
Top 10 Canadian Financial Trust

Semi-Annual Report 2019

Top 10 Canadian Financial Trust

Letter to Unitholders

We are pleased to present the 2019 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Canadian Financial Trust (the “Fund”).

Stock markets around the world advanced in the first half of 2019 recouping losses from the volatile markets at the end of 2018. The S&P 500 Index rose to new all-time highs as investors looked past the potential consequences of a global trade war and focused on the pivot in central bank policy from tighter conditions to anticipating looser monetary policy in the future. For the first six months of 2019, the S&P 500 Index and S&P/TSX Composite Index advanced 18.5 percent and 16.2 percent, respectively. Global markets followed the positive tone set by U.S. stocks with the MSCI EAFE Index up 14.5 percent and the MSCI Emerging Markets Index up 10.7 percent. The Federal Reserve Open Market Committee (“FOMC”), which appeared to be on the most aggressive path of tightening after raising the overnight interest rate four times in 2018, paused in the first six months of 2019 leaving the target rate at 2.5 percent. The short-end of the yield curve in the United States reacted by pricing in the probability of several rate cuts by the FOMC as 2-year yields plummeted from 2.49 percent at year end to 1.75 percent at the end of June 2019. Long-term interest rates also reacted ending the second quarter at 2.00 percent versus 2.68 percent to start the year. This dynamic has caused the yield curve (10-2 Year) to steepen slightly but remains just 25 basis points from being inverted, a condition often associated with an imminent recession. Oil prices recovered in the first half of 2019 with the Bloomberg WTI Cushing Crude Oil Spot price rising to US\$58.47 per barrel on June 28, 2019, up 28.8 percent from US\$45.41 at the end of 2018. Meanwhile, other commodities did not fare as well with copper prices rising 2.1 percent, aluminum down 12.3 percent and natural gas off 24.1 percent year-to-date. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), declined in the first half of 2019 falling from 25.4 at the end of 2018 to 15.1 at the end of June. Given the uncertainty surrounding the global political landscape, trade war rhetoric, The United States-Mexico-Canada Agreement renegotiations, declining economic data, along with the Federal Reserve continuing to pivot monetary policy, we remain cautiously optimistic on global stock markets with the view that volatility is likely to remain elevated compared to the low levels witnessed over the past few years.

During the six months ended June 30, 2019, the Fund paid cash distributions of \$0.34 per unit. The net asset value per unit increased from \$8.32 at December 31, 2018 to \$8.89 at June 30, 2019. The total return of the Fund, including the reinvestment of distributions, was 11.0 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.10 per unit as compared to a net realized gain 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.

We thank all unitholders for their continued support and encourage unitholders to review the 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, 2019 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, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@strathbridge.com or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended June 30, 2019, cash distributions were \$0.34 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 \$11.74 per unit.

Revenue and Expenses

For the six months ended June 30, 2019, the Fund’s total revenue was \$0.18 per unit unchanged from a year ago. Total expenses were \$0.16 per unit during the period compared to \$0.15 per unit from a year ago. The Fund had a net realized and unrealized gain of \$0.89 per unit in the first six months of 2019 as compared to a net realized and unrealized loss of \$0.42 per unit a year earlier.

Net Asset Value

The net asset value per unit of the Fund increased 6.9 percent from \$8.32 at December 31, 2018 to \$8.89 at June 30, 2019. The total net asset value of the Fund increased \$0.74 million, from \$10.76 million at December 31, 2018 to \$11.50 million at June 30, 2019, reflecting an increase in net assets attributable to holders of units of \$1.18 million partially offset by cash distributions of \$0.44 million during the period.

Management Report of Fund Performance

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2019.

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.

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Management Report of Fund Performance

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

Information for the period ended June 30, 2019 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2019	
NET ASSETS PER UNIT		
Net Assets, beginning of period⁽¹⁾	\$	8.32
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.18
Total expenses		(0.16)
Realized gain (loss) for the period		(0.05)
Unrealized gain (loss) for the period		0.94
Total Increase (Decrease) from Operations⁽²⁾		0.91
DISTRIBUTIONS		
From investment income		-
Non-taxable distributions		(0.34)
Total Distributions⁽³⁾		(0.34)
Net Assets, end of period⁽¹⁾	\$	8.89

(1) All per unit figures presented are derived from the Fund's unaudited financial statements for the six months ended June 30, 2019 and the annual audited financial statements for the years ended December 31. Net assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities divided by the number of units then outstanding.

	Six months ended June 30, 2019	
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value (\$millions)	\$	11.50
Number of units outstanding		1,293,182
Management expense ratio ⁽¹⁾		3.47% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾		53.52%
Trading expense ratio ⁽³⁾		0.20% ⁽⁴⁾
Net Asset Value per unit ⁽⁵⁾	\$	8.89
Closing market price	\$	8.49

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax 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 2015 and 2014 includes the special resolution expense/(recovery). The MER for 2015 and 2014 excluding the special resolution expense/(recovery) is 2.43% and 2.33% respectively.

Management Report of Fund Performance

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

		Years ended December 31							
		2018	2017	2016	2015	2014			
\$	10.30	\$	10.24	\$	9.53	\$	10.85	\$	10.82
	0.36		0.37		0.38		0.38		0.38
	(0.27)		(0.28)		(0.27)		(0.26)		(0.27)
	0.38		0.92		0.15		0.39		1.85
	(1.73)		(0.19)		1.17		(1.07)		(1.10)
	(1.26)		0.82		1.43		(0.56)		0.86
	(0.02)		(0.02)		(0.04)		(0.02)		–
	(0.71)		(0.74)		(0.68)		(0.75)		(0.83)
	(0.73)		(0.76)		(0.72)		(0.77)		(0.83)
\$	8.32	\$	10.30	\$	10.24	\$	9.53	\$	10.85

(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.

		Years ended December 31							
		2018	2017	2016	2015	2014			
\$	10.76	\$	17.06	\$	17.03	\$	16.08	\$	20.36
	1,293,182		1,656,719		1,663,319		1,688,179		1,877,594
	2.66%		2.61%		2.72%		2.43%		2.39%
	62.52%		103.23%		155.79%		94.80%		93.40%
	0.13%		0.12%		0.15%		0.09%		0.09%
\$	8.32	\$	10.30	\$	10.24	\$	9.53	\$	10.85
\$	8.36	\$	10.26	\$	9.94	\$	9.98	\$	11.23

(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.

(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.

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Management Report of Fund Performance

Management Fees

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

Strathbridge, as the Manager of the Fund, is entitled to fees under the 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

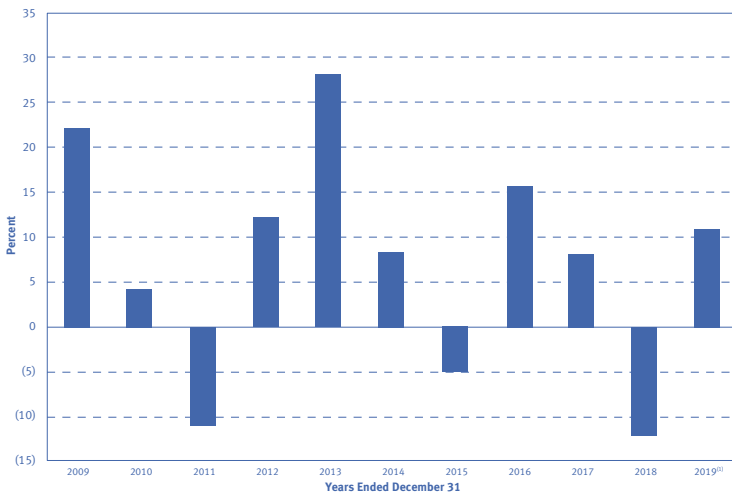
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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, 2019. 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 the fiscal year or June 30, 2019 for the six months ended.

Total Return



⁽¹⁾ For the six months ended June 30, 2019.

Management Report of Fund Performance

Portfolio Manager Report

Stock markets around the world advanced in the first half of 2019 recouping losses from the volatile markets at the end of 2018. The S&P 500 Index rose to new all-time highs as investors looked past the potential consequences of a global trade war and focused on the pivot in central bank policy from tighter conditions to anticipating looser monetary policy in the future. For the first six months of 2019, the S&P 500 Index and S&P/TSX Composite Index advanced 18.5 percent and 16.2 percent, respectively. Global markets followed the positive tone set by U.S. stocks with the MSCI EAFE Index up 14.5 percent and the MSCI Emerging Markets Index up 10.7 percent. The Federal Reserve Open Market Committee (“FOMC”), which appeared to be on the most aggressive path of tightening after raising the overnight interest rate four times in 2018, paused in the first six months of 2019 leaving the target rate at 2.5 percent. The short-end of the yield curve in the United States reacted by pricing in the probability of several rate cuts by the FOMC as 2-year yields plummeted from 2.49 percent at year end to 1.75 percent at the end of June 2019. Long-term interest rates also reacted ending the second quarter at 2.00 percent versus 2.68 percent to start the year. This dynamic has caused the yield curve (10-2 Year) to steepen slightly but remains just 25 basis points from being inverted, a condition often associated with an imminent recession. Oil prices recovered in the first half of 2019 with the Bloomberg WTI Cushing Crude Oil Spot price rising to US\$58.47 per barrel on June 28, 2019, up 28.8 percent from US\$45.41 at the end of 2018. Meanwhile, other commodities did not fare as well with copper prices rising 2.1 percent, aluminum down 12.3 percent and natural gas off 24.1 percent year-to-date. Volatility, as measured by the Chicago Board Options Exchange Volatility Index (“VIX”), declined in the first half of 2019 falling from 25.4 at the end of 2018 to 15.1 at the end of June. Given the uncertainty surrounding the global political landscape, trade war rhetoric, The United States-Mexico-Canada Agreement renegotiations, declining economic data, along with the Federal Reserve continuing to pivot monetary policy, we remain cautiously optimistic on global stock markets with the view that volatility is likely to remain elevated compared to the low levels witnessed over the past few years.

The semi-annual return of the Fund ending June 30, 2019, including reinvestment of distributions, was 11.0 percent, compared to the S&P/TSX Capped Financials Index return of 14.3 percent. Total cash distributions of \$0.34 per unit were paid over the first half of the year and the net asset value per unit increased, moving from \$8.32 at the end of 2018 to \$8.89 at the close of June 30, 2019.

The individual portfolio holdings had an average return of 14.7 percent over the first half. Our bank holdings generally underperformed the insurance holdings with an average return of 10.8 percent versus the average for the insurers of 20.5 percent. The star performer was Manulife Financial Corporation with a half year total return of 25.6 percent. The laggard was Canadian Imperial Bank of Commerce with a half year total return of 4.0 percent.

The gross dividend yield on the Fund holdings was 4.4 percent. Bank gross dividend yield was higher than the insurance companies at 4.5 percent versus 4.2 percent. The five-year dividend growth rate at the end of the first half averaged 8.0 percent for each the holdings. This compares with a five-year growth rate of 7.3 percent as June 2019.

The Fund held both short and long option positions throughout the period. The short call positions ranged from zero to 29.0 percent with the average of 15.6 percent over the period. The short put positions got as high as 8.3 percent of the Fund and averaged 0.7 percent, while on a notional basis, the long puts got as high as 10.6 percent, averaging 2.0 percent of the portfolio during the first half. The average cash position over the first half of 2019 was 11.3 percent. The net realized gain on options attributable to Strathbridge Selective Overwriting (“SSO”) strategy amounted to \$0.10 per unit.

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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.

Asset Mix

June 30, 2019

	% of Net Asset Value
Financials	96.8 %
Cash	3.5 %
Other Assets (Liabilities)	(0.3)%
	100.0 %

Portfolio Holdings

June 30, 2019

	% of Net Asset Value
The Toronto-Dominion Bank	12.1 %
Royal Bank of Canada	11.6 %
Manulife Financial Corporation	11.5 %
iA Financial Corporation Inc.	11.3 %
Sun Life Financial Inc.	11.3 %
National Bank of Canada	10.5 %
The Bank of Nova Scotia	7.8 %
Great-West Lifeco Inc.	7.2 %
Bank of Montreal	6.9 %
Canadian Imperial Bank of Commerce	6.6 %
Cash	3.5 %

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 condensed 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 condensed 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 condensed 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, 2018.

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, 2019

Top 10 Canadian Financial Trust

Notice to Unitholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2019 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed Financial Statements

Statements of Financial Position

As at June 30, 2019 (Unaudited) and December 31, 2018 (Audited)

	Note	June 30, 2019	Dec. 31, 2018
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 11,122,083	\$ 11,870,361
Short-term investments		–	1,396,748
Derivative assets	2	30,217	–
Dividends receivable		34,548	50,290
Cash		407,735	567,581
TOTAL ASSETS		11,594,583	13,884,980
LIABILITIES			
Derivative liabilities	2	54,177	39,027
Accrued liabilities		34,397	52,265
Accrued management fees	4	10,411	12,898
Redemptions payable		–	3,023,937
TOTAL LIABILITIES		98,985	3,128,127
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS		\$ 11,495,598	\$ 10,756,853
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT		\$ 8.8894	\$ 8.3181

The notes are an integral part of the Condensed Financial Statements.

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Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2019	2018
INCOME			
Dividend income		\$ 224,318	\$ 299,010
Interest income		8,436	815
Net realized gain/(loss) on investments at fair value through profit or loss		(188,587)	424,760
Net realized gain on options at fair value through profit or loss		124,532	40,316
Net change in unrealized gain/loss on investments at fair value through profit or loss		1,220,968	(1,164,166)
TOTAL INCOME/(LOSS), NET		1,389,667	(399,265)
EXPENSES			
Management fees	4	63,687	89,020
Service fees		16,721	23,583
Administrative and other expenses		45,100	47,392
Transaction fees	5	11,377	12,611
Custodian fees		25,364	23,460
Audit fees		14,522	14,603
Advisory board fees	4	9,600	10,200
Independent review committee fees	4	3,750	3,750
Legal fees		1,302	496
Unitholder reporting costs		8,011	8,187
Harmonized sales tax		13,578	17,499
TOTAL EXPENSES		213,012	250,801
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS	6	\$ 1,176,655	\$ (650,066)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT	6	\$ 0.9099	\$ (0.3924)

The notes are an integral part of the Condensed Financial Statements.

Condensed Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Units

Six months ended June 30 (Unaudited)

	2019	2018
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, BEGINNING OF YEAR	\$ 10,756,853	\$ 17,064,918
Increase/(Decrease) in Net Assets Attributable to Holders of Units	1,176,655	(650,066)
Distributions		
From net investment income	-	(16,222)
Non-taxable distributions	(437,910)	(599,763)
	(437,910)	(615,985)
Changes in Net Assets Attributable to Holders of Units during the Period	738,745	(1,266,051)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, END OF PERIOD	\$ 11,495,598	\$ 15,798,867

The notes are an integral part of the Condensed Financial Statements.

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2019	2018
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 1,964,329	\$ 446,800
Cash Flows Provided by (Used In) Operating Activities		
Increase/(Decrease) in Net Assets Attributable to Holders of Units	1,176,655	(650,066)
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	188,587	(424,760)
Net realized gain on options at fair value through profit or loss	(124,532)	(40,316)
Net change in unrealized gain/loss of investments at fair value through profit or loss	(1,220,968)	1,164,166
Decrease in dividends receivable and due from brokers – investments	15,742	42,160
Decrease in accrued liabilities and accrued management fees	(20,355)	(5,450)
Purchase of investment securities	(5,679,446)	(5,730,638)
Proceeds from disposition of investment securities	7,569,570	6,899,226
	728,598	1,904,388
Cash Flows Used In Financing Activities		
Unit distributions	(437,910)	(615,985)
Unit redemptions	(3,023,937)	(67,985)
	(3,461,847)	(683,970)
Net Increase/(Decrease) in Cash During the Period	(1,556,594)	570,352
CASH, END OF PERIOD	\$ 407,735	\$ 1,017,152
Dividends received	\$ 240,060	\$ 301,775
Interest received	\$ 8,436	\$ 815

The notes are an integral part of the Condensed Financial Statements.

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Schedule of Investments

As at June 30, 2019 (Unaudited)

	Number of Shares/Contracts	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Units
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	8,000	\$ 795,376	\$ 791,360	
Canadian Imperial Bank of Commerce	7,300	817,139	751,754	
Great-West Lifeco Inc.	24,400	921,303	826,110	
iA Financial Corporation Inc.	24,400	1,261,893	1,301,496	
Manulife Financial Corporation	55,600	1,313,087	1,323,280	
National Bank of Canada	19,400	1,170,400	1,206,874	
Royal Bank of Canada	12,800	1,276,887	1,332,096	
Sun Life Financial Inc.	23,900	1,179,166	1,296,097	
The Bank of Nova Scotia	12,800	949,544	900,352	
The Toronto-Dominion Bank	18,200	1,304,571	1,392,664	
Total Financials		10,989,366	11,122,083	96.8 %
Total Canadian Common Shares		\$ 10,989,366	\$ 11,122,083	96.8 %
Options				
Purchased Put Options				
(100 shares per contract)				
Bank of Montreal – November 2019 @ \$96	21	\$ 9,345	\$ 6,125	
Canadian Imperial Bank of Commerce – November 2019 @ \$102	14	6,016	5,298	
National Bank of Canada – November 2019 @ \$59	39	8,439	4,838	
Royal Bank of Canada – November 2019 @ \$100	20	7,212	5,126	
The Bank of Nova Scotia – November 2019 @ \$68	23	5,796	3,526	
The Toronto-Dominion Bank – November 2019 @ \$72	40	9,633	5,304	
Total Purchased Put Options		46,441	30,217	0.3 %
Written Covered Call Options				
(100 shares per contract)				
Bank of Montreal – August 2019 @ \$99	(27)	(1,933)	(2,984)	
iA Financial Corporation Inc. – July 2019 @ \$52	(78)	(4,992)	(13,845)	
Manulife Financial Corporation – July 2019 @ \$24	(177)	(5,310)	(8,510)	
National Bank of Canada – July 2019 @ \$62	(65)	(1,889)	(3,436)	
Royal Bank of Canada – July 2019 @ \$105	(37)	(2,109)	(1,389)	
Sun Life Financial Inc. – July 2019 @ \$53	(80)	(5,600)	(14,992)	
The Toronto-Dominion Bank – July 2019 @ \$75	(54)	(3,348)	(9,021)	
Total Written Covered Call Options		(25,181)	(54,177)	(0.5)%
Total Options		\$ 21,260	\$ (23,960)	(0.2)%
Adjustment for transaction costs		(7,183)		
TOTAL INVESTMENTS		\$ 11,003,443	\$ 11,098,123	96.6 %
OTHER NET ASSETS			397,475	3.4 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS			\$ 11,495,598	100.0 %

1. Basis of Presentation

The condensed semi-annual financial statements for Top 10 Canadian Financial Trust (the “Fund”) have been prepared in compliance with International Financial Reporting Standards (“IFRS”), specifically 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 condensed semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2018.

These condensed 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, 2018.

These condensed financial statements were approved by the Board of Advisors on August 7, 2019.

2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2018.

Credit Risk

As at June 30, 2019 and December 31, 2018, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

The analysis below summarizes the credit quality of the Fund’s short-term investments as at June 30, 2019 and December 31, 2018.

Credit Rating	Percentage of Short-Term Investments	
	June 30, 2019	Dec. 31, 2018
AAA	–	100.0%

Liquidity Risk

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

	As at June 30, 2019 Financial Liabilities		
	On Demand	< 3 months	Total
Derivative liabilities	\$ –	\$ 54,177	\$ 54,177
Accrued liabilities	–	34,397	34,397
Accrued management fees	–	10,411	10,411
Units	11,495,598	–	11,495,598
	\$ 11,495,598	\$ 98,985	\$ 11,594,583

Top 10 Canadian Financial Trust

Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

	As at December 31, 2018		
	Financial Liabilities		Total
	On Demand	< 3 months	
Redemptions payable	\$ –	\$ 3,023,937	\$ 3,023,937
Accrued liabilities	–	52,265	52,265
Derivative liabilities	–	39,027	39,027
Accrued management fees	–	12,898	12,898
Units	10,756,853	–	10,756,853
	\$ 10,756,853	\$ 3,128,127	\$ 13,884,980

Market Risk

(a) Price Risk

Approximately 97 percent (December 31, 2018 – 110 percent) of the Fund's net assets attributable to holders of units held at June 30, 2019 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2019, the net assets attributable to holders of units would have increased or decreased by \$0.6 million (December 31, 2018 – \$0.6 million) respectively or 4.8 percent (December 31, 2018 – 5.5 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, 2019	Dec. 31, 2018
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, 2019 and December 31, 2018.

	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 11,122,083	\$ –	\$ –	\$ 11,122,083
Options	(23,960)	–	–	(23,960)
	\$ 11,098,123	\$ –	\$ –	\$ 11,098,123

Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

	As at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 11,870,361	\$ –	\$ –	\$ 11,870,361
Options	(39,027)	–	–	(39,027)
	\$ 11,831,334	\$ –	\$ –	\$ 11,831,334

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended June 30, 2019 and during the year ended December 31, 2018.

3. Units

For the six months ended June 30, 2019, cash distributions paid to unitholders were \$437,910 (June 30, 2018 – \$615,985) representing a payment of \$0.34 (June 30, 2018 – \$0.37) per unit.

During the six months ended June 30, 2019 and 2018, nil units were redeemed.

During the six months ended June 30, 2019 and year ended December 31, 2018, unit transactions are as follows:

	June 30, 2019	Dec. 31, 2018
Units outstanding, beginning of year	1,293,182	1,656,719
Units redeemed	–	(363,537)
Units outstanding, end of period	1,293,182	1,293,182

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2019 were \$63,687 (June 30, 2018 – \$89,020) of which \$10,411 (June 30, 2018 – \$14,309) was unpaid.

(b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the six months ended June 30, 2019 were \$9,600 (June 30, 2018 – \$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, 2019 were \$3,750 (June 30, 2018 – \$3,750).

Top 10 Canadian Financial Trust

Notes to Condensed Financial Statements

June 30, 2019 (Unaudited)

5. 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, 2019 and 2018 is disclosed below:

	June 30, 2019	June 30, 2018
Soft Dollars	\$ 7,580	\$ 4,189
Percentage of Total Transaction Fees	66.6%	33.2%

6. 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, 2019 and 2018 is calculated as follows:

	June 30, 2019	June 30, 2018
Increase/(Decrease) in Net Assets Attributable to Holders of Units	\$ 1,176,655	\$ (650,066)
Weighted Average Number of Units Outstanding during the Period	1,293,182	1,656,719
Increase/(Decrease) in Net Assets Attributable to Holders of Units per Unit	\$ 0.9099	\$ (0.3924)

Investment Funds Managed by
Strathbridge Asset Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)
Core Canadian Dividend Trust (CDD.UN)
Low Volatility U.S. Equity Income Fund (LVU.UN)
NDX Growth & Income Fund (NGI.UN)
U.S. Financials Income Fund (USF.UN)
Top 10 Canadian Financial Trust (TCT.UN)

SPLIT SHARES

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

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