Semi-Annual Report 2013

Top 10 Split Trust

strathbridge
ASSET MANAGEMENT

Letter to Securityholders

We are pleased to present the 2013 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Split Trust.

During the six months ended June 30, 2013, the Fund paid cash distributions of $0.11 per Capital Unit and $0.39 per Preferred Security. The net asset value per Combined Unit increased from $14.55 at December 31, 2012 to $15.38 at June 30, 2013. The total return of the Fund, including the reinvestment of distributions, for the six months ended June 30, 2013 was 9.2 percent, compared to 5.5 percent for the S&P/TSX Capped Financials Index. During the period, the net realized loss on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to $0.06 per Combined Unit as compared to a net realized gain on options of $0.04 per Combined Unit a year ago. 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, 2013 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, Standard Life Centre, P.O. Box 113, Toronto, Ontario, M5H 3T9, or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended June 30, 2013, cash distributions of $0.11 per Capital Unit were paid as compared to $0.06 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 $5.92 per Preferred Security and cash distributions of $3.80 per Capital Unit.

Revenue and Expenses

For the six months ended June 30, 2013, the Fund’s total revenue was $0.31 per Unit compared to $0.32 per Unit in the prior year. Total expenses were $0.19 per Unit for the first six months of fiscal 2013, up $0.02 per Unit from a year ago. Higher management fees and administration costs contributed to the increase over the period. The Fund had a net realized and unrealized gain of $1.23 per Unit in the first half of 2013 as compared to a net realized and unrealized gain of $0.08 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund increased 5.7 percent from $14.55 per Unit at December 31, 2012 to $15.38 per Unit at June 30, 2013. The aggregate net asset value of the Fund increased $1.3 million, from $22.2 million at December 31, 2012 to $23.5 million at June 30, 2013, reflecting an increase from operations of $2.1 million, partially offset by total cash distributions of $0.8 million.

Recent Developments

On April 29, 2013, the Fund announced it filed a Notice of Intention to make a normal course issuer bid to purchase up to 152,694 Capital Units and 152,694 Preferred Securities representing approximately 10 percent of the Fund's public float of 1,526,948 Units of each class as at April 25, 2013. The Fund may purchase up to 30,538 Units of each class in any 30-day period which is 2 percent of the 1,526,948 Units issued and outstanding of each class as at April 25, 2013. The Capital Units and Preferred Securities may be purchased for cancellation from May 1, 2013 to April 30, 2014 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a unit at a price per unit not exceeding the last net asset value per unit. As at June 30, 2013, nil Units had been purchased by the Fund.

Future Accounting Policy Changes

Strathbridge Asset Management Inc. ("Strathbridge"), 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 2013 financial statements and the preparation of the 2014 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 year ending December 31, 2014.

As at June 30, 2013, 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

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

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge 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. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. 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, 2013 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2013
NET ASSETS PER UNIT	
Net Assets, beginning of period (based on bid prices)(1)	**$ 14.53**
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	**0.31**
Total expenses	**(0.19)**
Realized gain (loss) for the period	**0.14**
Unrealized gain (loss) for the period	**1.09**
Total Increase (Decrease) from Operations(2)	**1.35**
DISTRIBUTIONS	
From net investment income - Preferred Security	**(0.39)**
Non-taxable distributions - Capital Unit	**(0.11)**
Total Distributions(3)	**(0.50)**
Net Assets, end of period (based on bid prices)(1)	**$ 15.37**

(1) Net Assets per Unit is the difference between the aggregate value of the assets including the valuation of securities at bid prices and the aggregate value of the liabilities excluding the Preferred Security liability, 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

	Six months ended June 30, 2013
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding the Preferred Security liability ($millions)	**$ 23.49**
Net Asset Value ($millions)	**$ 4.40**
Number of Units outstanding	**1,526,948**
Management expense ratio(1)	**2.38%**(4)
Portfolio turnover rate(2)	**30.28%**
Trading expense ratio(3)	**0.09%**(4)
Net Asset Value per Combined Unit(5)	**$ 15.38**
Closing market price - Capital Unit	**$ 2.34**
Closing market price - Preferred Security	**$ 12.60**

(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 7.53%, 7.66%, 7.33%, 6.49%, 6.74% and 5.79% for 2013, 2012, 2011, 2010, 2009, and 2008 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
$ 13.77	$ 16.57	$ 16.86	$ 14.78	$ 21.79
0.64	0.61	0.61	0.61	0.70
(0.31)	(0.42)	(0.31)	(0.29)	(0.32)
(1.16)	0.58	(0.42)	(2.50)	(1.31)
2.47	(1.83)	0.89	5.26	(4.81)
1.64	(1.06)	0.77	3.08	(5.74)
(0.78)	(0.78)	(0.78)	(0.78)	(0.78)
(0.11)	(0.23)	(0.28)	(0.22)	(0.48)
(0.89)	(1.01)	(1.06)	(1.00)	(1.26)
$ 14.53	$ 13.77	$ 16.57	$ 16.86	$ 14.78

calculated based on the weighted average number of Units outstanding during the period. 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.

	Years ended December 31			
	2011	2010	2009	2008
$ 22.22	$ 21.61	$ 38.34	$ 45.65	$ 43.89
$ 3.13	$ 2.02	$ 9.47	$ 11.86	$ 6.86
1,526,948	1,567,325	2,309,243	2,702,752	2,962,925
2.12%	2.49%	1.73%	1.71%	1.64%
73.48%	111.16%	119.38%	66.25%	21.20%
0.08%	0.13%	0.14%	0.14%	0.06%
$ 14.55	$ 13.79	$ 16.60	$ 16.89	$ 14.81
$ 1.98	$ 1.89	$ 3.57	$ 3.70	$ 2.00
$ 12.64	$ 12.40	$ 12.59	$ 12.65	$ 11.50

(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 including the valuation of securities at closing prices and the aggregate value of the liabilities excluding the Preferred Security liability, 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 the:

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

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

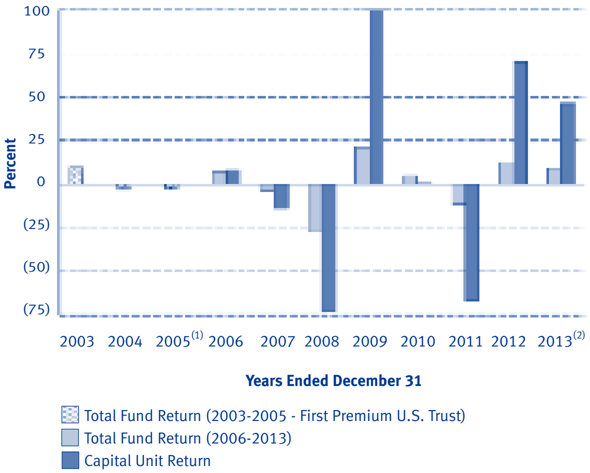
(3) past performance of the Fund does not necessarily indicate how it will perform in the future.

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 months ended June 30, 2013. 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, 2013 for the six months 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, 2013.

Portfolio Manager Report

Most Global equity markets trended higher in the first half of 2013 as economic data out of the United States and other parts of the World continued to improve while Central Banks maintained a bias to keep monetary policy accommodative. Market concerns surrounding the Fiscal Cliff in the U.S. quickly dissipated after a last minute deal was reached at the end of 2012 allowing the market to focus on better economic data and improving company fundamentals for the first half of 2013. The Canadian economy meanwhile posted subdued growth during the period and is expected to lag behind the U.S. economy as the slowdown in China is affecting the pricing of much of Canada's export commodities. Pricing turmoil in the oil and gas industry caused by newly found massive deposits of shale oil and shale gas, and inadequate transportation infrastructure has hurt the western Canadian resource industry. The Canadian housing market continues to slow which on balance is probably good for the economy. The austerity debate in Europe is a continuing concern with respect to renewed economic growth in that region.

The S&P/TSX Composite Index return was negative 0.9 percent over the first half of 2013. The S&P/TSX Capped Financials Index fared better with a 5.5 percent return over the period. In comparison, the total return of the Fund, including the reinvestment of distributions, was 9.2 percent for the six months ended June 30, 2013. The Fund outperformed by being overweight the insurers and underweight the banks as rising long-term interest rates are expected to benefit the life insurance companies to a greater extent. Performance was reduced slightly as its overwriting activity during the period was modestly negative to the overall income generated.

The Canadian insurance companies handily outperformed the Canadian banks in the portfolio. The weakest performer of the Fund's insurance holdings was 19.8 percent for Great-West Lifeco Inc. in contrast with a return of 4.4 percent coming from the Royal Bank of Canada, the best performer of the banks. Our strongest holding was Industrial Alliance Insurance and Financial Services Inc. with a total return of 34.3 percent. Our weakest performer was Canadian Imperial Bank of Commerce with a total return of negative 4.4 percent. Major Canadian banks continue to be well capitalized and have been increasing their dividends. The insurance companies held in the portfolio have maintained unchanged dividend levels. On the earnings front, the recent results for the banks were mixed with half slightly beating and half slightly below expectations in second quarter releases. For the insurance company holdings, first quarter results have been posted and they all beat analysts' expectations for the quarter.

Volatility levels in Canadian financial stocks remained quite low in the first quarter increasing somewhat over the second quarter. The S&P/TSX Capped Financials Index had a low historical volatility mid-February of just over 5 percent. The end of June saw volatility levels at slightly over 13 percent.

Covered call writing increased from around 2 percent on average in the first quarter to nearly 10 percent on average in the second quarter closing out the first half of 2013 at 29 percent. There were no put transactions executed for the portfolio over the period. The cash position averaged 2.0 percent of the portfolio during the six month period, ending June with a cash level of 1.1 percent.

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.

Management Report of Fund Performance

Asset Mix

June 30, 2013

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

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

Portfolio Holdings

June 30, 2013

	% of Net Asset Value[1]
Manulife Financial Corporation	15 %
Industrial Alliance Insurance and Financial Services Inc.	14 %
Sun Life Financial Inc.	14 %
Great-West Lifeco Inc.	12 %
Royal Bank of Canada	8 %
The Toronto-Dominion Bank	8 %
National Bank of Canada	8 %
Bank of Montreal	7 %
The Bank of Nova Scotia	7 %
Canadian Imperial Bank of Commerce	7 %
Cash	1 %

[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 Report of Fund Performance

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, 2012.

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 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 6, 2013

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.

Financial Statements

Statements of Net Assets

As at June 30, 2013 (Unaudited) and December 31, 2012 (Audited)

	2013	2012
ASSETS		
Investments at fair value (cost - $21,627,130; 2012 - $21,704,657)	$ 23,255,030	$ 21,674,997
Short-term investments at fair value (cost - nil; 2012- $669,566)	–	699,566
Cash	265,475	269,243
Accrued interest	–	380
Dividends receivable	61,487	69,243
Due from brokers - investments	187,387	505,390
TOTAL ASSETS	23,769,379	23,218,819
LIABILITIES		
Preferred Securities	19,086,850	19,086,850
Accrued liabilities	57,211	67,722
Due to brokers - investments	236,832	370,226
Redemptions payable	–	587,530
TOTAL LIABILITIES	19,380,893	20,112,328
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	$ 4,388,486	$ 3,106,491
Number of Units Outstanding	1,526,948	1,526,948
Net Assets per Capital Unit	$ 2.8740	$ 2.0344
Preferred Security Repayment Price	$ 12.5000	$ 12.5000
Combined Value (Note 3)	$ 15.3740	$ 14.5344

Statements of Financial Operations

Six months ended June 30 (Unaudited)

	2013	2012
REVENUE		
Dividends	$ 475,317	$ 506,884
Interest	54	2,122
TOTAL REVENUE	475,371	509,006
EXPENSES		
Management fees	128,479	123,528
Service Fees	8,383	5,602
Administrative and other expenses	58,522	53,880
Transaction fees (Note 4)	10,490	9,122
Custodian fees	13,624	14,148
Audit fees	14,857	14,938
Advisory board fees	9,815	10,445
Independent review committee fees	4,224	4,041
Legal fees	2,597	2,734
Securityholder reporting costs	11,452	11,899
Harmonized sales tax	23,718	20,768
TOTAL EXPENSES	286,161	271,105
Net Investment Income	189,210	237,901
Net gain (loss) on sale of investments	305,268	(991,047)
Net gain (loss) on sale of derivatives	(98,370)	69,541
Net Gain (Loss) on Sale of Investments	206,898	(921,506)
Net change in unrealized appreciation/ depreciation of investments	1,657,560	1,050,203
Net Gain on Sale of Investments	1,864,458	128,697
Preferred Security Interest	(596,456)	(612,229)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ 1,457,212	$ (245,631)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 1,526,948; 2012 - 1,567,325)	$ 0.9543	$ (0.1567)

Financial Statements

Statements of Changes in Net Assets

Six months ended June 30 (Unaudited)

		2013		2012
NET ASSETS, BEGINNING OF PERIOD	$	3,106,491	$	1,996,289
Net Increase (Decrease) in Net Assets from Operations		1,457,212		(245,631)
Distributions to Capital Unit Holders				
Non-taxable distributions		(175,217)		(92,566)
Changes in Net Assets during the Period		1,281,995		(338,197)
NET ASSETS, END OF PERIOD	$	4,388,486	$	1,658,092

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2013	2012
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	**$ 968,809**	$ 661,760
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income	**189,210**	237,901
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Purchase of investment securities	**(6,972,354)**	(7,167,465)
Proceeds from disposition of investment securities	**7,256,779**	7,332,250
(Increase)/decrease in accrued interest, dividends receivable and due from brokers - investments	**326,139**	(6,332)
(Decrease)/increase in accrued liabilities and due to brokers - investments	**(143,905)**	(6,443)
	466,659	152,010
Cash Flows Provided by (Used In) Financing Activities		
Capital Unit holder redemptions	**(82,817)**	(758)
Preferred Security redemptions	**(504,713)**	(7,350)
Capital Unit holder distributions	**(175,217)**	(92,566)
Preferred Securities - interest	**(596,456)**	(612,229)
	(1,359,203)	(712,903)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Period	**(703,334)**	(322,992)
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	**$ 265,475**	$ 338,768
Cash and Short-Term Investments comprised of:		
Cash	**$ 265,475**	$ 338,768
Short-Term Investments	**–**	–
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	**$ 265,475**	$ 338,768

Financial Statements

Statement of Investments

As at June 30, 2013 (Unaudited)

	Number of Shares/ Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
Canadian Common Shares				
Financials				
Bank of Montreal	28,500	$ 1,745,589	$ 1,738,500	
Canadian Imperial Bank of Commerce	21,700	1,668,921	1,619,688	
Great-West Lifeco Inc.	100,420	2,649,747	2,860,966	
Industrial Alliance Insurance and Financial Services Inc.	77,100	2,580,752	3,203,505	
Manulife Financial Corporation	204,900	3,014,128	3,448,467	
National Bank of Canada	24,730	1,833,286	1,852,277	
Royal Bank of Canada	31,400	1,904,084	1,924,192	
Sun Life Financial Inc.	101,700	2,802,824	3,167,955	
The Bank of Nova Scotia	30,200	1,699,391	1,697,844	
The Toronto-Dominion Bank	22,600	1,841,908	1,908,570	
Total Financials		21,740,630	23,421,964	99.8 %
Total Canadian Common Shares		$ 21,740,630	$ 23,421,964	99.8 %
Options				
Written Covered Call Options (100 shares per contract)				
Bank of Montreal - July 2013 @ $59	(95)	$ (9,310)	$ (21,368)	
Canadian Imperial Bank of Commerce - July 2013 @ $75	(81)	(6,291)	(5,105)	
Manulife Financial Corporation - July 2013 @ $16	(477)	(17,649)	(46,419)	
National Bank of Canada - July 2013 @ $74	(123)	(14,760)	(22,007)	
National Bank of Canada - July 2013 @ $75	(124)	(8,990)	(7,550)	
Royal Bank of Canada - July 2013 @ $60	(102)	(11,360)	(17,074)	
Royal Bank of Canada - July 2013 @ $61	(82)	(8,774)	(9,005)	
The Bank of Nova Scotia - July 2013 @ $56	(80)	(4,200)	(6,341)	
The Bank of Nova Scotia - July 2013 @ $57	(71)	(4,899)	(1,844)	
The Toronto-Dominion Bank - July 2013 @ $82	(113)	(11,913)	(30,221)	
Total Written Covered Call Options		(98,146)	(166,934)	(0.7)%
Total Options		$ (98,146)	$ (166,934)	(0.7)%
Adjustment for transaction costs		(15,354)		
TOTAL INVESTMENTS		$21,627,130	$ 23,255,030	99.1 %
OTHER NET ASSETS			220,306	0.9 %
TOTAL NET ASSETS, excluding the Preferred Security liability			$ 23,475,336	100.0 %

Notes to Financial Statements

June 30, 2013

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, 2012.

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, 2012.

2. Normal Course Issuer Bid

On April 29, 2013, the Fund announced it filed a Notice of Intention to make a normal course issuer bid to purchase up to 152,694 Capital Units and 152,694 Preferred Securities representing approximately 10 percent of the Fund's public float of 1,526,948 Units of each class as at April 25, 2013. The Fund may purchase up to 30,538 Units of each class in any 30-day period which is 2 percent of the 1,526,948 Units issued and outstanding of each class as at April 25, 2013. The Capital Units and Preferred Securities may be purchased for cancellation from May 1, 2013 to April 30, 2014 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a unit at a price per unit not exceeding the last net asset value per unit. As at June 30, 2013, 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.

The difference between the net asset value per Unit for pricing

Notes to Financial Statements

June 30, 2013

purposes and the net assets per Unit reflected in the financial statements is as follows:

	June 30, 2013	Dec. 31, 2012
Net Asset Value per Unit (for pricing purposes)	**$ 15.3817**	$ 14.5511
Difference	**(0.0077)**	(0.0167)
Net Assets per Unit (for financial statement purposes)	**$ 15.3740**	$ 14.5344

4. Transaction Fees

Total transaction fees for the six months ended June 30, 2013 in connection with portfolio transactions were $10,490 (June 30, 2012 - $9,122). Of this amount $5,426 (June 30, 2012 - $4,505) 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, 2012.

The following is a summary of the inputs used as of June 30, 2013 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	$ 23,421,964	$ –	$ –	$ 23,421,964
Options	–	(166,934)	–	(166,934)
Total Investments	$ 23,421,964	$ (166,934)	$ –	$ 23,255,030

The following is a summary of the inputs used as of December 31, 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
Short-Term Investments	$ –	$ 699,946	$ –	$ 699,946
Canadian Common Shares	21,764,772	–	–	21,764,772
Options	–	(89,775)	–	(89,775)
Total Investments	$ 21,764,772	$ 610,171	$ –	$ 22,374,943

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2013 and during the year ended December 31, 2012.

Other Price Risk

Approximately 100 percent (December 31, 2012 - 98 percent) of the Fund's net assets, excluding the Preferred Security liability, held at June 30, 2013 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2013, the net assets, excluding the Preferred Security liability, of the Fund would have increased or decreased by $2.3M (December 31, 2012 - $2.2M) or 10.0 percent (December 31, 2012 - 9.8 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 financial instruments that were authorized for trading with the Fund during the current period based on Standard & Poor's credit ratings as of June 30, 2013:

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

Notes to Financial Statements

June 30, 2013

The Fund held no short-term investments as at June 30, 2013.

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, 2012:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Treasury Bills	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 year ending December 31 2014.

Investment Funds Managed by Strathbridge Asset Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)
Core Canadian Dividend Trust (CDD.UN)
Gold Participation and Income Fund (GPF.UN)
Low Volatility U.S. Equity Income Fund (LVU.UN)
Premier Canadian Income Fund (PCU.UN)
Top 10 Canadian Financial Trust (TCT.UN)

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)
S Split Corp. (SBN.PR.A/SBN)
Top 10 Split Trust (TXT.PR.A/TXT.UN)
World Financial Split Corp. (WFS.PR.A/WFS)

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