

SEMI-ANNUAL REPORT 2012

World Financial Split Corp.




strathbridge
ASSET MANAGEMENT

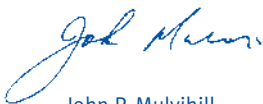
World Financial Split Corp.

Letter to Shareholders

We are pleased to present the 2012 semi-annual report containing the management report of fund performance and the unaudited financial statements for World Financial Split Corp.

During the six months ended June 30, 2012, the Fund paid distributions of \$0.26 per Preferred share though no distributions were paid on the Class A shares in accordance with the terms of the prospectus as the net asset value per Unit was less than \$15.00. The six month total return of the Fund, including reinvestment of distributions, was 3.9 percent. The net asset value ("NAV") increased from \$9.93 per Unit at December 31, 2011 to \$10.06 per Unit at June 30, 2012. The growth in NAV during the period was augmented by the Strathbridge Selective Overwriting strategy (see "The Fund") which generated a net realized gain on options attributable of \$0.19 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 shareholders for their continued support and encourage shareholders 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 corporation designed to provide Preferred shareholders with fixed cumulative preferential quarterly distributions and the Class A shareholders with attractive quarterly distributions and the return of the original issue price on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols WFS.PR.A for the Preferred shares and WFS for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share. To accomplish its objectives the Fund invests in a portfolio which includes common equity securities selected from the ten largest financial services companies by market capitalization in each of Canada, the United States and the Rest of the World.

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.

World Financial Split Corp.

Management Report of Fund Performance

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 World Financial Split Corp. (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 \$0.26 per Preferred share were paid to Preferred shareholders which were unchanged from a year ago. Distributions to Class A shareholders remained suspended in accordance with the terms of the prospectus which states: "No distribution will be paid to the Class A shares if: (i) the distributions payable on the Preferred shares are in arrears, or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than \$15.00".

Since the inception of the Fund in February 2004, the Fund has paid total cash distributions of \$4.39 per Preferred share and \$5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue was \$0.16 per Unit for the six months ended June 30, 2012, compared to \$0.17 per Unit in the prior year. Total expenses were \$0.12 per Unit for the first six months of fiscal 2012, down \$0.03 per Unit from a year ago. The decrease in total expenses largely reflected the non-recurring costs associated with the special resolution regarding the term extension of the Fund in 2011. The Fund had a net realized and unrealized gain of \$0.36 per Unit in the first half of 2012 as compared to a net realized and unrealized loss of \$0.43 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund increased 1.3 percent, from \$9.93 per Unit at December 31, 2011 to \$10.06 per Unit at June 30, 2012, primarily reflecting an increase from operations, net of

Management Report of Fund Performance

distributions to Preferred shareholders. The aggregate net asset value of the Fund decreased \$6.7 million, from \$35.2 million at December 31, 2011 to \$28.5 million at June 30, 2012, due to annual redemption of \$7.2 million and Preferred distributions of \$0.9 million, partially offset by an increase from operations of \$1.4 million.

During the six months ended June 30, 2012, the total return of the Fund was 3.9 percent reflecting an appreciation of investments in the portfolio. The MSCI World/Finance Index (the “Financials Index”) total return in Canadian dollar terms during the same period was 10.1 percent, which matched the equal-weighted total return of the Portfolio Universe that includes the ten largest financial services companies by market capitalization in each of Canada, the United States and the Rest of World. 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

No recent developments occurred during the semi-annual period ending June 30, 2012.

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.

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Management Report of Fund Performance

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,
- Changes to the presentation of shareholder equity to consider puttable instruments,
- 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 27, 2004 and amended as of November 6, 2009, 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 Management Agreement made between the Fund and MCM dated January 27, 2004. 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.

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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.

	Six months ended June 30, 2012
NET ASSETS PER UNIT	
Net Assets, beginning of period (based on bid prices) ⁽¹⁾	\$ 9.92
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.16
Total expenses	(0.12)
Realized gain (loss) for the period	(0.57)
Unrealized gain (loss) for the period	0.93
Total Increase (Decrease) from Operations ⁽²⁾	0.40
DISTRIBUTIONS	
Class A Share	
From capital gains	-
Non-taxable distributions	-
Total Class A Share Distributions	-
Preferred Share	
From net investment income	-
From capital gains	-
Non-taxable distributions	(0.26)
Total Preferred Share Distributions	(0.26)
Total Distributions ⁽³⁾	(0.26)
Net Assets before end of period (based on bid prices) ⁽¹⁾⁽⁵⁾	\$ 10.05

(1) Net Assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share 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), net of withholding tax and foreign exchange gain (loss), less expenses, excluding Preferred share distributions, and is 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.

	Six months ended June 30, 2012
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$ 28.48
Net Asset Value (\$millions)	\$ 0.17
Number of Units outstanding	2,830,622 ⁽⁴⁾
Management expense ratio ⁽¹⁾	1.96% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	107.05% ⁽⁴⁾
Trading expense ratio ⁽³⁾	0.36% ⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾⁽⁶⁾	\$ 10.06
Closing market price - Class A	\$ 0.69
Closing market price - Preferred	\$ 8.53

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including federal and provincial sales taxes and capital taxes but excluding transaction fees and income taxes and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. The MER for 2011 includes warrant exercise fees and special resolution expense. The MER for 2011 excluding warrant exercise fees and special resolution expense is 1.65%. The MER for 2010 and 2009 includes the warrant offering costs and warrant exercise fees. The MER for 2010 and 2009 excluding the warrant offering costs and warrant exercise fees is 1.51% and 1.45% respectively. The MER, including Preferred share distributions, is 6.96%, 6.87%, 6.14%, 5.78%, 4.64% and 3.87%, 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

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

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			
\$	11.57	\$	13.10	\$	12.47	\$	19.48	\$	23.29 ⁽⁴⁾
	0.33		0.26		0.11		0.81		0.57
	(0.27)		(0.25)		(0.21)		(0.26)		(0.36)
	(0.41)		(1.65)		(3.29)		(5.97)		1.59
	(1.04)		0.35		4.35		(0.18)		(3.88)
	(1.39)		(1.29)		0.96		(5.60)		(2.08)
	–		–		–		–		(0.81)
	–		–		–		(0.90)		(0.39)
	–		–		–		(0.90)		(1.20)
	–		–		–		(0.25)		(0.25)
	–		–		–		–		(0.28)
	(0.53)		(0.53)		(0.53)		(0.28)		–
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
	(0.53)		(0.53)		(0.53)		(1.43)		(1.73)
\$	9.92	\$	11.57	\$	13.10	\$	12.47	\$	19.48

(3) Distributions to shareholders are based on the number of shares 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.

(5) Net Assets per Unit has been adjusted for the consolidation of the Class A shares effective the opening of trading on July 4, 2011. Each shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder's investment did not change, however, the number of Class A shares reflected in the shareholder's account declined and the Net Assets per Class A share increased proportionately.

		Years ended December 31							
		2011	2010	2009	2008	2007			
\$	35.23	\$	76.62	\$	107.26	\$	147.77	\$	269.64
\$	–	\$	10.41	\$	25.44	\$	29.41	\$	131.40
	3,548,506		6,621,726		8,181,810		11,835,359		13,824,263
	2.21%		1.89%		1.59%		1.43%		1.49%
	272.71%		109.63%		148.58%		61.65%		116.48%
	0.50%		0.39%		0.41%		0.17%		0.14%
\$	9.93	\$	11.57	\$	13.11	\$	12.48	\$	19.50
\$	0.75	\$	1.36	\$	3.07	\$	1.49	\$	8.16
\$	8.35	\$	9.80	\$	9.73	\$	8.99	\$	9.95

(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 Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability and including the valuation of securities at closing prices, divided by the number of Units then outstanding.

(6) Net Asset Value per Unit has been adjusted for the consolidation of the Class A shares effective the opening of trading on July 4, 2011. Each shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder's investment did not change, however, the number of Class A shares reflected in the shareholder's account declined and the Net Assets per Class A share increased proportionately.

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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 Management 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 Management 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:

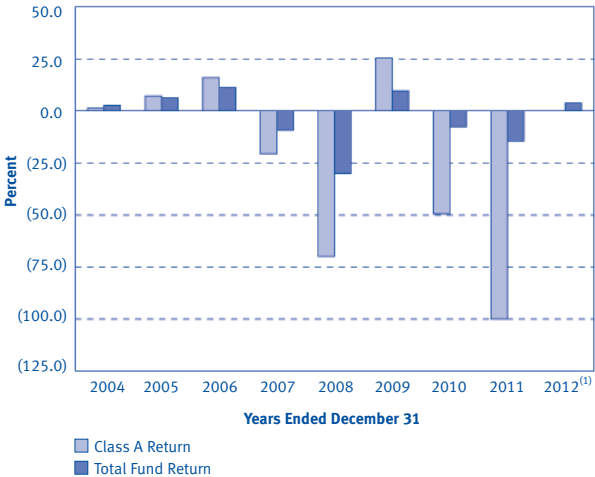
- (1) the information shown assumes that all distributions (including deemed distributions based on the intrinsic value of the warrants exercised prior to the expiry date of the warrants) made by the Fund during these periods were reinvested in Units of the Fund,
- (2) the information does not take into 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 eight 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 or the date of inception in 2004 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⁾ For the six months ended June 30, 2012. The Class A return was infinite as the net asset value per Class A share increased from nil at December 31, 2011 to \$0.06 at 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.

The total return for the MSCI World/Finance Index in Canadian dollar terms was 10.1 percent, which matched the equal-weighted total return of the Portfolio Universe that includes the ten largest financial services companies by market capitalization in each of Canada, the United States and the Rest of World.

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Management Report of Fund Performance

Financials outperformed global equities in the first half of 2011 after significantly underperforming since the onset of the global financial crisis. The three regions of investment for the Fund produced positive total returns in Canadian dollar terms during the period. In Canada, the S&P/TSX Financial Services Index total return was 5.5 percent, in the United States, the S&P 500 Financials Index total return was 13.9 percent, while the International MSCI EAFE Financials Index total return was 7.9 percent. In general, these returns are reflective of the reduced risk of Greece exiting the European Union after the election of the New Democratic Party as well as economic numbers in the United States that continued to improve in the first quarter of 2012 but have since started to soften in the second quarter due to weaker job growth.

The return of the Fund, including reinvestment of distributions, for the six month period ended June 30, 2012 was 3.9 percent. This performance relative to the benchmark is reflective of an underweight position in the International Financials for the majority of the period, especially in June as the International Financials significantly outperformed both Canadian and U.S. Financials for the month up 9.5 percent in Canadian dollar terms. A higher than normal cash position in the month of June to finance the annual concurrent redemption also contributed to the relative underperformance of the Fund.

Volatility levels for Global 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 46 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 and The Financial Select Sector SPDR 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 \$0.19 per unit.

During the course of the six month period, the Fund had varying exposures to the U.S. dollar due to the investments in U.S. Financial Services equities along with International Financial Services equities through the ADR market. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the

Management Report of Fund Performance

period and ended the first half of 2012 being approximately 41 percent hedged.

The Fund's portfolio started 2012 with a regional asset mix of 33 percent invested Canada, 36 percent in the United States and 29 percent in the Rest of World. Although the Fund had varying exposures to the three regions over the course of the period, it ended the period with the highest allocation to U.S. Financials primarily due to improving economic numbers in the United States along with greater diversification of financial services companies in the U.S. The Fund's portfolio ended June 30, 2012 with a regional asset mix of 33 percent invested Canada, 41 percent in the United States and 17 percent in the Rest of World.

The Global Financial Services companies demonstrated mixed fundamentals and profitability in the first half of 2012 due to declining credit losses and strong capital market related revenues which were largely offset by record low interest rates and a flattening yield curve. Although the global economy is expected to gradually improve in 2012, volatility and uncertainty will remain as the European sovereign debt crisis continues to represent a major overhang. The valuations of companies in the portfolio generally remained at reasonable levels when measured by price to earnings ratios and current dividend yields which should continue to act as support for share prices. As global regulatory and capital requirements become clearer in 2012, several Global Financial Services companies are likely to start returning capital to shareholders in the form of increased dividends and share repurchases.

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⁾
United States	41 %
Canada	33 %
Cash and Short-Term Investments	17 %
International	17 %
Other Assets (Liabilities)	(8)%
	100 %

⁽¹⁾ The Net Asset Value excludes the Redeemable Preferred Share liability.

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Portfolio Holdings

June 30, 2012

	% of Net Asset Value ⁽¹⁾
Cash and Short-Term Investments	17 %
Berkshire Hathaway Inc.	7 %
Simon Property Group Inc.	7 %
The Toronto-Dominion Bank	7 %
HSBC Holdings PLC ADR	7 %
The Bank of Nova Scotia	6 %
National Bank of Canada	6 %
The Travelers Companies, Inc.	5 %
U.S. Bancorp	5 %
Canadian Imperial Bank of Commerce	5 %
Westpac Banking Corporation ADR	5 %
The Allstate Corporation	5 %
Royal Bank of Canada	4 %
Sun Life Financial Inc.	4 %
Public Storage	4 %
Wells Fargo & Company	4 %
The Chubb Corporation	3 %
Prudential PLC ADR	3 %
Sumitomo Mitsui Financial Group Inc. ADR	3 %

⁽¹⁾ The Net Asset Value excludes the Redeemable Preferred Share 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 World Financial Split Corp. (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 Directors (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 Audit Committee 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 Audit Committee and the Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 7, 2012

Notice to Shareholders

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 Financial Position

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

	2012	2011
ASSETS		
Investments at fair value (cost - \$25,105,631; 2011 - \$37,418,784)	\$ 25,110,865	\$ 34,129,492
Short-term investments at fair value (cost - \$598,314; 2011 - \$349,132)	598,314	349,132
Cash	4,371,361	642,081
Accrued interest	445	697
Dividends receivable	234,955	148,486
Due from brokers - investments	5,421,084	-
TOTAL ASSETS	\$ 35,737,024	\$ 35,269,888
LIABILITIES		
Redemptions payable	\$ 7,218,746	\$ -
Accrued management fees	32,217	32,948
Accrued liabilities	31,600	40,079
Redeemable Preferred shares	28,306,220	35,196,861
	35,588,783	35,269,888
EQUITY		
Class A and Class J shares	55,526,017	69,608,166
Deficit	(55,377,776)	(69,608,166)
	148,241	-
TOTAL LIABILITIES AND EQUITY	\$ 35,737,024	\$ 35,269,888
Number of Units Outstanding	2,830,622	3,548,506
Net Assets per Unit		
Preferred Share	\$ 10.0000	\$ 9.9188
Class A Share	0.0524	0.0000
Net Assets per Unit (Note 2)	\$ 10.0524	\$ 9.9188

World Financial Split Corp.

Financial Statements

Statements of Operations and Deficit

Six months ended June 30 (Unaudited)

	2012	2011
REVENUE		
Dividends	\$ 628,773	\$ 1,275,203
Interest, net of foreign exchange	849	41,233
Withholding taxes	(52,085)	(72,155)
TOTAL REVENUE	577,537	1,244,281
EXPENSES		
Management fees	204,893	461,978
Service fees	3,682	16,454
Administration and other expenses	57,653	72,222
Transaction fees (Note 3)	67,960	242,008
Custodian fees	23,280	25,812
Audit fees	17,073	16,820
Director fees	10,445	11,390
Independent review committee fees	4,041	4,796
Legal fees	1,930	-
Shareholder reporting costs	16,413	26,091
Harmonized sales tax	26,618	54,566
Subtotal Expenses	433,988	932,137
Special resolution expense	-	132,560
TOTAL EXPENSES	433,988	1,064,697
Net Investment Income before Distributions	143,549	179,584
Preferred share distributions	(931,483)	(1,894,296)
Net Investment Loss	(787,934)	(1,714,712)
Net realized gain on sale of derivatives	1,194,765	3,315,772
Net realized loss on sale of investments	(3,228,571)	(2,337,455)
Net Gain (Loss) on Sale of Investments	(2,033,806)	978,317
Net change in unrealized appreciation/ depreciation of short-term investments during the period	3,560	(2,436)
Net change in unrealized appreciation/ depreciation of investments during the period	3,294,526	(4,059,871)
Net Gain (Loss) on Investments	1,264,280	(3,083,990)
Increase in Value of Preferred Shares	(288,199)	-
NET INCOME (LOSS) FOR THE PERIOD	\$ 188,147	\$ (4,798,702)
NET INCOME (LOSS) PER CLASS A SHARE (based on the weighted average number of Class A shares outstanding during the period of 3,544,164; 2011 - 7,266,403)		
	\$ 0.0531	\$ (0.6604)
DEFICIT		
Balance, beginning of period	\$ (69,608,166)	\$ (73,668,065)
Net allocations on retractions	14,042,243	13,473,930
Net Income (loss) for the period	188,147	(4,798,702)
BALANCE, END OF PERIOD	\$ (55,377,776)	\$ (64,992,837)

Financial Statements

Statements of Changes in Net Assets

Six months ended June 30 (Unaudited)

	2012	2011
NET ASSETS, BEGINNING OF PERIOD	\$ -	\$ 10,367,747
Net Investment Income before Distributions	143,549	179,584
Net Gain (Loss) on Investments	1,264,280	(3,083,990)
Increase in Value of Preferred Shares	(288,199)	-
Class A Share Capital Transactions		
Proceeds from issuance of Class A shares, net of warrant exercise fees	-	1,415,931
Value for Class A shares redeemed	(39,906)	(1,706,619)
	(39,906)	(290,688)
Distributions		
Preferred Shares		
Non-taxable distributions	(931,483)	(1,894,296)
Changes in Net Assets during the Period	148,241	(5,089,390)
NET ASSETS, END OF PERIOD	\$ 148,241	\$ 5,278,357

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2012	2011
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	\$ 991,213	\$ 13,361,264
Cash Flows Provided by (Used In)		
Operating Activities		
Net Investment Income before Distributions	143,549	179,584
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Purchase of investment securities	(36,763,610)	(127,523,296)
Proceeds from disposition of investment securities	47,042,957	146,256,194
(Increase)/decrease in dividends receivable, accrued interest, and due from brokers - investments	(5,507,301)	(24,305,767)
Increase/(decrease) in accrued management fees, accrued liabilities and due to brokers - investments	(9,210)	(2,220,490)
Net change in unrealized appreciation/ depreciation of cash and short-term investments	3,560	(2,436)
	4,766,396	(7,795,795)
Cash Flows Provided by (Used In)		
Financing Activities		
Proceeds from issuance of Units, net of warrant exercise fees	-	12,652,131
Distributions to Preferred shares	(931,483)	(1,894,296)
Class A share redemptions	-	(1,173,349)
Preferred share redemptions	-	(6,599,300)
	(931,483)	2,985,186
Net Increase/(Decrease) in Cash and Short-Term Investments During the Period	3,978,462	(4,631,025)
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 4,969,675	\$ 8,730,239
Cash and Short-Term Investments comprised of:		
Cash	\$ 4,371,361	\$ 165,242
Short-Term Investments	598,314	8,564,997
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 4,969,675	\$ 8,730,239

World Financial Split Corp.

Financial Statements

Statement of Investments

As at June 30, 2012 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS				
Bankers' Acceptances				
Bank of Montreal, 1.13% - September 6, 2012	600,000	\$ 598,314	\$ 598,314	2.1 %
Accrued Interest			445	0.0 %
TOTAL SHORT-TERM INVESTMENTS		\$ 598,314	\$ 598,759	2.1 %
INVESTMENTS				
Canadian Common Shares				
Financials				
Canadian Imperial Bank of Commerce	20,000	\$ 1,417,779	\$ 1,432,000	
National Bank of Canada	22,500	1,662,277	1,633,500	
Royal Bank of Canada	23,100	1,202,699	1,203,048	
Sun Life Financial Inc.	52,000	1,274,566	1,150,760	
The Bank of Nova Scotia	34,500	1,881,011	1,817,115	
The Toronto-Dominion Bank	25,500	2,073,512	2,029,800	
Total Financials		9,511,844	9,266,223	32.6 %
Total Canadian Common Shares		\$ 9,511,844	\$ 9,266,223	32.6 %
Non-North American Common Shares				
Financials				
HSBC Holdings PLC ADR	41,500	\$ 1,840,406	\$ 1,866,595	
Prudential PLC ADR	33,400	759,517	790,293	
Sumitomo Mitsui Financial Group Inc. ADR	110,000	723,419	744,607	
Westpac Banking Corporation ADR	12,200	1,361,765	1,351,064	
Total Financials		4,685,107	4,752,559	16.7 %
Total Non-North American Common Shares		\$ 4,685,107	\$ 4,752,559	16.7 %
United States Common Shares				
Financials				
Berkshire Hathaway Inc.	24,800	\$ 1,963,797	\$ 2,106,276	
Public Storage	6,990	978,595	1,028,704	
Simon Property Group Inc.	13,100	1,927,520	2,078,409	
The Allstate Corporation	37,800	1,201,669	1,352,202	
The Chubb Corporation	13,200	972,777	979,652	
The Travelers Companies, Inc.	23,600	1,487,268	1,535,689	
U.S. Bancorp	46,500	1,301,257	1,524,054	
Wells Fargo & Company	30,000	941,709	1,022,407	
Total Financials		10,774,592	11,627,393	40.9 %
Total United States Common Shares		\$ 10,774,592	\$ 11,627,393	40.9 %
Forward Exchange Contracts				
Bought USD \$6,400,000, Sold CAD \$6,578,304 @ 0.97290 - July 18, 2012			\$ (50,979)	
Sold USD \$9,000,000, Bought CAD \$8,928,450 @ 1.00801 - July 18, 2012			(250,295)	
Sold USD \$3,000,000, Bought CAD \$2,974,920 @ 1.00843 - August 15, 2012			(86,543)	
Sold USD \$5,300,000, Bought CAD \$5,461,756 @ 0.97038 - October 17, 2012			45,194	
Total Forward Exchange Contracts			\$ (342,623)	(1.2)%

Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
Options				
Purchased Put Options (100 shares per contract)				
Canadian Imperial Bank of Commerce - August 2012 @ \$73	16	\$ 4,416	\$ 3,773	
iShares S&P/TSX Capped Financials Index Fund - August 2012 @ \$23	626	53,210	68,254	
National Bank of Canada - September 2012 @ \$73	35	10,325	8,694	
Royal Bank of Canada - August 2012 @ \$54	45	11,340	12,976	
Royal Bank of Canada - September 2012 @ \$50	23	6,198	4,024	
Royal Bank of Canada - September 2012 @ \$50	22	5,962	3,701	
Sun Life Financial Inc. - September 2012 @ \$22	65	9,685	7,533	
The Bank of Nova Scotia - August 2012 @ \$53	46	10,350	7,226	
The Bank of Nova Scotia - September 2012 @ \$51	35	8,732	5,212	
The Bank of Nova Scotia - September 2012 @ \$52	25	6,475	4,038	
The Financial Select Sector SPDR Fund - August 2012 @ \$15	3,410	286,348	199,237	
The Toronto-Dominion Bank - August 2012 @ \$80	30	10,230	6,528	
The Toronto-Dominion Bank - September 2012 @ \$78	34	13,012	7,328	
Total Purchased Put Options		436,283	338,524	1.2 %
Written Covered Call Options (100 shares per contract)				
Berkshire Hathaway Inc. - July 2012 @ \$81	(110)	(16,118)	(32,999)	
Canadian Imperial Bank of Commerce - July 2012 @ \$71	(75)	(8,025)	(11,239)	
Canadian Imperial Bank of Commerce - July 2012 @ \$73	(74)	(5,809)	(5,452)	
National Bank of Canada - July 2012 @ \$71	(42)	(5,670)	(7,549)	
National Bank of Canada - July 2012 @ \$73	(70)	(8,470)	(5,018)	
National Bank of Canada - August 2012 @ \$71	(113)	(16,950)	(24,694)	
Prudential Financial Inc. ADR - July 2012 @ \$20	(100)	(12,326)	(38,739)	
Royal Bank of Canada - July 2012 @ \$50	(90)	(11,970)	(20,142)	
Royal Bank of Canada - July 2012 @ \$52	(90)	(9,630)	(11,845)	
Sun Life Financial Inc. - July 2012 @ \$20	(520)	(49,140)	(114,122)	
The Allstate Corporation - July 2012 @ \$33	(378)	(48,405)	(74,349)	
The Bank of Nova Scotia - July 2012 @ \$51	(101)	(8,686)	(15,460)	

World Financial Split Corp.

Financial Statements

Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets	
Options (continued)					
Written Covered Call Options (continued) (100 shares per contract)					
The Bank of Nova Scotia - July 2012 @ \$53	(102)	(7,242)	(10,259)		
The Toronto-Dominion Bank - July 2012 @ \$78	(120)	(20,400)	(26,859)		
The Travelers Companies, Inc. - July 2012 @ \$60	(118)	(17,567)	(41,535)		
U.S. Bancorp - July 2012 @ \$30	(155)	(13,050)	(36,817)		
Wells Fargo & Company - July 2012 @ \$32	(300)	(29,129)	(54,133)		
Total Written Covered Call Options		(288,587)	(531,211)	(1.9)%	
Total Options	\$	147,696	\$	(192,687)	(0.7)%
Adjustment for transaction fees		(13,608)			
TOTAL INVESTMENTS	\$	25,105,631	\$	25,110,865	88.3 %
OTHER NET ASSETS			2,744,837	9.6 %	
TOTAL NET ASSETS, excluding the Redeemable Preferred Share liability			\$	28,454,461	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. 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 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)	\$ 10.0606	\$ 9.9285
Difference	(0.0082)	(0.0097)
Net Assets (for financial statement purposes)	\$ 10.0524	\$ 9.9188

3. Transaction Fees

Total transaction fees for the six month period ended June 30, 2012 in connection with portfolio transactions were \$67,960 (June 30, 2011 - \$242,008). Of this amount \$30,575 (June 30, 2011 - \$59,386) was directed to cover payment of research services provided to the Investment Manager.

4. Financial Instruments and Risk Management

The various types of risks associated with financial instruments and the related risk management practices employed by the Fund

World Financial Split Corp.

Notes to Financial Statements

June 30, 2012

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
Short-Term Investments	\$ -	\$ 598,759	\$ -	\$ 598,759
Canadian Common Shares	9,266,223	-	-	9,266,223
Non-North American Common Shares	4,752,559	-	-	4,752,559
United States Common Shares	11,627,393	-	-	11,627,393
Forward Exchange Contracts		(342,623)	-	(342,623)
Options	(129,689)	(62,998)	-	(192,687)
Total Investments	\$ 25,516,486	\$ 193,138	\$ -	\$ 25,709,624

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	\$ -	\$ 349,829	\$ -	\$ 349,829
Canadian Common Shares	11,800,359	-	-	11,800,359
Non-North American Common Shares	10,141,675	-	-	10,141,675
United States Common Shares	12,624,565	-	-	12,624,565
Forward Exchange Contracts	-	116,979	-	116,979
Options	(286,739)	(267,347)	-	(554,086)
Total Investments	\$ 34,279,860	\$ 199,461	\$ -	\$ 34,479,321

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 90 percent (December 31, 2011 - 98 percent) of the Fund's net assets, excluding the Redeemable Preferred Share 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 Redeemable Preferred Share liability, of the Fund would have increased or decreased by \$2.6M (December 31, 2011 - \$3.5M)

Notes to Financial Statements

June 30, 2012

respectively or 9.0 percent (December 31, 2011 - 9.8 percent) of the net assets, excluding the Redeemable Preferred Share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Currency Risk

Approximately 79 percent (December 31, 2011 - 65 percent) of the Fund's net assets, excluding the Redeemable Preferred Share liability, held at June 30, 2012 were held in securities denominated in U.S. currency. This risk is mitigated by the Fund through the use of forward currency contracts. At June 30, 2012, if the Canadian dollar strengthened or weakened by 1 percent in relation to the U.S. currency, the net assets, excluding the Redeemable Preferred share liability, of the Fund would have decreased or increased, by approximately \$0.1M respectively or 0.4 percent of the net assets, excluding the Redeemable Preferred share liability, with all other factors remaining constant. At December 31, 2011, the Fund had no currency risk as a result of its investment in foreign currency contracts.

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+
UBS 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:

World Financial Split Corp.

Notes to Financial Statements

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
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	A+	A-1

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of June 30, 2012:

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

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit rating 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.

5. 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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