



SEMI-ANNUAL  
REPORT

2015

TOP 10 CANADIAN FINANCIAL TRUST

  
strathbridge  
ASSET MANAGEMENT

## Top 10 Canadian Financial Trust

### Letter to Unitholders

We are pleased to present the 2015 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Canadian Financial Trust (the “Fund”).

The year started off well for Canadian stocks but, after peaking in mid-April, all sectors except Health Care were in decline, with the S&P/TSX Composite Index only up 0.9 percent year-to-date. The reasons are varied but include a negative 0.6 percent Gross Domestic Product for the first quarter, a lackluster recovery in the price of oil and sluggish commodity prices in general, as well as continued concerns about Greece’s potential exit from the Eurozone and the meteoric rise and fall of the Chinese stock market. A neutral stock market persists despite some Canadian economic data coming in better than expected such as housing starts and jobs numbers. The Bank of Canada surprised the market in January by cutting the overnight lending rate by 25 basis points to 0.75 percent which negatively impacted the Canadian dollar as it declined 7 percent in the first half of 2015 ending the period at \$0.80 per U.S. dollar. Market volatility suggests investors are calm or even complacent in the face of the concerns mentioned above.

During the six months ended June 30, 2015, the Fund paid cash distributions of \$0.39 per unit. The net asset value per unit decreased from \$10.85 at December 31, 2014 to \$10.15 at June 30, 2015. The total return of the Fund, including the reinvestment of distributions, was negative 2.8 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.07 per unit as compared to a net realized loss on options of \$0.02 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.

On January 2, 2015, Strathbridge Asset Management Inc. (the “Manager”) announced that unitholders had approved a proposal to change the investment restrictions and investment strategy of the Fund. Please refer to the Recent Developments section for details of the proposal.

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 in a portfolio of securities consisting of common equity securities of the six largest Canadian banks and the four largest Canadian life insurance companies. The Fund may also invest in public investment funds including exchange traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

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, 2015 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, by email at [info@strathbridge.com](mailto:info@strathbridge.com) 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, 2015, cash distributions were \$0.39 per unit compared to \$0.40 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 \$8.82 per unit.

##### Revenue and Expenses

For the six months ended June 30, 2015, the Fund's dividend income was \$0.20 per unit, unchanged from the prior year. Total expenses were \$0.14 per unit during the period, also unchanged from a year ago. The Fund had a net realized and unrealized loss of \$0.36 per unit in the first six months of 2015 as compared to a net realized and unrealized gain of \$0.43 per unit a year earlier.

##### Net Asset Value

The net asset value per unit of the Fund decreased 6.5 percent from \$10.85 at December 31, 2014 to \$10.15 at June 30, 2015. The total net asset value of the Fund decreased \$1.3 million, from \$20.4 million at December 31, 2014 to \$19.1 million at June 30, 2015, reflecting a decrease in net assets attributable to holders of units of \$0.6 million and cash distributions of \$0.7 million.

#### Recent Developments

On November 12, 2014, the Board of Advisors approved a proposal to: (i) change the Fund's investment restrictions so that the Fund may purchase securities of an issuer only if such securities are common equity securities of issuers included in the Top 10 Canadian Financial Portfolio or public investment funds including exchange traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities in accordance with applicable law; (ii) enable the Fund to invest up to 10 percent of its net assets to purchase call options in respect of securities in which the Fund is permitted to invest; and (iii) enable the Manager to invest the Fund's portfolio entirely in cash or cash equivalents, denominated in Canadian dollars, in its discretion. A joint management information circular was mailed to unitholders of record on November 21, 2014 and a special meeting of unitholders of the Fund was held on December 23, 2014 to consider and vote upon the proposal. On January 2, 2015, the

### Management Report of Fund Performance

Manager announced that the proposal was approved by the unitholders to change the investment restrictions and investment strategy of the Fund.

#### **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"). Note 5 to the annual financial statements for the year ended December 31, 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 Asset Management Inc. ("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.

Information for the period ended June 30, 2015 is derived from the Fund's unaudited semi-annual financial statements.

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

	Six months ended June 30, 2015
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 10.85</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.20
Total expenses	(0.14)
Realized gain (loss) for the period	0.31
Unrealized gain (loss) for the period	(0.67)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>(0.30)</b>
DISTRIBUTIONS	
Non-taxable distributions	(0.39)
<b>Total Distributions<sup>(3)</sup></b>	<b>(0.39)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 10.15</b>

(1) All per unit figures presented in 2015, 2014 and 2013 are referenced to net assets determined in accordance with IFRS which are derived from the Fund's unaudited financial statements for the six months ended June 30, 2015 and the annual audited financial statements for the year ended December 31, 2014. Net assets per unit for all other prior years were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian GAAP. Net assets per unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years beginning on or after January 1, 2013 and for all other prior years at bid prices) and the aggregate value of the liabilities divided by the number of units then outstanding.

**Six months ended  
June 30, 2015**

#### RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	\$ 19.06
Number of units outstanding	1,877,594
Management expense ratio <sup>(1)</sup>	2.63% <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	45.71%
Trading expense ratio <sup>(3)</sup>	0.09% <sup>(4)</sup>
Net Asset Value per unit <sup>(5)</sup>	\$ 10.15
Closing market price	\$ 10.00

(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. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2014 includes the special resolution expense. The MER for 2014 excluding the special resolution expense is 2.33%. 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 special resolution expense and warrant exercise fees is 1.86%.

(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, 2015, December 31, 2014 and 2013, 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 other prior 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							
		2014	2013	2012	2011	2010			
\$	10.82	\$	9.09	\$	8.70	\$	10.52	\$	10.90
	0.38		0.38		0.41		0.41		0.44
	(0.27)		(0.24)		(0.21)		(0.21)		(0.26)
	1.85		0.55		(0.87)		(0.11)		(0.58)
	(1.10)		1.80		1.72		(1.16)		0.88
	0.86		2.49		1.05		(1.07)		0.48
	(0.83)		(0.76)		(0.66)		(0.75)		(0.79)
	(0.83)		(0.76)		(0.66)		(0.75)		(0.79)
\$	10.85	\$	10.82	\$	9.08	\$	8.70	\$	10.52

(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.

(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.

		Years ended December 31							
		2014	2013	2012	2011	2010			
\$	20.36	\$	21.92	\$	21.59	\$	24.70	\$	33.99
	1,877,594		2,025,522		2,376,054		2,835,356		3,224,405
	2.39%		2.33%		2.23%		1.98%		2.55%
	93.40%		62.69%		73.42%		93.65%		113.97%
	0.09%		0.08%		0.09%		0.11%		0.15%
\$	10.85	\$	10.82	\$	9.09	\$	8.71	\$	10.57
\$	11.23	\$	10.55	\$	8.99	\$	8.40	\$	10.25

(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

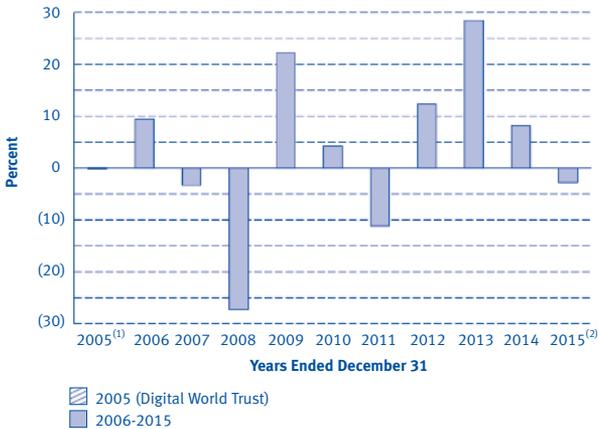
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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, 2015. 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, 2015 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, 2015.

## Management Report of Fund Performance

**Portfolio Manager Report**

The year started off well for Canadian stocks but, after peaking in mid-April, all sectors except Health Care were in decline, with the S&P/TSX Composite Index only up 0.9 percent year-to-date. The reasons are varied but include a negative 0.6 percent Gross Domestic Product for the first quarter, a lackluster recovery in the price of oil and sluggish commodity prices in general, as well as continued concerns about Greece's potential exit from the Eurozone and the meteoric rise and fall of the Chinese stock market. A neutral stock market persists despite some Canadian economic data coming in better than expected such as housing starts and jobs numbers. The Bank of Canada surprised the market in January by cutting the overnight lending rate by 25 basis points to 0.75 percent which negatively impacted the Canadian dollar as it declined 7 percent in the first half of 2015 ending the period at \$0.80 per U.S. dollar. Market volatility suggests investors are calm or even complacent in the face of the concerns mentioned above.

For the six months ended June 30, 2015, the total return of the Fund, including the reinvestment of distributions, was negative 2.8 percent. In comparison, the S&P/TSX Capped Financials Index return was negative 1.4 percent over the first half of 2015. The equal weighted benchmark of the ten stocks held by the Fund had a return of negative 0.9 percent over the same period.

Canadian insurance companies in the portfolio generally outperformed the banks. Industrial Alliance Insurance and Financial Services Inc. lagged at negative 4.2 percent, while Great-West Lifeco Inc. and Manulife Financial Corporation shone with returns of 10.2 percent and 6.2 percent respectively. On the bank holding side, the first half was disappointing all around. The best performer was The Bank of Nova Scotia at negative 0.7 percent while the Bank of Montreal was the laggard at negative 8.1 percent. The sector performance numbers paint the picture just as clearly. The S&P/TSX Banks Index returned negative 3.5 percent and the S&P/TSX Life and Health Insurance Index returned 4.1 percent over the first half of 2015. The Canadian banks in the Fund boosted their dividends by an average of 4.4 percent. The Toronto-Dominion Bank was the most outstanding with the quarterly rate up 8.5 percent to 51 cents per share. The Bank of Montreal trailed the pack with a, nonetheless respectable, 2.5 percent increase to 82 cents per share. The first half of the year showed three of our four insurance holdings raised their distributions by an average of 5.3 percent. Manulife Financial Corporation improved the most with an increase of 9.7 percent to 17 cents per share. Industrial Alliance Insurance and Financial Services Inc. was the only one of the insurers to hold distributions stable at 28 cents per share.

Over the course of the calendar half, the banks released first and second quarter financial results while the insurance companies reported on the fourth and first quarters. Most of the holdings in the portfolio met or exceeded the consensus expectations of the analysts. A notable exception was Manulife Financial Corporation ("Manulife") with earnings falling below consensus by 11.2 percent and 6.0 percent over the fourth and first quarters. Manulife may have disappointed in terms of earnings; however, the return was among the best of the group at 6.2 percent (second only to Great-West Lifeco Inc. at 10.2 percent). Although Sun Life Financial Inc. saw a minor setback in the first quarter earnings missing consensus by 5.8 percent, the return was a respectable 1.4 percent. Both the Bank of Montreal and The Bank of Nova Scotia fell a bit short of earnings expectations over the first quarter but, by the second quarter, they beat both expectations and actual results over last year's second quarter results.

Over the first half of 2015, 30-day realized volatility levels hit a high in January at 24 percent for the life insurance companies, then declining to a low of 11 percent in May. Canadian banks' 30 day-realized volatility topped out at 20 percent in mid-February before falling to a low of 8 percent in May. Covered

## Top 10 Canadian Financial Trust

### Management Report of Fund Performance

call writing increased from around 7.3 percent on average in the first quarter to approximately 10 percent on average in the second quarter. While the overwritten positions were as high as 15.9 percent during the second quarter, the Fund had an 11.1 percent open position outstanding at the end of June. There were no put transactions executed for the portfolio over the six month period. The net realized gain on options attributable to Strathbridge Selective Overwriting (“SSO”) strategy amounted to \$0.07 per unit as compared to a net realized loss of \$0.02 per unit in the prior year. The cash position averaged 3.4 percent of the portfolio during the same period and closed at 2.2 percent as of June 30, 2015.

### 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, 2015

	% of Net Asset Value
Financials	95.2%
Other Assets (Liabilities)	2.6%
Cash	2.2%
	100.0%

Management Report of Fund Performance

**Portfolio Holdings**

June 30, 2015

	% of Net Asset Value
Manulife Financial Corporation	12.2 %
Great-West Lifeco Inc.	11.8 %
Sun Life Financial Inc.	10.2 %
Industrial Alliance Insurance and Financial Services Inc.	9.6 %
The Bank of Nova Scotia	9.2 %
National Bank of Canada	9.0 %
Canadian Imperial Bank of Commerce	8.9 %
The Toronto-Dominion Bank	8.5 %
Royal Bank of Canada	8.2 %
Bank of Montreal	7.6 %
Cash	2.2 %

**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 annual financial statements for the year ended December 31, 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 matters, 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 7, 2015

**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, 2015 (Unaudited) and December 31, 2014 (Audited)

	Note	June 30, 2015	Dec. 31, 2014
<b>ASSETS</b>			
Financial assets at fair value through profit or loss		<b>\$ 18,142,480</b>	\$ 20,267,527
Dividends receivable		<b>45,068</b>	41,083
Due from brokers - investments		<b>523,426</b>	1,657,392
Cash		<b>426,034</b>	96,609
<b>TOTAL ASSETS</b>		<b>19,137,008</b>	22,062,611
<b>LIABILITIES</b>			
Accrued liabilities		<b>42,712</b>	73,371
Derivative liabilities		<b>19,049</b>	-
Accrued management fees	5	<b>17,261</b>	20,561
Redemptions payable		<b>-</b>	1,604,412
<b>TOTAL LIABILITIES</b>		<b>79,022</b>	1,698,344
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>		<b>\$ 19,057,986</b>	\$ 20,364,267
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT</b>		<b>\$ 10.1502</b>	\$ 10.8459

The notes are an integral part of the Financial Statements.

## Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2015	2014
<b>INCOME</b>			
Dividend income		\$ 367,503	\$ 398,189
Net realized gain on investments at fair value through profit or loss	3	456,126	2,292,449
Net realized gain/(loss) on options at fair value through profit or loss	3	132,629	(32,382)
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	(1,254,129)	(1,403,539)
<b>TOTAL INCOME</b>		<b>(297,871)</b>	1,254,717
<b>EXPENSES</b>			
Management fees	5	105,904	118,308
Service fees		27,801	31,820
Administrative and other expenses		51,583	51,826
Transaction fees	6	8,993	9,889
Custodian fees		14,752	12,431
Audit fees		15,035	13,265
Advisory board fees	5	9,600	10,200
Independent review committee fees	5	3,509	3,491
Legal fees		3,005	2,178
Unitholder reporting costs		8,396	7,943
Harmonized sales tax		18,408	19,401
<b>TOTAL EXPENSES</b>		<b>266,986</b>	280,752
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>	7	<b>\$ (564,857)</b>	\$ 973,965
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT</b>	7	<b>\$ (0.3008)</b>	\$ 0.4808

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	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, BEGINNING OF YEAR		\$ 20,364,267	\$ 21,920,138
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Units</b>		<b>(564,857)</b>	973,965
<b>Distributions</b>			
Non-taxable distributions		(741,424)	(816,164)
<b>Changes in Net Assets Attributable to Holders of Units during the Period</b>		<b>(1,306,281)</b>	157,801
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, END OF PERIOD		\$ 19,057,986	\$ 22,077,939

The notes are an integral part of the Financial Statements.

#### Statements of Cash Flows

Six months ended June 30 (Unaudited)

	Note	2015	2014
CASH, BEGINNING OF YEAR		\$ 96,609	\$ 105,872
<b>Cash Flows Provided by (Used In) Operating Activities</b>			
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Units</b>		<b>(564,857)</b>	973,965
<b>Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities</b>			
Purchase of investment securities		(8,769,353)	(10,957,750)
Proceeds from disposition of investment securities		10,248,075	15,636,367
Net realized (gain)/loss on investments at fair value through profit or loss		(456,126)	(2,292,449)
Net realized (gain)/loss on options at fair value through profit or loss		(132,629)	32,382
Net change in unrealized gain/loss on investments at fair value through profit or loss		1,254,129	1,403,539
(Increase)/decrease in dividends receivable, due from brokers - investments and interest receivable		1,129,981	(452,743)
(Decrease)/increase in accrued liabilities, accrued management fees and due to brokers - investments		(33,959)	440,284
		<b>3,240,118</b>	3,809,630
<b>Cash Flows Provided by (Used In) Financing Activities</b>			
Unit distributions		(741,424)	(816,164)
Unit redemptions		(1,604,412)	(3,793,457)
		<b>(2,345,836)</b>	(4,609,621)
<b>Net Increase/(Decrease) in Cash During the Period</b>		<b>329,425</b>	173,974
CASH, END OF PERIOD		\$ 426,034	\$ 279,846
Dividends received		\$ 363,518	\$ 391,072

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at June 30, 2015 (Unaudited)

	Number of Shares/ (Contracts)	Average Cost/ (Proceeds)	Fair Value	% of Net Assets Attributable to Holders of Units
<b>INVESTMENTS</b>				
<b>Canadian Common Shares</b>				
<b>Financials</b>				
Bank of Montreal	19,700	\$ 1,488,695	\$ 1,457,997	
Canadian Imperial Bank of Commerce	18,400	1,743,795	1,694,088	
Great-West Lifeco Inc.	61,780	1,905,472	2,246,321	
Industrial Alliance Insurance and Financial Services Inc.	43,600	1,852,564	1,831,636	
Manulife Financial Corporation	100,100	2,022,031	2,323,321	
National Bank of Canada	36,647	1,712,865	1,719,477	
Royal Bank of Canada	20,400	1,530,583	1,558,152	
Sun Life Financial Inc.	46,400	1,791,133	1,934,880	
The Bank of Nova Scotia	27,200	1,695,225	1,753,584	
The Toronto-Dominion Bank	30,600	1,578,922	1,623,024	
<b>Total Financials</b>		17,321,285	18,142,480	95.2 %
<b>Total Canadian Common Shares</b>		\$ 17,321,285	\$ 18,142,480	95.2 %
<b>Options</b>				
<b>Written Covered Call Options</b> (100 shares per contract)				
Bank of Montreal - July 2015 @ \$75	(49)	\$ (4,361)	\$ (4,527)	
Canadian Imperial Bank of Commerce - July 2015 @ \$93	(46)	(5,566)	(5,330)	
Great-West Lifeco Inc. - July 2015 @ \$37	(135)	(4,185)	(3,038)	
Royal Bank of Canada - July 2015 @ \$77	(51)	(3,111)	(3,080)	
The Toronto-Dominion Bank - July 2015 @ \$54	(67)	(3,350)	(3,074)	
<b>Total Written Covered Call Options</b>		(20,573)	(19,049)	(0.1)%
<b>Total Options</b>		\$ (20,573)	\$ (19,049)	(0.1)%
Adjustment for transaction costs		(9,204)		
<b>TOTAL INVESTMENTS</b>		\$ 17,291,508	\$ 18,123,431	95.1 %
<b>OTHER NET ASSETS</b>			934,555	4.9 %
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS</b>			\$ 19,057,986	100.0 %

The notes are an integral part of the Financial Statements.

# Top 10 Canadian Financial Trust

## Notes to Financial Statements

June 30, 2015

### 1. Basis of Presentation

The semi-annual financial statements for Top 10 Canadian Financial Trust (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. However, not all disclosures required by IFRS 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, 2014.

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, 2014.

These financial statements were approved by the Board of Advisors on August 7, 2015.

### 2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which it invests by the Fund remain unchanged from the prior year and are described in Note 7 of the audited financial statements for the year ended December 31, 2014.

#### Credit Risk

During the periods ended June 30, 2015 and December 31, 2014, 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

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

	As at June 30, 2015		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 42,712	\$ 42,712
Derivative liabilities	-	19,049	19,049
Accrued management fees	-	17,261	17,261
	\$ -	\$ 79,022	\$ 79,022

	As at December 31, 2014		
	Financial Liabilities		
	On Demand	< 3 months	Total
Redemptions payable	\$ -	\$ 1,604,412	\$ 1,604,412
Accrued liabilities	-	73,371	73,371
Accrued management fees	-	20,561	20,561
	\$ -	\$ 1,698,344	\$ 1,698,344

#### Market Risk

##### (a) Price Risk

Approximately 95 percent (December 31, 2014 - 100 percent) of the Fund’s net assets attributable to holders of units held at June 30, 2015 were publicly traded equities. If equity prices on the exchange

## Notes to Financial Statements

June 30, 2015

increased or decreased by 5 percent as at June 30, 2015, the net assets attributable to holders of units would have increased or decreased by \$0.9 million (December 31, 2014 - \$1.0 million) respectively or 4.8 percent (December 31, 2014 - 5.0 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, 2015	Dec. 31, 2014
Financials	100.0%	100.0%

### Fair Value Measurement

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, 2015 and December 31, 2014.

	As at June 30, 2015				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 18,142,480	\$ -	\$ -	\$ 18,142,480	
Options	(3,038)	(16,011)	-	(19,049)	
	\$ 18,139,442	\$ (16,011)	\$ -	\$ 18,123,431	

	As at December 31, 2014				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 20,267,527	\$ -	\$ -	\$ 20,267,527	

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2015 and during the year ended December 31, 2014.

### 3. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2015 and December 31, 2014.

	As at June 30, 2015				Total
	Financial Instruments at FVTPL		Financial Instruments at Amortized Cost		
	Designated at Inception	Held for Trading			
<b>Assets</b>					
Non-derivative financial assets	\$ 18,142,480	\$ -	\$ -	\$ 18,142,480	
Due from brokers - investments	-	-	523,426	523,426	
Dividends receivable	-	-	45,068	45,068	
Cash	-	-	426,034	426,034	
	\$ 18,142,480	\$ -	\$ 994,528	\$ 19,137,008	
<b>Liabilities</b>					
Accrued liabilities	\$ -	\$ -	\$ 42,712	\$ 42,712	
Derivative liabilities	-	19,049	-	19,049	
Accrued management fees	-	-	17,261	17,261	
	\$ -	\$ 19,049	\$ 59,973	\$ 79,022	

## Top 10 Canadian Financial Trust

### Notes to Financial Statements

June 30, 2015

	As at December 31, 2014				Total
	Financial Instruments at Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost		
<b>Assets</b>					
Non-derivative financial assets	\$ 20,267,527	\$ -	\$ -	\$ 20,267,527	
Dividends receivable	-	-	41,083	41,083	
Due from brokers - investments	-	-	1,657,392	1,657,392	
Cash	-	-	96,609	96,609	
	\$ 20,267,527	\$ -	\$ 1,795,084	\$ 22,062,611	
<b>Liabilities</b>					
Redemptions payable	\$ -	\$ -	\$ 1,604,412	\$ 1,604,412	
Accrued liabilities	-	-	73,371	73,371	
Accrued management fees	-	-	20,561	20,561	
	\$ -	\$ -	\$ 1,698,344	\$ 1,698,344	

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the six months ended June 30, 2015 and 2014.

	June 30, 2015	June 30, 2014
<b>Net Realized Gain/(Loss) on Financial Instruments at FVTPL</b>		
Designated at Inception	\$ 456,126	\$ 2,292,449
Held for Trading	132,629	(32,382)
	588,755	2,260,067
<b>Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL</b>		
Designated at Inception	(1,255,653)	(1,403,539)
Held for Trading	1,524	-
	(1,254,129)	(1,403,539)
<b>Net Gain/(Loss) on Financial Instruments at FVTPL</b>	<b>\$ (665,374)</b>	<b>\$ 856,528</b>

#### 4. Units

For the six months ended June 30, 2015, cash distributions paid to unitholders were \$741,424 (June 30, 2014 - \$816,164) representing a payment of \$0.39 (June 30, 2014 - \$0.40) per unit.

During the six months ended June 30, 2015, nil (June 30, 2014 - nil) units were redeemed with a total retraction value of nil (June 30, 2014 - nil).

During the six months ended June 30, 2015 and year ended December 31, 2014, unit transactions are as follows:

	June 30, 2015	Dec. 31, 2014
Units outstanding, beginning of year	1,877,594	2,025,522
Units redeemed	-	(147,928)
Units outstanding, end of period	1,877,594	1,877,594

#### 5. Related Party Transactions

##### (a) Management Fees

Total management fees for the six months ended June 30, 2015 were \$105,904 (June 30, 2014 - \$118,308).

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

Total remuneration paid to the external members of the Board of Advisors for the six months ended June 30, 2015 were \$9,600 (June 30, 2014 - \$10,200).

**(c) Independent Review Committee Fees**

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2015 were \$3,509 (June 30, 2014 - \$3,491).

**6. Brokerage Commissions and Soft Dollars**

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2015 and 2014 is disclosed below:

	June 30, 2015	June 30, 2014
Soft Dollars	\$ 5,631	\$ 2,931
Percentage of Total Transaction Fees	62.6%	29.6%

**7. 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, 2015 and 2014 is calculated as follows:

	June 30, 2015	June 30, 2014
Increase/(Decrease) in Net Assets Attributable to Holders of Units	\$ (564,857)	\$ 973,965
Weighted Average Number of Units Outstanding during the Period	1,877,594	2,025,522
Increase/(Decrease) in Net Assets Attributable to Holders of Units per Unit	\$ (0.3008)	\$ 0.4808

## 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)  
Top 10 Canadian Financial Trust (TCT.UN)  
U.S. Financials Income Fund (USF.UN)

#### SPLIT SHARES

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

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