Fund which is the Canadian dollar. As at December 31, 2013, the Fund had United States ("U.S.") dollar currency exposure of U.S. $2,367,839, or 8.79% of the net assets of the Fund (2012 - nil). At December 31, 2013, if the Canadian dollar had strengthened (weakened) by 5%, with all other variables held constant, net assets would have increased (decreased) by approximately $118,392 (approximately 0.4% of net assets) (2012 - nil). In practice, the actual results may differ and the difference could be material.

(f) Liquidity Risk

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. There can be no assurance that an active trading market for the investments will exist at all times or that the prices at which the securities trade accurately reflect their fair values. Thin trading in a security could make it difficult to liquidate holdings in a short period of time. The Fund generally maintains a sufficient cash balance to meet its daily operating expenses.

10. NORMAL COURSE ISSUER BID PROGRAM ("NCIB Program")

Effective November 21, 2012, the Fund renewed its NCIB Program to permit the Fund to purchase outstanding units on the TSX from time to time. Under the NCIB Program, the Fund may purchase up to 644,585 units, subject to certain restrictions. Units purchased will be cancelled. The Fund did not repurchase any units under the NCIB Program that expired in November 21, 2013.

11. UNITHOLDER MEETINGS

On July 17, 2012, the Fund issued a management information circular informing current Unitholders of a special meeting to take place on August 7, 2012. The purpose of the special meeting was to: (a) provide the right for Unitholders to voluntarily elect to receive an unlimited cash redemption of their units at 100% of the net asset value per unit less redemption costs including a fee per unit of 5% of the net asset value per unit plus applicable taxes paid to the manager; (b) implement a series of minority Unitholder protections including a requirement that ordinary and extraordinary resolutions require affirmative votes of 50% and 66 2/3% of beneficial holders (as defined in the Declaration of Trust) respectively, other than beneficial holders who are Interested Parties, as defined in the extraordinary resolution attached to the management information circular; (c) amend the provisions relating to the termination and replacement of the manager, including a termination fee equal to 5% of net asset value and reasonable expenses upon termination; and (d) make a number of other amendments to the Declaration of Trust.

In the special meeting on August 7, 2012, Unitholders voted in favour of the extraordinary resolution. On August 22, 2012, 6,081,669 units were redeemed for which Crown Hill received a fee payment of $1,741,601.

On November 26, 2012, the Fund issued a management information circular informing current Unitholders of a special meeting to take place on December 18, 2012. The purpose of the special meeting was to: (a) seek the approval of Unitholders for the proposed change in manager and trustee from Crown Hill to Artemis; and (b) approve the setting of a special redemption date with respect to a special redemption of an aggregate of up to 400,000 units at 100% of net asset value per unit on the special redemption date.

At the special meeting on December 18, 2012, quorum was not established, thereby resulting in the adjournment of the meeting to January 2, 2013. On January 2, 2013, Unitholders voted in favour of the extraordinary resolution.

For the year 2013, no units were redeemed as a result of a Unitholder exercising the monthly retraction feature.

12. CAPITAL MANAGEMENT

The Fund's capital consists solely of Unitholders' equity. The Fund's manager maintains the Fund's capital in accordance with its investment objectives, strategies and restrictions as detailed in its Declaration of Trust. Unitholders' equity consists of issued units, undistributed investment income, if any, undistributed realized gains (losses) on sale of investments, if any, and unrealized gains (losses) in value of investments. Pursuant to its Declaration of Trust, the Fund is required to distribute all of its net income and net realized capital gains (as calculated for tax purposes); therefore, Unitholders' equity mainly represents issued units and unrealized gains or losses in the value of investments.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

14. SUBSEQUENT EVENT

Monthly Distributions for 2014

On January 22, 2014, the Fund announced distributions for 2014 of $0.01 per unit per month. Unitholders of record on the last day of each month of 2014 would be paid distributions on the 15th day (or first business day thereafter) of the ensuing month. In connection with each monthly distribution, outstanding units of the Fund would be trade ex-distribution, commencing on the date that is two trading days before the applicable monthly record date. Participants in the Fund's dividend reinvestment plan will continue to receive their distributions in units, with no changes in the basis of calculation.

A copy of the full news release has been filed on the Fund's SEDAR profile at ww.sedar.com.

CORPORATE INFORMATION

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