



**REPORT OF THE INDEPENDENT REVIEW COMMITTEE**

The Independent Review Committee (“IRC”) of the Marret HYS Trust (the “Fund”) is pleased to submit its report for the Fund’s most recently completed financial year ended December 31, 2009.

**1. MEMBERS OF THE INDEPENDENT REVIEW COMMITTEE**

The following is the name of each member of the IRC as of the date of this report, his length of service on the IRC and his other IRC memberships:

<b>Name</b>	<b>Length of Service</b>	<b>Other IRC Memberships</b>
John Anderson (Chair)	Since inception of the Fund	Marret High Yield Strategies Fund Marret Investment Grade Bond Fund Marret IGB Trust
Ross MacKinnon	Since inception of the Fund	Marret High Yield Strategies Fund Marret Investment Grade Bond Fund Marret IGB Trust
Richard Stone	Since inception of the Fund	Marret High Yield Strategies Fund Marret Investment Grade Bond Fund Marret IGB Trust

There have been no changes in the composition or membership of the IRC during the most recently completed financial year.

The members of the IRC have concluded that they have no material relationship with the Fund that could reasonably be perceived to interfere with any member’s judgment regarding a conflict of interest matter.

**2. HOLDINGS OF SECURITIES**

(a) **Fund**

As at December 31, 2009, no member of the IRC beneficially owned, directly or indirectly, any units of the Fund.

(b) **Manager**

As at December 31, 2009, no member of the IRC beneficially owned, directly or indirectly, any class or series of securities of Marret Asset Management Inc. (the “Manager”).

(c) **Service Providers**

As at December 31, 2009, no member of the IRC beneficially owned, directly or indirectly, any class or series of securities of a service provider to the Fund.

**3. COMPENSATION AND INDEMNITIES**

The aggregate compensation paid to the IRC in respect of all Marret Funds during the most recently completed financial year was \$14,290.41. This amount was prorated based on annual compensation of \$32,000 (\$12,000 for the Chair and \$10,000 for each member).

The compensation of the IRC is set, from time to time, by the IRC, giving consideration to the following:

- (i) the most recent assessment of its compensation;
- (ii) the Manager's recommendation, if any;
- (iii) the number, nature and complexity of the investment funds and fund families for which it acts;
- (iv) the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member;
- (v) industry best practices, including industry averages and surveys on independent review committee compensation;
- (vi) the best interests of the Fund; and
- (vii) such other factors deemed necessary or appropriate.

The IRC has set the same compensation for the 2010 financial year.

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

**4. CONFLICT OF INTEREST MATTERS**

(a) **Manager acting without positive recommendation**

The IRC is not aware of any instance where, during the most recently completed financial year, the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not provide a positive recommendation.

(b) **Manager failing to meet condition**

The IRC is not aware of any instance, during the most recently completed financial year, where the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

(c) **Reliance on standing instructions, recommendations and approvals**

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

**Standing Instructions:**

On July 22, 2009 the IRC approved standing instructions to allow inter-fund trades with the Fund. The Manager, on behalf of the Fund, is permitted to engage in inter-fund trading without having to refer each such inter-fund trade as a conflict of interest matter to the IRC for review. Any such cross trades shall strictly adhere to the Manager's policies and procedures relating to inter-fund trading. On a quarterly basis, the IRC will be provided with a record of each inter-fund trade, including the parties to the trade and the terms of the purchase or sale, as well as any other information the IRC may reasonably request.

On December 22, 2009, cross trades in TIL.UN were prohibited in the Fund.


**Recommendations:**

On December 22, 2009, a recommendation was made concerning transactions that may be contemplated in illiquid, non-brokered private placement securities where the Manager is involved in structuring the transaction and participates in more than 10% of the deal. The IRC requests that a notice be delivered to the committee that outlines the investment, but not the merits of the investment, and advises the committee that the investment has been reviewed for conflict of interest and that no conflict of interest exists.

**Approvals:**

None

Respectfully submitted this 29<sup>th</sup> day of March, 2010.

  
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John Anderson  
Chairman of the Independent Review Committee