



SEMI-ANNUAL
REPORT

2015

CANADIAN UTILITIES & TELECOM INCOME FUND


ASSET MANAGEMENT

Canadian Utilities & Telecom Income Fund

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 Canadian Utilities & Telecom Income Fund (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 \$0.43 per unit. The net asset value per unit decreased from \$12.62 at December 31, 2014 to \$11.18 at June 30, 2015. The total return of the Fund, including the reinvestment of distributions, was negative 8.2 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.01 per unit, unchanged from last year. 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 maximize total returns for unitholders including both long-term appreciation in net asset value (“NAV”) per unit and to pay unitholders monthly distributions in an amount targeted to be 7.0 percent per annum on the NAV of the Fund. The units are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol UTE.UN.

To accomplish its objectives, the Fund invests at least 75 percent of the value of the Fund in securities of Utilities and Telecommunications issuers listed on the Toronto Stock Exchange which have a minimum market capitalization of \$1 billion and a current minimum distribution yield of 2.0 percent per annum at the time of investment. In addition, up to 25 percent of the value of the Fund may be invested in securities of North American issuers in the Utilities and Telecommunications sectors which have a minimum market capitalization of \$250 million and a minimum distribution yield of 2.0 percent per annum at the time of investment. 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. The Fund may, from time to time, selectively write covered call options in respect of up to a maximum of 25 percent of the securities in the portfolio. 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.

Canadian Utilities & Telecom Income Fund

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 Canadian Utilities & Telecom Income Fund (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, 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, 2015, cash distributions of \$0.43 per unit were paid to unitholders, unchanged from a year ago.

Since the inception of the Fund in December 2010, the Fund has paid total cash distributions of \$4.03 per unit.

Revenue and Expenses

For the six months ended June 30, 2015, the Fund's total revenue was \$0.25 per unit, down \$0.02 per unit from the prior year. Total expenses were \$0.19 per unit compared to \$0.16 per unit in 2014. The increase of \$0.03 per unit was largely due to higher transaction fees associated with increased trading activity. The Fund had a net realized and unrealized loss of \$1.08 per unit in the first half of 2015 as compared to a net realized and unrealized gain of \$1.27 per unit a year earlier.

Net Asset Value

The net asset value per unit of the Fund decreased 11.4 percent from \$12.62 at December 31, 2014 to \$11.18 at June 30, 2015. The total net asset value of the Fund decreased by \$6.1 million, from \$45.3 million at December 31, 2014 to \$39.2 million at June 30, 2015, primarily reflecting a decrease in net assets attributable to equity holders of \$3.6 million, unit redemptions of \$0.9 million, and cash distributions of \$1.5 million.

Recent Developments

On November 12, 2014, the Board of Advisors approved a proposal to: (i) change the investment restrictions of the Fund so that at least 75 percent (previously 80 percent) of the value of the Fund's securities is invested in securities of Utilities and Telecommunications issuers listed on the TSX which have a minimum market capitalization of \$1 billion and a current minimum distribution yield of 2.0 percent per annum at the time of investment; (b) no more than 25 percent (previously 20 percent) of the value of the Fund is invested in securities of North American issuers in the Utilities and Telecommunications sectors which have a minimum market capitalization of \$250 million and a minimum distribution yield of 2.0 percent per annum at the time of investment, (c) after such purchase, no more than 10 percent of the net asset value of the Fund is invested in the securities of any one issuer and (d) 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 in accordance with applicable law;

Management Report of Fund Performance

(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; (iii) enable the Manager to invest the Fund's portfolio entirely in cash or cash equivalents, denominated in either Canadian or U.S. dollars, in its discretion; and (iv) change the Fund's investment strategy to permit the Manager to hedge foreign currency exposure in its discretion when considered appropriate. 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 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 November 26, 2010.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated November 26, 2010. 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.

Canadian Utilities & Telecom Income Fund

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 from its inception on December 17, 2010.

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

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

	Six months ended June 30, 2015
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 12.62
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.25
Total expenses	(0.19)
Realized gain (loss) for the period	0.11
Unrealized gain (loss) for the period	(1.19)
Total Increase (Decrease) from Operations⁽²⁾	(1.02)
DISTRIBUTIONS	
From net investment income	(0.02)
From capital gains	-
Non-taxable distributions	(0.41)
Total Distributions⁽³⁾	(0.43)
Net Assets, end of period⁽¹⁾	\$ 11.18

(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)	\$ 39.24
Number of units outstanding	3,509,502
Management expense ratio ⁽¹⁾	2.46%⁽⁴⁾
Portfolio turnover rate ⁽²⁾	170.11%
Trading expense ratio ⁽³⁾	0.69%⁽⁴⁾
Net Asset Value per unit ⁽⁵⁾	\$ 11.18
Closing market price	\$ 11.02

(1) The management expense ratio 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 2015, 2014 and 2013 includes withholding taxes. The MER for 2015, 2014 and 2013, excluding withholding taxes is 2.40%, 2.13% and 2.08% respectively. The MER for 2014 includes the special resolution expense. The MER for 2014 excluding the special resolution expense is 2.13%.

(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 periods ended December 31, the net assets per unit presented in the financial statements differs from the net asset value per unit calculated daily, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for daily net asset value purposes.

	Periods Ended December 31				
	2014	2013	2012	2011	2010 ⁽⁴⁾
\$	11.77	\$ 12.15	\$ 12.40	\$ 11.23	\$ 11.25 ⁽⁵⁾
	0.52	0.53	0.48	0.55	0.01
	(0.32)	(0.31)	(0.28)	(0.26)	(0.01)
	1.45	0.50	1.00	0.20	–
	0.31	(0.27)	(0.71)	1.52	(0.01)
	1.96	0.45	0.49	2.01	(0.01)
	(0.50)	(0.25)	(0.46)	(0.06)	–
	(0.51)	–	(0.26)	–	–
	(0.06)	(0.60)	(0.13)	(0.78)	–
	(1.07)	(0.85)	(0.85)	(0.84)	–
\$	12.62	\$ 11.77	\$ 12.13	\$ 12.40	\$ 11.23

(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.

(4) For the period from inception on December 17, 2010 to December 31, 2010.

(5) Initial issue price, net of agent fees and issue costs.

	Periods Ended December 31				
	2014	2013	2012	2011	2010 ⁽⁶⁾
\$	45.31	\$ 45.00	\$ 52.02	\$ 62.83	\$ 55.04
	3,590,002	3,823,500	4,281,300	5,060,000	4,900,000
	2.19%	2.14%	2.01%	1.96%	2.46% ⁽⁴⁾
	322.56%	228.39%	169.22%	168.08%	0.31%
	0.43%	0.44%	0.30%	0.32%	0.30% ⁽⁴⁾
\$	12.62	\$ 11.77	\$ 12.15	\$ 12.42	\$ 11.23
\$	12.92	\$ 11.67	\$ 11.75	\$ 12.00	\$ 11.94

(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.

(6) For the period from inception on December 17, 2010 to December 31, 2010.

Canadian Utilities & Telecom Income Fund

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.

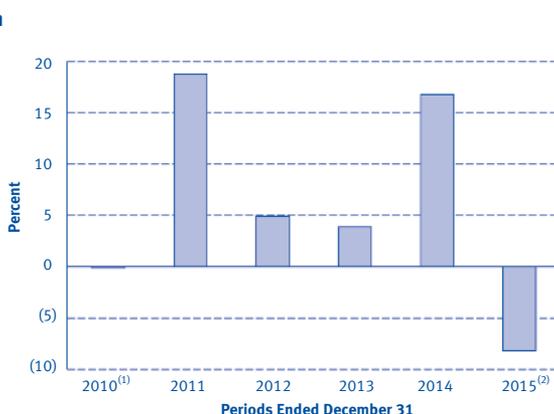
Past Performance

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 five 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 or the date of inception on December 17, 2010 would have increased or decreased by the end of the fiscal year or June 30, 2015 for the six months ended.



⁽¹⁾ For the period from December 17, 2010, the inception of the Fund, to December 31, 2010.

⁽²⁾ For the six months ended June 30, 2015.

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.

The net asset value ("NAV") per unit of the Fund was \$11.18 at June 30, 2015 compared to \$12.62 at December 31, 2014. Unitholders received cash distributions of \$0.43 per unit during the period. The Fund's units listed on the Toronto Stock Exchange as UTE.UN, closed on June 30, 2015 at \$11.02 per unit, which represents a 1.4 percent discount to the NAV per unit.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2015 was negative 8.2 percent. The total return for the S&P/TSX Capped Utilities Index for the same period was negative 4.4 percent while the S&P/TSX Capped Telecommunications Services Index had a total return of 3.7 percent. The best performing stock within the portfolio was Parkland Fuel Corporation which rose 17.0 percent during the period on expectations that it is poised to opportunistically acquire more gas stations as major integrated oil companies continue their exit from downstream operations. At the other end of the spectrum, Inter Pipeline Fund L.P. was the laggard, down 18.3 percent due to its exposure to weaker oil prices in Canada.

Due to the relatively low level of volatility in the first quarter, the Fund was not very active in its selective covered call writing. However, volatility did pick up in the second quarter as the high yield defensive stocks came under pressure when the bond market started to price in higher interest rates from the U.S. Federal Reserve. The Fund was more active in its selective call writing in the second quarter and ended June 30, 2015 with 3.7 percent of the portfolio subject to covered calls. During the first half of 2015, the net realized gain on options attributable to the Strathbridge Selective Overwriting ("SSO") strategy was \$0.01 per unit. The Fund maintained a high invested position during the majority of the period but slightly increased cash and cash equivalents towards the end of the period to 4.3 percent in order to finance the annual retraction. The allocation between the two sectors at June 30, 2015 was approximately 55 percent invested in Utilities with the remaining 45 percent invested in Telecommunications Services.

Stocks within the portfolio continued to raise their dividends during the period as evidenced by a few notable examples: Algonquin Power & Utilities Corp., TransCanada Corp. and Keyera Corp. which increased their dividends by 10.0 percent, 8.3 percent and 7.0 percent respectively.

Canadian Utilities & Telecom Income Fund

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, 2015

	% of Net Asset Value
Utilities	50.9%
Telecommunication Services	41.6%
Cash and Short-Term Investments	4.3%
Other Assets (Liabilities)	3.2%
	100.0%

Management Report of Fund Performance

Portfolio Holdings

June 30, 2015

	% of Net Asset Value
TELUS Corporation	9.0%
Rogers Communications, Inc.	8.5%
BCE Inc.	8.3%
Pembina Pipeline Corporation	6.0%
Parkland Fuel Corporation	5.6%
Cogeco Cable Inc.	5.5%
Shaw Communications Inc. - Class B	5.1%
Algonquin Power & Utilities Corp.	5.0%
TransCanada Corp.	5.0%
Cash and Short-Term Investments	4.3%
Keyera Corp.	4.0%
Enbridge Inc.	3.9%
Veresen Inc.	3.9%
Emera Incorporated	3.8%
Innergex Renewable Energy Inc.	3.8%
Inter Pipeline Fund L.P.	3.7%
Just Energy Group Inc.	3.0%
AT&T Inc.	2.7%
iShares U.S. Telecommunication Index Fund	2.5%
Valener Inc.	1.5%
NiSource Inc.	0.9%
Superior Plus Corp.	0.8%

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 Canadian Utilities & Telecom Income Fund (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.

Canadian Utilities & Telecom Income Fund

Financial Statements

Statements of Financial Position

As at June 30, 2015 (Unaudited) and December 31, 2014 (Audited)

	Note	June 30, 2015	Dec. 31, 2014
ASSETS			
Financial assets at fair value through profit or loss		\$ 36,308,907	\$ 44,893,352
Short-term investments		563,831	–
Interest receivable		526	–
Derivative assets		3,238	64,475
Dividends receivable		223,235	169,619
Due from brokers - investments		3,135,000	–
Cash		1,124,736	458,682
TOTAL ASSETS		41,359,473	45,586,128
LIABILITIES			
Due to brokers - investments		1,054,618	–
Redemptions payable		900,062	–
Accrued liabilities		84,344	122,442
Accrued management fees	5	39,127	43,952
Derivative liabilities		38,485	106,417
TOTAL LIABILITIES		2,116,636	272,811
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS		\$ 39,242,837	\$ 45,313,317
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT		\$ 11.1819	\$ 12.6221

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

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2015	2014
INCOME			
Dividend income		\$ 913,398	\$ 1,039,450
Interest income		526	–
Net realized gain on investments at fair value through profit or loss	3	820,529	4,286,619
Net realized gain on options at fair value through profit or loss	3	57,225	46,556
Net realized loss on forward exchange contracts at fair value through profit or loss	3	(492,538)	(71,418)
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	(4,258,369)	591,584
TOTAL INCOME		(2,959,229)	5,892,791
EXPENSES			
Management fees	5	235,143	257,356
Service fees		85,038	93,639
Administrative and other expenses		93,446	62,422
Transaction fees	6	149,079	88,158
Custodian fees		29,316	22,566
Audit fees		15,036	13,266
Advisory board fees	5	9,600	10,200
Independent review committee fees	5	3,509	3,491
Legal fees		14,425	2,179
Unitholder reporting costs		8,039	7,927
Harmonized sales tax		24,243	23,310
Withholding taxes		11,564	12,081
TOTAL EXPENSES		678,438	596,595
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	7	\$ (3,637,667)	\$ 5,296,196
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT	7	\$ (1.0134)	\$ 1.3856

The notes are an integral part of the Financial Statements.

Canadian Utilities & Telecom Income Fund

Financial Statements

Statements of Changes in Equity

Six months ended June 30, 2014 (Unaudited)

	Note	Unit Capital	Retained Earnings/(Deficit)	Total
BALANCE AT JANUARY 1, 2014		\$ 43,079,480	\$ 1,917,435	\$ 44,996,915
Increase in Net Assets Attributable to Equity Holders		–	7,228,428	7,228,428
Distributions		–	(3,939,690)	(3,939,690)
Value for units redeemed		(2,630,828)	(341,508)	(2,972,336)
BALANCE AT DECEMBER 31, 2014		\$ 40,448,652	\$ 4,864,665	\$ 45,313,317
Decrease in Net Assets Attributable to Equity Holders		–	(3,637,667)	(3,637,667)
Distributions		–	(1,532,751)	(1,532,751)
Value for units redeemed		(906,996)	6,934	(900,062)
BALANCE AT JUNE 30, 2015		\$ 39,541,656	\$ (298,819)	\$ 39,242,837

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		\$ 458,682	\$ 1,240,006
Cash Flows Provided by (Used In) Operating Activities			
Increase/(Decrease) in Net Assets Attributable to Equity Holders		(3,637,667)	5,296,196
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities			
Purchase of investment securities		(70,776,631)	(76,614,111)
Proceeds from disposition of investment securities		75,481,086	79,683,009
Net realized (gain)/loss on investments at fair value through profit or loss		(820,529)	(4,286,619)
Net realized (gain)/loss on options at fair value through profit or loss		(57,225)	(46,556)
Net realized (gain)/loss on forward exchange contracts at fair value through profit or loss		492,538	71,418
Net change in unrealized gain/loss on investments at fair value through profit or loss		4,258,369	(591,584)
Net change in unrealized gain/loss on cash		142	(6,629)
(Increase)/decrease in due from brokers - investments, dividends receivable and interest receivable		(3,189,142)	(1,558,971)
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers - investments		1,011,695	1,414,632
		6,400,303	(1,935,411)
Cash Flows Provided by (Used In) Financing Activities			
Unit distributions		(1,532,751)	(1,634,011)
Net Increase/(Decrease) in Cash During the Period		1,229,885	1,726,774
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 1,688,567	\$ 2,966,780
Dividends received		\$ 967,014	\$ 1,028,598

The notes are an integral part of the Financial Statements.

Canadian Utilities & Telecom Income Fund

Financial Statements

Schedule of Investments

As at June 30, 2015 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Equity Holders
SHORT-TERM INVESTMENTS				
Bankers' Acceptances				
Bank of Montreal, 0.85% - August 19, 2015	565,000	\$ 563,831	\$ 563,831	
Accrued Interest			526	
TOTAL INVESTMENTS		\$ 563,831	\$ 564,357	1.4 %
INVESTMENTS				
Canadian Common Shares				
Telecommunication Services				
BCE Inc.	61,000	\$ 3,243,546	\$ 3,236,660	
Cogeco Cable Inc.	29,700	2,033,991	2,145,528	
Rogers Communications, Inc.	74,900	3,250,163	3,318,070	
Shaw Communications Inc. - Class B	74,100	2,007,469	2,015,520	
TELUS Corporation	82,300	3,367,229	3,541,369	
Total Telecommunication Services		13,902,398	14,257,147	36.4 %
Utilities				
Algonquin Power & Utilities Corp.	208,400	1,838,663	1,950,624	
Emera Incorporated	37,900	1,393,921	1,490,986	
Enbridge Inc.	26,555	1,499,257	1,551,078	
Innergex Renewable Energy Inc.	139,300	1,578,869	1,479,482	
Inter Pipeline Fund L.P.	50,900	1,589,848	1,460,830	
Just Energy Group Inc.	181,000	1,210,965	1,178,310	
Keyera Corp.	37,600	1,576,895	1,567,920	
Parkland Fuel Corporation	88,800	2,128,365	2,209,344	
Pembina Pipeline Corporation	58,200	2,450,707	2,349,534	
Superior Plus Corp.	26,800	365,018	334,667	
TransCanada Corp.	38,300	2,109,804	1,944,108	
Valener Inc.	35,500	607,382	597,820	
Veresen Inc.	90,400	1,574,884	1,526,856	
Total Utilities		19,924,578	19,641,559	50.1 %
Total Canadian Common Shares		\$ 33,826,976	\$ 33,898,706	86.5 %
United States Common Shares				
Telecommunication Services				
AT&T Inc.	24,100	\$ 1,031,927	\$ 1,068,717	
iShares U.S. Telecommunication Index Fund	27,200	1,020,532	994,290	
Total Telecommunication Services		2,052,459	2,063,007	5.2 %
Utilities				
NiSource Inc.	6,100	327,265	347,194	0.9 %
Total United States Common Shares		\$ 2,379,724	\$ 2,410,201	6.1 %

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at June 30, 2015 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets Attributable to Equity Holders
Forward Exchange Contracts				
Bought USD \$180,000, Sold CAD \$222,296 @ 0.80973 - August 12, 2015			\$ 2,558	
Sold USD \$350,000, Bought CAD \$434,711 @ 0.80513 - August 12, 2015			(2,509)	
Sold USD \$480,000, Bought CAD \$592,939 @ 0.80953 - August 12, 2015			(6,672)	
Sold USD \$480,000, Bought CAD \$587,174 @ 0.81747 - September 16, 2015			(12,690)	
Sold USD \$630,000, Bought CAD \$788,042 @ 0.79945 - September 16, 2015			680	
Total Forward Exchange Contracts			\$ (18,633)	(0.1)%
Options				
Written Covered Call Options (100 shares per contract)				
BCE Inc. - July 2015 @ \$53	(203)	\$ (18,270)	\$ (12,789)	
Inter Pipeline Fund L.P. - July 2015 @ \$29	(102)	(5,304)	(3,825)	
Total Written Covered Call Options		(23,574)	(16,614)	
Total Options		\$ (23,574)	\$ (16,614)	0.0 %
Adjustment for transaction fees		(32,952)		
TOTAL INVESTMENTS		\$ 36,150,174	\$ 36,273,660	92.5 %
OTHER NET ASSETS			2,404,820	6.1 %
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS			\$ 39,242,837	100.0 %

The notes are an integral part of the Financial Statements.

Canadian Utilities & Telecom Income Fund

Notes to Financial Statements

June 30, 2015

1. Basis of Presentation

The semi-annual financial statements for Canadian Utilities & Telecom Fund (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.

The analysis below summarizes the credit quality from Standard & Poor’s Ratings Services of the Fund’s short-term investments as at June 30, 2015 and December 31, 2014.

Credit Rating	Percentage of Short-Term Investments	
	June 30, 2015	Dec. 31, 2014
A-1	100.0%	-

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
Due to brokers - investments	\$ -	\$ 1,054,618	\$ 1,054,618
Redemptions payable	-	900,062	900,062
Accrued liabilities	-	84,344	84,344
Accrued management fees	-	39,127	39,127
Derivative liabilities	-	38,485	38,485
	\$ -	\$ 2,116,636	\$ 2,116,636

	As at December 31, 2014 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 122,442	\$ 122,442
Derivative liabilities	-	106,417	106,417
Accrued management fees	-	43,952	43,952
	\$ -	\$ 272,811	\$ 272,811

Market Risk

(a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2015 and December 31, 2014 in Canadian dollar terms, and the notional amounts of foreign exchange forward contracts. The table also illustrates the potential impact on the net assets attributable to equity holders if the Canadian dollar had strengthened or weakened by 5 percent in relation to each of the other currencies, with all other variables held constant.

	As at June 30, 2015 U.S. Currency Exposure			Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
		\$ (2,682,588)	\$ 3,190,324	\$ 507,736	\$ (134,129)	\$ 159,516
% of Net Assets Attributable to Equity Holders	(7)%	8%	1%	(1)%	1%	0%

	As at December 31, 2014 U.S. Currency Exposure			Impact on Net Assets Attributable to Equity Holders		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
		\$ (5,205,150)	\$ 5,013,008	\$ (192,142)	\$ (260,258)	\$ 250,650
% of Net Assets Attributable to Equity Holders	(11)%	11%	0%	(1)%	1%	0%

(b) Price Risk

Approximately 93 percent (December 31, 2014 - 99 percent) of the Fund's net assets attributable to equity holders held at June 30, 2015 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2015, the net assets attributable to equity holders would have increased or decreased by \$1.8 million (December 31, 2014 - \$2.2 million) respectively or 4.6 percent (December 31, 2014 - 5.0 percent) of the net assets attributable to equity holders 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
Utilities	55.1%	65.8%
Telecommunication Services	44.9%	34.2%
	100.0%	100.0%

Canadian Utilities & Telecom Income Fund

Notes to Financial Statements

June 30, 2015

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	\$ 33,898,706	\$ -	\$ -	\$ 33,898,706	
United States Common Shares	2,410,201	-	-	2,410,201	
Forward Exchange Contracts	-	(18,633)	-	(18,633)	
Options	(12,789)	(3,825)	-	(16,614)	
	\$ 36,296,118	\$ (22,458)	\$ -	\$ 36,273,660	

	As at December 31, 2014				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 39,880,344	\$ -	\$ -	\$ 39,880,344	
United States Common Shares	5,013,008	-	-	5,013,008	
Forward Exchange Contracts	-	(41,942)	-	(41,942)	
	\$ 44,893,352	\$ (41,942)	\$ -	\$ 44,851,410	

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 Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	
Assets				
Non-derivative financial assets	\$ 36,308,907	\$ -	\$ -	\$ 36,308,907
Short-term investments	-	-	564,357	564,357
Derivative assets	-	3,238	-	3,238
Dividends receivable	-	-	223,235	223,235
Due from brokers - investments	-	-	3,135,000	3,135,000
Cash	-	-	1,124,736	1,124,736
	\$ 36,308,907	\$ 3,238	\$ 5,047,328	\$ 41,359,473
Liabilities				
Due to brokers - investments	\$ -	\$ -	\$ 1,054,618	\$ 1,054,618
Redemptions payable	-	-	900,062	900,062
Accrued liabilities	-	-	84,344	84,344
Accrued management fees	-	-	39,127	39,127
Derivative liabilities	-	38,485	-	38,485
	\$ -	\$ 38,485	\$ 2,078,151	\$ 2,116,636

	As at December 31, 2014			Total
	Financial Instruments at Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	
Assets				
Non-derivative financial assets	\$ 44,893,352	\$ -	\$ -	\$ 44,893,352
Cash	-	-	458,682	458,682
Dividends receivable	-	-	169,619	169,619
Derivative assets	-	64,475	-	64,475
	\$ 44,893,352	\$ 64,475	\$ 628,301	\$ 45,586,128
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ 122,442	\$ 122,442
Derivative liabilities	-	106,417	-	106,417
Accrued management fees	-	-	43,952	43,952
	\$ -	\$ 106,417	\$ 166,394	\$ 272,811

Notes to Financial Statements

June 30, 2015

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
Net Realized Gain/(Loss) on Financial Instruments at FVTPL		
Designated at Inception	\$ 820,529	\$ 4,286,619
Held for Trading	(435,313)	(24,862)
	385,216	4,261,757
Net Change in Unrealized Gain/(Loss) on Financial Instruments at FVTPL		
Designated at Inception	(4,288,638)	419,073
Held for Trading	30,269	172,511
	(4,258,369)	591,584
Net Gain/(Loss) on Financial Instruments at FVTPL	\$ (3,873,153)	\$ 4,853,341

4. Units

For the six months ended June 30, 2015, cash distributions paid to unitholders were \$1,532,751 (June 30, 2014 - \$1,634,011) representing a payment of \$0.43 (June 30, 2014 - \$0.43) per unit.

During the six months ended June 30, 2015, 80,500 (June 30, 2014 - 233,498) units were redeemed with a total retraction value of \$900,062 (June 30, 2014 - \$2,972,336).

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	3,590,002	3,823,500
Units redeemed	(80,500)	(233,498)
Units outstanding, end of period	3,509,502	3,590,002

5. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2015 were \$235,143 (June 30, 2014 - \$257,356).

(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).

Canadian Utilities & Telecom Income Fund

Notes to Financial Statements

June 30, 2015

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	\$ 97,018	\$ 31,695
Percentage of Total Transaction Fees	65.1%	36.0%

7. Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit

The Increase/(Decrease) in Net Assets Attributable to Equity Holders 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 Equity Holders	\$ (3,637,667)	\$ 5,296,196
Weighted Average Number of Units Outstanding during the Period	3,589,667	3,822,203
Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit	\$ (1.0134)	\$ 1.3856

Investment Funds Managed by Strathbridge Asset Management Inc.

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)

Head Office

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

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

Visit our website at www.strathbridge.com for additional information on all Strathbridge Investment Funds.

This page is intentionally left blank.



www.strathbridge.com

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

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