

Semi-Annual Report 2013

World Financial Split Corp.



World Financial Split Corp.

Letter to Shareholders

We are pleased to present the 2013 semi-annual report containing the management report of fund performance and the unaudited financial statements for World Financial Split Corp.

During the six months ended June 30, 2013, the Fund paid cash distributions of \$0.26 per Preferred share though no distributions were paid on the Class A shares in accordance with the terms of the prospectus as the net asset value per Unit was less than \$15.00. The total return of the Fund for the six months ended June 30, 2013, including reinvestment of distributions, was 6.0 percent. The net asset value (“NAV”) increased from \$11.02 per Unit at December 31, 2012 to \$11.42 per Unit at June 30, 2013. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to nil per unit as compared to a net realized gain on options of \$0.19 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 shareholders for their continued support and encourage shareholders 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 split share corporation designed to provide Preferred shareholders with fixed cumulative preferential quarterly distributions and the Class A shareholders with attractive quarterly distributions and the return of the original issue price on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols WFS.PR.A for the Preferred shares and WFS for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share. To accomplish its objectives the Fund invests in a portfolio which includes common equity securities selected from the ten largest financial services companies by market capitalization in each of Canada, the United States and the Rest of the World.

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.

World Financial Split Corp.

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, 2013 of World Financial Split Corp. (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, 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, 2013, cash distributions paid to Preferred shareholders were \$0.26 per share, unchanged from the prior year. Distributions to Class A shareholders remained suspended in accordance with the terms of the prospectus which states: "No distribution will be paid to the Class A shares if: (i) the distributions payable on the Preferred shares are in arrears, or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than \$15.00".

Since the inception of the Fund in February 2004, the Fund has paid total cash distributions of \$4.92 per Preferred share and \$5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue was \$0.13 per Unit for the six months ended June 30, 2013, compared to \$0.16 per Unit in the prior year. Total expenses were \$0.17 per Unit for the first six months of fiscal 2013, up \$0.05 per Unit from a year ago. Higher transaction fees and administration costs contributed to the increase over the period. The Fund had a net realized and unrealized gain of \$0.70 per Unit in the first half of 2013 as compared to a net realized and unrealized gain of \$0.36 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund increased 3.6 percent, from \$11.02 per Unit at December 31, 2012 to \$11.42 per Unit at June 30, 2013, primarily reflecting an increase from operations, net of Preferred share distributions. The aggregate net asset value of the

Management Report of Fund Performance

Fund decreased \$2.3 million, from \$31.2 million at December 31, 2012 to \$28.9 million at June 30, 2013, primarily due to redemptions of \$3.4 million and Preferred share distributions of \$0.7 million, partially offset by an increase from operations of \$1.9 million.

Recent Developments

On April 29, 2013, the Fund announced it filed a Notice of Intention to renew its previous normal course issuer bid to purchase up to 282,724 Class A shares and 282,724 Preferred shares representing approximately 10 percent of the Fund's public float of 2,827,248 Class A shares and 2,827,248 Preferred shares, as at April 25, 2013. The Fund may purchase up to 56,544 of each respective class of shares in any 30-day period which is 2 percent of the 2,827,248 shares issued and outstanding of each respective class as at April 25, 2013. The shares may be purchased for cancellation from May 1, 2013 to April 30, 2014 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a Unit at a price per share not exceeding the last net asset value per Unit. As at June 30, 2013, nil Units had been purchased by the Fund.

Future Accounting Policy Changes

Strathbridge Asset Management Inc. ("Strathbridge"), 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 2013 financial statements and the preparation of the 2014 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 year ending December 31, 2014.

As at June 30, 2013, some anticipated changes to financial reporting include:

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Management Report of Fund Performance

- Compliance with the full body of IFRS without industry specific exemptions. Unlike Canadian Generally Accepted Accounting Principles (“Canadian GAAP”) where investment fund accounting was based upon guidance in AcG-18,
- Changes to the presentation of shareholder equity to consider puttable instruments,
- 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

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 January 27, 2004 and amended as of November 6, 2009.

Strathbridge is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Strathbridge dated January 27, 2004. 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. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

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Management Report of Fund Performance

Financial Highlights

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

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

	Six months ended June 30, 2013
NET ASSETS PER UNIT	
Net Assets, beginning of period (based on bid prices) ⁽¹⁾	\$ 11.02
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.13
Total expenses	(0.17)
Realized gain (loss) for the period	1.13
Unrealized gain (loss) for the period	(0.43)
Total Increase (Decrease) from Operations ⁽²⁾	0.66
DISTRIBUTIONS	
Class A Share	
Non-taxable distributions	-
Total Class A Share Distributions	-
Preferred Share	
From capital gains	-
Non-taxable distributions	(0.26)
Total Preferred Share Distributions	(0.26)
Total Distributions ⁽³⁾	(0.26)
Net Assets before end of period (based on bid prices) ⁽¹⁾⁽⁴⁾	\$ 11.42

(1) Net Assets per Unit is the difference between the aggregate value of the assets including the valuation of securities at bid prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, 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), net of withholding tax and foreign exchange gain (loss), less expenses, excluding Preferred share distributions, 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.

**Six months ended
June 30, 2013**

RATIOS/SUPPLEMENTAL DATA

Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$ 28.93
Net Asset Value (\$millions)	\$ 3.61
Number of Units outstanding	2,532,599
Management expense ratio ⁽¹⁾	2.17% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	129.50%
Trading expense ratio ⁽³⁾	0.66% ⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾⁽⁶⁾	\$ 11.42
Closing market price - Class A	\$ 1.10
Closing market price - Preferred	\$ 9.81

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including federal and provincial sales taxes and capital taxes but excluding transaction fees and income taxes and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. The MER for 2011 includes warrant exercise fees and special resolution expense. The MER for 2011 excluding warrant exercise fees and special resolution expense is 1.65%. The MER for 2010 and 2009 includes the warrant offering costs and warrant exercise fees. The MER for 2010 and 2009 excluding the warrant offering costs and warrant exercise fees is 1.51% and 1.45% respectively. The MER, including Preferred share distributions, is 6.68%, 6.87%, 6.87%, 6.14%, 5.78% and 4.64%, for 2013, 2012, 2011, 2010, 2009, and 2008 respectively.

(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

Information for the period ended June 30, 2013 is derived from the Fund's unaudited semi-annual financial statements.

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							
		2012	2011	2010	2009	2008			
\$	9.92	\$	11.57	\$	13.10	\$	12.47	\$	19.48
	0.30		0.33		0.26		0.11		0.81
	(0.25)		(0.27)		(0.25)		(0.24)		(0.26)
	(0.66)		(0.41)		(1.65)		(3.29)		(5.97)
	2.12		(1.04)		0.35		4.35		(0.18)
	1.51		(1.39)		(1.29)		0.93		(5.60)
	—		—		—		—		(0.90)
	—		—		—		—		(0.90)
	—		—		—		—		—
	(0.53)		(0.53)		(0.53)		(0.53)		(0.28)
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
	(0.53)		(0.53)		(0.53)		(0.53)		(1.43)
\$	11.02	\$	9.92	\$	11.57	\$	13.10	\$	12.47

(3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution and were paid in cash.

(4) Net Assets per Unit has been adjusted for the consolidation of the Class A shares effective the opening of trading on July 4, 2011. Each shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder's investment did not change; however, the number of Class A shares reflected in the shareholder's account declined and the Net Assets per Class A share increased proportionately.

		Years ended December 31							
		2012	2011	2010	2009	2008			
\$	31.17	\$	35.23	\$	76.62	\$	107.26	\$	147.77
\$	2.90	\$	—	\$	10.41	\$	25.44	\$	29.41
	2,827,248		3,548,506		6,621,726		8,181,810		11,835,359
	1.88%		2.21%		1.89%		1.59%		1.43%
	253.71%		272.71%		109.63%		148.58%		61.65%
	0.46%		0.50%		0.39%		0.41%		0.17%
\$	11.02	\$	9.93	\$	11.57	\$	13.11	\$	12.48
\$	1.24	\$	0.75	\$	1.36	\$	3.07	\$	1.49
\$	9.10	\$	8.35	\$	9.80	\$	9.73	\$	8.99

(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, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

(6) Net Asset Value per Unit has been adjusted for the consolidation of the Class A shares effective the opening of trading on July 4, 2011. Each shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder's investment did not change; however, the number of Class A shares reflected in the shareholder's account declined and the Net Asset Value per Class A share increased proportionately.

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 Management 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 Management 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:

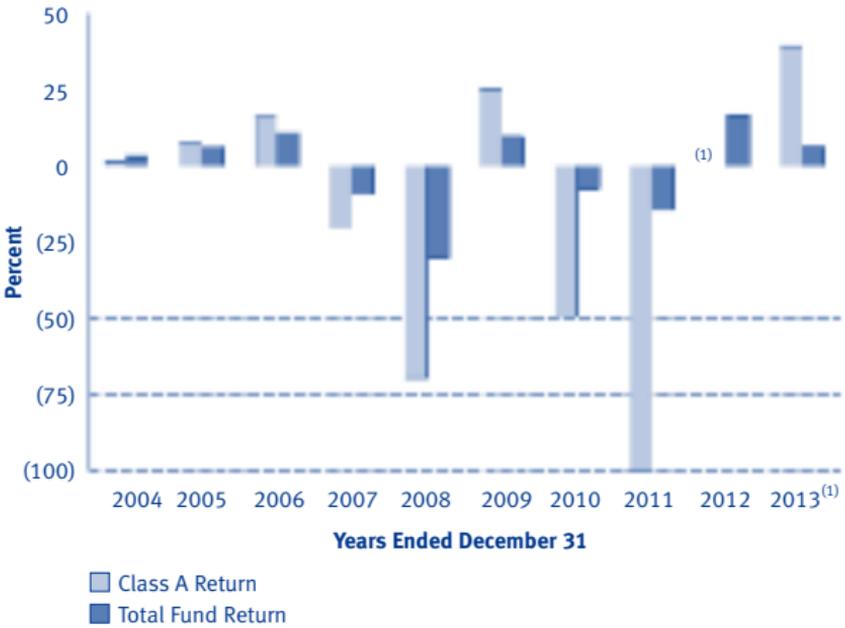
- (1) information shown assumes that all distributions (including deemed distributions based on the intrinsic value of the warrants exercised prior to the expiry date of the warrants) made by the Fund during these periods were reinvested in Units of the Fund,
- (2) information does not take into account 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 nine years and for the six months ended June 30, 2013. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2004 would have increased or decreased by the end of that fiscal year or June 30, 2013 for the six months ended.

Management Report of Fund Performance

Annual Total Return



(1) The Class A return was infinite as the net asset value per Class A share increased from nil at December 31, 2011 to \$1.02 at December 31, 2012.

(2) For the six months ended June 30, 2013.

Portfolio Manager Report

Most Global equity markets trended higher in the first half of 2013 as economic data out of the United States and other parts of the World continued to improve while Central Banks maintained a bias to keep monetary policy accommodative. Market concerns surrounding the Fiscal Cliff in the U.S. quickly dissipated after a last minute deal was reached at the end of 2012 allowing the market to focus on better economic data and improving company fundamentals for the first half of 2013. The Canadian economy meanwhile posted subdued growth during the period and is expected to lag behind the U.S. economy as the slowdown in China is affecting the pricing of much of Canada’s export commodities. Pricing turmoil in the oil and gas industry caused by newly found massive deposits of shale oil and shale gas, and inadequate transportation infrastructure has hurt the western Canadian resource industry. The Canadian housing market continues to slow which on balance is probably good for the economy. The austerity debate in Europe is a continuing concern with respect to renewed economic growth in that region.

The total return for the MSCI World Index in during the period was 8.8 percent. The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2013 was 6.0 percent. In general, the returns are reflective of an improving Global economy, a reduced risk of a European sovereign default as well as stronger capital ratios for the majority of the financial services companies.

Management Report of Fund Performance

Volatility levels for Global Financial Services companies remained at the lower end of their historical range during the period but trended up near the end of the second quarter on concerns the U.S. Federal Reserve would begin tapering some of the excess liquidity from the financial system. The covered call writing activity was opportunistic over the period and the Fund took advantage of signals generated by the Strathbridge Selective Overwriting (“SSO”) strategy. The Fund ended June 2013 with approximately 15 percent of the portfolio subject to covered calls. During the first half of 2013, the net realized gain on options attributable to the SSO strategy was nil per unit.

The Fund’s portfolio ended June 30, 2013 with a regional asset mix of 25 percent invested in Canada, 56 percent in United States and 19 percent in International. The Fund increased its exposure to U.S. Financials during the period while reducing its weight in International and Canadian Financials due to better economic growth in the U.S. and more attractive valuations. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended the first half of 2013 being approximately 100 percent hedged.

The Global Financial Services companies demonstrated stronger fundamentals and profitability in the first half of 2013 due to declining credit losses and better loan growth offset by weaker capital market related revenues. Although interest rates continue to remain low by historical standards, longer term rates started to rise in the latter part of the period which should help alleviate the net interest margin compression the banks have been dealing with. Although the Global economy is expected to continue to improve in 2013, there is still uncertainty as to how the economy will react to less monetary stimulus once Central Banks start to exit their quantitative easing programs. The valuations of companies in the portfolio generally remained at reasonable levels when measured by price to earnings ratios and current dividend yields which should continue to provide support for share prices. Many Global Financial Services companies have already started to return capital to shareholders in the form of increased dividends and share buyback as regulators have become increasingly comfortable with their capital ratios. We expect this trend will continue as the Global economy continues to improve.

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, 2013

	% of Net Asset Value ⁽¹⁾
United States	57 %
Canada	28 %
International	19 %
Cash	5 %
Other Assets (Liabilities)	(9)%
	100 %

⁽¹⁾ The Net Asset Value excludes the Redeemable Preferred Share liability.

Management Report of Fund Performance

Top 25 Holdings

June 30, 2013

	% of Net Asset Value ⁽¹⁾
Citigroup Inc.	7 %
Manulife Financial Corporation	7 %
Sun Life Financial Inc.	7 %
American International Group, Inc.	6 %
Berkshire Hathaway Inc.	6 %
Lloyds Banking Group PLC ADR	6 %
Great-West Lifeco Inc.	6 %
JPMorgan Chase & Co.	6 %
Morgan Stanley	6 %
The Goldman Sachs Group, Inc.	5 %
Bank of America Corporation	5 %
Cash	5 %
Wells Fargo & Company	5 %
Mitsubishi UFJ Financial Group Inc. ADR	4 %
The Toronto-Dominion Bank	4 %
Royal Bank of Canada	4 %
ING Groep N.V. ADR	3 %
UBS ADR	3 %
AFLAC Inc.	3 %
NYSE Euronext	3 %
The Charles Schwab Corporation	2 %
State Street Corporation	2 %
The Royal Bank of Scotland Group PLC ADR	2 %
The PNC Financial Services Group, Inc.	1 %
Credit Suisse Group ADR	1 %

⁽¹⁾ The Net Asset Value excludes the Redeemable Preferred Share liability.

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 World Financial Split Corp. (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 Directors (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 5 of the annual financial statements for the year ended December 31, 2012.

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 Audit Committee 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 LLP, the Fund's independent auditor, has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 6, 2013

Notice to Shareholders

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.

Financial Statements

Statements of Financial Position

As at June 30, 2013 (Unaudited) and December 31, 2012 (Audited)

	2013	2012
ASSETS		
Investments at fair value (cost - \$27,052,399; 2012 - \$26,781,313)	\$ 29,335,936	\$ 30,287,114
Cash	1,463,394	1,265,373
Dividends receivable	133,242	110,017
Due from brokers - investments	1,854,721	-
TOTAL ASSETS	\$ 32,787,293	\$ 31,662,504
LIABILITIES		
Redemptions payable	\$ 3,364,828	\$ -
Due to brokers - investments	425,943	420,417
Accrued management fees	45,688	29,073
Accrued liabilities	29,233	56,484
Redeemable Preferred shares	25,325,990	28,272,480
	29,191,682	28,778,454
EQUITY		
Class A and Class J shares	49,679,942	55,459,832
Deficit	(46,084,331)	(52,575,782)
	3,595,611	2,884,050
TOTAL LIABILITIES AND EQUITY	\$ 32,787,293	\$ 31,662,504
Number of Units Outstanding	2,532,599	2,827,248
Net Assets per Unit		
Preferred Share	\$ 10.0000	\$ 10.0000
Class A Share	1.4197	1.0201
Net Assets per Unit (Note 3)	\$ 11.4197	\$ 11.0201

World Financial Split Corp.

Financial Statements

Statements of Operations and Deficit

Six months ended June 30 (Unaudited)

	2013	2012
REVENUE		
Dividends	\$ 393,036	\$ 628,773
Interest, net of foreign exchange	–	849
Withholding taxes	(39,003)	(52,085)
TOTAL REVENUE	354,033	577,537
EXPENSES		
Management fees	180,282	204,893
Service fees	8,114	3,682
Administration and other expenses	68,779	57,653
Transaction fees (Note 4)	108,588	67,960
Custodian fees	22,324	23,280
Audit fees	16,980	17,073
Director fees	9,815	10,445
Independent review committee fees	4,224	4,041
Legal fees	4,427	1,930
Shareholder reporting costs	12,308	16,413
Harmonized sales tax	30,976	26,618
TOTAL EXPENSES	466,817	433,988
Net Investment Income (Loss) before Distributions	(112,784)	143,549
Preferred share distributions	(742,153)	(931,483)
Net Investment Loss	(854,937)	(787,934)
Net realized gain (loss) on sale of derivatives	(1,054,816)	1,194,765
Net realized gain (loss) on sale of investments	4,254,208	(3,228,571)
Net Gain (Loss) on Sale of Investments	3,199,392	(2,033,806)
Net change in unrealized appreciation/ depreciation of short-term investments during the period	7,708	3,560
Net change in unrealized appreciation/ depreciation of investments during the period	(1,222,264)	3,294,526
Net Gain on Investments	1,984,836	1,264,280
Increase in Value of Preferred Shares	–	(288,199)
NET INCOME FOR THE PERIOD	\$ 1,129,899	\$ 188,147
NET INCOME PER CLASS A SHARE (based on the weighted average number of Class A shares outstanding during the period of 2,825,620; 2012 - 3,544,164)		
	\$ 0.3999	\$ 0.0531
DEFICIT		
Balance, beginning of period	\$ (52,575,782)	\$ (69,608,166)
Net allocations on retractions	5,361,552	14,042,243
Net Income for the period	1,129,899	188,147
BALANCE, END OF PERIOD	\$ (46,084,331)	\$ (55,377,776)

Financial Statements

Statements of Changes in Net Assets

Six months ended June 30 (Unaudited)

	2013	2012
NET ASSETS, BEGINNING OF PERIOD	\$ 2,884,050	\$ -
Net Investment Income (Loss) before Distributions	(112,784)	143,549
Net Gain on Investments	1,984,836	1,264,280
Increase in Value of Preferred Shares	-	(288,199)
Class A Share Capital Transactions		
Value for Class A shares redeemed	(418,338)	(39,906)
Distributions		
Preferred Shares		
Non-taxable distributions	(742,153)	(931,483)
Changes in Net Assets during the Period	711,561	148,241
NET ASSETS, END OF PERIOD	\$ 3,595,611	\$ 148,241

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2013	2012
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	\$ 1,265,373	\$ 991,213
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income (Loss) before Distributions	(112,784)	143,549
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Purchase of investment securities	(42,306,776)	(36,763,610)
Proceeds from disposition of investment securities	45,235,082	47,042,957
(Increase)/decrease in dividends receivable, accrued interest, and due from brokers - investments	(1,877,946)	(5,507,301)
Increase/(decrease) in accrued management fees, accrued liabilities and due to brokers - investments	(5,110)	(9,210)
Net change in unrealized appreciation/depreciation of cash and short-term investments	7,708	3,560
	1,052,958	4,766,396
Cash Flows Provided by (Used In) Financing Activities		
Preferred share distributions	(742,153)	(931,483)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Period	198,021	3,978,462
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 1,463,394	\$ 4,969,675
Cash and Short-Term Investments comprised of:		
Cash	\$ 1,463,394	\$ 4,371,361
Short-Term Investments	-	598,314
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 1,463,394	\$ 4,969,675

Financial Statements

Statement of Investments

As at June 30, 2013 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS				
INVESTMENTS				
Canadian Common Shares				
Financials				
Great-West Lifeco Inc.	58,500	\$ 1,433,004	\$ 1,666,665	
Manulife Financial Corporation	115,800	1,839,327	1,948,914	
Royal Bank of Canada	17,400	1,066,730	1,066,272	
Sun Life Financial Inc.	60,900	1,676,039	1,897,035	
The Toronto-Dominion Bank	12,700	1,063,127	1,072,515	
Total Financials		7,078,227	7,651,401	26.5 %
Total Canadian Common Shares		\$ 7,078,227	\$ 7,651,401	26.5 %
Non-North American Common Shares				
Financials				
Credit Suisse Group ADR	11,900	\$ 351,847	\$ 331,926	
ING Groep N.V. ADR	103,000	991,943	987,720	
Lloyds Banking Group PLC ADR	428,600	1,500,636	1,736,266	
Mitsubishi UFJ Financial Group Inc. ADR	182,200	1,193,710	1,193,639	
The Royal Bank of Scotland Group PLC ADR	70,500	756,885	624,743	
UBS ADR	52,800	977,806	944,140	
Total Financials		5,772,827	5,818,434	20.1 %
Total Non-North American Common Shares		\$ 5,772,827	\$ 5,818,434	20.1 %
United States Common Shares				
Financials				
AFLAC Inc.	14,200	\$ 787,792	\$ 870,507	
American International Group, Inc.	39,000	1,462,344	1,840,333	
Bank of America Corporation	114,000	1,143,713	1,545,400	
Berkshire Hathaway Inc.	14,800	1,345,521	1,746,191	
Citigroup Inc.	38,600	1,232,585	1,952,580	
JPMorgan Chase & Co.	29,400	1,562,722	1,636,693	
Morgan Stanley	63,200	1,633,212	1,628,155	
NYSE Euronext	18,500	787,074	807,598	
State Street Corporation	10,000	673,893	687,934	
The Charles Schwab Corporation	32,000	663,027	716,355	
The Goldman Sachs Group, Inc.	9,900	1,512,382	1,579,137	
The PNC Financial Services Group, Inc.	5,500	422,794	422,983	
Wells Fargo & Company	30,000	1,137,355	1,305,820	
Total Financials		14,364,414	16,739,686	57.9 %
Total United States Common Shares		\$ 14,364,414	\$ 16,739,686	57.9 %

Financial Statements

Statement of Investments

As at June 30, 2013 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets
Forward Exchange Contracts				
Sold USD \$3,700,000, Bought CAD \$3,802,786 @ 0.97297 - July 17, 2013		\$	(102,248)	
Sold USD \$1,000,000, Bought CAD \$1,020,720 @ 0.97970 - July 17, 2013			(34,689)	
Sold USD \$1,600,000, Bought CAD \$1,618,272 @ 0.98871 - July 17, 2013			(70,370)	
Bought USD \$750,000, Sold CAD \$763,650 @ 0.98213 - August 14, 2013			28,439	
Sold USD \$4,800,000, Bought CAD \$4,939,920 @ 0.97168 - August 14, 2013			(129,543)	
Sold USD \$7,500,000, Bought CAD \$7,632,750 @ 0.98261 - August 14, 2013			(288,139)	
Sold USD \$6,800,000, Bought CAD \$7,045,480 @ 0.96516 - September 11, 2013			(141,171)	
Total Forward Exchange Contracts		\$	(737,721)	(2.6)%
Options				
Written Covered Call Options (100 shares per contract)				
Bank of America Corporation - July 2013 @ \$12	(285)	\$	(13,500)	(19,871)
Citigroup Inc. - July 2013 @ \$50	(96)		(16,272)	(5,469)
Credit Suisse Group ADR - July 2013 @ \$26	(119)		(11,775)	(13,182)
Manulife Financial Corporation - July 2013 @ \$16	(290)		(10,730)	(28,221)
Royal Bank of Canada - July 2013 @ \$60	(87)		(9,689)	(14,563)
The Goldman Sachs Group, Inc. - July 2013 @ \$155	(25)		(10,722)	(6,752)
The Royal Bank of Scotland Group PLC ADR - July 2013 @ \$9	(700)		(30,046)	(13,991)
The Toronto-Dominion Bank - July 2013 @ \$82	(63)		(7,182)	(15,823)
UBS ADR - July 2013 @ \$17	(379)		(19,442)	(17,992)
Total Written Covered Call Options		(129,358)	(135,864)	(0.5)%
Total Options	\$	(129,358)	\$ (135,864)	(0.5)%
Adjustment for transaction fees		(33,711)		
TOTAL INVESTMENTS	\$	27,052,399	\$ 29,335,936	101.4 %
OTHER NET LIABILITIES			(414,335)	(1.4)%
TOTAL NET ASSETS, excluding the Redeemable Preferred Share liability		\$	28,921,601	100.0 %

World Financial Split Corp.

Notes to Financial Statements

June 30, 2013

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, 2012.

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, 2012.

2. Normal Course Issuer Bid

On April 29, 2013, the Fund announced it filed a Notice of Intention to renew its previous normal course issuer bid to purchase up to 282,724 Class A shares and 282,724 Preferred shares representing approximately 10 percent of the Fund’s public float of 2,827,248 Class A shares and 2,827,248 Preferred shares, as at April 25, 2013. The Fund may purchase up to 56,544 of each respective class of shares in any 30-day period which is 2 percent of the 2,827,248 shares issued and outstanding of each respective class as at April 25, 2013. The shares may be purchased for cancellation from May 1, 2013 to April 30, 2014 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a Unit at a price per share not exceeding the last net asset value per Unit. The Fund has not purchased any Class A Shares or Preferred Shares during the previous year pursuant to any issuer bid. As at June 30, 2013, nil Units had been purchased by the Fund.

3. 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:

	June 30, 2013	Dec. 31, 2012
Net Asset Value per Unit (for pricing purposes)	\$ 11.4239	\$ 11.0249
Difference	(0.0042)	(0.0048)
Net Assets per Unit (for financial statement purposes)	\$ 11.4197	\$ 11.0201

Notes to Financial Statements

June 30, 2013

4. Transaction Fees

Total transaction fees for the six months ended June 30, 2013 in connection with portfolio transactions were \$108,588 (June 30, 2012 - \$67,960). Of this amount \$59,434 (June 30, 2012 - \$30,575) was directed to cover payment of research services provided to the Investment Manager.

5. 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 13 of the annual financial statements for the year ended December 31, 2012.

The following is a summary of the inputs used as of June 30, 2013 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	\$ 7,651,401	\$ -	\$ -	\$ 7,651,401
Non-North American Common Shares	5,818,434	-	-	5,818,434
United States Common Shares	16,739,686	-	-	16,739,686
Forward Exchange Contracts		(737,721)	-	(737,721)
Options	(43,395)	(92,469)	-	(135,864)
Total Investments	\$ 30,166,126	\$ (830,190)	\$ -	\$ 29,335,936

The following is a summary of the inputs used as of December 31, 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	\$ 7,960,654	\$ -	\$ -	\$ 7,960,654
Non-North American Common Shares	12,416,957	-	-	12,416,957
United States Common Shares	10,125,402	-	-	10,125,402
Forward Exchange Contracts	-	(177,502)	-	(177,502)
Options	(26,486)	(11,911)	-	(38,397)
Total Investments	\$ 30,476,527	\$ (189,413)	\$ -	\$ 30,287,114

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2013 and during the year ended December 31, 2012.

World Financial Split Corp.

Notes to Financial Statements

June 30, 2013

Other Price Risk

Approximately 104 percent (December 31, 2012 - 98 percent) of the Fund's net assets, excluding the Redeemable Preferred Share liability, held at June 30, 2013 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2013, the net assets, excluding the Redeemable Preferred Share liability, of the Fund would have increased or decreased by \$3.0M (December 31, 2012 - \$3.1M) respectively or 10.4 percent (December 31, 2012 - 9.8 percent) of the net assets, excluding the Redeemable Preferred Share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Currency Risk

Approximately 88 percent (December 31, 2012 - 75 percent) of the Fund's net assets, excluding the Redeemable Preferred Share liability, held at June 30, 2013 were held in securities denominated in U.S. currency. This risk is mitigated by the Fund through the use of forward currency contracts. At June 30, 2013, the Fund had no currency risk as a result of its investment in foreign currency contacts. At December 31, 2012, if the Canadian dollar strengthened or weakened by 1 percent in relation to the U.S. currency, the net assets, excluding the Redeemable Preferred share liability, of the Fund would have decreased or increased, by approximately \$11K or 0.0 percent of the net assets, excluding the Redeemable Preferred share liability, with all other factors remaining constant.

Credit Risk

The following are the credit ratings for the counterparties to derivative financial instruments that were authorized for trading with the Fund during the current period based on Standard & Poor's credit ratings as of June 30, 2013:

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

Notes to Financial Statements

June 30, 2013

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, 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-2
Royal Bank of Canada	AA-	A-1+
The Bank of Nova Scotia	A+	A-1
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	A	A-1

6. 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 year ending December 31, 2014.

World Financial Split Corp.

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)

Premier Canadian Income Fund (PCU.UN)

Top 10 Canadian Financial Trust (TCT.UN)

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)

S Split Corp. (SBN.PR.A/SBN)

Top 10 Split Trust (TXT.PR.A/TXT.UN)

World Financial Split Corp. (WFS.PR.A/WFS)

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