
Top 10 Canadian Financial Trust

Semi-Annual Report 2020

Top 10 Canadian Financial Trust

Letter to Unitholders

We are pleased to present the 2020 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 exhibited significant volatility in the first half of 2020 as economies and businesses were gripped by the COVID-19 (Coronavirus) pandemic. After reaching all-time highs in the third week of February, both the S&P/TSX Composite Index and the S&P 500 Index declined 37.4 percent and 33.8 percent respectively to the low reached on March 23rd as new cases and fatalities rose exponentially. However, since then, equity markets have staged a historic comeback, even as new cases and fatalities continued to increase, with both markets rising over 39 percent from the low. Central banks and governments around the world have responded with unprecedented monetary and fiscal policies to prop up economies and keep funding markets open. The total return of the S&P/TSX Composite Index for the semi-annual period ending June 30, 2020 was negative 7.5 percent and negative 3.1 percent for the S&P 500 Index.

During the six months ended June 30, 2020, the Fund paid cash distributions of \$0.29 per unit. The net asset value per unit decreased from \$9.28 at December 31, 2019 to \$6.76 at June 30, 2020. The total return of the Fund, including the reinvestment of distributions, was negative 24.0 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.18 per unit as compared to a net realized gain on options of \$0.10 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, 2020 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, 2020, cash distributions were \$0.29 per unit compared to \$0.34 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 \$12.37 per unit.

Revenue and Expenses

For the six months ended June 30, 2020, the Fund's total revenue was \$0.19 per unit compared to \$0.18 per unit a year ago. Total expenses were \$0.16 per unit unchanged from a year ago. The Fund had a net realized and unrealized loss of \$2.26 per unit in the first six months of 2020 as compared to a net realized and unrealized gain of \$0.89 per unit a year earlier.

Net Asset Value

The net asset value per unit of the Fund decreased 27.2 percent from \$9.28 at December 31, 2019 to \$6.76 at June 30, 2020. The total net asset value of the Fund decreased \$2.66 million, from \$9.80 million at December 31, 2019 to \$7.14 million at June 30, 2020, reflecting a decrease in net assets attributable to holders of units of \$2.35 million and cash distributions of \$0.31 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, 2020.

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, 2020 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2020
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 9.28
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.19
Total expenses	(0.16)
Realized gain (loss) for the period	(0.46)
Unrealized gain (loss) for the period	(1.80)
Total Increase (Decrease) from Operations⁽²⁾	(2.23)
DISTRIBUTIONS	
From investment income	-
Non-taxable distributions	(0.29)
Total Distributions⁽³⁾	(0.29)
Net Assets, end of period⁽¹⁾	\$ 6.76

(1) All per unit figures presented are derived from the Fund's unaudited financial statements for the six months ended June 30, 2020 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, 2020
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value (\$millions)	\$ 7.14
Number of units outstanding	1,056,245
Management expense ratio ⁽¹⁾	3.99% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	43.25%
Trading expense ratio ⁽³⁾	0.31% ⁽⁴⁾
Net Asset Value per unit ⁽⁵⁾	\$ 6.76
Closing market price	\$ 6.75

(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 includes the special resolution expense. The MER for 2015 excluding the special resolution expense is 2.43%.

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							
		2019	2018	2017	2016	2015			
\$	8.32	\$	10.30	\$	10.24	\$	9.53	\$	10.85
	0.36		0.36		0.37		0.38		0.38
	(0.30)		(0.27)		(0.28)		(0.27)		(0.26)
	0.02		0.38		0.92		0.15		0.39
	1.57		(1.73)		(0.19)		1.17		(1.07)
	1.65		(1.26)		0.82		1.43		(0.56)
	–		(0.02)		(0.02)		(0.04)		(0.02)
	(0.68)		(0.71)		(0.74)		(0.68)		(0.75)
	(0.68)		(0.73)		(0.76)		(0.72)		(0.77)
\$	9.28	\$	8.32	\$	10.30	\$	10.24	\$	9.53

(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							
		2019	2018	2017	2016	2015			
\$	9.80	\$	10.76	\$	17.06	\$	17.03	\$	16.08
	1,056,245		1,293,182		1,656,719		1,663,319		1,688,179
	3.15%		2.66%		2.61%		2.72%		2.43%
	94.76%		62.52%		103.23%		155.79%		94.80%
	0.18%		0.13%		0.12%		0.15%		0.09%
\$	9.28	\$	8.32	\$	10.30	\$	10.24	\$	9.53
\$	9.21	\$	8.36	\$	10.26	\$	9.94	\$	9.98

(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

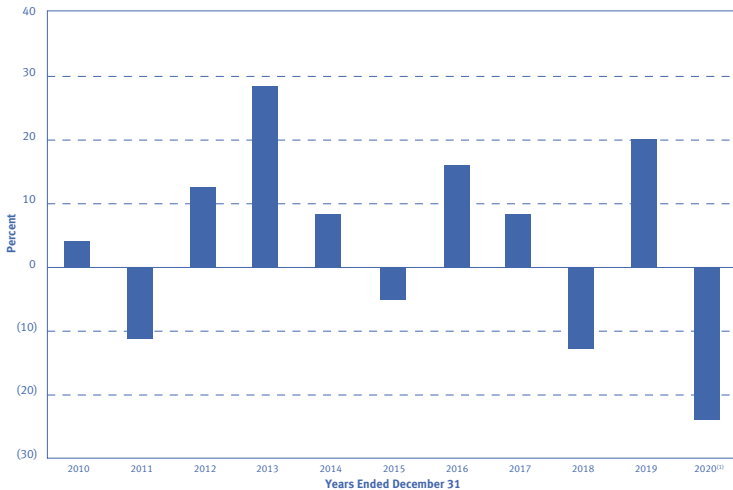
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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, 2020. 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, 2020 for the six months ended.

Total Return



⁽¹⁾ For the six months ended June 30, 2020.

Management Report of Fund Performance

Portfolio Manager Report

Stock markets around the world exhibited significant volatility in the first half of 2020 as economies and businesses were gripped by the COVID-19 (Coronavirus) pandemic. After reaching all-time highs in the third week of February, both the S&P/TSX Composite Index and the S&P 500 Index declined 37.4 percent and 33.8 percent respectively to the low reached on March 23rd as new cases and fatalities rose exponentially. However, since then, equity markets have staged a historic comeback, even as new cases and fatalities continued to increase, with both markets rising over 39 percent from the low. Central banks and governments around the world have responded with unprecedented monetary and fiscal policies to prop up economies and keep funding markets open. The total return of the S&P/TSX Composite Index for the semi-annual period ending June 30, 2020 was negative 7.5 percent and negative 3.1 percent for the S&P 500 Index.

The semi-annual return of the Fund ending June 30, 2020, including reinvestment of distributions, was negative 24.0 percent. Total cash distributions of \$0.29 per unit were paid over the first half of the year and the net asset value per unit decreased, moving from \$9.28 at December 31, 2019 to \$6.76 at the close of June 30, 2020.

The individual portfolio holdings had an average return of negative 19.9 percent over the first half. Our bank holdings outperformed the insurance holdings with an average return of negative 16.0 percent versus the average for the insurers of negative 25.7 percent. The top performer was the Royal Bank of Canada with a half year total return of negative 8.3 percent. The laggard was iA Financial Corporation Inc. with a half year total return of negative 35.0 percent.

The gross dividend yield on the Fund holdings was 5.5 percent. Bank gross dividend yield was effectively the same as the insurance companies at the 5.5 percent level. The five-year dividend growth rate at the end of the first half averaged 7.9 percent for the holdings. This compares with a five-year growth rate of 8.0 percent as June 2020.

The Fund held both short and long option positions throughout the period. The short call positions ranged from zero to 41.2 percent with the average of 17.3 percent over the period. The short put positions got as high as 6.2 percent of the Fund and averaged 1.3 percent. The average cash position over the first half of 2020 was 8.9 percent. The net realized gain on options attributable to Strathbridge Selective Overwriting (“SSO”) strategy amounted to \$0.18 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, 2020

	% of Net Asset Value
Financials	89.0 %
Cash	13.0 %
Other Assets (Liabilities)	(2.0)%
	100.0 %

Portfolio Holdings

June 30, 2020

	% of Net Asset Value
Cash	13.0 %
National Bank of Canada	12.1 %
Canadian Imperial Bank of Commerce	11.9 %
Sun Life Financial Inc.	10.1 %
The Toronto-Dominion Bank	9.5 %
iA Financial Corporation Inc.	9.0 %
Manulife Financial Corporation	8.2 %
The Bank of Nova Scotia	7.5 %
Great-West Lifeco Inc.	7.5 %
Bank of Montreal	6.7 %
Royal Bank of Canada	6.5 %

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, 2019.

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 10, 2020

Top 10 Canadian Financial Trust

Notice to Unitholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2020 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, 2020 (Unaudited) and December 31, 2019 (Audited)

	Note	June 30, 2020	Dec. 31, 2019
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 6,351,335	\$ 11,752,937
Derivative assets	2	3,323	–
Dividends receivable		23,005	26,915
Short-term investments		–	249,911
Cash		930,878	34,884
TOTAL ASSETS		7,308,541	12,064,647
LIABILITIES			
Due to brokers – investments		104,628	–
Accrued liabilities		30,180	50,941
Derivative liabilities	2	27,035	4,928
Accrued management fees	4	6,449	11,229
Redemptions payable		–	2,198,183
TOTAL LIABILITIES		168,292	2,265,281
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS		\$ 7,140,249	\$ 9,799,366
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT		\$ 6.7600	\$ 9.2776

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	2020	2019
INCOME			
Dividend income		\$ 201,088	\$ 224,318
Interest income		680	8,436
Net realized loss on investments at fair value through profit or loss		(676,024)	(188,587)
Net realized gain on options at fair value through profit or loss		194,528	124,532
Net change in unrealized gain/loss on investments at fair value through profit or loss		(1,898,317)	1,220,968
TOTAL INCOME/(LOSS), NET		(2,178,045)	1,389,667
EXPENSES			
Management fees	4	43,494	63,687
Service fees		7,013	16,721
Administrative and other expenses		43,062	45,100
Transaction fees	5	12,694	11,377
Custodian fees		20,216	25,364
Audit fees		14,766	14,522
Advisory board fees	4	10,200	9,600
Independent review committee fees	4	4,167	3,750
Legal fees		1,250	1,302
Unitholder reporting costs		5,836	8,011
Harmonized sales tax		11,398	13,578
TOTAL EXPENSES		174,096	213,012
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS	6	\$ (2,352,141)	\$ 1,176,655
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT	6	\$ (2.2269)	\$ 0.9099

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)

	2020	2019
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, BEGINNING OF YEAR	\$ 9,799,366	\$ 10,756,853
Increase/(Decrease) in Net Assets Attributable to Holders of Units	(2,352,141)	1,176,655
Distributions		
Non-taxable distributions	(306,976)	(437,910)
Changes in Net Assets Attributable to Holders of Units during the Period	(2,659,117)	738,745
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, END OF PERIOD	\$ 7,140,249	\$ 11,495,598

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

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2020	2019
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 284,795	\$ 1,964,329
Cash Flows Provided By (Used In) Operating Activities		
Increase/(Decrease) in Net Assets Attributable to Holders of Units	(2,352,141)	1,176,655
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized loss on investments at fair value through profit or loss	676,024	188,587
Net realized gain on options at fair value through profit or loss	(194,528)	(124,532)
Net change in unrealized gain/loss of investments at fair value through profit or loss	1,898,317	(1,220,968)
Decrease in dividends receivable	3,910	15,742
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers – investments	79,087	(20,355)
Purchase of investment securities	(3,351,062)	(5,679,446)
Proceeds from disposition of investment securities	6,391,635	7,569,570
	5,503,383	728,598
Cash Flows Used In Financing Activities		
Unit distributions	(306,976)	(437,910)
Unit redemptions	(2,198,183)	(3,023,937)
	(2,505,159)	(3,461,847)
Net Increase/(Decrease) in Cash During the Period	646,083	(1,556,594)
CASH, END OF PERIOD	\$ 930,878	\$ 407,735
Dividends received	\$ 204,998	\$ 240,060
Interest received	\$ 680	\$ 8,436

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

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Schedule of Investments

As at June 30, 2020 (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	6,600	\$ 665,648	\$ 476,916	
Canadian Imperial Bank of Commerce	9,400	921,970	852,956	
Great-West Lifeco Inc.	22,400	733,001	533,120	
iA Financial Corporation Inc.	14,100	789,367	640,986	
Manulife Financial Corporation	31,600	713,862	583,652	
National Bank of Canada	14,100	892,609	867,432	
Royal Bank of Canada	5,000	496,600	460,550	
Sun Life Financial Inc.	14,500	728,734	723,405	
The Bank of Nova Scotia	9,500	653,550	533,710	
The Toronto-Dominion Bank	11,200	740,791	678,608	
Total Financials		7,336,132	6,351,335	89.0 %
Total Canadian Common Shares		\$ 7,336,132	\$ 6,351,335	89.0 %
Options				
Purchased Call Options				
(100 shares per contract)				
National Bank of Canada – July 2020 @ \$66	94	\$ 18,798	\$ 1,269	
Royal Bank of Canada – July 2020 @ \$96	52	18,443	2,054	
Total Purchased Call Options		37,241	3,323	0.0 %
Written Covered Call Options				
(100 shares per contract)				
Bank of Montreal – July 2020 @ \$73	(22)	(3,982)	(4,664)	
Canadian Imperial Bank of Commerce – July 2020 @ \$92	(30)	(5,610)	(6,030)	
iA Financial Corporation Inc. – July 2020 @ \$46	(47)	(3,024)	(3,995)	
Manulife Financial Corporation – July 2020 @ \$19	(105)	(2,415)	(1,365)	
Sun Life Financial Inc. – July 2020 @ \$50	(44)	(4,136)	(4,972)	
The Bank of Nova Scotia – July 2020 @ \$57	(32)	(2,080)	(1,854)	
The Toronto-Dominion Bank – July 2020 @ \$62	(37)	(2,943)	(2,795)	
Total Written Covered Call Options		(24,190)	(25,675)	(0.4)%
Written Put Options				
(100 shares per contract)				
Royal Bank of Canada – July 2020 @ \$90	(48)	(13,680)	(1,360)	0.0 %
Total Options		\$ (629)	\$ (23,712)	(0.4)%
Adjustment for transaction costs		(6,376)		
TOTAL INVESTMENTS		\$ 7,329,127	\$ 6,327,623	88.6 %
OTHER NET ASSETS			812,626	11.4 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS			\$ 7,140,249	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, 2019.

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, 2019.

These condensed financial statements were approved by the Board of Advisors on August 10, 2020.

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, 2019.

Credit Risk

As at June 30, 2020 and December 31, 2019, 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, 2020 and December 31, 2019.

Credit Rating	Percentage of Short-Term Investments	
	June 30, 2020	Dec. 31, 2019
AAA	–	100.0%

Liquidity Risk

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

	As at June 30, 2020 Financial Liabilities		
	On Demand	< 3 months	Total
Due to brokers – investments	\$ –	\$ 104,628	\$ 104,628
Accrued liabilities	–	30,180	30,180
Derivative liabilities	–	27,035	27,035
Accrued management fees	–	6,449	6,449
Units	7,140,249	–	7,140,249
	\$ 7,140,249	\$ 168,292	\$ 7,308,541

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Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

	As at December 31, 2019		
	Financial Liabilities		Total
	On Demand	< 3 months	
Redemptions payable	\$ –	\$ 2,198,183	\$ 2,198,183
Accrued liabilities	–	50,941	50,941
Accrued management fees	–	11,229	11,229
Derivative liabilities	–	4,928	4,928
Units	9,799,366	–	9,799,366
	\$ 9,799,366	\$ 2,265,281	\$ 12,064,647

Market Risk

(a) Price Risk

Approximately 89 percent (December 31, 2019 – 120 percent) of the Fund's net assets attributable to holders of units held at June 30, 2020 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2020, the net assets attributable to holders of units would have increased or decreased by \$0.3 million (December 31, 2019 – \$0.6 million) respectively or 4.4 percent (December 31, 2019 – 6.0 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, 2020	Dec. 31, 2019
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, 2020 and December 31, 2019.

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 6,351,335	\$ –	\$ –	\$ 6,351,335
Options	(23,712)	–	–	(23,712)
	\$ 6,327,623	\$ –	\$ –	\$ 6,327,623

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ –	\$ 249,911	\$ –	\$ 249,911
Canadian Common Shares	11,752,937	–	–	11,752,937
Options	(4,928)	–	–	(4,928)
	\$ 11,748,009	\$ 249,911	\$ –	\$ 11,997,920

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, 2020 and during the year ended December 31, 2019.

3. Units

For the six months ended June 30, 2020, cash distributions paid to unitholders were \$306,976 (June 30, 2019 – \$437,910) representing a payment of \$0.29 (June 30, 2019 – \$0.34) per unit.

During the six months ended June 30, 2020 and 2019, nil units were redeemed.

During the six months ended June 30, 2020 and year ended December 31, 2019, unit transactions are as follows:

	June 30, 2020	Dec. 31, 2019
Units outstanding, beginning of year	1,056,245	1,293,182
Units redeemed	–	(236,937)
Units outstanding, end of period	1,056,245	1,056,245

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2020 were \$43,494 (June 30, 2019 – \$63,687) of which \$6,449 (June 30, 2019 – \$10,411) 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, 2020 were \$10,200 (June 30, 2019 – \$9,600).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2020 were \$4,167 (June 30, 2019 – \$3,750).

Top 10 Canadian Financial Trust

Notes to Condensed Financial Statements

June 30, 2020 (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, 2020 and 2019 is disclosed below:

	June 30, 2020	June 30, 2019
Soft Dollars	\$ 7,775	\$ 7,580
Percentage of Total Transaction Fees	61.2%	66.6%

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, 2020 and 2019 is calculated as follows:

	June 30, 2020	June 30, 2019
Increase/(Decrease) in Net Assets Attributable to Holders of Units	\$ (2,352,141)	\$ 1,176,655
Weighted Average Number of Units Outstanding during the Period	1,056,245	1,293,182
Increase/(Decrease) in Net Assets Attributable to Holders of Units per Unit	\$ (2.2269)	\$ 0.9099

Investment Funds Managed by
Strathbridge Asset Management Inc.

MUTUAL FUNDS

Mulvihill Premium Yield Fund

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)

Core Canadian Dividend Trust (CDD.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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