
Canadian Utilities & Telecom Income Fund

Semi-Annual Report 2020



Canadian Utilities & Telecom Income Fund

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 Canadian Utilities & Telecom Income Fund (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 \$0.34 per unit. The net asset value per unit decreased from \$10.14 at December 31, 2019 to \$8.90 at June 30, 2020. The total return of the Fund, including the reinvestment of distributions, was negative 9.0 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.17 per unit compared to a net realized gain on options of \$0.09 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 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 Communication Services 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. 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 Communication Services 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, 2020 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, 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 of \$0.34 per unit were paid to unitholders as compared to \$0.33 per unit last year.

Since the inception of the Fund in December 2010, the Fund has paid total cash distributions of \$7.54 per unit of which \$0.20 were special distributions.

Revenue and Expenses

For the six months ended June 30, 2020, the Fund's total revenue was \$0.20 per unit down from \$0.22 per unit in the prior period. Total expenses were \$0.17 per unit compared to \$0.18 per unit in the prior year. The Fund had a net realized and unrealized loss of \$0.92 per unit in the first half of 2020 as compared to a net realized and unrealized gain of \$1.09 per unit a year earlier.

Net Asset Value

The net asset value per unit of the Fund decreased 12.2 percent from \$10.14 at December 31, 2019 to \$8.90 at June 30, 2020. The total net asset value of the Fund decreased by \$3.6 million, from \$14.7 million at December 31, 2019 to \$11.1 million at June 30, 2020, reflecting a decrease in net assets attributable to equity holders of \$1.3 million, cash distributions of \$0.5 million and unit redemptions of \$1.8 million.

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 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 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⁾ | \$ 10.14 |
| INCREASE (DECREASE) FROM OPERATIONS | |
| Total revenue | 0.20 |
| Total expenses | (0.17) |
| Realized gain (loss) for the period | (0.32) |
| Unrealized gain (loss) for the period | (0.60) |
| Total Increase (Decrease) from Operations⁽²⁾ | (0.89) |
| DISTRIBUTIONS | |
| From net investment income | (0.06) |
| Non-taxable distributions | (0.28) |
| Total Distributions⁽³⁾ | (0.34) |
| Net Assets, end of period⁽¹⁾ | \$ 8.90 |

(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) | \$ 11.13 |
| Number of units outstanding | 1,250,277 |
| Management expense ratio ⁽¹⁾ | 3.09%⁽⁴⁾ |
| Portfolio turnover rate ⁽²⁾ | 67.13% |
| Trading expense ratio ⁽³⁾ | 0.53%⁽⁴⁾ |
| Net Asset Value per unit ⁽⁵⁾ | \$ 8.90 |
| Closing market price | \$ 9.22 |

(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 2020, 2019, 2018, 2017, 2016 and 2015, excluding withholding taxes, is 3.06%, 2.91%, 2.76%, 2.34%, 2.17% and 2.27% respectively. The MER for 2015 includes the special resolution recovery. The MER for 2015 excluding the special resolution recovery is 2.37%.

(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

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 | | | |
| \$ | 8.72 | \$ | 9.95 | \$ | 10.58 | \$ | 10.27 | \$ | 12.62 |
| | 0.41 | | 0.43 | | 0.45 | | 0.48 | | 0.48 |
| | (0.35) | | (0.33) | | (0.32) | | (0.30) | | (0.33) |
| | 0.98 | | (0.33) | | 0.65 | | 0.69 | | (0.64) |
| | 1.05 | | (0.37) | | (0.41) | | 0.21 | | (1.06) |
| | 2.09 | | (0.60) | | 0.37 | | 1.08 | | (1.55) |
| | (0.07) | | (0.18) | | (0.15) | | (0.45) | | – |
| | (0.60) | | (0.47) | | (0.59) | | (0.30) | | (0.80) |
| | (0.67) | | (0.65) | | (0.74) | | (0.75) | | (0.80) |
| \$ | 10.14 | \$ | 8.72 | \$ | 9.95 | \$ | 10.58 | \$ | 10.27 |

(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 | | | |
| \$ | 14.70 | \$ | 14.75 | \$ | 18.11 | \$ | 33.88 | \$ | 36.04 |
| | 1,450,058 | | 1,691,008 | | 1,819,867 | | 3,202,175 | | 3,509,502 |
| | 2.97% | | 2.80% | | 2.41% | | 2.21% | | 2.35% |
| | 223.36% | | 289.89% | | 264.98% | | 318.49% | | 315.92% |
| | 0.69% | | 0.74% | | 0.58% | | 0.63% | | 0.58% |
| \$ | 10.14 | \$ | 8.72 | \$ | 9.95 | \$ | 10.58 | \$ | 10.27 |
| \$ | 9.90 | \$ | 8.29 | \$ | 10.40 | \$ | 10.26 | \$ | 9.86 |

(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.

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

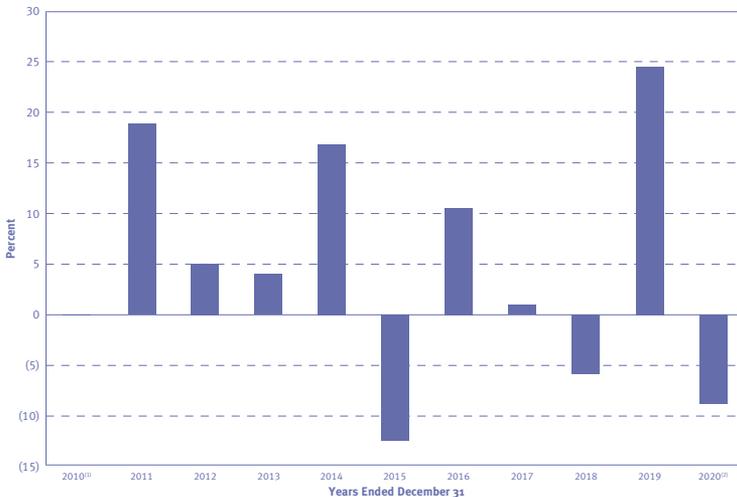
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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 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 or the date of inception on December 17, 2010 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 period from December 17, 2010, the inception of the Fund, to December 31, 2010. The return was negative 0.1 percent.

⁽²⁾ 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.

For the six months ended June 30, 2020, the net asset value (“NAV”) per unit was \$8.90 compared to \$10.14 per unit at December 31, 2019. Unitholders received cash distributions of \$0.34 per unit during the period. The Fund’s units listed on the Toronto Stock Exchange as UTE.UN, closed on June 30, 2020 at \$9.22 per unit, which represents a \$0.32 or 3.6 percent premium to the NAV per unit.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2020 was negative 9.0 percent. In comparison, the Utility, Telecommunications and Oil & Gas Storage & Transportation stock returned negative 1.7 percent, negative 11.3 percent and negative 19.1 percent, respectively. The best performing stock within the portfolio was Boralex Inc. which rose 27.8 percent while held in the portfolio. At the other end of the spectrum, Keyera Corp. was the laggard, down 59.6 percent while held in the Fund.

Volatility increased significantly in March as markets sold off but declined for the rest of the period as markets have recovered significantly from the lows. However, volatility remains elevated relative to levels experienced over the past few years. The covered call writing activity was opportunistic over the period and took advantage of signals generated by the Strathbridge Selective Overwriting (“SSO”) strategy. For the six month period ended June 30, 2020, the Fund averaged 9.4 percent of the portfolio subject to covered calls. The average cash position for the first half of 2020 was 6.0 percent. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 50 percent of the U.S. dollar exposure hedged.

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, 2020

| | % of Net Asset Value |
|-----------------------------------------------|---------------------------------|
| Utilities | 81.6 % |
| Communication Services Limited Partnership | 14.5 % |
| Cash | 11.3 % |
| Other Assets (Liabilities) | 9.2 % |
| | (16.6)% |
| | 100.0% |

Portfolio Holdings

June 30, 2020

| | % of Net Asset Value |
|-----------------------------------------|---------------------------------|
| Boralex Inc. | 9.6 % |
| Cash | 9.2 % |
| Northland Power Inc. | 9.0 % |
| Hydro One Limited | 8.1 % |
| TransAlta Renewables Inc. | 7.8 % |
| Capital Power Corporation | 7.6 % |
| Emera Incorporated | 7.6 % |
| TELUS Corporation | 5.8 % |
| Brookfield Renewable Partners L.P. | 5.7 % |
| Brookfield Infrastructure Partners L.P. | 5.6 % |
| Cogeco Communications Inc. | 5.5 % |
| Canadian Utilities Limited | 5.5 % |
| TC Energy Corp. | 5.3 % |
| Innervex Renewable Energy Inc. | 5.0 % |
| Algonquin Power & Utilities Corp. | 4.9 % |
| Fortis Inc. | 4.6 % |
| Dominion Energy, Inc. | 4.4 % |
| BCE Inc. | 3.2 % |
| Gibson Energy Inc. | 2.2 % |

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions that 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 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 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

Canadian Utilities & Telecom Income Fund

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 | \$ 11,952,497 | \$ 14,384,639 |
| Derivative assets | 2 | 2,771 | 6,688 |
| Dividends receivable | | 55,506 | 61,097 |
| Cash | | 1,023,824 | 1,143,417 |
| TOTAL ASSETS | | 13,034,598 | 15,595,841 |
| LIABILITIES | | | |
| Redemptions payable | | 1,778,411 | – |
| Derivative liabilities | 2 | 76,452 | 1,815 |
| Accrued liabilities | | 38,039 | 59,872 |
| Accrued management fees | 4 | 12,002 | 13,577 |
| Due to brokers – investments | | – | 823,366 |
| TOTAL LIABILITIES | | 1,904,904 | 898,630 |
| NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS | | \$ 11,129,694 | \$ 14,697,211 |
| NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT | | \$ 8.9018 | \$ 10.1356 |

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

Canadian Utilities & Telecom Income Fund

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

| | Note | 2020 | 2019 |
|---------------------------------------------------------------------------------------------|------|-----------------------|---------------------|
| INCOME | | | |
| Dividend income | | \$ 291,727 | \$ 360,843 |
| Interest income | | 1,114 | 6,235 |
| Net realized gain/(loss) on investments at fair value through profit or loss | | (712,408) | 214,147 |
| Net realized gain on options at fair value through profit or loss | | 246,214 | 154,105 |
| Net realized gain/(loss) on forward exchange contracts at fair value through profit or loss | | (3,239) | 937 |
| Net change in unrealized gain/loss on investments at fair value through profit or loss | | (875,529) | 1,472,558 |
| TOTAL INCOME/(LOSS), NET | | (1,052,121) | 2,208,825 |
| EXPENSES | | | |
| Management fees | 4 | 75,351 | 85,803 |
| Service fees | | 19,828 | 29,041 |
| Administrative and other expenses | | 47,259 | 46,642 |
| Transaction fees | 5 | 36,125 | 56,867 |
| Custodian fees | | 18,714 | 26,647 |
| Audit fees | | 14,766 | 14,523 |
| 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 | | 7,065 | 8,939 |
| Harmonized sales tax | | 11,163 | 12,573 |
| Withholding taxes | | 2,253 | 5,249 |
| TOTAL EXPENSES | | 248,141 | 300,936 |
| INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS | 6 | \$ (1,300,262) | \$ 1,907,889 |
| INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT | 6 | \$ (0.8974) | \$ 1.1292 |

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

Condensed Financial Statements

Statements of Changes in Equity

Six months ended June 30, 2020 (Unaudited)

| | Unit Capital | Deficit | Total |
|--------------------------------------------------------------|---------------|----------------|---------------|
| BALANCE AT JANUARY 1, 2019 | \$ 19,052,634 | \$ (4,307,324) | \$ 14,745,310 |
| Increase in Net Assets Attributable to Equity Holders | – | 3,296,803 | 3,296,803 |
| Distributions | | | |
| From net investment income | – | (113,924) | (113,924) |
| Non-taxable distributions | – | (936,580) | (936,580) |
| Value for units redeemed | (2,714,790) | 420,392 | (2,294,398) |
| BALANCE AT DECEMBER 31, 2019 | \$ 16,337,844 | \$ (1,640,633) | \$ 14,697,211 |
| Decrease in Net Assets Attributable to Equity Holders | – | (1,300,262) | (1,300,262) |
| Distributions | | | |
| From net investment income | – | (86,415) | (86,415) |
| Non-taxable distributions | – | (402,429) | (402,429) |
| Value for units redeemed | (2,250,938) | 472,527 | (1,778,411) |
| BALANCE AT JUNE 30, 2020 | \$ 14,086,906 | \$ (2,957,212) | \$ 11,129,694 |

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 | \$ 1,143,417 | \$ 1,784,227 |
| Cash Flows Provided By (Used In) Operating Activities | | |
| Increase/(Decrease) in Net Assets Attributable to Equity Holders | (1,300,262) | 1,907,889 |
| Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities | | |
| Net realized (gain)/loss on investments at fair value through profit or loss | 712,408 | (214,147) |
| Net realized gain on options at fair value through profit or loss | (246,214) | (154,105) |
| Net realized (gain)/loss on forward exchange contracts at fair value through profit or loss | 3,239 | (937) |
| Net change in unrealized gain/loss of investments at fair value through profit or loss | 875,529 | (1,472,558) |
| Net change in unrealized gain/loss of foreign cash | 8,179 | (16,960) |
| (Increase)/decrease in dividends receivable | 5,591 | (5,186) |
| Decrease in accrued liabilities, accrued management fees and due to brokers – investments | (846,774) | (20,619) |
| Purchase of investment securities | (8,746,226) | (18,583,256) |
| Proceeds from disposition of investment securities | 9,903,781 | 18,218,431 |
| | 1,669,513 | (2,249,337) |
| Cash Flows Used In Financing Activities | | |
| Unitholder distributions | (488,844) | (550,930) |
| Net Decrease in Cash during the Period | (119,593) | (892,378) |
| CASH, END OF PERIOD | \$ 1,023,824 | \$ 891,849 |
| Dividends received, net of withholding taxes | \$ 295,065 | \$ 350,408 |
| Interest received | \$ 1,114 | \$ 6,235 |

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

Canadian Utilities & Telecom Income Fund

Schedule of Investments

As at June 30, 2020 (Unaudited)

| | Number of Shares/(Contracts) | | Average Cost/(Proceeds) | Fair Value | % of Net Assets Attributable to Equity Holders |
|-------------------------------------------------------------------------|---------------------------------|----|----------------------------|---------------|------------------------------------------------------|
| INVESTMENTS | | | | | |
| Canadian Common Shares | | | | | |
| Communication Services | | | | | |
| BCE Inc. | 6,300 | \$ | 378,582 | \$ 356,706 | |
| Cogeco Communications Inc. | 6,300 | | 636,273 | 616,203 | |
| TELUS Corporation | 28,400 | | 608,810 | 646,668 | |
| Total Communication Services | | | 1,623,665 | 1,619,577 | 14.5 % |
| Utilities | | | | | |
| Algonquin Power & Utilities Corp. | 30,800 | | 460,358 | 540,540 | |
| Boralex Inc. | 34,600 | | 791,331 | 1,069,140 | |
| Canadian Utilities Limited | 18,200 | | 714,749 | 615,160 | |
| Capital Power Corporation | 30,200 | | 936,042 | 844,996 | |
| Emera Incorporated | 15,800 | | 911,891 | 844,036 | |
| Fortis Inc. | 9,900 | | 534,803 | 511,137 | |
| Gibson Energy Inc. | 11,400 | | 255,705 | 240,882 | |
| Hydro One Limited | 35,200 | | 942,767 | 898,656 | |
| Innervex Renewable Energy Inc. | 29,400 | | 453,372 | 561,540 | |
| Northland Power Inc. | 29,600 | | 782,426 | 1,005,808 | |
| TC Energy Corp. | 10,100 | | 658,602 | 585,800 | |
| TransAlta Renewables Inc. | 59,800 | | 863,272 | 872,482 | |
| Total Utilities | | | 8,305,318 | 8,590,177 | 77.2 % |
| Total Canadian Common Shares | | \$ | 9,928,983 | \$ 10,209,754 | 91.7 % |
| United States Common Shares | | | | | |
| Utilities | | | | | |
| Dominion Energy, Inc. | 4,400 | \$ | 498,137 | \$ 486,499 | 4.4 % |
| Total United States Common Shares | | \$ | 498,137 | \$ 486,499 | 4.4 % |
| Limited Partnership | | | | | |
| Brookfield Infrastructure Partners L.P. | 11,200 | \$ | 580,811 | \$ 625,744 | |
| Brookfield Renewable Partners L.P. | 9,700 | | 503,868 | 630,500 | |
| Total Limited Partnership | | \$ | 1,084,679 | \$ 1,256,244 | 11.3 % |
| Forward Exchange Contracts | | | | | |
| Sold USD \$200,000, Bought CAD \$275,160 @ 0.72685 – July 15, 2020 | | | | \$ 2,771 | |
| Sold USD \$160,000, Bought CAD \$216,594 @ 0.73871 – August 19, 2020 | | | | (1,301) | |
| Total Forward Exchange Contracts | | | | \$ 1,470 | 0.0 % |
| Options | | | | | |
| Written Covered Call Options (100 shares per contract) | | | | | |
| Boralex Inc. – July 2020 @ \$28 | (91) | \$ | (7,494) | \$ (26,845) | |
| Brookfield Renewable Partners L.P. – July 2020 @ \$64 | (32) | | (5,056) | (6,400) | |
| Canadian Utilities Limited – July 2020 @ \$32 | (87) | | (5,632) | (17,835) | |
| Capital Power Corporation – July 2020 @ \$28 | (100) | | (4,400) | (11,000) | |
| Emera Incorporated – July 2020 @ \$54 | (74) | | (8,732) | (4,181) | |
| Fortis Inc. – July 2020 @ \$53 | (50) | | (3,650) | (286) | |
| Hydro One Limited – July 2020 @ \$26 | (120) | | (5,280) | (3,300) | |
| TC Energy Corp. – July 2020 @ \$59 | (51) | | (4,913) | (5,304) | |
| Total Written Covered Call Options | | | (45,157) | (75,151) | (0.7)% |
| Total Options | | \$ | (45,157) | \$ (75,151) | (0.7)% |
| Adjustment for transaction fees | | | (20,316) | | |
| TOTAL INVESTMENTS | | \$ | 11,446,326 | \$ 11,878,816 | 106.7 % |
| OTHER NET LIABILITIES | | | | (749,122) | (6.7)% |
| NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS | | | | \$ 11,129,694 | 100.0 % |

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

1. Basis of Presentation

The condensed semi-annual financial statements for Canadian Utilities & Telecom Fund (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 | – | 0.0% |

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 |
| Redemptions payable | \$ – | \$ 1,778,411 | \$ 1,778,411 |
| Derivative liabilities | – | 76,452 | 76,452 |
| Accrued liabilities | – | 38,039 | 38,039 |
| Accrued management fees | – | 12,002 | 12,002 |
| | \$ – | \$ 1,904,904 | \$ 1,904,904 |

Canadian Utilities & Telecom Income Fund

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

| | As at December 31, 2019 Financial Liabilities | | |
|------------------------------|--------------------------------------------------|------------|------------|
| | On Demand | < 3 months | Total |
| Due to brokers – investments | \$ – | \$ 823,366 | \$ 823,366 |
| Accrued liabilities | – | 59,872 | 59,872 |
| Accrued management fees | – | 13,577 | 13,577 |
| Derivative liabilities | – | 1,815 | 1,815 |
| | \$ – | \$ 898,630 | \$ 898,630 |

Market Risk

(a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2020 and December 31, 2019 in Canadian dollar terms, and the notional amounts of forward exchange 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, 2020 U.S. Currency Exposure | | | Impact on Net Assets Attributable to Equity Holders | | |
|------------------------------------------------|-----------------------------------------------|--------------|------------|--------------------------------------------------------|--------------|-----------|
| | Monetary | Non-Monetary | Total | Monetary | Non-Monetary | Total |
| | \$ (35,663) | \$ 486,499 | \$ 450,836 | \$ (1,783) | \$ 24,325 | \$ 22,542 |
| % of Net Assets Attributable to Equity Holders | 0% | 4% | 4% | 0% | 0% | 0% |

| | As at December 31, 2019 U.S. Currency Exposure | | | Impact on Net Assets Attributable to Equity Holders | | |
|------------------------------------------------|---------------------------------------------------|--------------|------------|--------------------------------------------------------|--------------|-----------|
| | Monetary | Non-Monetary | Total | Monetary | Non-Monetary | Total |
| | \$ (104,451) | \$ 517,532 | \$ 413,081 | \$ (5,223) | \$ 25,877 | \$ 20,654 |
| % of Net Assets Attributable to Equity Holders | (1)% | 4% | 3% | 0% | 0% | 0% |

(b) Price Risk

Approximately 107 percent (December 31, 2019 – 98 percent) of the Fund's net assets attributable to equity holders 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 equity holders would have increased or decreased by \$0.6 million (December 31, 2019 – \$0.7 million) respectively or 5.4 percent (December 31, 2019 – 4.9 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.

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

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 |
|------------------------|------------------|------------------|
| Utilities | 75.9% | 75.2% |
| Communication Services | 13.6% | 13.0% |
| Limited Partnership | 10.5% | 11.8% |
| | 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 | \$ 10,209,754 | \$ – | \$ – | \$ 10,209,754 |
| United States Common Shares | 486,499 | – | – | 486,499 |
| Limited Partnership | 1,256,244 | – | – | 1,256,244 |
| Forward Exchange Contracts | – | 1,470 | – | 1,470 |
| Options | (75,151) | – | – | (75,151) |
| | \$ 11,877,346 | \$ 1,470 | \$ – | \$ 11,878,816 |

| | As at December 31, 2019 | | | |
|-----------------------------|-------------------------|----------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Canadian Common Shares | \$ 12,168,225 | \$ – | \$ – | \$ 12,168,225 |
| United States Common Shares | 517,532 | – | – | 517,532 |
| Limited Partnership | 1,698,882 | – | – | 1,698,882 |
| Forward Exchange Contracts | – | 6,688 | – | 6,688 |
| Options | (1,815) | – | – | (1,815) |
| | \$ 14,382,824 | \$ 6,688 | \$ – | \$ 14,389,512 |

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 \$488,844 (June 30, 2019 – \$550,930) representing a payment of \$0.34 (June 30, 2019 – \$0.33) per unit.

During the six months ended June 30, 2020, 199,781 (June 30, 2019 – 240,950) units were redeemed with a total retraction value of \$1,778,411 (June 30, 2019 – \$2,294,398).

Canadian Utilities & Telecom Income Fund

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

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 | 1,450,058 | 1,691,008 |
| Units redeemed | (199,781) | (240,950) |
| Units outstanding, end of period | 1,250,277 | 1,450,058 |

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2020 were \$75,351 (June 30, 2019 – \$85,803) of which \$12,002 (June 30, 2019 – \$13,638) 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).

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 | \$ 24,821 | \$ 42,369 |
| Percentage of Total Transaction Fees | 68.7% | 74.5% |

6. 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, 2020 and 2019 is calculated as follows:

| | June 30, 2020 | June 30, 2019 |
|---------------------------------------------------------------------------|------------------|------------------|
| Increase/(Decrease) in Net Assets Attributable to Equity Holders | \$ (1,300,262) | \$ 1,907,889 |
| Weighted Average Number of Units Outstanding during the Period | 1,448,960 | 1,689,662 |
| Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit | \$ (0.8974) | \$ 1.1292 |

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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