



SEMI-ANNUAL
REPORT

2017

WORLD FINANCIAL SPLIT CORP.


strathbridge
ASSET MANAGEMENT

Letter to Shareholders

We are pleased to present the 2017 semi-annual report containing the management report of fund performance and the unaudited financial statements for World Financial Split Corp. (the “Fund”).

Stock markets around the world advanced in the first half of 2017 as investors believed the inauguration of Donald Trump would usher in a new era of pro-growth policies, deregulation and tax reform. The Federal Reserve Open Market Committee raised interest rates twice so far in 2017, to a range of 1.00 - 1.25 percent, and discussed plans to scale back its US\$4.5 trillion balance sheet. Curiously, long-term interest rates remain subdued, with US 10 Year yield’s declining from 2.4 percent to 2.3 percent in the first 6 months of the year. After rising over 45 percent in 2016, oil prices have come under renewed pressure declining from US\$53.72 to start the year to a low of US\$42.05 on June 21. The broader commodity complex has also suffered in 2017, down 5.3 percent, making it the worst performing asset class year-to-date. Weakness in these areas have contributed to the resource-weighted Toronto Stock Exchange underperforming most markets during this period with a total return of 0.7 percent. Global equities, and more specifically emerging market equities, have decoupled from the commodity trade and are leading the global equity rally so far in 2017. The MSCI Emerging Market Index is up 18.5 percent year-to-date with the MSCI EAFE Index not far behind, up 14.2 percent. The S&P 500 Index returned 9.3 percent with the Technology sector outperforming substantially up 17.2 percent. With most assets classes producing positive returns year-to-date, investor sentiment remains positive and volatility remains extremely low with the VIX (“CBOE Volatility Index”) trading near historical lows at 11.3 percent. Given the uncertainty surrounding the global political landscape with tensions in Syria and North Korea escalating, the ability of President Trump to implement his desired policies, and the Federal Reserve moving from an extended period of easy monetary policy to one that is less accommodating, this period of low volatility is viewed as one that can change at any moment.

During the six months ended June 30, 2017, 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 Fund’s total return per Unit and per Class A share, including reinvestment of distributions, were 3.7 percent and 6.5 percent respectively for the period. The net asset value increased 1.7 percent from \$13.74 per Unit at December 31, 2016 to \$13.98 per Unit at June 30, 2017. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.05 per Unit as compared to a net realized gain on options of \$0.24 per Unit a year ago, partially attributable to the low level of volatility realized during the period. 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 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 or real estate companies by market capitalization in each of Canada, the United States and the Rest of the World (the "Portfolio Universe"). The issuers of securities in the Portfolio Universe, other than Canadian issuers, must have a minimum credit rating of "A" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency. In addition, up to 25 percent of the net asset value of the Fund may be invested in common equity securities of financial services or real estate companies not included in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least US\$10 billion and for non-Canadian issuers, a minimum credit rating of "A-" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency. The Fund may also invest in public investment funds including exchange-traded funds or other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting ("SSO"), to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

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, 2017 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, 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, 2017, 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 \$7.02 per Preferred share and \$5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue was \$0.22 per Unit for the six months ended June 30, 2017, up \$0.04 per Unit from last year. Total expenses were \$0.19 per Unit, up \$0.02 per Unit from a year ago mainly due to higher administrative and other expenses and withholding taxes. The Fund had a net realized and unrealized gain of \$0.48 per Unit in the first half of 2017 as compared to a net realized and unrealized loss of \$1.20 per Unit a year earlier.

Net Asset Value

The net asset value increased 1.7 percent from \$13.74 per Unit at December 31, 2016 to \$13.98 per Unit at June 30, 2017. The aggregate net asset value of the Fund decreased \$0.11 million, from \$28.92 million at December 31, 2016 to \$28.81 million at June 30, 2017, reflecting an operating profit of \$1.06 million, annual concurrent (both Class A and Preferred shares) redemptions of \$0.62 million and Preferred share distributions of \$0.55 million.

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2017.

Management Report of Fund Performance

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 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.

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.

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, 2017 is derived from the Fund's unaudited semi-annual financial statements.

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

	Six months ended June 30, 2017
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 13.74
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.22
Total expenses	(0.19)
Realized gain (loss) for the period	1.18
Unrealized gain (loss) for the period	(0.70)
Total Increase (Decrease) from Operations⁽²⁾	0.51
DISTRIBUTIONS	
Preferred Share	
Non-taxable distributions	(0.26)
Total Distributions⁽³⁾	(0.26)
Net Assets, end of period⁽¹⁾	\$ 13.98

(1) All per Unit figures presented in 2017, 2016, 2015, 2014 and 2013 are referenced to net assets determined in accordance with IFRS which are derived from the Fund's unaudited financial statements for the six months ended June 30, 2017 and the annual audited financial statements for the years ended December 31, 2016, 2015 and 2014. Net assets per Unit for December 31, 2012 were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian generally accepted accounting principles. Net assets per Unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years beginning on or after January 1, 2013 and for 2012 at bid prices) and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

	Six months ended June 30, 2017
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$ 28.81
Net Asset Value (\$millions)	\$ 8.20
Number of Units outstanding	2,060,607
Management expense ratio ⁽¹⁾	2.43%⁽⁴⁾
Portfolio turnover rate ⁽²⁾	136.35%
Trading expense ratio ⁽³⁾	0.34%⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$ 13.98
Closing market price - Preferred	\$ 9.95
Closing market price - Class A	\$ 3.75

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax and withholding taxes but excluding transaction fees, and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER, including Preferred share distributions, is 6.22%, 6.44%, 5.91%, 6.19%, 6.36% and 6.87%, for 2017, 2016, 2015, 2014, 2013 and 2012 respectively. The MER for 2017, 2016, 2015, 2014 and 2013 including withholding taxes, is 2.20%, 2.09%, 2.01%, 2.06% and 2.01% respectively. The MER for 2015 and 2014 includes the special resolution expense. The MER for 2015 and 2014 excluding the special resolution expense is 2.18% and 2.14% respectively.

Management Report of Fund Performance

As a result of the adoption of International Financial Reporting Standards (“IFRS”), for June 30, 2017, December 31, 2016, 2015, 2014 and 2013, the net assets per Unit presented in the financial statements and the net asset value per Unit calculated weekly are both valued at closing prices. For the year ended December 31, 2012, 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							
		2016	2015	2014	2013	2012			
\$	13.37	\$	13.92	\$	12.94	\$	11.02	\$	9.92
	0.37		0.36		0.33		0.28		0.30
	(0.34)		(0.37)		(0.33)		(0.32)		(0.25)
	(0.63)		1.25		1.64		2.24		(0.66)
	1.43		(1.20)		(0.17)		0.18		2.12
	0.83		0.04		1.47		2.38		1.51
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
\$	13.74	\$	13.37	\$	13.92	\$	12.94	\$	11.02

- (2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss) and 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.
- (3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution.

		Years ended December 31							
		2016	2015	2014	2013	2012			
\$	28.92	\$	29.24	\$	32.78	\$	32.78	\$	31.17
\$	7.87	\$	7.37	\$	9.24	\$	7.46	\$	2.90
	2,105,115		2,186,907		2,354,556		2,532,599		2,827,248
	2.27%		2.19%		2.20%		2.14%		1.88%
	307.48%		259.37%		245.31%		240.89%		253.71%
	0.43%		0.46%		0.32%		0.55%		0.46%
\$	13.74	\$	13.37	\$	13.92	\$	12.94	\$	11.02
\$	10.00	\$	9.90	\$	9.85	\$	9.76	\$	9.10
\$	3.76	\$	3.05	\$	3.45	\$	2.70	\$	1.24

- (2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.
- (3) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.
- (4) Annualized.
- (5) Net Asset Value per Unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

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

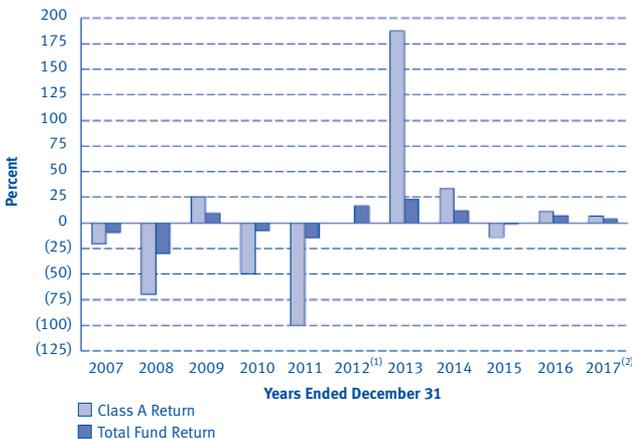
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (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 ten years and for the six months ended June 30, 2017. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year or June 30, 2017 for the six months ended.

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, 2017.

Portfolio Manager Report

Stock markets around the world advanced in the first half of 2017 as investors believed the inauguration of Donald Trump would usher in a new era of pro-growth policies, deregulation, health care and tax reform. The Federal Reserve Open Market Committee raised interest rates twice so far in 2017, to a range of 1.00 - 1.25 percent, and discussed plans to scale back its US\$4.5 trillion balance sheet. Curiously, long-term interest rates remain subdued, with US 10 Year yield's declining from 2.4 percent to 2.3 percent in the first 6 months of the year. After rising over 45 percent in 2016, oil prices have come under renewed pressure declining from US\$53.72 to start the year to a low of US\$42.05 on June 21. The broader commodity complex has also suffered in 2017, down 5.3 percent, making it the worst performing asset class year-to-date. Weakness in these areas have contributed to the resource-weighted Toronto Stock Exchange underperforming most markets during this period with a total return of 0.7 percent. Global equities, and more specifically emerging market equities, have decoupled from the commodity trade and are leading the global equity rally so far in 2017. The MSCI Emerging Market Index is up 18.5 percent year-to-date with the MSCI EAFE Index not far behind, up 14.2 percent. The S&P 500 Index returned 9.3 percent with the Technology sector outperforming substantially up 17.2 percent. With most assets classes producing positive returns year-to-date, investor sentiment remains positive and volatility remains extremely low with the VIX ("CBOE Volatility Index") trading near historical lows at 11.3 percent. Given the uncertainty surrounding the global political landscape with tensions in Syria and North Korea escalating, the ability of President Trump to implement his desired policies, and the Federal Reserve moving from an extended period of easy monetary policy to one that is less accommodating, this period of low volatility is viewed as one that can change at any moment.

The net asset value ("NAV") of the Fund was \$13.98 per Unit as at June 30, 2017 compared to \$13.74 per Unit at December 31, 2016. Preferred shareholders received cash distributions of \$0.26 per share during the period, while the distribution for the Class A share remains suspended in accordance with the terms of the prospectus as the net asset value per Unit was less than \$15.00. The Fund's Preferred shares, listed on the Toronto Stock Exchange as WFS.PR.A, closed on June 30, 2017 at \$9.95 per share, while the Class A shares, listed as WFS, closed at \$3.75 per share. When combined, the closing prices represent a 2.0 percent discount to the NAV per Unit.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2017 was 3.7 percent per Unit. This compares to the total return for the MSCI World/Finance Index, in Canadian dollar terms, of 6.8 percent. Both were negatively impacted by the weaker U.S. dollar, which declined 3.5 percent against the Canadian dollar during the period. The best performing stock within the portfolio was Banco Santander S.A., up 27.5 percent during the period on expectations of better economic activity in Spain and likely forthcoming an increase in inflation expectations which may lead to a steeping yield curve. At the other end of the spectrum, AEGON N.V., while held within the Fund, was the worst performing stock in the portfolio, down 12.5 percent with some of the decline coming after the company lowered its solvency ratio in its 2016 annual report on March 24th, 2017.

While volatility levels for Global Financial Services companies remained subdued overall, it spiked in April and May before drifting back toward historically low levels. The call writing activity was opportunistic over the period and took advantage of signals generated by the Strathbridge Selective Overwriting ("SSO") strategy. The Fund ended June 30, 2017 with 3.7 percent of the Fund subject to covered calls. The net realized gain on options attributable to the SSO strategy was \$0.05 per Unit for the first six months of 2017. The Fund maintained a low average cash position during the period and ended with a cash position of 2.6 percent compared to 4.2 percent at the end of 2016. The Fund's portfolio ended June 30, 2017 with a regional asset mix of 17 percent invested Canada, 42 percent in the United States and 41 percent in the Rest of World. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 100 percent of the U.S. dollar exposure hedged, helping negate some of the negative impact of the decline in the U.S. dollar versus the Canadian dollar.

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, 2017

	% of Net Asset Value ⁽¹⁾
United States	39.9%
International	39.6%
Canada	16.5%
Cash	2.6%
Other Assets (Liabilities)	1.4%
	100.0%

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

Top 25 Holdings

June 30, 2017

	% of Net Asset Value ⁽¹⁾
ING Groep N.V.	6.4%
Prudential PLC ADR	5.7%
Banco Santander, S.A.	5.3%
JPMorgan Chase & Co.	5.2%
American International Group, Inc.	4.9%
Sumitomo Mitsui Financial Group, Inc. ADR	4.5%
HSBC Holdings plc	4.4%
MetLife, Inc.	4.2%
BlackRock, Inc.	4.2%
State Street Corporation	4.2%
Brookfield Asset Management Inc.	4.1%
The Charles Schwab Corporation	4.1%
Banco de Chile ADR	4.0%
Thomson Reuters Corporation	4.0%
Berkshire Hathaway Inc.	4.0%
UBS Group AG	3.8%
Manulife Financial Corporation	3.8%
China Life Insurance Co. Ltd. ADR	3.5%
The Bank of Nova Scotia	3.0%
The Travelers Companies, Inc.	2.8%
Cash	2.6%
The Progressive Corporation	2.4%
Marsh & McLennan Companies, Inc.	2.3%
Aon PLC	2.0%
Royal Bank of Canada	1.6%

⁽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 condensed 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 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, 2016.

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 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 Audit Committee and the Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 8, 2017

Notice to Shareholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2017 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, 2017 (Unaudited) and December 31, 2016 (Audited)

	Note	June 30, 2017	Dec. 31, 2016
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 27,646,990	\$ 27,874,567
Derivative assets	2	593,481	15,154
Dividends receivable		60,157	48,124
Due from brokers - investments		1,527,218	–
Cash		745,651	1,226,739
TOTAL ASSETS		30,573,497	29,164,584
LIABILITIES			
Due to brokers - investments		1,023,521	–
Redemptions payable		622,315	–
Derivative liabilities	2	47,992	164,055
Accrued liabilities		42,519	48,911
Accrued management fees	5	26,644	26,984
Redeemable Preferred shares		20,606,070	21,051,150
Class J shares		100	100
TOTAL LIABILITIES		22,369,161	21,291,200
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 8,204,336	\$ 7,873,384
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		\$ 3.9815	\$ 3.7402

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

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2017	2016
INCOME			
Dividend income		\$ 453,663	\$ 403,356
Interest income		691	–
Net realized gain/(loss) on investments at fair value through profit or loss	3	2,740,162	(3,090,876)
Net realized gain on options at fair value through profit or loss	3	99,461	533,621
Net realized gain/(loss) on forward exchange contracts at fair value through profit or loss	3	(365,388)	563,082
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	(1,463,378)	(626,081)
TOTAL INCOME/(LOSS), NET		1,465,211	(2,216,898)
EXPENSES			
Management fees	5	158,926	149,218
Service fees		15,665	9,275
Administrative and other expenses		60,461	47,909
Transaction fees	6	50,219	64,567
Custodian fees		19,657	22,067
Audit fees		18,040	18,853
Director fees	5	10,200	10,200
Independent review committee fees	5	3,750	3,410
Legal fees		2,124	2,156
Shareholder reporting costs		10,435	9,200
Harmonized sales tax		22,061	21,652
Withholding taxes		32,893	22,237
TOTAL EXPENSES		404,431	380,744
OPERATING PROFIT/(LOSS)		1,060,780	(2,597,642)
Preferred share distributions		(552,593)	(574,063)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	7	\$ 508,187	\$ (3,171,705)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	7	\$ 0.2414	\$ (1.4506)

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

Condensed Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

Six months ended June 30 (Unaudited)

	2017	2016
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	\$ 7,873,384	\$ 7,369,111
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	508,187	(3,171,705)
Class A Share Capital Transactions		
Value for Class A shares redeemed	(177,235)	(157,229)
Changes in Net Assets Attributable to Holders of Class A Shares during the Period	330,952	(3,328,934)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	\$ 8,204,336	\$ 4,040,177

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

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2017	2016
CASH, BEGINNING OF YEAR	\$ 1,226,739	\$ 1,155,682
Cash Flows Provided by (Used In) Operating Activities		
Operating Profit/(Loss)	1,060,780	(2,597,642)
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	(2,740,162)	3,090,876
Net realized gain on options at fair value through profit or loss	(99,461)	(533,621)
Net realized (gain)/loss on forward exchange contracts at fair value through profit or loss	365,388	(563,082)
Net change in unrealized gain/loss on investments at fair value through profit or loss	1,463,378	626,081
Net change in unrealized gain/loss on foreign cash	(12,544)	12,183
Increase in dividends receivable and due from brokers - investments	(1,539,251)	(14,243)
Increase/(decrease) in accrued management fees, accrued liabilities and due to brokers - investments	1,016,789	(20,922)
Purchase of investment securities	(38,367,937)	(41,273,360)
Proceeds from disposition of investment securities	38,924,525	44,552,807
	(989,275)	5,876,719
Cash Flows Used In Financing Activities		
Preferred share distributions	(552,593)	(574,063)
Net Increase/(Decrease) in Cash during the Period	(481,088)	2,705,014
CASH, END OF PERIOD	\$ 745,651	\$ 3,860,696
Dividends received, net of withholding taxes	\$ 408,737	\$ 366,876
Interest received	\$ 691	\$ -

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

Schedule of Investments

As at June 30, 2017 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
Brookfield Asset Management Inc.	23,200	\$ 1,123,844	\$ 1,180,648	
Manulife Financial Corporation	44,400	982,804	1,079,364	
Royal Bank of Canada	5,000	470,490	470,800	
The Bank of Nova Scotia	11,200	882,090	873,712	
Thomson Reuters Corporation	19,100	1,163,872	1,146,764	
Total Financials		4,623,100	4,751,288	16.5 %
Total Canadian Common Shares		\$ 4,623,100	\$ 4,751,288	16.5 %
Non-North American Common Shares				
Financials				
Aon PLC	3,300	\$ 567,861	\$ 569,786	
Banco de Chile ADR	11,400	1,141,786	1,153,769	
Banco Santander, S.A.	174,600	1,126,053	1,516,979	
China Life Insurance Co. Ltd. ADR	50,000	867,889	996,104	
HSBC Holdings plc	21,100	1,143,620	1,271,206	
ING Groep N.V.	82,100	1,355,439	1,854,180	
Prudential PLC ADR	27,600	1,627,158	1,649,190	
Sumitomo Mitsui Financial Group, Inc. ADR	128,000	1,236,433	1,306,597	
UBS Group AG	49,100	1,136,083	1,082,751	
Total Financials		10,202,322	11,400,562	39.6 %
Total Non-North American Common Shares		\$ 10,202,322	\$ 11,400,562	39.6 %
United States Common Shares				
Financials				
American International Group, Inc.	17,300	\$ 1,475,046	\$ 1,404,670	
Berkshire Hathaway Inc.	5,200	1,092,687	1,143,797	
BlackRock, Inc.	2,200	1,205,999	1,206,886	
Intercontinental Exchange, Inc.	5,300	410,094	453,735	
JPMorgan Chase & Co.	12,600	1,343,818	1,495,636	
Marsh & McLennan Companies, Inc.	6,700	700,324	678,353	
MetLife, Inc.	17,100	1,215,866	1,220,096	
State Street Corporation.	10,300	1,166,773	1,200,285	
The Charles Schwab Corporation	21,100	898,868	1,177,216	
The Progressive Corporation	12,100	585,295	692,843	
The Travelers Companies, Inc.	5,000	841,762	821,623	
Total Financials		10,936,532	11,495,140	39.9 %
Total United States Common Shares		\$ 10,936,532	\$ 11,495,140	39.9 %

Schedule of Investments

As at June 30, 2017 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
Forward Exchange Contracts				
Sold USD \$8,750,000, Bought CAD \$11,789,400 @ 0.74219 - July 19, 2017			\$ 430,020	
Sold USD \$4,800,000, Bought CAD \$6,338,496 @ 0.75728 - August 16, 2017			109,841	
Sold USD \$4,700,000, Bought CAD \$6,152,441 @ 0.76392 - August 16, 2017			53,620	
Total Forward Exchange Contracts			\$ 593,481	2.1 %
Options				
Written Covered Call Options				
Banco Santander, S.A. - July 2017 @ \$7	(582)	\$ (10,017)	\$ (14,847)	
HSBC Holdings plc - July 2017 @ \$44	(70)	(6,657)	(26,727)	
Manulife Financial Corporation - July 2017 @ \$23	(74)	(2,497)	(6,418)	
Total Written Covered Call Options		(19,171)	(47,992)	(0.2)%
Total Options		\$ (19,171)	\$ (47,992)	(0.2)%
Adjustment for transaction fees		(20,586)		
TOTAL INVESTMENTS		\$ 25,722,197	\$ 28,192,479	97.9 %
OTHER NET ASSETS			617,927	2.1 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES			\$ 28,810,406	100.0 %

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

1. Basis of Presentation

The condensed semi-annual financial statements for World Financial Split Share Corp. (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, 2016.

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, 2016.

These condensed financial statements were approved by the Board of Directors on August 8, 2017.

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, 2016.

Credit Risk

During the periods ended June 30, 2017 and December 31, 2016, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

Liquidity Risk

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

	As at June 30, 2017		
	Financial Liabilities		
	On Demand	< 3 months	Total
Due to brokers - investments	\$ -	\$ 1,023,521	\$ 1,023,521
Redemptions payable	-	622,315	622,315
Derivative liabilities	-	47,992	47,992
Accrued liabilities	-	42,519	42,519
Accrued management fees	-	26,644	26,644
Redeemable Preferred shares	20,606,070	-	20,606,070
Class J shares	100	-	100
	\$ 20,606,170	\$ 1,762,991	\$ 22,369,161

	As at December 31, 2016		
	Financial Liabilities		
	On Demand	< 3 months	Total
Derivative liabilities	\$ -	\$ 164,055	\$ 164,055
Accrued liabilities	-	48,911	48,911
Accrued management fees	-	26,984	26,984
Redeemable Preferred shares	21,051,150	-	21,051,150
Class J shares	100	-	100
	\$ 21,051,250	\$ 239,950	\$ 21,291,200

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

Market Risk

(a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2017 and December 31, 2016 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 holders of Class A shares and Redeemable Preferred shares 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, 2017 U.S. Currency Exposure					
				Impact on Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$(23,744,105)	\$ 23,357,825	\$ (386,280)	\$(1,187,205)	\$ 1,167,891	\$ (19,314)
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares	(82)%	81%	(1)%	(4)%	4%	0%

	As at December 31, 2016 U.S. Currency Exposure					
				Impact on Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	\$(10,033,602)	\$ 21,007,812	\$ 10,974,210	\$ (501,680)	\$ 1,050,391	\$ 548,711
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares	(35)%	73%	38%	(2)%	4%	2%

(b) Price Risk

Approximately 96 percent (December 31, 2016 - 96 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at June 30, 2017 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2017, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$1.4 million (December 31, 2016 - \$1.4 million) respectively or 4.8 percent (December 31, 2016 - 4.8 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures with the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2017	Dec. 31, 2016
United States	41.6%	48.5%
Rest of the World	41.2%	26.9%
Canada	17.2%	24.6%
	100.0%	100.0%

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

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, 2017 and December 31, 2016.

	As at June 30, 2017				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 4,751,288	\$ -	\$ -	\$	4,751,288
Non-North American Common Shares	11,400,562	-	-		11,400,562
United States Common Shares	11,495,140	-	-		11,495,140
Forward Exchange Contracts	-	593,481	-		593,481
Options	(26,727)	(21,265)	-		(47,992)
	\$ 27,620,263	\$ 572,216	\$ -	\$	28,192,479

	As at December 31, 2016				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 6,866,755	\$ -	\$ -	\$	6,866,755
Non-North American Common Shares	7,506,980	-	-		7,506,980
United States Common Shares	12,538,677	-	-		12,538,677
Exchange-Traded Funds	962,155	-	-		962,155
Forward Exchange Contracts	-	(148,901)	-		(148,901)
	\$ 27,874,567	\$ (148,901)	\$ -	\$	27,725,666

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, 2017 and during the year ended December 31, 2016.

3. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2017 and December 31, 2016.

	As at June 30, 2017				Total
	Financial Instruments at Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost		
Assets					
Non-derivative financial assets	\$ 27,646,990	\$ -	\$ -	\$	27,646,990
Derivative assets	-	593,481	-		593,481
Dividends receivable	-	-	60,157		60,157
Due from brokers - investments	-	-	1,527,218		1,527,218
Cash	-	-	745,651		745,651
	\$ 27,646,990	\$ 593,481	\$ 2,333,026	\$	30,573,497
Liabilities					
Due to brokers - investments	\$ -	\$ -	\$ 1,023,521	\$	1,023,521
Redemptions payable	-	-	622,315		622,315
Derivative liabilities	-	47,992	-		47,992
Accrued liabilities	-	-	42,519		42,519
Accrued management fees	-	-	26,644		26,644
Redeemable Preferred shares	-	-	20,606,070		20,606,070
Class J shares	-	-	100		100
	\$ -	\$ 47,992	\$ 22,321,169	\$	22,369,161

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

	As at December 31, 2016		Financial Instruments at Amortized Cost	Total
	Financial Instruments at FVTPL Designated at Inception	Held for Trading		
Assets				
Non-derivative financial assets	\$ 27,874,567	\$ -	\$ -	\$ 27,874,567
Derivative assets	-	15,154	-	15,154
Dividends receivable	-	-	48,124	48,124
Cash	-	-	1,226,739	1,226,739
	\$ 27,874,567	\$ 15,154	\$ 1,274,863	\$ 29,164,584
Liabilities				
Derivative liabilities	\$ -	\$ 164,055	\$ -	\$ 164,055
Accrued liabilities	-	-	48,911	48,911
Accrued management fees	-	-	26,984	26,984
Redeemable Preferred shares	-	-	21,051,150	21,051,150
Class J shares	-	-	100	100
	\$ -	\$ 164,055	\$ 21,127,145	\$ 21,291,200

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the six months ended June 30, 2017 and 2016.

	June 30, 2017	June 30, 2016
Net Realized Gain/(Loss) on Financial Instruments at FVTPL		
Designated at Inception	\$ 2,740,162	\$ (3,090,876)
Held for Trading	(265,927)	1,096,703
	2,474,235	(1,944,173)
Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL		
Designated at Inception	(2,176,939)	(997,333)
Held for Trading	713,561	371,252
	(1,463,378)	(626,081)
Net Gain/(Loss) on Financial Instruments at FVTPL	\$ 1,010,857	\$ (2,620,254)

4. Shares

For the six months ended June 30, 2017, cash distributions paid to Preferred shareholders were \$552,593 (June 30, 2016 - \$574,063) representing a payment of \$0.26 (June 30, 2016 - \$0.26) per Preferred share.

During the six months ended June 30, 2017, 44,508 (June 30, 2016 - 81,792) each of Preferred shares and Class A shares were redeemed with a total retraction value of \$622,315 (June 30, 2016 - \$975,149).

During the six months ended June 30, 2017 and year ended December 31, 2016 share transactions are as follows:

	June 30, 2017	Dec. 31, 2016
Redeemable Preferred Shares		
Shares outstanding, beginning of year	2,105,115	2,186,907
Shares redeemed	(44,508)	(81,792)
Shares outstanding, end of period	2,060,607	2,105,115
Class A Shares		
Shares outstanding, beginning of year	2,105,115	2,186,907
Shares redeemed	(44,508)	(81,792)
Shares outstanding, end of period	2,060,607	2,105,115
Class J Shares		
Shares outstanding, beginning and end of period	100	100

World Financial Split Corp.

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

5. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2017 were \$158,926 (June 30, 2016 - \$149,218).

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended June 30, 2017 were \$10,200 (June 30, 2016 - \$10,200).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2017 were \$3,750 (June 30, 2016 - \$3,410).

6. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2017 and 2016 is disclosed below:

	June 30, 2017	June 30, 2016
Soft Dollars	\$ 30,087	\$ 26,185
Percentage of Total Transaction Fees	59.9%	40.6%

7. Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the six months ended June 30, 2017 and 2016 is calculated as follows:

	June 30, 2017	June 30, 2016
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	\$ 508,187	\$ (3,171,705)
Weighted Average Number of Class A Shares Outstanding during the Period	2,104,869	2,186,458
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	\$ 0.2414	\$ (1.4506)

8. Future Accounting Policy Changes

In July 2014, the International Accounting Standards Board ("IASB") finalized the reform of financial instruments accounting and issued IFRS 9: Financial Instruments ("IFRS 9") (as revised in 2014), which contains the requirements for: a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date. The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Fund.

In January 2016, a Disclosure Initiative was issued by the IASB, which amends IAS 7 Statements of Cash Flows. The amendments are designed to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. These amendments are effective for the annual periods beginning on or after January 1, 2017. Based on the Manager's evaluation, the amendments are not expected to have a significant impact on the December 31, 2017 financial statements.

Investment Funds Managed by
Strathbridge Asset Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)

Core Canadian Dividend Trust (CDD.UN)

Low Volatility U.S. Equity Income Fund (LVU.UN)

NDX Growth & Income Fund (NGI.UN)

U.S. Financials Income Fund (USF.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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