



SEMI-ANNUAL  
REPORT

2014

TOP 10 CANADIAN FINANCIAL TRUST

  
strathbridge  
ASSET MANAGEMENT

## Top 10 Canadian Financial Trust

### Letter to Unitholders

We are pleased to present the 2014 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Canadian Financial Trust.

After generating mixed returns in the first quarter of 2014 amid concerns surrounding geopolitical tension between Ukraine and Russia as well as comments from the U.S. Federal Reserve that it would consider raising interest rates, most Global equity markets advanced in the second quarter. The rally was fueled by economic data out of the U.S. which started to rebound from the weakness driven by harsh weather experienced this past winter. Europe, meanwhile, continued to improve economically as indicated by the regional purchasing managers indexes. The European Central Bank kept monetary policy accommodative by reducing its key benchmark rate to an unprecedented rate of negative 0.10 percent with an eye on the possible negative economic effects from geopolitical tensions in Ukraine and the Middle East. Although the Canadian economy posted subdued growth during the six month period, the S&P/TSX Composite Index outperformed most other markets in the first half of 2014 due to strength in the Energy and Materials sectors.

During the six months ended June 30, 2014, the Fund paid cash distributions of \$0.40 per unit. The net asset value per unit increased from \$10.82 at December 31, 2013 to \$10.90 at June 30, 2014 primarily from realized gains on sale of investments. The total return of the Fund, including the reinvestment of distributions was 4.5 percent for the period. The net realized loss on options attributable to Strathbridge Selective Overwriting strategy (see "The Fund") amounted to \$0.02 per unit as compared to a net realized loss on options of \$0.04 per 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 unitholders for their continued support and encourage unitholders 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 closed-end investment trust designed to provide unitholders with a stable stream of tax-efficient quarterly cash distributions in an amount targeted to be 7.5 percent per annum on the net asset value of the Fund and to return \$15.60 per unit to unitholders upon termination of the Fund. The units are listed on the Toronto Stock Exchange under the ticker symbol TCT.UN. 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.

## Top 10 Canadian Financial Trust

### 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, 2014 of Top 10 Canadian Financial 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](http://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, 2014, cash distributions were \$0.40 per unit compared to \$0.37 per unit a year ago.

Since the reorganization of the Fund in August 2005 when the Fund adopted new objectives and a new investment strategy as the Top 10 Canadian Financial Trust, the Fund has paid total cash distributions of \$8.00 per unit.

##### Revenue and Expenses

For the six months ended June 30, 2014, the Fund's dividend and interest income was \$0.20 per unit unchanged from the prior year. Total expenses were \$0.14 per unit for the first six months of fiscal 2014, up \$0.01 per unit from a year ago. Higher management fees, on a weighted average unit basis, contributed to the increase over the period. The Fund had a net realized and unrealized gain of \$0.43 per unit in the first six months of 2014 as compared to a net realized and unrealized gain of \$0.77 per unit a year earlier.

##### Net Asset Value

The net asset value per unit of the Fund increased 0.7 percent from \$10.82 at December 31, 2013 to \$10.90 at June 30, 2014. The total net asset value of the Fund increased \$0.2 million, from \$21.9 million at December 31, 2013 to \$22.1 million at June 30, 2013, reflecting an increase in net assets attributable to holders of units of \$1.0 million, partially offset by cash distributions of \$0.8 million.

#### Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2014.

#### Transition to International Financial Reporting Standards Accounting Policies

The Fund has adopted International Financial Reporting Standards ("IFRS") accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments - Recognition and Measurement, which is determined by the closing bid price for long positions and by the

### Management Report of Fund Performance

closing ask price for short positions from the recognized stock exchange on which the securities are listed or principally traded. Under IFRS 13, Fair Value Measurement, the fair value of investments is to be based on a price within the bid-ask spread. It also allows the use of certain pricing conventions such as last traded prices as a practical expedient for fair value measurements within a bid-ask spread. Note 5 to the financial statements for the six months ended June 30, 2014 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

#### 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 February 15, 2000 and amended as of August 2, 2005.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated February 15, 2000 and amended as of August 2, 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.

#### 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.

# Top 10 Canadian Financial Trust

## 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, 2014 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2014
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 10.82<sup>(4)</sup></b>
<b>INCREASE (DECREASE) FROM OPERATIONS</b>	
Total revenue	<b>0.20</b>
Total expenses	<b>(0.14)</b>
Realized gain (loss) for the period	<b>1.12</b>
Unrealized gain (loss) for the period	<b>(0.69)</b>
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.49</b>
<b>DISTRIBUTIONS</b>	
Non-taxable distributions	<b>(0.40)</b>
<b>Total Distributions<sup>(3)</sup></b>	<b>(0.40)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 10.90</b>

(1) Net Assets per unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices for the six months ended June 30, 2014 and for all years ended December 31 at bid prices and the aggregate value of the liabilities, 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 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, 2014**

### RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	<b>\$ 22.08</b>
Number of units outstanding	<b>2,025,522</b>
Management expense ratio <sup>(1)</sup>	<b>2.50%<sup>(4)</sup></b>
Portfolio turnover rate <sup>(2)</sup>	<b>50.75%</b>
Trading expense ratio <sup>(3)</sup>	<b>0.09%<sup>(4)</sup></b>
Net Asset Value per unit <sup>(5)</sup>	<b>\$ 10.90</b>
Closing market price	<b>\$ 10.83</b>

(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 special resolution recovery. The MER for 2011 excluding special resolution recovery is 2.13%. The MER for 2010 includes the special resolution expense and warrant exercise fees. The MER for 2010 excluding the special resolution expense and warrant exercise fees is 1.86%. The MER for 2009 includes the warrant offering costs. The MER for 2009 excluding the warrant offering costs is 1.78%.

(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

As a result of the adoption of IFRS, for June 30, 2014, the net assets per unit presented in the financial statements and the net asset value per unit calculated weekly are both valued at closing prices. For all years ended December 31, 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							
		2013	2012	2011	2010	2009			
\$	9.08	\$	8.70	\$	10.52	\$	10.90	\$	9.58
	0.38		0.41		0.41		0.44		0.40
	(0.24)		(0.21)		(0.21)		(0.26)		(0.22)
	0.55		(0.87)		(0.11)		(0.58)		(1.88)
	1.81		1.72		(1.16)		0.88		3.75
	2.50		1.05		(1.07)		0.48		2.05
	(0.76)		(0.66)		(0.75)		(0.79)		(0.76)
	(0.76)		(0.66)		(0.75)		(0.79)		(0.76)
\$	10.82	\$	9.08	\$	8.70	\$	10.52	\$	10.90

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution. All distributions were paid in cash.

(4) Net Assets has been adjusted for the adoption of IFRS. (See Note 5 to the financial statements for the six months ended June 30, 2014).

		Years ended December 31							
		2013	2012	2011	2010	2009			
\$	21.92	\$	21.59	\$	24.70	\$	33.99	\$	53.48
	2,025,522		2,376,054		2,835,356		3,224,405		4,896,746
	2.33%		2.23%		1.98%		2.55%		2.06%
	62.69%		73.42%		93.65%		113.97%		70.70%
	0.08%		0.09%		0.11%		0.15%		0.13%
\$	10.82	\$	9.09	\$	8.71	\$	10.57	\$	10.92
\$	10.55	\$	8.99	\$	8.40	\$	10.25	\$	10.87

(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 including the valuation of securities at closing prices and the aggregate value of the liabilities, divided by the number of units then outstanding.

# Top 10 Canadian Financial Trust

## 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

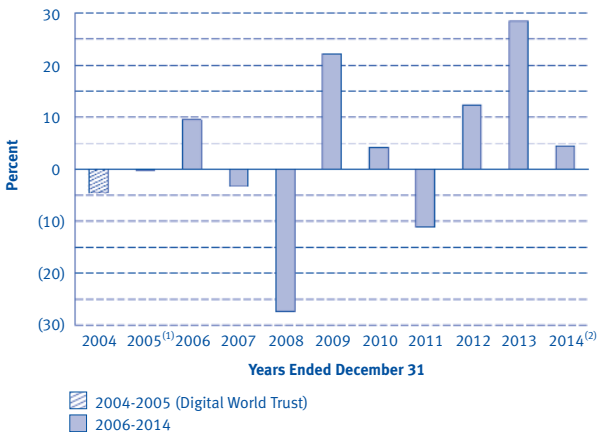
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions made by the Fund during these periods were reinvested in units 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, 2014. 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, 2014 for the six months ended.

### Annual Total Return



<sup>(1)</sup> As of August 2, 2005, the Fund amended its investment strategy and changed its name to Top 10 Canadian Financial Trust and consolidated the units on a 5 to 1 basis.

<sup>(2)</sup> For the six months ended June 30, 2014.



### Portfolio Manager Report

After generating mixed returns in the first quarter of 2014 amid concerns surrounding geopolitical tension between Ukraine and Russia as well as comments from the U.S. Federal Reserve that it would consider raising interest rates, most Global equity markets advanced in the second quarter. The rally was fueled by economic data out of the U.S. which started to rebound from the weakness driven by harsh weather experienced this past winter. Europe, meanwhile, continued to improve economically as indicated by the regional purchasing managers indexes. The European Central Bank kept monetary policy accommodative by reducing its key benchmark rate to an unprecedented rate of negative 0.10 percent with an eye on the possible negative economic effects from geopolitical tensions in Ukraine and the Middle East. Although the Canadian economy posted subdued growth during the six month period, the S&P/TSX Composite Index outperformed most other markets in the first half of 2014 due to strength in the Energy and Materials sectors

For the six months ended June 30, 2014, the total return of the Fund, including the reinvestment of distributions, was 4.5 percent. In comparison, the S&P/TSX Composite Index return was 12.9 percent and the S&P/TSX Capped Financials Index return was 8.3 percent over the first half of 2014. The equal weighted benchmark of the ten stocks held by the Fund had a return of 6.2 percent over the same period. Stock selection added positive value to the Fund as its portfolio moved to an overweight position in banks near the end of February to the end of June. At the half year point, the Fund's portfolio is now only modestly overweight bank stocks. Net premiums marginally reduced performance as some options were bought back in a rising market to avoid the opportunity cost of selling underlying stocks at exercise prices below current market.

Reversing a recent trend, the Canadian banks outperformed the Canadian insurance companies in the portfolio. The S&P/TSX Banks Index returned 10.3 percent for the first half of the year while the S&P/TSX Insurance Index returned 3.1 percent over the same period. The strongest performers in the portfolio over the period were the Bank of Montreal and The Toronto Dominion Bank at 11.0 percent and 9.7 percent respectively. The weakest holdings were Great-West Lifeco Inc. and Industrial Alliance Insurance and Financial Services Inc. posting negative returns of 7.9 percent and 0.4 percent respectively. The Canadian banks held by the Fund have either increased or have announced increases to dividends this year continuing a trend from last year. Industrial Alliance Insurance and Financial Services Inc. increased its dividend marginally (1.5 cents per share) over last year; however, the other insurance companies in the portfolio have opted to maintain their dividends at current levels. The Canadian bank holdings reported first and second quarter earnings over the first half of the calendar year which generally exceeded analysts' consensus expectations. However, the performance of Canadian Insurers in the portfolio over the same period was a mixed bag of results. Sun Life Financial Inc. was the only bright spot beating earnings estimates.

Low volatility levels in Canadian financial stocks prevailed in the second quarter. Covered call writing decreased from around 5.8 percent on average in the first quarter to about 3.8 percent on average in the second quarter as declining volatility levels reduced option premiums. While the overwritten positions were as high as 20.3 percent during the first quarter, the Fund held no option positions outstanding at the end of June. In addition, there were no put transactions executed for the portfolio over the six month period. The net realized loss on options attributable to Strathbridge Selective Overwriting ("SSO") strategy amounted to \$0.02 per unit as compared to a net realized loss on options of \$0.04 per unit a year ago. The cash position averaged 2.2 percent of the portfolio during the six month period and closed at 1.3 percent as of June 30, 2014.

## Top 10 Canadian Financial Trust

### Management Report of Fund Performance

#### 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](http://www.strathbridge.com).

#### Asset Mix

June 30, 2014

	% of Net Asset Value
Financials	98.8 %
Cash	1.3 %
Other Assets (Liabilities)	(0.1)%
	100.0 %

Management Report of Fund Performance

**Portfolio Holdings**

June 30, 2014

	% of Net Asset Value
Bank of Montreal	14.1 %
The Bank of Nova Scotia	13.7 %
Royal Bank of Canada	10.9 %
The Toronto-Dominion Bank	10.7 %
Industrial Alliance Insurance and Financial Services Inc.	10.3 %
Sun Life Financial Inc.	10.2 %
Manulife Financial Corporation	10.1 %
Great-West Lifeco Inc.	7.1 %
Canadian Imperial Bank of Commerce	6.4 %
National Bank of Canada	5.3 %
Cash	1.3 %

**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 Canadian Financial 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 International Financial Reporting Standards 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 3 of the financial statements for the six months ended June 30, 2014.

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  
Director  
Strathbridge Asset Management Inc.



John D. Germain  
Director  
Strathbridge Asset Management Inc.

August 11, 2014

**Notice to Unitholders**

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

## Top 10 Canadian Financial Trust

### Financial Statements

#### Statements of Financial Position

As at June 30, 2014, December 31, 2013 and January 1, 2013 (Unaudited)

	Note	June 30, 2014	Dec. 31, 2013	Jan. 1, 2013
			Restated	Restated
<b>ASSETS</b>				
Financial assets at fair value through profit or loss	3,5	<b>\$ 21,821,033</b>	\$ 25,643,122	\$ 21,901,074
Dividends receivable		<b>56,606</b>	49,489	76,463
Due from brokers - investments		<b>445,626</b>	–	2,257,073
Accrued interest		–	–	543
Short-term investments	3	–	–	999,380
Cash		<b>279,846</b>	105,872	616,282
<b>TOTAL ASSETS</b>		<b>22,603,111</b>	25,798,483	25,850,815
<b>LIABILITIES</b>				
Accrued liabilities		<b>59,804</b>	84,888	83,441
Due to brokers - investments		<b>465,368</b>	–	–
Redemptions payable		–	3,793,457	4,174,091
<b>TOTAL LIABILITIES</b>		<b>525,172</b>	3,878,345	4,257,532
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>	5	<b>\$ 22,077,939</b>	\$ 21,920,138	\$ 21,593,283
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT</b>		<b>\$ 10.8999</b>	\$ 10.8220	\$ 9.0879

The notes are an integral part of the Financial Statements.

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2014	2013
			Restated
<b>INCOME</b>			
Dividend income		\$ 398,189	\$ 465,909
Interest income		–	1,338
Net realized gain on investments at fair value through profit or loss		2,292,449	348,641
Net realized loss on options at fair value through profit or loss		(32,382)	(106,411)
Net change in unrealized appreciation/depreciation of investments at fair value through profit or loss	5	(1,403,539)	1,579,837
<b>TOTAL INCOME</b>		<b>1,254,717</b>	<b>2,289,314</b>
<b>EXPENSES</b>			
Management fees	10	118,308	124,722
Service fees		31,820	33,238
Administrative and other expenses		51,826	56,988
Transaction fees	11	9,889	10,616
Custodian fees		12,431	13,669
Audit fees		13,265	13,266
Advisory board fees	10	10,200	9,815
Independent review committee fees	10	3,491	4,224
Legal fees		2,178	6,448
Unitholder reporting costs		7,943	9,119
Harmonized sales tax		19,401	22,163
<b>TOTAL EXPENSES</b>		<b>280,752</b>	<b>304,268</b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>	5,12	<b>\$ 973,965</b>	<b>\$ 1,985,046</b>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT</b>	12	<b>\$ 0.4808</b>	<b>\$ 0.8354</b>

The notes are an integral part of the Financial Statements.

## Top 10 Canadian Financial Trust

### Financial Statements

#### Statements of Changes in Net Assets Attributable to Holders of Units

Six months ended June 30 (Unaudited)

	Note	2014	2013
			Restated
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, BEGINNING OF PERIOD	5	\$ 21,920,138	\$ 21,593,283
Increase in Net Assets Attributable to Holders of Units		973,965	1,985,046
<b>Distributions</b>			
Non-taxable distributions		(816,164)	(872,321)
<b>Changes in Net Assets Attributable to Holders of Units during the Period</b>		<b>157,801</b>	<b>1,112,725</b>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, END OF PERIOD	5	\$ 22,077,939	\$ 22,706,008

The notes are an integral part of the Financial Statements.



Statements of Cash Flows

Six months ended June 30 (Unaudited)

	Note	2014	2013
			Restated
CASH, BEGINNING OF PERIOD		\$ 105,872	\$ 1,615,662
<b>Cash Flows Provided by (Used In) Operating Activities</b>			
Increase in Net Assets Attributable to Holders of Units		973,965	1,985,046
<b>Adjustments to Reconcile Increase/Decrease in Net Assets Attributable to Holders of Units from Operations to Net Cash Provided by (Used In) Operating Activities</b>			
Purchase of investment securities		(10,957,750)	(6,623,217)
Proceeds from disposition of investment securities		15,636,367	7,789,968
Net realized (gain)/loss on investments at fair value through profit or loss		(2,292,449)	(348,641)
Net realized (gain)/loss on options at fair value through profit or loss		32,382	106,411
Net change in unrealized appreciation/depreciation of investments at fair value through profit or loss	5	1,403,539	(1,579,837)
(Increase)/decrease in dividends receivable, due from brokers - investments and accrued interest		(452,743)	2,069,764
(Decrease)/increase in accrued liabilities and due to brokers - investments		440,284	171,445
		<b>3,809,630</b>	<b>1,585,893</b>
<b>Cash Flows Provided by (Used In) Financing Activities</b>			
Unitholder distributions		(816,164)	(872,321)
Unitholder redemptions		(3,793,457)	(4,174,091)
		<b>(4,609,621)</b>	<b>(5,046,412)</b>
<b>Net Increase/(Decrease) in Cash During the Period</b>		<b>173,974</b>	<b>(1,475,473)</b>
CASH, END OF PERIOD		\$ 279,846	\$ 140,189
Interest received		\$ -	\$ 1,881
Dividends received		\$ 391,072	\$ 482,307

The notes are an integral part of the Financial Statements.

## Top 10 Canadian Financial Trust

### Financial Statements

#### Schedule of Investments

As at June 30, 2014 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Units
<b>Canadian Common Shares</b>				
<b>Financials</b>				
Bank of Montreal	39,700	\$ 2,772,159	\$ 3,119,626	
Canadian Imperial Bank of Commerce	14,600	1,222,260	1,417,660	
Great-West Lifeco Inc.	52,280	1,488,337	1,577,810	
Industrial Alliance Insurance and Financial Services Inc.	48,400	1,955,023	2,263,184	
Manulife Financial Corporation	105,500	1,819,249	2,237,655	
National Bank of Canada	26,080	1,049,771	1,180,381	
Royal Bank of Canada	31,500	2,173,168	2,402,820	
Sun Life Financial Inc.	57,300	1,847,042	2,247,306	
The Bank of Nova Scotia	42,400	2,585,735	3,016,336	
The Toronto-Dominion Bank	42,932	1,998,316	2,358,255	
<b>Total Financials</b>		18,911,060	21,821,033	98.8 %
<b>Total Canadian Common Shares</b>		\$ 18,911,060	\$ 21,821,033	98.8 %
Adjustment for transaction fees		(9,762)		
<b>TOTAL INVESTMENTS</b>		\$ 18,901,298	\$ 21,821,033	98.8 %
<b>OTHER NET ASSETS</b>			256,906	1.2 %
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>			\$ 22,077,939	100.0 %

The notes are an integral part of the Financial Statements.

### 1. Fund Information

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Top 10 Canadian Financial Trust (the “Fund”) was originally established as a closed-end investment trust under the laws of the Province of Ontario on February 15, 2000 under the name Digital World Trust (“DWT”) which began operations on February 23, 2000. On August 2, 2005, unitholders of DWT approved a special resolution resulting in a change in the investment objectives and strategy of the Fund. In connection with the approval of the proposal, the Fund changed its name to Top 10 Canadian Financial Trust to better reflect its new investment strategy. The address of the Fund’s registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

The Fund is a closed-end investment trust designed to provide unitholders with a stable stream of tax-efficient quarterly cash distributions in an amount targeted to be 7.5 percent per annum on the net asset value of the Fund and to return \$15.60 per unit to unitholders upon termination of the Fund. The units are listed on the Toronto Stock Exchange under the ticker symbol TCT.UN. 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.

These financial statements were approved by the Board of Advisors on August 11, 2014.

### 2. Basis of Presentation and Adoption of International Financial Reporting Standards

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The semi-annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The Fund has adopted IFRS accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these accounting policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Fund’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund’s financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

# Top 10 Canadian Financial Trust

## Notes to Financial Statements

June 30, 2014

### 3. Summary of Significant Accounting Policies

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#### Functional and Presentation Currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). The Fund’s portfolio is predominately Canadian securities and the functional currency is Canadian dollars. The financial statements of the Fund are presented in Canadian dollars which is the Fund’s presentation currency.

#### Financial Instruments

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Fund’s investments and derivatives within the portfolio are held for trading and measured at fair value through profit or loss (“FVTPL”).

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. On adoption of IFRS, the Fund uses the last traded market price as its valuation input for financial assets and liabilities if the last traded price falls within the bid-ask spread. In other circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value for financial reporting purposes.

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques as described in Note 4.

#### Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Net realized gain/loss on investments at fair value through profit or loss and change in unrealized appreciation/depreciation of investments at fair value through profit or loss are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

- (i) Expiration of written options whereby realized gains are equivalent to the premium received,
- (ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option, and
- (iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in net realized gain/ (loss) on options at fair value through profit or loss. Realized gains and losses relating to purchased put options may arise from:

- (i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid,

- (ii) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid, and
- (iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the change in unrealized appreciation/depreciation of investments at fair value through profit or loss. The premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date.

Interest income is measured using the effective interest method and recorded on a daily basis.

### Short-Term Investments

Short-term investments are held for investment purposes and consist primarily of money market instruments with original maturities of one year or less.

### Increase/(Decrease) in Net Assets Attributable to Holders of Units

The increase/(decrease) in net assets attributable to holders of units per unit is calculated by dividing the increase/(decrease) in net assets attributable to holders of units by the weighted average number of units outstanding during the period. Please refer to Note 12 for the calculation.

### Taxation

The Fund is a “mutual fund trust” as defined in the Income Tax Act (Canada) (the “Act”). The Fund is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Fund on any net realized capital gains not paid or payable to unitholders is recoverable by the Fund to the extent and in the circumstances provided in the Act. Given the investment and distribution policies of the Fund and taking into account expenses, the Fund does not expect to bear any appreciable non-refundable income tax.

### 4. Critical Accounting Estimates and Judgments

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The preparation of financial statements requires management to use judgement in applying accounting policies and to make estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

In classifying and measuring the financial instruments held by the Fund, the Manager determined that the Fund invests on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments - Recognition and Measurement. The portfolio investments are held for trading and valued at FVTPL accordingly.

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation models and techniques generally

## Top 10 Canadian Financial Trust

### Notes to Financial Statements

June 30, 2014

recognized as standard within the investment industry. These valuation methods use observable data as practicable as possible. Observable market data are readily available and supplied by independent sources actively involved in the relevant market. However, areas such as credit risk (both own and counterparty) and its correlations require the Manager to make estimates. Significant changes in assumptions about these factors could adversely affect the reported fair values of financial instruments. Please refer to Note 7 for a further analysis of risks associated with financial instruments.

#### 5. Transition to IFRS

The effect of the Fund's transition to IFRS is summarized as follows:

##### Transition Elections

No financial asset or liability at FVTPL was designated at inception by way of voluntary exemption. Based on the investment strategies adopted by the Fund, securities in the portfolio are classified as held for trading and therefore required to be at FVTPL.

##### Statement of Cash Flows

Under Canadian GAAP, the Fund was exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

##### Reconciliation of Net Assets and Comprehensive Income as previously reported under Canadian GAAP to IFRS

	Dec. 31, 2013	June 30, 2013	Jan. 1, 2013
Net Assets			
Net Assets as reported under Canadian GAAP	\$ 21,913,708	\$ 22,694,564	\$ 21,567,231
Revaluation of investments at FVTPL	6,430	11,444	26,052
Net Assets Attributable to Holders of Units	\$ 21,920,138	\$ 22,706,008	\$ 21,593,283

	June 30, 2013
Comprehensive Income	
Comprehensive Income as reported under Canadian GAAP	\$ 1,999,654
Revaluation of investments at FVTPL	(14,608)
Increase in Net Assets Attributable to Holders of Units	\$ 1,985,046

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments - Recognition and Measurement, which is determined by the closing bid price for long positions and by the closing ask price for short positions from the recognized stock exchange on which the securities are listed or principally traded. If no bid or ask prices are available, the securities are valued at the closing sale price or the Manager may estimate fair value using appropriate and accepted industry valuation techniques including valuation models. Under IFRS 13, Fair Value Measurement, the fair value of investments is to be based on a price within the bid-ask spread. It also allows the use of certain pricing conventions such as last traded prices as a practical expedient for fair value measurements within a bid-ask spread. As a result of the use of last traded prices upon IFRS transition, adjustments were recognized to increase the carrying amount of the Fund's investments by \$26,052 as at January 1, 2013 and \$6,430 as at December 31, 2013. Another impact of fair value adjustments was to decrease the Fund's increase/(decrease) in net assets attributable to holders of units by \$14,608 for the six months ended June 30, 2013.

## Reclassification Adjustments

Under Canadian GAAP, the Fund classified units as equity. Under IFRS, units will be classified as liabilities.

## 6. Capital Disclosures

IAS 1, Presentation of Financial Statements, requires the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Fund's objectives, policies and processes are described in Note 1, information on the Fund's units is described in Note 9 and the trust indenture does not have any externally imposed capital requirements.

## 7. Risks Associated with Financial Instruments

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include credit risk, liquidity risk, market risk (including interest rate risk and price risk), concentration risk and capital risk management.

Tables are based on restatements of values of financial assets at fair value through profit and loss and unrealized appreciation/depreciation of investments as at December 31, 2013 and January 1, 2013 to comply with IFRS. Note 5 discloses the transition adjustments.

### Credit Risk

The Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies. The analysis below summarizes the credit quality of the Fund's short-term investments as at June 30, 2014, December 31, 2013 and January 1, 2013.

Credit Rating	Percentage of Short-Term Investments		
	June 30, 2014	Dec. 31, 2013	Jan. 1, 2013
A-	–	–	100%

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102. During the periods ended June 30, 2014, December 31, 2013 and January 1, 2013, the counterparties to the Fund's derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor's Ratings Services.

### Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due.

## Top 10 Canadian Financial Trust

### Notes to Financial Statements

June 30, 2014

Cash is required to fund redemptions. Unitholders must surrender units at least 5 business days prior to the last day of the month and receive payment on or before 15 calendar days following the month end valuation date. Therefore the Fund has a maximum of 16 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

The amounts in the table are the contractual undiscounted cash flows:

	June 30, 2014		
	Financial Liabilities		Total
	On Demand	< 3 months	
Accrued liabilities	\$ -	\$ 59,804	\$ 59,804
Due to brokers - investments	-	465,368	465,368
	\$ -	\$ 525,172	\$ 525,172

	December 31, 2013		
	Financial Liabilities		Total
	On Demand	< 3 months	
Accrued liabilities	\$ -	\$ 84,888	\$ 84,888
Redemptions payable	-	3,793,457	3,793,457
	\$ -	\$ 3,878,345	\$ 3,878,345

	January 1, 2013		
	Financial Liabilities		Total
	On Demand	< 3 months	
Accrued liabilities	\$ -	\$ 83,441	\$ 83,441
Redemptions payable	-	4,174,091	4,174,091
	\$ -	\$ 4,257,532	\$ 4,257,532

### Market Risk

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The following include sensitivity analyses that show how the net assets attributable to holders of units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

#### (a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short-term fixed income securities. The Fund has minimal sensitivity to changes in rates since securities are usually held to maturity and are short-term in nature.

#### (b) Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to price risk arises from its investments in equity securities.



Notes to Financial Statements

June 30, 2014

Net assets per unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the companies in the financial services industry.

The Fund's price risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options. Approximately 99 percent (December 31, 2013 - 117 percent and January 1, 2013 - 102 percent) of the Fund's net assets attributable to holders of units held at June 30, 2014 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2014, the net assets attributable to holders of units would have increased or decreased by \$1.1M (December 31, 2013 - \$1.3M and January 1, 2013 - \$1.1M) respectively or 4.9 percent (December 31, 2013 - 5.8 percent and January 1, 2013 - 5.1 percent) of the net assets attributable to holders of units all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures with the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2014	Dec. 31, 2013	Jan. 1, 2013
Financials	100.0%	100.0%	100.0%

Capital Risk Management

Units may be surrendered at any time for redemption but will be redeemed only on a monthly valuation date. Unitholders whose units are redeemed on a Valuation Date will be entitled to receive a redemption price per unit equal to the lesser of: (i) 95 percent of the Market Price and ii) 100 percent of the Closing Market Price of the units on the applicable Redemption Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including but not limited to, costs incurred in liquidating securities held in the Fund's Financial Portfolio. Unitholders whose units are redeemed on the annual December valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit.

Fair Value Measurement

The Fund classifies fair value of measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs, other than quoted prices in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3: Inputs that are based on unobservable market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are

## Top 10 Canadian Financial Trust

### Notes to Financial Statements

June 30, 2014

recognized in the period they occur. The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2014, December 31, 2013 and January 1, 2013.

	As at June 30, 2014			Total
	Level 1	Level 2	Level 3	
Canadian Common Shares	\$ 21,821,033	\$ –	\$ –	\$ 21,821,033
	\$ 21,821,033	\$ –	\$ –	\$ 21,821,033

	As at December 31, 2013			Total
	Level 1	Level 2	Level 3	
Canadian Common Shares	\$ 25,643,122	\$ –	\$ –	\$ 25,643,122
	\$ 25,643,122	\$ –	\$ –	\$ 25,643,122

	As at January 1, 2013			Total
	Level 1	Level 2	Level 3	
Short-Term Investments	\$ –	\$ 999,923	\$ –	\$ 999,923
Canadian Common Shares	22,002,851	–	–	22,002,851
Options	–	(101,777)	–	(101,777)
	\$ 22,002,851	\$ 898,146	\$ –	\$ 22,900,997

The carrying values of cash, dividends receivable, interest receivable, due to brokers - investments, accrued liabilities, due from brokers - investments and redemptions payable, and the Fund's obligation for net assets attributable to holders of units approximate their fair values due to their short-term nature.

#### (a) Equities

The Fund's equity positions are classified as Level 1 as equity securities are actively traded and a reliable quoted price is observable.

#### (b) Short-Term Investments

Short-term investments are valued at cost plus accrued interest which approximates fair value. The inputs are generally observable and therefore short-term investments have been classified as Level 2.

#### (c) Derivative Assets and Liabilities

Derivative assets and liabilities consist of option contracts.

Listed options are classified as Level 1 as the security is traded in a recognized exchange and a reliable price is readily observable.

Fair value of over-the-counter options is determined using the Black-Scholes Model with observable market data as inputs. Over-the-counter option contracts, for which the credit risks are determined not to be significant to fair value, have been classified as Level 2.

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2014 and the year ended December 31, 2013.

8. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2014, December 31, 2013 and January 1, 2013. All the Fund's financial liabilities, other than its net assets attributable to holders of units, were carried at amortized cost.

Tables are based on restatements of values of financial assets at fair value through profit and loss and unrealized appreciation/depreciation of investments as at December 31, 2013 and January 1, 2013 to comply with IFRS. Note 5 discloses the transition adjustments.

As at June 30, 2014			
Assets	Held for Trading	Financial Assets at Amortized Cost	Total
Non-derivative financial assets	\$ 21,821,033	\$ -	\$ 21,821,033
Cash	-	279,846	279,846
Dividends receivable	-	56,606	56,606
Due from brokers - investments	-	445,626	445,626
	\$ 21,821,033	\$ 782,078	\$ 22,603,111

As at December 31, 2013			
Assets	Held for Trading	Financial Assets at Amortized Cost	Total
Non-derivative financial assets	\$ 25,643,122	\$ -	\$ 25,643,122
Cash	-	105,872	105,872
Dividends receivable	-	49,489	49,489
	\$ 25,643,122	\$ 155,361	\$ 25,798,483

As at January 1, 2013			
Assets	Held for Trading	Financial Assets at Amortized Cost	Total
Non-derivative financial assets	\$ 22,002,851	\$ -	\$ 22,002,851
Derivative assets	(101,777)	-	(101,777)
Short-term investments	-	999,923	999,923
Cash	-	616,282	616,282
Dividends receivable	-	76,463	76,463
Due from brokers - investments	-	2,257,073	2,257,073
	\$ 21,901,074	\$ 3,949,741	\$ 25,850,815

The following table presents the net realized gains/(losses) on financial instruments at FVTPL by category for the six months ended June 30, 2014 and 2013.

Financial Assets at FVTPL	Net Realized Gains/(Losses)	
	June 30, 2014	June 30, 2013
Held for Trading	\$ 2,260,067	\$ 242,230
Total Financial Assets at FVTPL	\$ 2,260,067	\$ 242,230

## Top 10 Canadian Financial Trust

### Notes to Financial Statements

June 30, 2014

#### 9. Units

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The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund.

The Fund will endeavour to make quarterly cash distributions to unitholders of 7.5 percent per annum on the Fund's net asset value. Unitholders may elect to reinvest distributions received from the Fund in additional units.

During the six months ended June 30, 2014 and year ended December 31, 2013, unit transactions are as follows:

	June 30, 2014	Dec. 31, 2013
Units outstanding, beginning of year	2,025,522	2,376,054
Units redeemed	-	(350,532)
Units outstanding, end of period	2,025,522	2,025,522

#### 10. Related Party Transactions

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Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

##### (a) Management Fees

Strathbridge, as Manager under the terms of the Trust Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's net asset value, calculated and payable monthly, plus applicable taxes. The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the Custodian and Manager in the ordinary course of business relating to the Fund's operations. Total management fees for the six months ended June 30, 2014 were \$118,308 (June 30, 2013 - \$124,722).

##### (b) Board of Advisors' Remuneration

Total remuneration paid to the external members of the Board of Advisors for the six months ended June 30, 2014 were \$10,200 (June 30, 2013 - \$9,815).

##### (c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2014 were \$3,491 (June 30, 2013 - \$4,224).

#### 11. Brokerage Commissions and Soft Dollars

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The Manager may select brokerages who charge a commission in soft dollars if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2014 and 2013 is disclosed below:

Notes to Financial Statements

June 30, 2014

	June 30, 2014	June 30, 2013
Soft Dollars	\$ 2,931	\$ 5,592
Percentage of Total Transaction Fees	29.6%	52.7%

### 12. Increase/(Decrease) in Net Assets Attributable to Holders of Units per Unit

The Increase/(Decrease) in Net Assets Attributable to Holders of Units per Unit for the six months ended June 30, 2014 and 2013 is calculated as follows:

	June 30, 2014	June 30, 2013
Increase in Net Assets Attributable to Holders of Units	\$ 973,965	\$ 1,985,046
Weighted Average Number of Units Outstanding during the Period	2,025,522	2,376,054
Increase in Net Assets Attributable to Holders of Units per Unit	\$ 0.4808	\$ 0.8354

### 13. Future Accounting Policy Changes

IFRS 9: Financial Instruments ("IFRS 9"), which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, sets forth new requirements for financial instrument classification and measurement, impairment and hedge accounting. The mandatory effective date of IFRS 9 has been tentatively set for January 1, 2018. Although entities may still choose to apply IFRS 9 immediately, the Fund has chosen not to early adopt IFRS 9. Based on the Manager's current understanding and analysis of IFRS 9, the transition to IFRS 9 will change the manner in which investments are disclosed with no impact to value.

## Top 10 Canadian Financial Trust

### Investment Funds Managed by Strathbridge Asset Management Inc.

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#### 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)  
NDX Growth & Income Fund (NGI.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)

#### Head Office

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Strathbridge Asset Management Inc.  
121 King Street West, Suite 2600  
Standard Life Centre, P.O. Box 113  
Toronto, Ontario  
M5H 3T9

Tel: 416-681-3966  
Toll Free: 1-800-725-7172  
Fax: 416-681-3901  
Email: [info@strathbridge.com](mailto:info@strathbridge.com)

Visit our website at [www.strathbridge.com](http://www.strathbridge.com) for additional information on all Strathbridge Investment Funds.





  
**strathbridge**  
ASSET MANAGEMENT

[www.strathbridge.com](http://www.strathbridge.com)

Strathbridge Asset Management Inc.  
Investor Relations  
121 King Street West, Suite 2600  
Standard Life Centre, P.O. Box 113  
Toronto, Ontario  
M5H 3T9

Tel: 416-681-3966  
Toll Free: 1-800-725-7172  
Fax: 416-681-3901  
Email: [info@strathbridge.com](mailto:info@strathbridge.com)