

SEMI-ANNUAL REPORT 2012

## Core Canadian Dividend Trust



  
**strathbridge**  
ASSET MANAGEMENT

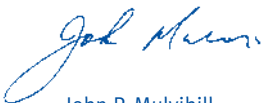
## Core Canadian Dividend Trust

### Letter to Unitholders

We are pleased to present the 2012 semi-annual report containing the management report of fund performance and the unaudited financial statements for Core Canadian Dividend Trust.

During the six months ended June 30, 2012, the Fund paid distributions of \$0.23 per unit. The net asset value decreased from \$6.94 per unit at December 31, 2011 to \$6.68 per unit at June 30, 2012 largely reflecting the cash distributions during the period. The decline in the net asset value, however, was mitigated by the Strathbridge Selective Overwriting strategy (see “The Fund”) which generated a net realized gain on options of \$0.07 per unit. 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 more detailed information contained within the semi-annual report.



John P. Mulvihill  
Chairman & CEO,  
Strathbridge Asset Management Inc.

### The Fund

The Fund is a closed-end investment trust designed to provide unitholders with a stable stream of monthly distributions targeted to be 6.5 percent per annum on the net asset value (“NAV”) of the Fund and to preserve and grow the NAV. The units are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol CDD.UN. To accomplish its objectives the Fund invests in a blue chip portfolio consisting of fifteen high quality, large capitalization, and dividend paying Canadian companies across multiple industry sectors that have an excellent long-term track record of dividend growth and share price appreciation. The Fund will generally invest not less than 4 percent and not more than 10 percent of the NAV in each security comprising the Core Canadian Dividend Portfolio, as well as, up to 15 percent in other securities listed on the TSX.

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.

# Core Canadian Dividend 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, 2012 of Core Canadian Dividend 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, Toronto, Ontario, M5H 3T9, or by visiting our website at [www.strathbridge.com](http://www.strathbridge.com). You can also request annual and semi-annual financial reports at no cost by using one of the above methods.

### Results of Operations

#### Distributions

For the six months ended June 30, 2012, cash distributions of \$0.23 per unit were paid to unitholders as compared to \$0.25 per unit a year ago.

Since the inception of the Fund in November 2006, the Fund has paid total cash distributions of \$2.81 per unit.

#### Revenue and Expenses

For the six months ended June 30, 2012, the Fund’s total revenue was \$0.15 per unit compared to \$0.13 per unit in the prior year. Overall expenses decreased slightly as compared to the previous year. However, total expenses per unit increased by \$0.01 per unit from the previous year to \$0.13 per unit due to a decreased average number of units outstanding during the period. The Fund had a net realized and unrealized loss of \$0.06 per unit in the first half of 2012 as compared to a net realized and unrealized gain of \$0.05 per unit a year earlier.

#### Net Asset Value

The net asset value per unit of the Fund decreased 3.7 percent from \$6.94 per unit at December 31, 2011 to \$6.68 per unit at June 30, 2012. The total net asset value of the Fund decreased \$0.4 million, from \$11.0 million at December 31, 2011 to \$10.6 million at June 30, 2012. The decline in the net asset value mainly reflected distributions to unitholders during the period.

### Management Report of Fund Performance

During the six months ended June 30, 2012, the total return of the Fund was negative 0.5 percent due to a slight decrease in value of the securities in the portfolio. Over the same period, the S&P/TSX 60 Index total return was negative 1.1 percent, and the equal-weighted total return of the 15 large capitalization dividend paying Canadian companies that make up the portfolio was 2.0 percent. As a result of the Fund being limited to a specific universe of stocks and utilizing a covered call writing strategy to generate income, comparison with a market index may not be appropriate. The S&P/TSX 60 Index is calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

### Recent Developments

No recent developments occurred during the semi-annual period ending June 30, 2012.

### Future Accounting Policy Changes

Strathbridge Asset Management Inc., as the Manager of the Fund, has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (“CICA”) for changeover to International Financial Reporting Standards (“IFRS”).

The changeover plan was prepared to address the requirements and includes disclosures of the qualitative and quantitative impact, if any, of the changeover to IFRS in the 2012 financial statements and the preparation of the 2013 financial statements in accordance with IFRS with comparatives. In January 2011, the Canadian Accounting Standards Board (“AcSB”) approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies (“AcG-18”). Subsequently, in December 2011, AcSB extended the deferral for another year to January 1, 2014. As a result, the Fund will adopt IFRS for its fiscal period beginning January 1, 2014 and will issue its initial financial statements in accordance with IFRS, with comparative information, for the semi-annual period ending June 30, 2014.

As at June 30, 2012, some anticipated changes to financial reporting include:

- Compliance with the full body of IFRS without industry specific exemptions. Unlike Canadian Generally Accepted Accounting

## Core Canadian Dividend Trust

### Management Report of Fund Performance

Principles (“Canadian GAAP”) where investment fund accounting was based upon guidance in AcG-18,

- Implementation of cash flow statements,
- Presentation of comparative information, and
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

Based on the Manager’s current understanding and analysis of IFRS to the accounting policies under Canadian GAAP, the Manager does not anticipate the transition to IFRS will have a material impact on the Fund’s net assets per unit, systems and processes, and it is expected that it will mainly result in additional note disclosure in the financial statements.

### Related Party Transactions

On October 3, 2011, Mulvihill Capital Management Inc. (“MCM”), the Manager and Investment Manager of the Fund, announced a name change to Strathbridge Asset Management Inc. (“Strathbridge”).

Strathbridge, as the Investment Manager of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated October 27, 2006, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and MCM dated October 27, 2006. 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.

## Management Report of Fund Performance

### **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. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

# Core Canadian Dividend Trust

## Management Report of Fund Performance

### Financial Highlights

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

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

Information for the period ended June 30, 2012 is derived from the Fund's unaudited semi-annual financial statements.

	<b>Six months ended June 30, 2012</b>
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period</b> (based on bid prices) <sup>(1)</sup>	<b>\$ 6.94</b>
<b>INCREASE (DECREASE) FROM OPERATIONS</b>	
Total revenue	<b>0.15</b>
Total expenses	<b>(0.13)</b>
Realized gain (loss) for the period	<b>(0.18)</b>
Unrealized gain (loss) for the period	<b>0.12</b>
<b>Total Increase (Decrease) from Operations</b> <sup>(2)</sup>	<b>(0.04)</b>
<b>DISTRIBUTIONS</b>	
Non-taxable distributions	<b>(0.23)</b>
<b>Total Distributions</b> <sup>(3)</sup>	<b>(0.23)</b>
<b>Net Assets, end of period</b> (based on bid prices) <sup>(1)</sup>	<b>\$ 6.67</b>

(1) Net Assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, including the valuation of securities at bid prices, divided by the number of units then outstanding.

(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

	<b>Six months ended June 30, 2012</b>
<b>RATIOS/SUPPLEMENTAL DATA</b>	
Net Asset Value (\$millions)	<b>\$ 10.62</b>
Number of units outstanding	<b>1,588,084</b>
Management expense ratio <sup>(1)</sup>	<b>3.40%</b> <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	<b>53.23%</b>
Trading expense ratio <sup>(3)</sup>	<b>0.20%</b> <sup>(4)</sup>
Net Asset Value per unit <sup>(5)</sup>	<b>\$ 6.68</b>
Closing market price	<b>\$ 6.30</b>

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including federal and provincial sales taxes but excluding transaction fees, divided by the average net asset value. The MER for 2010 includes the warrant exercise fees. The MER for 2010 excluding the warrant exercise fees is 2.63%. The MER for 2009 includes the warrant offering costs. The MER for 2009 excluding the warrant offering costs is 2.42%.

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

Years ended December 31				
2011	2010	2009	2008	2007
\$ 7.61	\$ 7.39	\$ 6.38	\$ 8.77	\$ 9.66
0.27	0.26	0.23	0.27	0.29
(0.23)	(0.22)	(0.24)	(0.18)	(0.19)
0.41	0.20	(1.15)	(0.57)	0.28
(0.65)	0.47	2.60	(1.38)	(0.66)
(0.20)	0.71	1.44	(1.86)	(0.28)
(0.47)	(0.48)	(0.43)	(0.53)	(0.62)
(0.47)	(0.48)	(0.43)	(0.53)	(0.62)
\$ 6.94	\$ 7.61	\$ 7.39	\$ 6.38	\$ 8.77

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 and were paid in cash.

Years ended December 31				
2011	2010	2009	2008	2007
\$ 11.03	\$ 13.96	\$ 17.29	\$ 18.84	\$ 37.33
1,588,084	1,831,294	2,335,451	2,949,146	4,248,271
3.00%	2.64%	3.21%	2.08%	1.95%
122.69%	164.67%	117.23%	75.04%	59.91%
0.23%	0.35%	0.36%	0.15%	0.10%
\$ 6.94	\$ 7.63	\$ 7.40	\$ 6.39	\$ 8.79
\$ 6.32	\$ 7.15	\$ 6.98	\$ 5.25	\$ 8.05

(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 and the aggregate value of the liabilities, including the valuation of securities at closing prices, divided by the number of units then outstanding.

# Core Canadian Dividend Trust

## Management Report of Fund Performance

### Management Fees

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

Strathbridge, as the Manager of the Fund, is entitled to fees under the Trust Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Trust Agreement include providing or arranging for required administrative services to the Fund.

### Past Performance

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

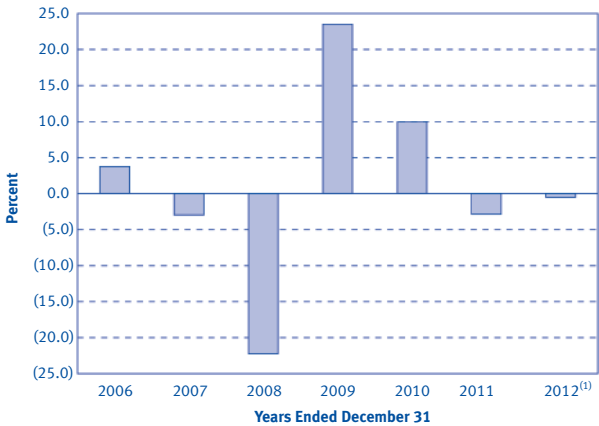
- (1) the information shown assumes that all distributions (including deemed distributions based on the intrinsic value of the warrants exercised prior to the expiry date of the warrants) made by the Fund during these periods were reinvested in units of the Fund,
- (2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) the 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 six years and for the six month period ended June 30, 2012. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2006 would have increased or decreased by the end of the fiscal year or June 30, 2012 for the six months then ended.

## Management Report of Fund Performance

### Annual Total Return



<sup>(1)</sup> For the six months ended June 30, 2012.

### Portfolio Manager Report

At June 30, 2012, the net asset value was \$6.68 per unit compared to \$6.94 per unit on December 31, 2011 and distributions of \$0.23 per unit were paid during the six month period.

Volatility peaked in the fall of 2011 and began a dramatic slide which continued to the end of the first quarter of 2012. Implied volatility as measured by the S&P/TSX 60 VIX Index fell from over 30 percent to less than 15 percent during this period. After several months of optimism, and perhaps complacency, market participants began to take some profits and volatility climbed to more normal levels in the second quarter.

Most commodities peaked in mid-2011. While the performance since that time has been mixed among the various commodities, none has re-tested the 2011 highs. The grain complex surged in the last week of June as drought threatens the crop yields. Gold has been trending generally lower while in a tighter range than last year. Oil did rally close to the 2011 highs in the first quarter of 2012; however, it corrected dramatically in the second quarter of 2012 with renewed fears of a global economic slowdown. The impact of these commodity swings had a mixed impact on the resource-driven Toronto Stock Exchange (“TSX”) and the stocks held in the Fund.

Materials and Energy stocks were the laggards on the TSX during the first six months of 2012, down 10.7 percent and 7.7 percent

## Core Canadian Dividend Trust

### Management Report of Fund Performance

respectively. Consumer names, both Staples and Discretionary, delivered the best sector performance in Canada; however, it was not enough to bring the overall index into positive territory. The S&P/TSX Composite Index was down 1.5 percent in the first half of the year. Approximately 44 percent of the core portfolio in this Fund are in the Financials, the rest are a mix of Consumer Discretionary, Energy, Industrials, Materials, Telecommunication Services and Utilities.

Correlation between names within sectors has fallen as illustrated by the performance of specific names within the Fund. Our worst performer was AGF Management Limited down 26.4 percent followed by Teck Resources Limited down 11.1 percent. Our best performer was Russel Metals Inc., up 14.8 percent despite being off its 2012 highs. Canadian Utilities Ltd. was the next best performer up 9.4 percent which has been in a steady uptrend since 2009. Overwriting activity increased in the second quarter of 2012 finishing at just over 50 percent. The average overwritten percentage year to date was 18.3 percent. During the first half of 2012, the net realized gain on options attributable to the Strathbridge Selective Overwriting (“SSO”) strategy was \$0.07 per unit.

The Fund’s units, listed on the TSX as CDD.UN, closed on June 29, 2012 at \$6.30 per unit which represents a 5.7 percent discount to the net asset value.

### Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at [www.strathbridge.com](http://www.strathbridge.com).

#### Asset Mix

June 30, 2012

	% of Net Asset Value
Financials	44 %
Energy	18 %
Telecommunication Services	8 %
Utilities	8 %
Cash	8 %
Consumer Discretionary	7 %
Industrials	5 %
Materials	5 %
Other Assets (Liabilities)	(3)%
	100 %

## Management Report of Fund Performance

### Portfolio Holdings

June 30, 2012

	% of Net Asset Value
Enbridge Inc.	9%
TransCanada Corp.	9%
BCE Inc.	8%
Canadian Utilities Ltd.	8%
Cash	8%
Thompson Reuters Corp.	7%
The Toronto-Dominion Bank	7%
Royal Bank of Canada	6%
National Bank of Canada	6%
The Bank of Nova Scotia	6%
Canadian Imperial Bank of Commerce	6%
Bank of Montreal	5%
Russel Metals Inc.	5%
Teck Resources Limited - Class B	5%
Manulife Financial Corporation	4%
AGF Management Limited - Class B	4%

### 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.

## Core Canadian Dividend Trust

### Management's Responsibility for Financial Reporting

The accompanying financial statements of Core Canadian Dividend Trust (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager") and have been approved by the Fund's Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles 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, 2011.

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 issues, and to review the annual report, the financial statements and the independent auditor's report. Deloitte & Touche 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, 2012

### 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 Canadian Institute of Chartered Accountants.

# Core Canadian Dividend Trust

## Financial Statements

### Statements of Net Assets

As at June 30, 2012 (Unaudited) and December 31, 2011 (Audited)

	2012	2011
<b>ASSETS</b>		
Investments at fair value (cost - \$10,301,126; 2011 - \$13,042,979)	<b>\$ 10,031,821</b>	\$ 12,587,662
Cash	<b>817,272</b>	112,400
Dividends receivable	<b>50,032</b>	58,697
Due from brokers - investments	<b>166,826</b>	–
<b>TOTAL ASSETS</b>	<b>11,065,951</b>	12,758,759
<b>LIABILITIES</b>		
Due to brokers - investments	<b>426,251</b>	–
Accrued liabilities	<b>42,425</b>	52,564
Redemptions payable	–	1,688,558
<b>TOTAL LIABILITIES</b>	<b>468,676</b>	1,741,122
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 10,597,275</b>	\$ 11,017,637
Number of Units Outstanding	<b>1,588,084</b>	1,588,084
Net Assets per Unit (Note 2)	<b>\$ 6.6730</b>	\$ 6.9377



# Core Canadian Dividend Trust

## Financial Statements

### Statements of Financial Operations

Six months ended June 30 (Unaudited)

	2012	2011
<b>REVENUE</b>		
Dividends	\$ 238,581	\$ 246,255
Interest	337	926
<b>TOTAL REVENUE</b>	<b>238,918</b>	247,181
<b>EXPENSES</b>		
Management fees	60,863	76,100
Service fees	21,794	27,362
Administrative and other expenses	42,709	41,901
Transaction fees (Note 3)	11,064	12,717
Custodian fees	15,536	16,404
Audit fees	12,806	11,039
Advisory board fees	10,445	10,445
Independent review committee fees	4,041	3,851
Legal fees	1,930	–
Unitholder reporting costs	7,557	7,971
Harmonized sales tax	11,630	13,027
<b>TOTAL EXPENSES</b>	<b>200,375</b>	220,817
<b>Net Investment Income</b>	<b>38,543</b>	26,364
Net gain (loss) on sale of investments	(397,011)	453,641
Net gain (loss) on sale of derivatives	114,844	(15,078)
<b>Net Gain (Loss) on Sale of Investments</b>	<b>(282,167)</b>	438,563
Net change in unrealized appreciation/ depreciation of investments	186,012	(351,706)
<b>Net Gain (Loss) on Investments</b>	<b>(96,155)</b>	86,857
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (57,612)</b>	\$ 113,221
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 1,588,084; 2011 - 1,831,294)	<b>\$ (0.0363)</b>	\$ 0.0618

# Core Canadian Dividend Trust

## Financial Statements

### Statements of Changes in Net Assets

Six months ended June 30 (Unaudited)

	2012	2011
NET ASSETS, BEGINNING OF PERIOD	\$ 11,017,637	\$ 13,942,770
Net Increase (Decrease) in Net Assets from Operations	(57,612)	113,221
Distributions to Unitholders Non-taxable distributions	(362,750)	(453,117)
Changes in Net Assets during the Period	(420,362)	(339,896)
NET ASSETS, END OF PERIOD	\$ 10,597,275	\$ 13,602,874

### Statements of Net Gain (Loss) on Sale of Investments

Six months ended June 30 (Unaudited)

	2012	2011
Proceeds from Sale of Investments	\$ 8,274,703	\$ 12,839,034
Cost of Investments Sold		
Cost of investments, beginning of period	13,042,979	15,516,914
Cost of investments purchased	5,815,017	9,869,955
	18,857,996	25,386,869
Cost of Investments, End of Period	(10,301,126)	(12,986,398)
	8,556,870	12,400,471
NET GAIN ON SALE (LOSS) OF INVESTMENTS	\$ (282,167)	\$ 438,563

# Core Canadian Dividend Trust

## Financial Statements

### Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Shares/ Number of Contracts	Average Cost	Fair Value	% of Net Assets
<b>INVESTMENTS</b>				
<b>Canadian Common Shares</b>				
<b>Consumer Discretionary</b>				
Thomson Reuters Corp.	26,200	\$ 788,437	\$ 757,704	7.1%
<b>Energy</b>				
Enbridge Inc.	24,200	840,401	982,036	
TransCanada Corp.	22,500	952,809	959,175	
<b>Total Energy</b>		1,793,210	1,941,211	18.3%
<b>Financials</b>				
AGF Management Limited - Class B	34,400	531,821	387,344	
Bank of Montreal	9,800	593,841	550,760	
Canadian Imperial Bank of Commerce	8,800	661,812	630,080	
Manulife Financial Corporation	37,100	541,714	410,697	
National Bank of Canada	9,100	670,275	660,660	
Royal Bank of Canada	13,000	695,724	677,040	
The Bank of Nova Scotia	12,472	680,236	656,900	
The Toronto-Dominion Bank	9,000	690,401	716,400	
<b>Total Financials</b>		5,065,824	4,689,881	44.3%
<b>Industrials</b>				
Russel Metals Inc.	21,500	522,055	538,790	5.1%
<b>Materials</b>				
Teck Resources Limited - Class B	15,300	556,814	481,950	4.6%
<b>Telecommunication Services</b>				
BCE Inc.	21,300	825,488	893,535	8.4%
<b>Utilities</b>				
Canadian Utilities Ltd.	12,500	787,974	828,250	7.8%
<b>Total Canadian Common Shares</b>		\$ 10,339,802	\$ 10,131,321	95.6%
<b>Options</b>				
<b>Purchased Put Options</b> (100 shares per contract)				
Bank of Montreal				
- August 2012 @ \$57	32	\$ 6,880	\$ 5,791	
Canadian Imperial Bank of Commerce				
- August 2012 @ \$73	16	4,416	3,773	
iShares S&P/TSX Capped Financials Index Fund				
- August 2012 @ \$23	237	20,145	25,841	
iShares S&P/TSX 60 Index Fund				
- September 2012 @ \$16	318	22,260	14,614	
Manulife Financial Corporation				
- August 2012 @ \$13	84	7,518	13,674	
Manulife Financial Corporation				
- September 2012 @ \$10	6	414	238	
National Bank of Canada				
- September 2012 @ \$73	11	3,245	2,733	
Royal Bank of Canada				
- August 2012 @ \$54	18	4,536	5,191	
Royal Bank of Canada				
- September 2012 @ \$50	15	4,053	2,578	
The Bank of Nova Scotia				
- August 2012 @ \$53	18	4,050	2,828	
The Bank of Nova Scotia				
- September 2012 @ \$51	9	2,245	1,340	
The Bank of Nova Scotia				
- September 2012 @ \$52	8	2,072	1,292	

# Core Canadian Dividend Trust

## Financial Statements

### Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
<b>Options (continued)</b>				
<b>Purchased Put Options (continued)</b> (100 shares per contract)				
The Toronto-Dominion Bank - August 2012 @ \$80	11	3,751	2,394	
The Toronto-Dominion Bank - September 2012 @ \$78	12	4,593	2,584	
<b>Total Purchase Put Options</b>		90,178	84,871	0.8 %
<b>Written Covered Call Options</b> (100 shares per contract)				
AGF Management Limited - Class B - July 2012 @ \$11	(172)	(4,128)	(8,419)	
Bank of Montreal - July 2012 @ \$54	(25)	(3,075)	(4,915)	
Bank of Montreal - July 2012 @ \$56	(24)	(2,160)	(3,150)	
Canadian Imperial Bank of Commerce - July 2012 @ \$71	(22)	(2,354)	(3,297)	
Canadian Imperial Bank of Commerce - July 2012 @ \$73	(22)	(1,727)	(1,621)	
Canadian Utilities Ltd. - July 2012 @ \$66	(38)	(3,667)	(4,940)	
Manulife Financial Corporation - July 2012 @ \$11	(371)	(18,921)	(22,994)	
National Bank of Canada - July 2012 @ \$71	(23)	(3,105)	(4,134)	
National Bank of Canada - July 2012 @ \$73	(23)	(2,783)	(1,649)	
National Bank of Canada - August 2012 @ \$71	(45)	(6,750)	(9,834)	
Royal Bank of Canada - July 2012 @ \$50	(33)	(4,389)	(7,386)	
Royal Bank of Canada - July 2012 @ \$52	(32)	(3,424)	(4,212)	
Russel Metals Inc. - July 2012 @ \$23	(54)	(4,536)	(11,880)	
Russel Metals Inc. - July 2012 @ \$24	(161)	(6,381)	(24,426)	
Teck Resources Limited - Class B - July 2012 @ \$30	(76)	(9,386)	(14,820)	
Teck Resources Limited - Class B - July 2012 @ \$32	(77)	(10,602)	(6,237)	
The Bank of Nova Scotia - July 2012 @ \$51	(31)	(2,666)	(4,745)	
The Bank of Nova Scotia - July 2012 @ \$53	(31)	(2,201)	(3,118)	
The Toronto-Dominion Bank - July 2012 @ \$78	(45)	(7,650)	(10,072)	
Thompson Reuters Corp. - July 2012 @ \$28	(131)	(12,310)	(15,065)	
Thompson Reuters Corp. - July 2012 @ \$29	(131)	(5,170)	(6,681)	
TransCanada Corp. - August 2012 @ \$42	(112)	(5,040)	(10,776)	
<b>Total Written Covered Call Options</b>		(122,425)	(184,371)	(1.7)%
<b>Total Options</b>		\$ (32,247)	\$ (99,500)	(0.9)%
Adjustment for transaction fees		(6,429)		
<b>TOTAL INVESTMENTS</b>		\$ 10,301,126	\$ 10,031,821	94.7 %
<b>OTHER NET ASSETS</b>			565,454	5.3 %
<b>TOTAL NET ASSETS</b>			\$ 10,597,275	100.0 %

## Notes to Financial Statements

June 30, 2012

1. Basis of Presentation

The semi-annual financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). However, not all disclosures required by GAAP 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, 2011.

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, 2011.

2. Net Asset Value

The net asset value of the Fund is calculated using the fair value of investments at the close or last trade price. The net assets per unit is calculated using the fair value of investments at the closing bid price. The net assets per unit for financial reporting purposes and net asset value per unit for pricing purposes will not be the same due to the use of different valuation techniques.

The difference between the net asset value per unit for pricing purposes and the net assets per unit reflected in the financial statements is as follows:

	<b>June 30, 2012</b>	Dec. 31, 2011
Net Asset Value (for pricing purposes)	<b>\$ 6.6847</b>	\$ 6.9428
Difference	<b>(0.0117)</b>	(0.0051)
Net Assets (for financial statement purposes)	<b>\$ 6.6730</b>	\$ 6.9377

3. Transaction Fees

Total transaction fees for the six month period ended June 30, 2012 in connection with portfolio transactions were \$11,064 (June 30, 2011 - \$12,717). Of this amount \$3,958 (June 30, 2011 - \$2,905) was directed to cover payment of research services provided to the Investment Manager.

## Core Canadian Dividend Trust

### Notes to Financial Statements

June 30, 2012

#### 4. Financial Instruments and Risk Management

The various types of risks associated with financial instruments and the related risk management practices employed by the Fund remain unchanged from the prior year and are described in Note 11 of the annual financial statements for the year ended December 31, 2011.

The following is a summary of the inputs used as of June 30, 2012 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian Common Shares	\$ 10,131,321	\$ -	\$ -	\$ 10,131,321
Options	(66,373)	(33,127)	-	(99,500)
Total Investments	\$ 10,064,948	\$ (33,127)	\$ -	\$ 10,031,821

The following is a summary of the inputs used as of December 31, 2011 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian Common Shares	\$ 12,685,074	\$ -	\$ -	\$ 12,685,074
Options	(11,457)	(85,955)	-	(97,412)
Total Investments	\$ 12,673,617	\$ (85,955)	\$ -	\$ 12,587,662

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2012 and during the year ended December 31, 2011.

#### Other Price Risk

Approximately 96 percent (December 31, 2011 - 115 percent) of the Fund's net assets held at June 30, 2012 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2012, the net assets of the Fund would have increased or decreased by \$1.0M (December 31, 2011 - \$1.3M) respectively or 9.6 percent (December 31, 2011 - 11.5 percent) of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

## Notes to Financial Statements

June 30, 2012

## Credit Risk

The following are the credit ratings for the counterparties to derivative instruments that were authorized for trading with the Fund during the current period based on Standard & Poor's credit ratings as of June 30, 2012:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A-	A-2
Deutsche Bank	A+	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Bank of Nova Scotia	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	A	A-1

The following are the credit ratings for the counterparties to derivative financial instruments that were authorized for trading with the Fund during the prior year based on Standard & Poor's credit ratings as of December 31, 2011:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A-	A-2
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	A+	A-1

The Fund held no short-term investments as of June 30, 2012 and December 31, 2011.

## 5. Future Accounting Policy Changes

The Fund was required to adopt International Financial Reporting Standards ("IFRS") for the year beginning on January 1, 2011. In January 2011, the Canadian Accounting Standards Board ("AcSB") approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies. Subsequently, in December 2011, AcSB extended the deferral for another year to January 1, 2014. As a result, the Fund will adopt IFRS for the year beginning on January 1, 2014 and will issue its initial statements, with comparative information, for the semi-annual period ending June 30, 2014.

## Core Canadian Dividend Trust

Investment Funds Managed by  
Strathbridge Asset Management Inc.

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### UNIT TRUSTS

Canadian Utilities & Telecom Income Fund  
Core Canadian Dividend Trust  
Gold Participation and Income Fund  
Premier Canadian Income Fund  
Top 10 Canadian Financial Trust

### SPLIT SHARES

Premium Income Corporation  
S Split Corp.  
Top 10 Split Trust  
World Financial Split Corp.

### PRINCIPAL PROTECTED FUNDS

Government Strip Bond Trust

### Head Office

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