SEMI-ANNUAL REPORT 2012

Top 10 Split Trust

strathbridge
ASSET MANAGEMENT

Letter to Securityholders

We are pleased to present the 2012 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Split Trust.

During the six month period ended June 30, 2012, the Fund paid distributions of $0.06 per Capital Unit and $0.39 per Preferred Security resulting in a total return per Combined Unit of 1.5 percent. The net asset value per Combined Unit decreased from $13.79 at December 31, 2011 to $13.57 at June 30, 2012 primarily as a result of distributions in excess of income earned. During the period, the net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see "The Fund") amounted to $0.04 per unit. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all securityholders for their continued support and encourage securityholders to review the more detailed information contained within the semi-annual report.

John P. Mulvihill
Chairman & CEO,
Strathbridge Asset Management Inc.

The Fund

The Fund is a split share trust designed to provide Capital Unit holders with the benefit of any capital appreciation in the value of the portfolio combined with tax-efficient quarterly distributions and to provide holders of the Preferred Securities with fixed cumulative preferential quarterly distributions. These securities are listed on the Toronto Stock Exchange under the ticker symbols TXT.UN for the Capital Units and TXT.PR.A for the Preferred Securities. A Combined Unit of the Fund consists of one Capital Unit and one Preferred Security. To accomplish its objectives, the Fund invests exclusively in shares of the six largest Canadian banks and four largest Canadian life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund's assets in each company.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting (“SSO”), to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2012 of Top 10 Split Trust (the "Fund"). The unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.strathbridge.com. You can also request annual and semi-annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended June 30, 2012, cash distributions of $0.06 per Capital Unit were paid as compared to $0.18 per Capital Unit a year ago. Interest payments of $0.39 per Preferred Security remained unchanged from the prior year.

Since the reorganization of the Fund in November 2005 when the Fund adopted new objectives and a new investment strategy as the Top 10 Split Trust, the Fund has paid interest of $5.13 per Preferred Security and cash distributions of $3.63 per Capital Unit.

Revenue and Expenses

For the six months ended June 30, 2012, the Fund's total revenue was $0.32 per Unit compared to $0.30 per Unit in the prior year. Total expenses were $0.17 per Unit for the first six months of fiscal 2012 compared to $0.25 per Unit in 2011. Higher expenses in 2011 were mainly due to one-time costs associated with the special resolution regarding the term extension of the Fund. The Fund had a net realized and unrealized gain of $0.08 per Unit in the first half of 2012 as compared to a net realized and unrealized gain of $0.73 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund decreased 1.6 percent from $13.79 per Unit at December 31, 2011 to $13.57 per Unit at June 30, 2012 primarily as a result of distributions in excess of income earned during the period. The aggregate net asset value of the Fund decreased $0.3 million, from $21.6 million at December 31, 2011 to $21.3 million at June 30, 2012, reflecting total distributions of $0.7 million partially offset by an increase from operations of $0.4 million.

During the six months ended June 30, 2012, the total return of the Fund was 1.5 percent for the reasons noted above. Over the same period, the S&P/TSX Capped Financials Index (the "Financials Index") total return was 4.2 percent, and the equal weighted total return of the ten issuers that make up the portfolio universe was 5.3 percent. As a result of the Fund being limited to a specific universe of stocks and utilizing a covered call writing strategy to generate income, comparison with a market index may not be appropriate. The Financials Index is calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Recent Developments

On January 19, 2012, the Fund filed a Notice of Intention to make a normal course issuer bid to purchase up to 156,732 Capital Units and 156,732 Preferred Securities representing approximately 10 percent of the Fund's public float of each class of securities as of January 10, 2012. The Fund may purchase up to 31,346 units of each respective class in any 30-day period which is 2 percent of the 1,567,325 units issued and outstanding of each respective class as of January 10, 2012. The Capital Units and Preferred Securities may be purchased for cancellation from January 23, 2012 to January 22, 2013 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased at a price per unit of each class not exceeding the last net asset value per unit of each class. As at June 30, 2012, nil units had been purchased by the Fund.

Future Accounting Policy Changes

Strathbridge Asset Management Inc., as the Manager of the Fund, has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to International Financial Reporting Standards ("IFRS").

The changeover plan was prepared to address the requirements and includes disclosures of the qualitative and quantitative impact, if any, of the changeover to IFRS in the 2012 financial statements and the preparation of the 2013 financial statements in accordance with IFRS with comparatives. In January 2011, the Canadian Accounting Standards Board ("AcSB") approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies ("AcG-18"). Subsequently, in December 2011, AcSB extended the deferral for another year to January 1, 2014. As a result, the Fund will adopt IFRS for its fiscal period beginning January 1, 2014 and will issue its initial financial statements in accordance with IFRS, with comparative information, for the semi-annual period ending June 30, 2014.

As at June 30, 2012, some anticipated changes to financial reporting include:

- Compliance with the full body of IFRS without industry specific exemptions. Unlike Canadian Generally Accepted Accounting Principles ("Canadian GAAP") where investment fund accounting was based upon guidance in AcG-18,
- Presentation of comparative information, and
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

Based on the Manager's current understanding and analysis of IFRS to the accounting policies under Canadian GAAP, the Manager does not anticipate the transition to IFRS will have a material impact on the Fund's net assets per unit, systems and processes, and it is expected that it will mainly result in additional note disclosure in the financial statements.

Related Party Transactions

On October 3, 2011, Mulvihill Capital Management Inc. ("MCM"), the Manager and Investment Manager of the Fund, announced a name change to Strathbridge Asset Management Inc. ("Strathbridge").

Strathbridge, as the Investment Manager of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated January 22, 1997 and amended as of November 30, 2005, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and MCM dated January 22, 1997 and amended as of November 30, 2005. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

Strathbridge is paid the fees described under the Management Fees section of this report.

During the period, no recommendations or approvals were required to be sought from the Independent Review Committee ("IRC") concerning related party transactions.

Management Report of Fund Performance

Independent Review Committee

National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107") requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

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.

The information for the years ended December 31 is derived from the Fund's audited annual financial statements.

Information for the period ended June 30, 2012 is derived from the Fund's unaudited semi-annual financial statements.

		Six months ended June 30, 2012
NET ASSETS PER UNIT		
Net Assets, beginning of period (based on bid prices)(1)	$	13.77
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.32
Total expenses		(0.17)
Realized gain (loss) for the period		(0.59)
Unrealized gain (loss) for the period		0.67
Total Increase (Decrease) from Operations(2)		0.23
DISTRIBUTIONS		
From net investment income - Preferred Security		(0.39)
Non-taxable distributions - Capital Unit		(0.06)
Total Distributions(3)		(0.45)
Net Assets, end of period (based on bid prices)(1)	$	13.56

(1) Net Assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Preferred Security liability and including the valuation of securities at bid prices, divided by the number of Units then outstanding.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss) less expenses excluding Preferred Security interest and is calculated based on the weighted average number of Units outstanding during the period.

		Six months ended June 30, 2012
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value, excluding the Preferred Security liability ($millions)	$	21.28
Net Asset Value ($millions)	$	1.68
Number of Units outstanding		1,567,325
Management expense ratio(1)		2.34%(4)
Portfolio turnover rate(2)		32.93%
Trading expense ratio(3)		0.08%(4)
Net Asset Value per Combined Unit(5)	$	13.57
Closing market price - Capital Unit	$	1.45
Closing market price - Preferred Security	$	12.22

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including federal and provincial sales taxes but excluding transaction fees, divided by the average net asset value. The MER for 2011 includes the special resolution expense. The MER for 2011 excluding the special resolution expense is 1.99%. The MER, including Preferred Security interest payments, is 7.80%, 7.33%, 6.49%, 6.74%, 5.79% and 4.98% for 2012, 2011, 2010, 2009, 2008 and 2007 respectively.
(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.

Management Report of Fund Performance

The net assets per Unit presented in the financial statements differs from the net asset value per Unit calculated weekly, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for weekly net asset value purposes.

Years ended December 31				
2011	2010	2009	2008	2007
$ 16.57	$ 16.86	$ 14.78	$ 21.79	$ 24.17 (4)
0.61	0.61	0.61	0.70	0.74
(0.42)	(0.31)	(0.29)	(0.32)	(0.41)
0.58	(0.42)	(2.50)	(1.31)	1.09
(1.83)	0.89	5.26	(4.81)	(2.19)
(1.06)	0.77	3.08	(5.74)	(0.77)
(0.78)	(0.78)	(0.78)	(0.78)	(0.78)
(0.23)	(0.28)	(0.22)	(0.48)	(0.83)
(1.01)	(1.06)	(1.00)	(1.26)	(1.61)
$ 13.77	$ 16.57	$ 16.86	$ 14.78	$ 21.79

The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of Units outstanding during the period.

(3) Distributions to securityholders are based on the number of securities outstanding on the record date for each distribution and were paid in cash.

(4) Net Assets per Unit has been adjusted for the change in accounting policy relating to the calculation of net asset value based on bid prices versus closing prices prior to 2007.

Years ended December 31				
2011	2010	2009	2008	2007
$ 21.61	$ 38.34	$ 45.65	$ 43.89	$ 69.49
$ 2.02	$ 9.47	$ 11.86	$ 6.86	$ 29.69
1,567,325	2,309,243	2,702,752	2,962,925	3,184,078
2.49%	1.73%	1.71%	1.64%	1.65%
111.16%	119.38%	66.25%	21.20%	75.88%
0.13%	0.14%	0.14%	0.06%	0.07%
$ 13.79	$ 16.60	$ 16.89	$ 14.81	$ 21.83
$ 1.89	$ 3.57	$ 3.70	$ 2.00	$ 8.00
$ 12.40	$ 12.59	$ 12.65	$ 11.50	$ 12.99

(3) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.

(4) Annualized.

(5) Net Asset Value per Combined Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Preferred Security liability and including the valuation of securities at closing prices, divided by the number of units then outstanding.

Management Report of Fund Performance

Management Fees

Strathbridge, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.00 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. Strathbridge also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions.

Strathbridge, as the Manager of the Fund, is entitled to fees under the Trust Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Trust Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

The following chart sets out the Fund's year-by-year past performance. It is important to note that:

(1) the information shown assumes that all distributions and interest payments made by the Fund during these periods were reinvested in securities of the Fund,

(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

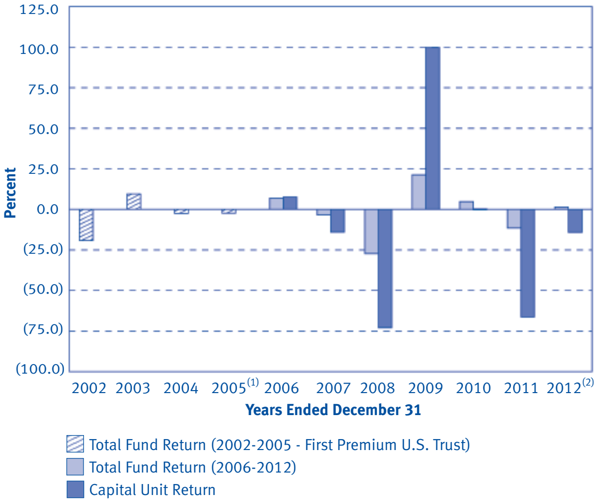
(3) the past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund's total return varied from year to year for each of the past ten years and for the six month period ended June 30, 2012. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year or June 30, 2012 for the six months then ended.

Management Report of Fund Performance

Annual Total Return



(1) Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. Since November 30, 2005, the Fund universe was changed to invest in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization. The Fund was invested in cash and cash equivalents pending completion of an offering of additional securities that closed February 15, 2006.

(2) For the six months ended June 30, 2012.

Portfolio Manager Report

Global Financial markets in the first half of 2012 performed very similar to the first half of 2011. After posting strong first quarter gains, most global financial markets weakened during the second quarter due to continued concerns regarding the European Union and certain countries' debt levels as well as the potential slowdown in global growth. Although a number of geopolitical events occurred during the period such as the election of new governments in Greece, France, and Egypt, volatility levels as measured by the Chicago Board Options Exchange Market Volatility Index and the S&P/TSX 60 VIX Index have remained in a fairly defined range and ended the period at the lower end of the range. The Canadian economy meanwhile has remained resilient with employment and housing conditions much stronger than most developed countries and the government enjoying a much stronger fiscal position. The Bank of Canada kept interest rates on hold during the first half of 2012 due to slower than expected growth and a relatively strong Canadian dollar which decreased by 0.6 percent relative to the U.S. dollar.

Management Report of Fund Performance

The Canadian banks have reported mixed results so far in 2012 as strong first quarter earnings were offset by weaker than expected second quarter earnings due to decelerating personal loan growth and lower net interest margins. Capital continues to remain strong with all the banks ending the second quarter with Tier 1 common ratios above the regulatory minimum requirement of 7 percent by 2019. The Canadian banks continued to return capital to shareholders during the period as four of the banks increased their dividend. The Canadian life insurance companies reported better than expected earnings and profitability in the first quarter of 2012 benefitting from higher global equity markets and rising ten year bond yields in both Canada and the United States. However, second quarter results are likely to reverse course due to the headwinds of lower equity markets and lower interest rates.

The total return for the S&P/TSX Capped Financials Index for the period was 4.2 percent and the equal-weighted total return of the ten issuers that make up the portfolio universe was 5.3 percent. Both outperformed the broader S&P/TSX Composite Total Return Index which declined 1.5 percent during the same period. The Canadian life insurers outperformed the Canadian banks during the period up 7.7 percent and 3.9 percent respectively. Eight of the ten Financial Services equities that make up the portfolio experienced positive returns with Sun Life Financial Inc. and Great-West Lifeco Inc. posting the strongest total returns of 21.2 percent and 11.3 percent respectively. Industrial Alliance Insurance and Financial Services Inc. and the Canadian Imperial Bank of Commerce lagged the group for the period, generating a total return of negative 5.2 percent and negative 0.5 percent respectively.

The total return of the Fund, including reinvestment of distributions, for the six month period ending June 30, 2012 was 1.5 percent. The relative underperformance during the period was mostly due to having an underweight position in the life insurance companies due to concerns regarding the impact that low bond yields will have on their earnings. The Fund maintained its invested position during the majority of the period and ended with a cash position of 2 percent compared to 3 percent at the end of 2011.

Volatility levels for Canadian Financial Services companies traded at the lower end of the range established over the past few years since the global financial crisis. The covered call writing activity was opportunistic over the period and took advantage of signals generated by the Strathbridge Selective Overwriting ("SSO") strategy. The Fund ended June 2012 with approximately 57 percent of the portfolio subject to covered calls. The Fund also opportunistically purchased some protective puts on individual holdings as well as the iShares S&P/TSX Capped Financials Index Fund in the first half of May and June due to concerns of European sovereign default risk rising again as well as concerns about the global economic recovery as some statistics out of the U.S. and China have started to decelerate. During the first half of 2012, the net realized gain on options attributable to the SSO strategy was $0.04 per unit.

The Canadian banks and life insurance companies profitability is likely to grow at a slower pace in 2012 due to decelerating personal loan growth, volatile capital markets along with net interest margin compression. In the context of record low global interest rates, the valuations of companies in the portfolio remain at attractive levels when measured by price to earnings ratios and current dividend yields and this should continue to act as major support for the share prices. As regulatory certainty has started to improve, Canadian Financial Services companies are expected to continue to return capital to shareholders in the form of increased dividends.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.strathbridge.com.

Asset Mix

June 30, 2012

	% of Net Asset Value[1]
Financials	99 %
Cash	2 %
Other Assets (Liabilities)	(1)%
	100 %

[1] The Net Asset Value excludes the Preferred Security liability.

Management Report of Fund Performance

Portfolio Holdings

June 30, 2012

	% of Net Asset Value[1]
The Bank of Nova Scotia	14 %
The Toronto-Dominion Bank	14 %
Canadian Imperial Bank of Commerce	11 %
National Bank of Canada	10 %
Sun Life Financial Inc.	10 %
Royal Bank of Canada	9 %
Bank of Montreal	9 %
Manulife Financial Corporation	8 %
Great-West Lifeco Inc.	8 %
Industrial Alliance Insurance and Financial Services Inc.	6 %
Cash	2 %

[1] The Net Asset Value excludes the Preferred Security liability.

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund’s views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Top 10 Split Trust (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager") and have been approved by the Fund's Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 5 of the annual financial statements for the year ended December 31, 2011.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the independent auditor's report. Deloitte & Touche LLP, the Fund's independent auditor, has full and unrestricted access to the Board.

John P. Mulvihill	John D. Germain
Director	Director
Strathbridge Asset Management Inc.	Strathbridge Asset Management Inc.

August 7, 2012

Notice to Securityholders

The Fund's independent auditor has not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Statements of Net Assets

As at June 30, 2012 (Unaudited) and December 31, 2011 (Audited)

	2012	2011
ASSETS		
Investments at fair value (cost - $23,732,606; 2011 - $24,818,897)	**$ 20,874,749**	$ 20,910,837
Short-term investments at fair value (cost - nil; 2011- $498,620)	**–**	498,620
Cash	**338,768**	163,140
Accrued interest	**–**	495
Dividends receivable	**82,440**	75,613
TOTAL ASSETS	**21,295,957**	21,648,705
LIABILITIES		
Preferred Securities	**19,591,563**	19,591,563
Accrued liabilities	**46,302**	52,745
Redemptions payable	**–**	8,108
TOTAL LIABILITIES	**19,637,865**	19,652,416
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	**$ 1,658,092**	$ 1,996,289
Number of Units Outstanding	**1,567,325**	1,567,325
Net Assets per Capital Unit	**$ 1.0579**	$ 1.2737
Preferred Security Repayment Price	**$ 12.5000**	$ 12.5000
Combined Value (Note 3)	**$ 13.5579**	$ 13.7737

Top 10 Split Trust

Financial Statements

Statements of Financial Operations

Six months ended June 30 (Unaudited)

	2012	2011
REVENUE		
Dividends	$ 506,884	$ 594,323
Interest	2,122	8,390
TOTAL REVENUE	509,006	602,713
EXPENSES		
Management fees	123,528	181,345
Service Fees	5,602	17,347
Administrative and other expenses	53,880	51,148
Transaction fees (Note 4)	9,122	28,682
Custodian fees	14,148	16,253
Audit fees	14,938	14,718
Advisory board fees	10,445	10,445
Independent review committee fees	4,041	3,851
Legal fees	2,734	–
Securityholder reporting costs	11,899	15,545
Harmonized sales tax	20,768	25,822
Subtotal Expenses	271,105	365,156
Special resolution expense	–	135,969
TOTAL EXPENSES	271,105	501,125
Net Investment Income	237,901	101,588
Net gain (loss) on sale of investments	(991,047)	1,089,562
Net gain (loss) on sale of derivatives	69,541	(29,367)
Net Gain (Loss) on Sale of Investments	(921,506)	1,060,195
Net change in unrealized appreciation/ depreciation of investments	1,050,203	400,786
Net Gain on Sale of Investments	128,697	1,460,981
Preferred Security Interest	(612,229)	(757,247)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ (245,631)	$ 805,322
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 1,567,325; 2011 - 1,989,775)	$ (0.1567)	$ 0.4047

Statements of Changes in Net Assets

Six months ended June 30 (Unaudited)

		2012		2011
NET ASSETS, BEGINNING OF PERIOD	**$**	**1,996,289**	$	9,407,461
Net Increase (Decrease) in Net Assets from Operations		**(245,631)**		805,322
Capital Unit Transactions				
Value for Capital Units redeemed, excluding Preferred Securities		**–**		(3,723,107)
Distributions to Capital Unit Holders				
Non-taxable distributions		**(92,566)**		(346,762)
Changes in Net Assets during the Period		**(338,197)**		(3,264,547)
NET ASSETS, END OF PERIOD	**$**	**1,658,092**	$	6,142,914

Financial Statements

Statements of Cash Flows

Six months ended June 30 (Unaudited)

		2012		2011
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	$	**661,760**	$	8,305,560
Cash Flows Provided by (Used In) Operating Activities				
Net Investment Income		**237,901**		101,588
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities				
Purchase of investment securities		**(7,167,465)**		(28,017,451)
Proceeds from disposition of investment securities		**7,332,250**		41,075,576
(Increase)/decrease in dividends receivable, accrued interest and due from brokers - investments		**(6,332)**		700,576
(Decrease)/increase in accrued liabilities and due to brokers - investments		**(6,443)**		(1,077,852)
		152,010		12,680,849
Cash Flows Provided by (Used In) Financing Activities				
Capital Unit holder redemptions		**(758)**		(5,337,241)
Preferred Security redemptions		**(7,350)**		(14,185,488)
Distributions to Capital Unit holders		**(92,566)**		(346,762)
Distributions to Preferred Securities - interest		**(612,229)**		(757,247)
		(712,903)		(20,626,738)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Period		**(322,992)**		(7,844,301)
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	$	**338,768**	$	461,259
Cash and Short-Term Investments comprised of:				
Cash	$	**338,768**	$	206,868
Short-Term Investments		**–**		254,391
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	$	**338,768**	$	461,259

Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Shares/ Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
Canadian Common Shares				
Financials				
Bank of Montreal	36,000	$ 2,188,533	$ 2,023,200	
Canadian Imperial Bank of Commerce	31,700	2,415,430	2,269,720	
Great-West Lifeco Inc.	75,700	2,065,795	1,668,428	
Industrial Alliance Insurance and Financial Services Inc.	56,300	1,917,053	1,377,661	
Manulife Financial Corporation	151,200	2,242,793	1,673,784	
National Bank of Canada	29,950	2,202,056	2,174,370	
Royal Bank of Canada	39,000	2,171,616	2,031,120	
Sun Life Financial Inc.	95,000	2,691,834	2,102,350	
The Bank of Nova Scotia	55,000	3,013,426	2,896,850	
The Toronto-Dominion Bank	36,400	2,886,289	2,897,440	
Total Financials		23,794,825	21,114,923	99.4 %
Total Canadian Common Shares		$ 23,794,825	$ 21,114,923	99.4 %
Options				
Purchased Put Options (100 shares per contract)				
Bank of Montreal - August 2012 @ $57	100	$ 21,500	$ 18,099	
Canadian Imperial Bank of Commerce - August 2012 @ $73	58	16,008	13,677	
iShares S&P/TSX Capped Financials Index Fund - August 2012 @ $23	967	82,195	105,434	
Manulife Financial Corporation - August 2012 @ $13	260	23,270	42,324	
Manulife Financial Corporation - September 2012 @ $10	86	5,934	3,405	
National Bank of Canada - September 2012 @ $73	37	10,915	9,191	
Royal Bank of Canada - August 2012 @ $54	57	14,364	16,437	
Royal Bank of Canada - September 2012 @ $50	43	11,615	7,402	
Sun Life Financial Inc. - September 2012 @ $22	119	17,731	13,792	
The Bank of Nova Scotia - August 2012 @ $53	61	13,725	9,583	
The Bank of Nova Scotia - September 2012 @ $51	43	10,729	6,404	
The Bank of Nova Scotia September 2012 @ $52	34	8,806	5,492	
The Toronto-Dominion Bank - August 2012 @ $80	40	13,640	8,704	
The Toronto-Dominion Bank - September 2012 @ $78	51	19,516	10,997	
Total Purchased Put Options		269,948	270,941	1.3 %

Financial Statements

Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Contracts	Average Cost	Fair Value	% of Net Assets
Written Covered Call Options				
(100 shares per contract)				
Bank of Montreal - July 2012 @ $54	(94)	(11,562)	(18,482)	
Bank of Montreal - July 2012 @ $56	(86)	(7,740)	(11,286)	
Canadian Imperial Bank of Commerce - July 2012 @ $71	(73)	(7,811)	(10,939)	
Canadian Imperial Bank of Commerce - July 2012 @ $73	(85)	(6,672)	(6,263)	
Manulife Financial Corporation - July 2012 @ $11	(1,512)	(77,112)	(93,711)	
National Bank of Canada - July 2012 @ $71	(75)	(10,125)	(13,481)	
National Bank of Canada - July 2012 @ $73	(75)	(9,075)	(5,376)	
National Bank of Canada - August 2012 @ $71	(149)	(22,350)	(32,562)	
Royal Bank of Canada - July 2012 @ $50	(100)	(13,300)	(22,380)	
Royal Bank of Canada - July 2012 @ $52	(95)	(10,165)	(12,503)	
Sun Life Financial Inc. - July 2012 @ $20	(950)	(89,775)	(208,493)	
The Bank of Nova Scotia - July 2012 @ $51	(138)	(11,868)	(21,124)	
The Bank of Nova Scotia - July 2012 @ $53	(137)	(9,727)	(13,779)	
The Toronto-Dominion Bank - July 2012 @ $78	(182)	(30,940)	(40,736)	
Total Written Covered Call Options		(318,222)	(511,115)	(2.4)%
Total Options		$ (48,274)	$ (240,174)	(1.1)%
Adjustment for transaction costs		(13,945)		
TOTAL INVESTMENTS		$ 23,732,606	$ 20,874,749	98.3 %
OTHER NET ASSETS			374,906	1.7 %
TOTAL NET ASSETS, excluding the Preferred Security liability			$ 21,249,655	100.0 %

Notes to Financial Statements

June 30, 2012

1. Basis of Presentation

The semi-annual financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2011.

These semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2011.

2. Normal Course Issuer Bid

On January 19, 2012, the Fund filed a Notice of Intention to make a normal course issuer bid to purchase up to 156,732 Capital Units and 156,732 Preferred Securities representing approximately 10 percent of the Fund's public float of 1,567,325 units of each class as of January 10, 2012. The Fund may purchase up to 31,346 units of each class in any 30-day period which is 2 percent of the 1,567,325 units issued and outstanding of each class as at January 10, 2012. The Capital Units and Preferred Securities may be purchased for cancellation from January 23, 2012 to January 22, 2013 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased at a price per unit of each class not exceeding the last net asset value per unit of each class. As at June 30, 2012, nil units had been purchased by the Fund.

3. Net Asset Value

The net asset value of the Fund is calculated using the fair value of investments at the close or last trade price. The net assets per Unit is calculated using the fair value of investments at the closing bid price. The net assets per Unit for financial reporting purposes and net asset value per Unit for pricing purposes will not be the same due to the use of different valuation techniques.

Notes to Financial Statements

June 30, 2012

The difference between the net asset value per Unit for pricing purposes and the net assets per Unit reflected in the financial statements is as follows:

	June 30, 2012	Dec. 31, 2011
Net Asset Value (for pricing purposes)	**$ 13.5744**	$ 13.7889
Difference	**(0.0165)**	(0.0152)
Net Assets (for financial statement purposes)	**$ 13.5579**	$ 13.7737

4. Transaction Fees

Total transaction fees for the six month period ended June 30, 2012 in connection with portfolio transactions were $9,122 (June 30, 2011 - $28,682). Of this amount $4,505 (June 30, 2011 - $7,548) was directed to cover payment of research services provided to the Investment Manager.

5. Financial Instruments and Risk Management

The various types of risks associated with financial instruments and the related risk management practices employed by the Fund remain unchanged from the prior year and are described in Note 13 of the annual financial statements for the year ended December 31, 2011.

The following is a summary of the inputs used as of June 30, 2012 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian Common Shares	$ 21,114,923	$ –	$ –	$ 21,114,923
Options	–	(240,174)	–	(240,174)
Total Investments	$ 21,114,923	$ (240,174)	$ –	$ 20,874,749

The following is a summary of the inputs used as of December 31, 2011 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 499,115	$ –	$ 499,115
Canadian Common Shares	21,021,298	–	–	21,021,298
Options	–	(110,461)	–	(110,461)
Total Investments	$ 21,021,298	$ 388,654	$ –	$ 21,409,952

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2012 and during the year ended December 31, 2011.

Other Price Risk

Approximately 99 percent (December 31, 2011 - 97 percent) of the Fund's net assets, excluding the Preferred Security liability, held at June 30, 2012 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2012, the net assets, excluding the Preferred Security liability, of the Fund would have increased or decreased by $2.1M (December 31, 2011 - $2.1M) or 9.9 percent (December 31, 2011 - 9.7 percent) of the net assets, excluding the Preferred Security liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Credit Risk

The following are the credit ratings for the counterparties to derivative instruments that were authorized for trading with the Fund during the current period based on Standard & Poor's credit ratings as of June 30, 2012:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A-	A-2
Deutsche Bank	A+	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Bank of Nova Scotia	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
USB AG	A	A-1

The following are the credit ratings for the counterparties to derivative financial instruments that were authorized for trading with the Fund during the prior year based on Standard & Poor's credit ratings as of December 31, 2011:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A-	A-2
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
USB AG	A+	A-1

Notes to Financial Statements

June 30, 2012

The Fund held no short-term investments as at June 30, 2012.

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2011:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Bankers' Acceptances	A-1	100%
Total		100%

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short-term.

6. Future Accounting Policy Changes

The Fund was required to adopt International Financial Reporting Standards ("IFRS") for the year beginning on January 1, 2011. In January 2011, the Canadian Accounting Standards Board ("AcSB") approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies. Subsequently, in December 2011, AcSB extended the deferral for another year to January 1, 2014. As a result, the Fund will adopt IFRS for the year beginning on January 1, 2014 and will issue its initial statements, with comparative information, for the semi-annual period ending June 30, 2014.

Investment Funds Managed by Strathbridge Asset Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund
Core Canadian Dividend Trust
Gold Participation and Income Fund
Premier Canadian Income Fund
Top 10 Canadian Financial Trust

SPLIT SHARES

Premium Income Corporation
S Split Corp.
Top 10 Split Trust
World Financial Split Corp.

PRINCIPAL PROTECTED FUNDS

Government Strip Bond Trust

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