

Artemis
Investment Management

ENERGY INCOME FUND

SEMI-ANNUAL REPORT 2013

JUNE 30, 2013

(UNAUDITED)

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MANAGEMENT REPORT OF FUND PERFORMANCE

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Energy Income Fund (the "Fund") contains financial highlights but does not contain the complete interim financial statements of the Fund. You may obtain a copy of the interim 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, 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 Canadian Institute of Chartered Accountants ("CICA") 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 is actively managed by Vestcap Investment Management Inc., the portfolio advisor ("Portfolio Advisor") of the Fund.

INVESTMENT OBJECTIVE

Energy Income Fund's investment objective is 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 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 its distributions and the value of its units. 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 period ending June 30, 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.

MANAGEMENT REPORT OF FUND PERFORMANCE

RESULTS OF OPERATIONS

The NAV of the Fund went from $32.10 million to $26.43 million from January 1, 2013 to the period ended June 30, 2013. Total revenue per Unit for the first half of 2013 was $0.10 ($0.62 million), down from $0.11 ($1.27 million) during the same period in 2012. Total operations of the Fund resulted in a NAV per Unit loss of $0.07 ($0.44 million). For the same period in 2012, the Fund's total operations had a NAV per Unit loss of $0.79 ($8.76 million). The decrease in net assets from operations was compounded by redemptions in the period of $1.94 million, distributions of $1.07 million and a total charge of $2.24 million by the former manager, Crown Hill Capital Corporation ("Crown Hill"), in connection with its resignation. The charge was composed of a $1.62 million resignation expense, $0.36 million administrative expense and $0.27 million in applicable taxes.

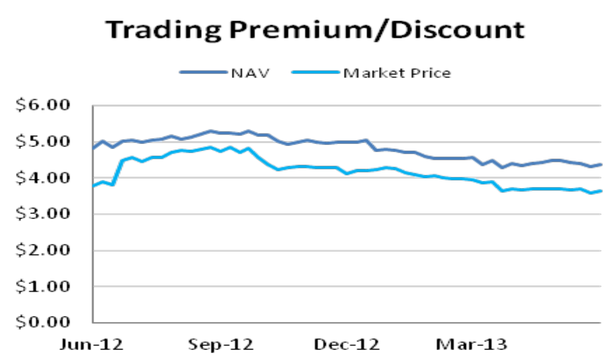
Total administrative expenses for the first six months of 2013 were $0.10 million compared to $0.10 million for the same period in 2012. Management fees decreased during the period to $0.10 million (June 30, 2012 - $0.24 million). Investment management fees decreased to $0.06 million during the period (June 30, 2012 - $0.14 million). The reduction largely resulted from the decrease in the net assets of the Fund during the period.

The resignation expenses charged to the Fund by Crown Hill added to the underlying portfolio losses during the period. 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 7.44% over the first half of 2013. Excluding all resignation-related expenses, the Fund would have had a negative NAV per Unit total return of 0.16%.

For the six-month periods ended June 30, 2013 and 2012, Energy Income Fund paid total cash distributions of $0.18 per unit based on monthly distributions of $0.03 per unit.

TRADING PREMIUM/DISCOUNT

For the first half of 2013, the Fund's market price traded at an average discount to its net asset value per Unit of 13.9%, compared to an average discount of 18.8% for the same period in 2012.



The trading premium/discount of the market price to NAV is calculated using NAV/unit figures, based off the weekly pricing of the portfolio, and the closing bid price of the same trade date at which the pricing of the portfolio occurred.

MANAGEMENT REPORT OF FUND PERFORMANCE

RECENT DEVELOPMENTS

Warrant Offering

On August 19, 2013, the Fund announced that it had filed a short form prospectus relating to an offering of transferable warrants (each, a "Warrant") to Unitholders of the Fund. Unitholders of record at the close of business on August 29, 2013, will receive one Warrant for each Unit of the Fund held. Warrants will be exercisable between August 29, 2013 and October 17th, at a subscription price of $3.39 for each Unit. A copy of the short form prospectus has been filed on the Fund's SEDAR profile at www.sedar.com.

Annual Redemption Privilege

Under the declaration of trust of the Fund, 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"). The public float as determined on January 2, 2013 was 6,448,709 Units and 10% of the public float was 644,871 Units. From January 1, 2013 to June 30, 2013, the Fund did not repurchase any Units for cancellation under the annual redemption privilege. During the period, 410,000 Units were redeemed.

Special Redemption Feature

At a 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. On January 17, 2013, the Fund's special redemption price was determined to be $4.759. Requests for redemptions were oversubscribed. 400,000 Units were redeemed on a pro rata basis.

Normal Course Issuer Bid Program ("NCIB Program")

From January 1, 2013 to June 30, 2013, the Fund did not purchase any units under its NCIB Program. Under the NCIB Program, the Fund may purchase up to 644,585 Units of the Fund, subject to certain conditions. See the news release dated November 15, 2012, which has been filed on the Fund's SEDAR profile at www.sedar.com.

Change in Portfolio Advisor

On May 22, 2013, the Fund announced the appointment of Vestcap Investment Management Inc. ("Vestcap") as Investment Manager 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.

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 six month period ended June 30, 2013, management fees totaled $97,078 (June 30, 2012 - $239,397), of which $24,780 was payable as at June 30, 2013 (June 30, 2012 - $35,781). 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.

RELATED PARTY TRANSACTIONS (CONTINUED)

Administrative expenses for the six months ended June 30, 2013 totaled $2,346,242 (six months ended June 30, 2012 - $100,905). For the first half of 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 - $15,023). In addition to recurring administrative expenses of the Fund, certain non-recurring expenses in the period were a result of Crown Hill announcing its resignation as trustee and manager of the Fund as of January 15, 2013. The resignation was effective upon the appointment of Artemis as the Manager of the Fund, which subsequently took place on January 16, 2013. A resignation expense of $1,834,481 was paid to Crown Hill as a result of its resignation as manager of the Fund. In addition, expenses totaling $406,800 were paid to Crown Hill in connection with its resignation.

FINANCIAL HIGHLIGHTS

For the Periods Ended	**June 30, 2013**	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
NAV per Unit, Beginning of Period (1)	**$5.00**	$6.35	$6.80	$5.85	$4.06	$5.12
Increase (Decrease) From Operations:						
Total Revenue	**0.10**	0.22	0.33	0.38	0.38	0.62
Total Expenses	**(0.44)**	(0.19)	(0.23)	(0.31)	(0.17)	(0.16)
Realized Gains (Losses)	**0.12**	(0.21)	0.18	0.41	(0.54)	(1.49)
Unrealized Gains (Losses)	**(0.23)**	(0.44)	(0.19)	1.55	2.53	0.87
Total Increase (Decrease) From Operations (2)	**($0.44)**	($0.62)	$0.09	$2.03	$2.20	($0.16)
Distributions						
Return to Unitholders	**0.18**	0.36	0.36	0.36	0.45	0.90
Total Distribution per Unit (1)	**0.18**	0.36	0.36	0.36	0.45	0.90
NAV per Unit, End of Period	**$4.37**	$4.98	$6.35	$6.80	$5.85	$4.06

(1) Net asset value per unit and cash distributions per unit are based on the actual number of units outstanding at that time.

(2) The increase (decrease) from operations is based on the weighted average number of units outstanding over the period. This schedule is not a reconciliation of NAV per unit since it does not reflect unitholder transactions as show on the Statements of Changes in Net Assets and accordingly columns may not add.

(3) This information is derived from the Fund's unaudited interim 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 CICA Handbook Section 3855. An explanation of the differences can be found in the notes to the financial statements.

(4) 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.

(5) This is not a reconciliation of the beginning and ending Net Assets per Unit.

MANAGEMENT REPORT OF FUND PERFORMANCE

RATIOS AND SUPPLEMENTAL DATA

For the Periods Ended	**June 30, 2013**	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Total Net Asset Value ($ 000's)	**$ 26,425**	$ 32,102	$ 47,339	$ 47,856	$ 26,413	$ 21,593
Number of Units Outstanding (000's)	**6,047**	6,449	7,458	7,036	4,517	5,322
Management Expense Ratio (1)	**19.63%**	2.68%	3.01%	4.51%	2.95%	2.51%
Portfolio Turnover Ratio (2)	**187.73%**	153.97%	37.68%	111.38%	108.51%	53.34%
Trading Expense Ratio (3)	**0.05%**	0.98%	0.27%	0.61%	0.55%	0.40%
Closing Market Price	**$ 3.60**	$ 4.17	$ 5.07	$ 5.66	$ 5.38	$ 3.65

(1) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction costs) of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of weekly average net assets during the period.
(2) 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 the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and proceeds from 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.
(3) The trading expense ratio represents total commissions expressed as an annualized percentage of weekly average net assets during the period.

MANAGEMENT FEES

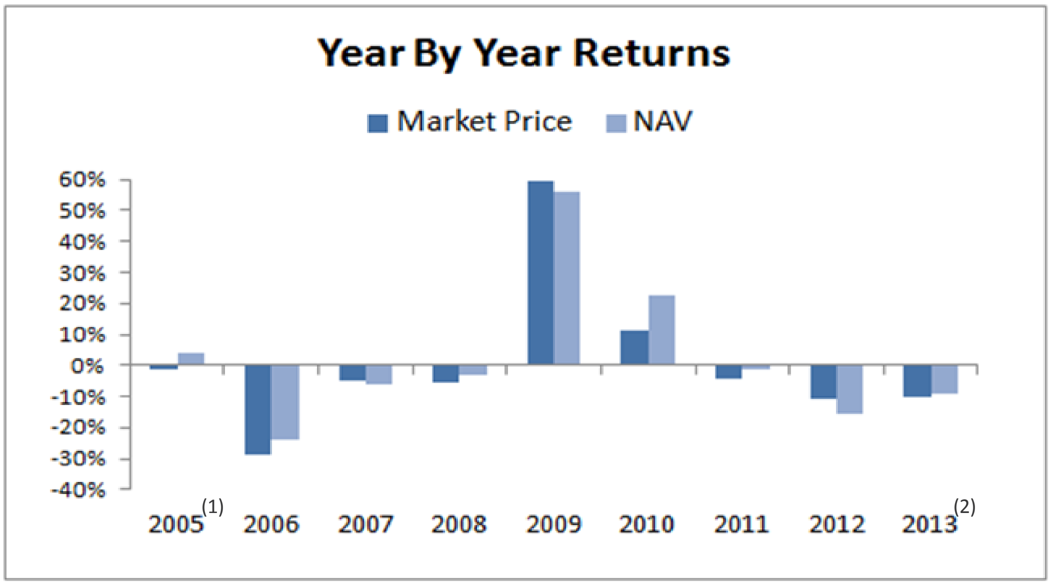
The manager is entitled to receive a management fee of 0.70% per annum of the average net asset value of the Fund plus applicable taxes, calculated and payable monthly. The portfolio advisor receives a fee of 0.40% per annum of the average net asset value of the Fund plus applicable taxes, calculated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

MANAGEMENT REPORT OF FUND PERFORMANCE

PAST PERFORMANCE

The Fund's performance numbers represent the annual compound total returns over the period from inception in October 2005 to June 30, 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.

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.



(1) The Fund commenced operations as of October 2005.
(2) For 2013, the figure represents the year-to-date return as at June 30, 2013.

The total return of the NAV per Unit of the Fund for the interim period from January 1, 2013 to June 30 2013 was negative 8.82%. The total return of the market price per Unit of the Fund for the same interim period was negative 10.21%.

SUMMARY OF INVESTMENT PORTFOLIO

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.

MANAGEMENT REPORT OF FUND PERFORMANCE

SUMMARY OF INVESTMENT PORTFOLIO (CONTINUED)

As at June 30th, 2013

Portfolio by Sector	% of Total Net Assets
Oil & Gas Corporations, Equities	73.60%
Oil & Gas Corporations, Bonds	8.70%
Industrials, Equities	5.90%
Cash & Term Deposits	11.80%
Total Net Asset Value	100.0%

HOLDINGS

As at June 30th, 2013

Cash	11.80%
Whitecap Resources Inc.	7.19%
Vermillion Energy Inc.	6.80%
Gibson Energy Inc.	6.51%
Canadian Energy Services & Technology Group Corp.	6.18%
Black Diamond Group ltd.	5.90%
Twin Butte Energy Ltd.	5.58%
Pembina Pipeline Corp.	4.87%
Cathedral Energy Services Ltd.	4.80%
Trilogy Energy Corp.	4.75%
Canyon Services Group Inc.	4.51%
Banro Corporation, 10.000%, 03/01/2017	4.41%
Athabasca oil Corp., 7.500%, 11/19/2017	4.32%
Baytex Energy Corp.	4.30%
Strategic Oil & Gas Ltd.	3.48%
Western Energy Services Corp.	3.28%
United Hydrocarbon International Corp.	3.08%
Bonterra Energy Corp.	2.80%
Athabasca Oil Corp.	2.46%
Coastal Energy Corp.	2.16%
PRD Energy Inc.	0.80%
Total Net Assets	100.00%

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 six month period ended June 30, 2013
(unaudited)

Artemis
Investment Management

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

Artemis maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The auditors of the Fund have not reviewed these financial statements.

Artemis, the Manager and Trustee of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

August 29, 2013

(signed)
Conor Bill
Chief Executive Officer

(signed)
Trevor Maunder
Chief Financial Officer

STATEMENTS OF NET ASSETS

As at June 30th, 2013 (unaudited) and December 31st, 2012

		June 30, 2013		December 31, 2012
Assets				
Investments, at Fair Value	$	23,305,853	$	30,558,650
Cash and Cash Equivalents		3,122,629		1,718,555
Receivable for Investments Sold		56,063		566,793
Dividends and Interest Receivable		168,845		188,001
Prepaid Expenses		-		47,539
Other Receivables		87,547		-
		26,740,937		3,079,539
Liabilities				
Payable for Investment Purchases		-		597,024
Distributions Payable		181,410		174,363
Management Fees Payable		24,780		19,098
Accounts Payable and Accrued Liabilities		109,666		186,736
		315,856		977,221
Net Assets Representing Unitholders' Equity	$	26,425,081	$	32,102,317
Units Outstanding (Note 4)		6,046,991		6,448,709
Net Assets per Unit (Note 2)	$	4.37	$	4.98

See accompanying notes to the financial statements.

On behalf of the Board,

(signed)

Conor Bill
Chief Executive Officer

(signed)

Trevor Maunder
Chief Financial Officer

STATEMENTS OF OPERATIONS

For the six month periods ended June 30, 2013 and 2012 (unaudited)

	June 30, 2013	June 30, 2012
Investment Income		
Distribution Income	$ 485,940	$ 1,192,643
Interest Income	130,872	81,123
Security Lending Income	4,263	-
Total Investment Income	621,083	1,273,766
Expenses		
Management Fees (Note 5)	97,078	239,397
Legal Fees	1,160	205,506
Investment Management Fees (Note 5)	55,467	136,798
Administrative Expenses (Note 5)	2,346,242	100,905
Regulatory and Listing Expenses	54,498	54,842
Unitholder Servicing Expenses	2,489	22,199
Insurance Expense	19,126	17,397
Custody, Valuation and Transfer Fees	30,896	31,036
Trustee Fees	2,959	14,843
Audit and Review Fees	17,243	24,688
Independent Review Committee Fees	18,351	11,347
Portfolio Transaction Costs (Note 7)	7,618	263,883
Board Fees	-	9,993
Total Expenses	2,653,127	1,132,834
Net Investment Income (Loss)	(2,032,052)	140,932
Net Realized Gain (Loss) on Sale of Investments (Note 6)	741,189	511,857
Net Realized Gain on Sale of Foreign Currency	2,393	-
Change in Unrealized Appreciation (Depreciation) in Value of Investments	(1,391,602)	(9,411,532)
Increase (Decrease) in Net Assets from Operations	($ 2,680,072)	($ 8,758,743)
Increase (Decrease) in Net Assets from Operations Per Unit[1]	($ 0.44)	($ 0.79)

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

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

For the six month period ended June 30th, 2013 (Unaudited)

	June 30, 2013	June 30, 2012
Net Assets, Beginning of Period	$32,102,317	$47,338,750
Operations		
Net Investment Income	(2,032,052)	140,932
Net Realized Gain (Loss) on Sale of Investments	741,189	511,857
Net Realized Gain on Sale of Foreign Currency	2,393	-
Change in Unrealized Gain (Loss) on Sale of Investments	(1,391,602)	(9,411,532)
	(2,680,072)	(8,758,743)
Capital Unit Transactions (Note 3)		
Proceeds from Exercise of Warrants	-	25,245,735
Fair Value of Net Assets Contributed on Merger	-	8,661,627
Proceeds from Distribution Reinvestment Plan	32,490	29,157
Units Cancelled Under the Normal Course Issuer Bid	-	(1,989,825)
Paid for Units Redeemed	(1,941,828)	(5,857,255)
	(1,909,338)	26,089,439
Distributions to Unitholders		
Return to Unitholders	(1,087,826)	(2,054,439)
Increase (Decrease) in Net Assets for the Period	(5,677,236)	15,276,490
Net Assets - End of Period	$26,425,081	$62,615,240
Distributions per Unit	$0.18	$0.18

See accompanying notes to the financial statements.

STATEMENT OF INVESTMENTS

As at June 30th, 2013 (Unaudited)

	Coupon	Maturity	Number of Shares / Par Value ($)	Cost	Fair Value	% of Net Assets
Bonds						
Athabasca Oil Corp.	7.500%	11/19/2017	1,200,000	$1,204,125	$1,142,134	
Banro Corporation	10.000%	03/01/2017	1,700,000	1,503,351	1,165,722	
Total Bonds				2,707,476	2,307,856	8.7
Oil and Gas Corporations						
Athabasca Oil Corp.			100,000	1,071,702	650,000	
Baytex Energy Corp.			30,000	1,116,357	1,137,000	
Bonterra Energy Corp.			15,000	628,392	739,500	
Canadian Energy Services & Technology Corp.			100,000	1,099,118	1,633,000	
Canyon Services Group Inc.			100,000	1,075,773	1,192,000	
Cathedral Energy Services Ltd.			275,000	1,558,471	1,267,750	
Coastal Energy Co.			41,700	862,710	569,622	
Gibson Energy Inc.			70,000	1,579,550	1,721,300	
PRD Energy Inc.			400,000	260,422	212,000	
Pembina Pipeline Corp.			40,000	1,120,199	1,287,200	
Strategic Oil & Gas Ltd.			800,000	940,141	920,000	
Trilogy Energy Corp.			40,000	1,126,955	1,256,000	
Twin Butte Energy Ltd.			650,000	1,764,140	1,475,500	
United Hydrocarbon International Corp.(1)			905,000	1,144,825	814,500	
Vermilion Energy Inc.			35,000	1,417,774	1,797,600	
Western Energy Services Corp.			112,500	835,847	867,375	
Whitecap Resources Inc.			175,000	1,517,289	1,898,750	
Total Oil and Gas Corporations				19,119,665	19,439,097	73.6
Industrials						
Black Diamond Group Ltd.			70,000	1,026,944	1,558,900	
Total Industrials				1,026,944	1,558,900	5.9
Total Equities				20,146,609	20,997,997	79.5
Transaction Costs				(1,175)	-	-
Total Investments				22,852,910	23,305,853	88.2
Other Assets, Net of Liabilities					3,119,228	11.8
Total Net Assets					$26,425,081	100.0

(1) This security has been classified as a Level 3 financial instrument. Please see Note 2 of the Fund's June 30, 2013 Financial Statements for a description of the hierarchy used to determine the fair value of financial instruments and Note 4 for further information on the fair value of the Fund's holdings including this security.

1. THE FUND

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"). The Fund acquired the investment portfolios and other assets of Energy Plus and CGF LP. Since the merger was an acquisition, it was done on a taxable basis. Energy Plus unitholders received 1.2818 units of the Fund for each unit of Energy Plus held, while CGF LP unitholders received 3.0177 units of the Fund for each unit of CGF LP held.

Predecessor Funds

Sustainable was an investment fund established under the laws of Alberta pursuant to a Declaration of Trust dated as of August 29, 2005. Sustainable commenced operations upon completion of its initial public offering on October 17, 2005.

Energy Plus was an investment fund established under the laws of Alberta pursuant to a Declaration of Trust dated as of September 23, 2004. Energy Plus commenced operations upon completion of its initial public offering on November 16, 2004.

CGF LP was a limited partnership established under the laws of Alberta pursuant to a Partnership Agreement dated as of December 19, 2007. CGF LP commenced operations on October 21, 2008, when it completed its initial public offering.

On October 4, 2010, Energy Plus and CGF LP were merged into Sustainable and the fund was renamed Energy Income Fund. The Declaration of Trust was amended, establishing the Fund under the laws of Ontario and appointing Crown Hill as manager and trustee.

On March 23, 2012, unitholders of Citadel SMaRT Fund ("SMaRT") received 3.074 units of the Fund per unit of SMaRT held as a result of a merger between the two funds. 1,534,254 additional units were issued by the Fund.

1. THE FUND (CONTINUED)

On January 15, 2013, 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. 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 models.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Canadian Institute of Chartered Accountants (“CICA”) CICA Handbook Section 3855
For the purpose of preparing its financial statements, the Fund values its investments pursuant to Section 3855 of the CICA 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:

As at June 30, 2013	Net Assets	Net Assets per Unit
Transactional Net Assets	$ 26,495,792	$ 4.38
Difference as a Result of Section 3855	(70,711)	(0.01)
Net Assets	$ 26,425,081	$ 4.37

As at December 31, 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 June 30, 2013, the Fund had an aggregate value of securities on loan of $563,499 (2012 - $17,669,125) and corresponding aggregate value of collateral for loan of $598,224 (2012 - $12,270,650).

(h) Future Accounting Changes

The Fund is currently required to adopt International Financial Reporting Standards (“IFRS”) for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014. As a result, the Fund will adopt IFRS beginning January 1, 2014 and issue its first financial statements, prepared in accordance with IFRS, for the semi-annual period ending June 30, 2014. The 2014 semi-annual and annual financial statements will include 2013 comparative financial information and an opening statement of net assets as at January 1, 2013, also prepared in accordance with IFRS.

The Manager has begun to develop a transition plan to changeover to IFRS. Currently, the expected affect to the financial statements based on the Manager’s assessment of the differences between current Canadian GAAP and IFRS are as follows: i) IFRS 13 Fair Value Measurement permits the use of mid-market prices or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, net assets for financial reporting purposes may be affected and could align with the transactional net assets used to price unitholder transactions, eliminating the need for a reconciliation; ii) Units of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. As a result, unitholders’ equity may be required to be presented as a liability in the statement of net assets with related distributions presented as an expense in the statement of operations. Alternatively, equity presentation would require additional disclosure of the components of equity; iii) IFRS requires the presentation of a statement of cash flows, including comparatives for 2013; iv) Other reclassifications, presentation differences and additional disclosures will also be required in the financial statements to comply with the new requirements under IFRS.

3. INCOME TAXES

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund 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.

4. UNITHOLDERS' EQUITY

For the Periods Ended	June 30, 2013	December 31, 2012
Units, Beginning of Period	6,448,709	7,457,656
Issued under DRIP	8,282	15,100
Issued Under Merger	-	1,534,254
Warrants Exercised	-	5,152,191
Units Repurchased or Cancelled	-	(627,200)
Units Redeemed	(410,000)	(7,083,292)
Units, End of Period	6,046,991	6,448,709

For the Periods Ended	June 30, 2013	December 31, 2012
Warrants Outstanding, Beginning of Period	-	5,152,191
Warrants Issued During the Period	-	-
Warrants Exercised During the Period	-	(5,152,191)
Warrants Outstanding, End of Period	-	-

The weighted average number of Units outstanding for the six months ended June 30, 2013 was 6,098,290. The weighted average number of Units outstanding for the year ended December 31, 2012 was 9,697,129.

Unitholders can acquire additional Units by participating in the Distribution Reinvestment Plan ("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 six months ended June 30, 2013, a total of 7,693 Units were issued under the DRIP (year ended December 31, 2012 – 15,100 Units).

Each Unitholder of record on October 7, 2011 received one warrant for each Unit held. 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 i) March 1, 2012, or ii) 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. On March 2, 2012, upon completion of the 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.

For the period January 1, 2012 to 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 program (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.

4. UNITHOLDERS' EQUITY (CONTINUED)

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.

Through the monthly redemption feature offered during 2012, 1,623 Units were redeemed for a total cost of $7,255. Through the partial redemption feature 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.

Through the monthly redemption feature offered during 2013, 10,000 Units were redeemed for a total cost of $38,426. Through the special redemption feature offered in January 2013 (Note 11), 400,000 Units were redeemed for a total cost of $1,903,600.

5. RELATED PARTY TRANSACTIONS

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 manager is entitled to 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 six month period ended June 30, 2013, management fees totaled $97,078 (year ended December 31, 2012 - $399,660), of which $19,098 was payable as at June 30, 2013 (six months ended June 30, 2012 - $35,781).

Total Administrative Expenses for the six months ended June 30, 2013 totaled $2,346,242 (six months ended June 30, 2012 - $100,905). As part of these expenses, the Fund is paying a general overhead cost to Artemis Investment Management Inc. Artemis Investment Management Inc. received $15,000 per month plus applicable taxes for the first half of 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 period 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 $1,834,481 was paid to Crown Hill as a result of its resignation as manager of the Fund. In addition, expenses totaling $406,800 were paid to Crown Hill in connection with its resignation.

For repurchases made subsequent to the amended and restated Declaration of Trust as of August 9, 2012, 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, 2012, redemption fees totaled $1,805,432.

6. INVESTMENTS

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

As at June 30, 2013	**2013**	**2012**
Proceeds from the Sale of Investments	$ 16,570,987	$ 23,227,270
Less Cost of Investments Sold:		
Investments at Cost, Beginning of Period	28,635,426	34,598,279
Investments Purchased During the Period	10,047,282	57,274,731
Investments at Cost, End of the Period	(22,852,910)	(63,512,145)
Cost of Investments Disposed of During the Period	15,829,798	22,715,413
Net Realized Gain on Sale of Investments	$ 741,189	$ 511,857

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

As at June 30, 2013	**2013**	**2012**
Investments at Fair Value, End of Period	$ 23,305,853	$ 60,291,405
Investments at Cost, End of Period	22,852,910	63,512,145
Unrealized Appreciation (Depreciation) of Investments, End of Period	452,943	(3,220,740)
Unrealized Appreciation of Investments, Beginning of Period	1,844,545	6,190,792
Net Change in Unrealized Depreciation of Investments	($ 1,391,602)	($ 9,411,532)

7. PORTFOLIO TRANSACTION COSTS

For the six months ended June 30, 2013, the Fund incurred portfolio transaction costs of $7,618 (six months ended June 30, 2012 – $263,883). These costs are recorded separately in the Statements of Operations as an expense for the period. The Fund paid $2,699 in soft dollar commissions for the first half of 2013.

8. 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.

Financial Instruments

CICA 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

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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; (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 June 30, 2013 and December 31, 2012, the level within the fair value hierarchy for each of the financial assets measured at fair value:

Financial Assets -				**June 30, 2013**
Trading Investments	**Level 1**	**Level 2**	**Level 3**	**Total Fair Value**
Equities	$ 20,183,497	$ -	$ 814,500	$ 20,997,997
Bonds	-	2,307,856	-	2,307,856
Total	$ 20,183,497	$ 2,307,856	$ 814,500	$ 23,305,853

Financial Assets Trading				**December 31, 2013**
Investments	**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 six months ended June 30, 2013, the Fund had one security values as a level 3 financial instrument: United Hydrocarbon International Corp. The investment was acquired during the year ended December 31, 2012.

Level 3 Reconciliation:	**June 30, 2013**
Total Level 3 Fair Value, Beginning of Period	$ 913,342
Sold	(8,342)
Net Change in Unrealized Appreciation (Depreciation) in the Value of Investment	(90,500)
Total Level 3 Far Value, End of Period	$ 814,500

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 5.00%, all other variables held constant, the net assets of the Fund would increase or decrease by 3.6% or $963,142, 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.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 June 30, 2013, had the prevailing interest rates increased by 1%, with all other variables held constant, net assets would have decreased by approximately $74,275 (2012 - $87,981).

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 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 73.6% of the investment portfolio in equity securities. Cash and short-term investments are held by the custodian. As at June 30, 2013, the Fund has a $2,307,856 exposure to credit risk (2012 - $2,406,808).

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 June 30, 2013, the Fund had United States Dollar ("USD") currency exposure of USD$1,225,005, or 4.64% of the net assets of the Fund (2012 - $nil). At June 30, 2013, if the Canadian dollar had strengthened (weakened) by 5%, with all other variables held constant, net assets would have increased (decreased) by approximately $61,306 (approximately 0.2% of net assets) (December 30, 2012 - nil). In practice, the actual results may differ and the difference could be material.

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.

9. 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 Toronto Stock Exchange (“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 canceled.

10. PARTIAL REDEMPTION FEATURE

On February 14, 2012, the Fund announced that up to 1,000,000 Units could be redeemed on March 20, 2012 for an amount per Unit equal to the transactional net asset value per Unit as of March 15, 2012. Requests for redemptions were oversubscribed and 1,000,000 Units were redeemed on a pro rata basis at 100% of net asset value.

See Note 11 for details on the Fund’s redemption activities that occurred during the first half of 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: i) 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; ii) 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; iii) 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 iv) 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 16, 2012, the Fund’s special redemption price was determined to be $4.78 per Unit. On August 22, 2012, 6,081,669 Units were redeemed at the Fund’s special redemption price. Crown Hill received a fee of $1,741,601 on the special redemption.

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: i) seek the approval of Unitholders for the proposed change in manager and trustee from Crown Hill to Artemis; and ii) 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.

In 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. Requests for redemptions were oversubscribed and all 400,000 Units were redeemed on a pro rata basis for a redemption price of $4.759 per Unit.

11. UNITHOLDER MEETINGS (CONTINUED)

For the six month period, 10,000 Units were redeemed as a result of Unitholders' 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. SUBSEQUENT EVENTS

On August 19, 2013, the Fund announced that it had filed a short form prospectus relating to an offering of transferable warrants (each, a "Warrant") to Unitholders of the Fund. Unitholders of record at the close of business on August 29, 2013, will receive one Warrant for each Unit of the Fund held. Warrants will be exercisable between August 29, 2013 and October 17th, at a subscription price of $3.39 for each Unit. A copy of the short form prospectus has been filed on the Fund's SEDAR profile at www.sedar.com.

Artemis

Investment Management

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