



ASTON HILL AND FRONT STREET CAPITAL TO COMBINE CREATING LEADING INDEPENDENT ASSET MANAGER

- Combined company assets under management: \$3.1 billion
- Joe Canavan to be appointed CEO to oversee transformation of the combined company
- Highly synergistic transaction expected to produce meaningful cost savings
- Strengthened balance sheet with proposed amendment to existing convertible debentures
- Strong support from existing shareholders
- Front Street partners to own 46% and Aston Hill shareholders to own 41% of the combined company

Toronto: September 9, 2016: Aston Hill Financial Inc. (“Aston Hill” or the “Company”) (TSX:AHF) and Front Street Capital 2004 (“Front Street”) are pleased to announce that they have entered into an agreement to combine their respective companies, creating a new, leading independent asset management firm (the “Transaction”).

Front Street Capital

Founded in 2001, Front Street is a leading investment management company which offers a diverse range of investments, including growth, income and tax-minded portfolios offered as mutual funds, hedge funds, and flow-through limited partnerships. Front Street has assets under management (“AUM”) of approximately \$879 million as of August 31, 2016.

“The two firms are an ideal fit for each other,” said Eldon Smith, Chairman of the board of directors of Aston Hill. “Front Street has proven itself to be a trusted investment manager across a diverse range of investment alternatives. This Transaction leverages the strengths of both companies to create a significant independent investment management firm.”

“This Transaction enhances the ability of the combined company to deliver investment performance and client service,” said Nevin Markwart, President and CEO of Front Street. “This combination brings together best-in-class portfolio management expertise with each firm’s commitment to foster intimate relationships with investors and advisors. Our new corporate profile, highlighted by the proven leadership of Joe Canavan, strengthens our ability to meet client goals.”

Highlights of the Combined Firm

- **Increases Size and Scale:** Combined company to have approximately \$3.1 billion in AUM as of August 31, 2016
- **AUM Diversification:** Enhanced product offering to benefit existing and future clients
- **Best Practices:** Ability to leverage the strengths and talent of both companies to create a formidable independent asset manager
- **Synergies:** Significant cost savings available to drive future cash flow growth

- **Strong Distribution:** Combining established distribution networks will provide cross-selling opportunities
- **Platform for Future Growth:** Combined company has the ability to grow organically and through acquisitions

Board of Directors and Management Team

Following completion of the Transaction, the Company's interim CEO James Werry will step down and Aston Hill will be led by a new Chief Executive Officer, Joe Canavan. Mr. Canavan is the former Chairman and CEO of Assante Wealth Management and United Financial Corporation and prior to that was CEO of Synergy Asset Management, a company he founded in 1997. Since that time, Mr. Canavan has been an active venture capitalist and most recently was the interim CEO of the Children's Aid Foundation. Stepping in at a time of crisis in the Foundation, Mr. Canavan led the re-structuring and rebirth of one of Canada's best known and impactful youth support agencies. Mr. Canavan is currently the Vice Chair of the Foundation. The board of directors of both companies are thrilled that Joe Canavan has agreed to lead the combined entity going forward.

"The combination of Aston Hill and Front Street creates an asset management platform with an attractive product mix and a talented team known for delivering exceptional client service. This Transaction positions the combined company for future growth as a leading intermediate independent asset management company and strong alternative to bank owned asset managers," Mr. Canavan stated. "I am excited to work with Nevin Markwart, Frank Mersch, Norm Lamarche and the combined group of operational, sales and investment professionals. It promises to be an exceptional team." added Mr. Canavan.

Chief Investment Officer Ben Cheng will take a leave of absence effective today and during such time will cease to be involved in investment management activities for Aston Hill funds. Aston Hill investment managers Sandy Liang CFA and Barry Morrison CFA will jointly assume direct management of the portfolio of funds previously managed by Mr. Cheng. Mr. Liang brings 25 years' experience in credit and equity investments to the funds. He joined Aston Hill in 2011 following senior roles at BMO Capital, Scotia Capital and New York based hedge fund Cobalt Capital. Mr. Morrison joined Aston Hill when it acquired his investment management firm Morrison Williams in 2011. Prior to the formation of Morrison Williams, Mr. Morrison held senior positions with BGH Investment Management and Dominion Life Assurance.

Following completion of the Transaction, Aston Hill will have a board of directors to be comprised of a majority of independent directors. In addition, Mr. Canavan will be appointed to the board together with at least one nominee appointed by each of Aston Hill and Front Street.

Transaction Terms

Under the terms of the Transaction, current Front Street partners will receive 120 million Aston Hill common shares (the "Transaction Consideration"). The current Front Street partners will own approximately 46% and the current Aston Hill shareholders will own approximately 41% in

the combined company (41% and 37%, respectively, on a fully diluted basis) after giving effect to the Debenture Consideration (defined below).

Mr. Canavan has been granted options to purchase 24 million common shares and will make a \$500,000 investment in additional common shares conditional on the closing of the Transaction.

As a condition of closing of the Transaction, holders of Aston Hill's outstanding 6.50% extendible convertible unsecured subordinated debentures due January 31, 2019 (the "Debentures") will be asked to approve amendments to the terms of such Debentures that will result in such holders receiving for each \$1,000 principal amount of Debentures (i) 1,000 common shares of Aston Hill and (ii) an amended Debenture having a principal amount of \$600 which will pay interest at the rate of 7.00% per annum, will mature on the fifth anniversary of the closing date of the Transaction and which will not be convertible ("Debenture Consideration"). Following completion of the Transaction, current holders of Debentures will collectively own approximately 33.7 million common shares representing an approximate 13% ownership in the combined company (approximately 11.5% on a fully diluted basis) and amended Debentures with an aggregate principal amount of \$20.2 million.

The rationale for the Transaction to holders of the Debentures includes: (i) a significantly improved corporate balance sheet and debt maturity profile; (ii) enhanced cash flow which will provide further support to operations; (iii) flexibility to realize synergies which will provide further coverage to the debentureholders; and (iv) a repositioning of Aston Hill as a stronger company in both the short and long-term.

In conjunction with the Transaction, the Company will consider undertaking a private placement of common shares to address capital needs going forward. There can be no assurance that such private placement if undertaken will be successfully completed. Without taking the private placement into account, the Company will have approximately 260 million common shares outstanding following completion of closing of the Transaction (approximately 290 million common shares on a fully diluted basis).

Board Recommendation

The board of directors of Aston Hill, after consultation with its financial and legal advisors, and based on the unanimous recommendation of a Special Committee of the Aston Hill board of directors (the "Special Committee") established to review the Transaction, has unanimously recommended that holders of Aston Hill common shares and Debentures vote in favour of the Transaction at a special meeting of shareholders and debentureholders (collectively, the "Meetings") to consider the Transaction. Aston Hill's Special Committee has received a fairness opinion from Scotiabank that, as of the date of such opinion, and subject to the assumptions, limitations and qualifications set forth therein, the Transaction Consideration is fair from a financial point of view to Aston Hill shareholders. Aston Hill's Special Committee has also received a fairness opinion from MPA Morrison Park Advisors Inc. to the effect that, as of the date of such opinion, and subject to the assumptions, limitations and qualifications set forth therein, the Debenture Consideration is fair from a financial point of view to holders of Aston Hill's Debentures.

The closing of the Transaction, which is expected to occur by the end of 2016, is subject to a number of conditions precedent including the approval of Aston Hill shareholders and debentureholders, securities regulatory approval and satisfaction of other customary closing conditions. Further details of the Transaction are set out in the transaction agreement and will also be set out in the joint management information circular to be prepared in connection with the Meetings, both of which will be filed by Aston Hill with SEDAR and will be available under Aston Hill's profile at www.sedar.com.

Support and Lock-up Agreements

The directors and senior officers of Aston Hill (including Mr. Cheng) and other key shareholders, representing an aggregate of 33% of Aston Hill common shares have entered into customary voting support agreements to, among other things, vote in favour of the Transaction. In addition, the principals of Front Street have agreed to hold common shares issuable to them under the Transaction for a period of 180 days and to keep their assets currently forming part of the Front Street AUM until at least February 2018.

Financial Advisors and Legal Counsel

Scotiabank is acting as financial advisor to the Special Committee of the board of directors of Aston Hill. Aston Hill's legal counsel is Stikeman Elliott LLP. Front Street's legal counsel is Borden Ladner Gervais LLP.

FS Group Holdings Ltd.

FS Group Holdings Ltd., 40 King Street West, Toronto, ON M5H 3Y4, the majority controlling partner of Front Street, will acquire approximately 87 million common shares of Aston Hill upon completion of the Transaction, representing 33.5% of the outstanding common shares of the Company after giving effect to the Transaction (basic). FS Group Holdings Ltd. does not at present own any securities of the Company and does not have any intention to acquire securities of the Company other than pursuant to the Transaction or to dispose of any such securities.

About Aston Hill

Aston Hill Financial Inc. is a diversified asset management company with a suite of retail mutual funds, closed end funds, hedge funds and segregated institutional funds.

For further information concerning this press release, please contact:

James Werry
President & Chief Executive Officer
Aston Hill Financial Inc.
(416) 583-2300
james@astonhill.ca

Derek Slemko
Chief Financial Officer & Chief Operating
Officer
Aston Hill Financial Inc.
(416) 583-2300
derek@astonhill.ca

About Front Street

Front Street has been providing Canadians with innovative mutual funds for over 10 years, including growth, income and tax-minded portfolios offered as mutual funds, hedge funds, and flow-through limited partnerships. Front Street is focused on providing Canadian investors and advisors with access to a broad range of investments which can fill core and strategic roles in an investor's portfolio.

Nevin Markwart
President & Chief Executive Officer
Front Street Capital
(416) 915-2424
nmarkwart@frontstreetcapital.com

The TSX has neither approved nor disapproved the information contained herein.

Cautionary Statement

This news release contains certain "forward-looking statements" within the meaning of such statements under applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this news release. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements including: future operating results and funding requirements; the ability to achieve synergies; future general economic and market conditions; and changes in laws and regulations. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Aston Hill does not undertake to update any forward-looking information contained herein, except as required by applicable securities laws. There are a number of conditions precedent to the completion of the Transaction and there can be no assurance that such conditions precedent will be satisfied and that the Transaction will be completed.