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# World Financial Split Corp.

Semi-Annual Report 2020

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## World Financial Split Corp.

### Letter to Shareholders

We are pleased to present the 2020 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 exhibited significant volatility in the first half of 2020 as economies and businesses were gripped by the COVID-19 (Coronavirus) pandemic. After reaching all-time highs in the third week of February, both the S&P/TSX Composite Index and the S&P 500 Index declined 37.4 percent and 33.8 percent respectively to the low reached on March 23rd as new cases and fatalities rose exponentially. However, since then, equity markets have staged a historic comeback, even as new cases and fatalities continued to increase, with both markets rising over 39 percent from the low. Central banks and governments around the world have responded with unprecedented monetary and fiscal policies to prop up economies and keep funding markets open. The total return of the S&P/TSX Composite Index for the semi-annual period ending June 30, 2020 was negative 7.5 percent and negative 3.1 percent for the S&P 500 Index.

During the six months ended June 30, 2020, the Fund paid cash distributions of \$0.26 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, including reinvestment of distributions, was negative 20.9 percent for the period. The net asset value decreased from \$13.50 per Unit at December 31, 2019 to \$10.41 per Unit at June 30, 2020. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.60 per Unit during the period 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 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, 2020 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](mailto:info@strathbridge.com) or by visiting our website at [www.strathbridge.com](http://www.strathbridge.com). You can also request semi-annual or annual reports at no cost by using one of the above methods.

### Results of Operations

#### Distributions

For the six months ended June 30, 2020, cash distributions 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 \$8.59 per Preferred share and \$5.54 per Class A share.

#### Revenue and Expenses

The Fund’s total revenue was \$0.16 per Unit for the six months ended June 30, 2020, down from \$0.20 per Unit from last year. Total expenses were \$0.21 per Unit, down from \$0.23 per Unit from a year ago. The Fund had a net realized and unrealized loss of \$2.78 per Unit in the first half of 2020 as compared to a net realized and unrealized gain of \$0.50 per Unit a year earlier.

#### Net Asset Value

The net asset value decreased 22.9 percent from \$13.50 per Unit at December 31, 2019 to \$10.41 per Unit at June 30, 2020. The aggregate net asset value of the Fund decreased \$4.55 million, from \$15.08 million at December 31, 2019 to \$10.53 million at June 30, 2020, reflecting an operating loss of \$3.16 million, Preferred share distributions of \$0.29 million and annual (both Class A and Preferred shares) redemptions of \$1.10 million.

Management Report of Fund Performance

**Recent Developments**

There were no recent developments pertaining to the Fund during the six months ended June 30, 2020.

**Related Party Transactions**

Strathbridge Asset Management Inc. (“Strathbridge”), as the Investment Manager of the Fund, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated 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.

# World Financial Split Corp.

## Management Report of Fund Performance

### Financial Highlights

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

Information for the period ended June 30, 2020 is derived from the Fund's unaudited semi-annual financial statements.

	<b>Six months ended June 30, 2020</b>
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 13.50</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.16
Total expenses	(0.21)
Realized gain (loss) for the period	(1.01)
Unrealized gain (loss) for the period	(1.77)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>(2.83)</b>
DISTRIBUTIONS	
<b>Preferred Share</b>	
Non-taxable distributions	(0.26)
<b>Total Distributions<sup>(3)</sup></b>	<b>(0.26)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 10.41</b>

(1) All per Unit figures are derived from the Fund's unaudited financial statements for the six months ended June 30, 2020 and audited financial statements for the years ended December 31. Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

	<b>Six months ended June 30, 2020</b>
<b>RATIOS/SUPPLEMENTAL DATA</b>	
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$ 10.53
Net Asset Value (\$millions)	\$ 0.41
Number of Units outstanding	1,011,787
Management expense ratio <sup>(1)</sup>	3.15% <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	94.38%
Trading expense ratio <sup>(3)</sup>	0.42% <sup>(4)</sup>
Net Asset Value per Unit <sup>(5)</sup>	\$ 10.41
Closing market price – Preferred	\$ 8.50 <sup>(6)</sup>
Closing market price – Class A	\$ 1.70 <sup>(7)</sup>

(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 7.67%, 6.79%, 5.98%, 6.00%, 6.44% and 5.91% for 2020, 2019, 2018, 2017, 2016 and 2015, respectively. The MER for 2020, 2019, 2018, 2017, 2016 and 2015, excluding withholding taxes, is 2.98%, 2.65%, 2.21%, 2.07%, 2.09% and 2.01% respectively. The MER for 2015 includes the special resolution expense. The MER for 2015 excluding the special resolution expense is 2.18%.

## Management Report of Fund Performance

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

		Years ended December 31							
		2019	2018	2017	2016	2015			
\$	12.72	\$	14.85	\$	13.74	\$	13.37	\$	13.92
	0.37		0.37		0.49		0.37		0.36
	(0.42)		(0.41)		(0.38)		(0.34)		(0.37)
	0.22		0.20		2.20		(0.63)		1.25
	1.14		(1.75)		(0.69)		1.43		(1.20)
	1.31		(1.59)		1.62		0.83		0.04
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
\$	13.50	\$	12.72	\$	14.85	\$	13.74	\$	13.37

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized 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.

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

		Years ended December 31							
		2019	2018	2017	2016	2015			
\$	15.08	\$	15.10	\$	30.60	\$	28.92	\$	29.24
\$	3.91	\$	3.23	\$	9.99	\$	7.87	\$	7.37
	1,117,014		1,187,743		2,060,607		2,105,115		2,186,907
	2.81%		2.38%		2.29%		2.27%		2.19%
	201.05%		213.51%		259.88%		307.48%		259.37%
	0.41%		0.44%		0.39%		0.43%		0.46%
\$	13.50	\$	12.72	\$	14.85	\$	13.74	\$	13.37
\$	10.05	\$	9.58	\$	10.23	\$	10.00	\$	9.90
\$	3.08	\$	2.07	\$	4.30	\$	3.76	\$	3.05

(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.

(6) The last date with an executed trade was June 24, 2020.

(7) The last date with an executed trade was June 12, 2020.

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

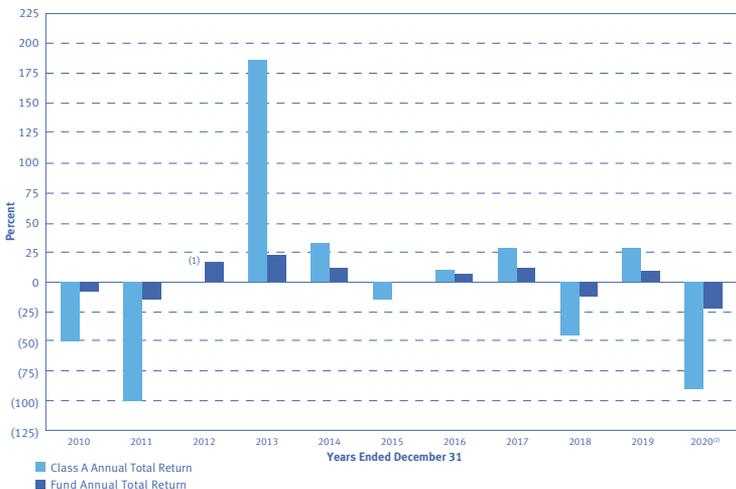
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- 1) information shown assumes that all distributions made by the Fund during these periods were reinvested in Units of the Fund,
- 2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- 3) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund’s total return varied from year to year for each of the past ten years and for the six months ended June 30, 2020. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of the fiscal year or June 30, 2020 for the six months ended.

Total Return



<sup>(1)</sup>The Class A annual total 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.  
<sup>(2)</sup>For the six months ended June 30, 2020.

**Portfolio Manager Report**

Stock markets around the world exhibited significant volatility in the first half of 2020 as economies and businesses were gripped by the COVID-19 (Coronavirus) pandemic. After reaching all-time highs in the third week of February, both the S&P/TSX Composite Index and the S&P 500 Index declined 37.4 percent and 33.8 percent respectively to the low reached on March 23rd as new cases and fatalities rose exponentially. However, since then, equity markets have staged a historic comeback, even as new cases and fatalities continued to increase, with both markets rising over 39 percent from the low. Central banks and governments around the world have responded with unprecedented monetary and fiscal policies to prop up economies and keep funding markets open. The total return of the S&P/TSX Composite Index for the semi-annual period ending June 30, 2020 was negative 7.5 percent and negative 3.1 percent for the S&P 500 Index.

The Global Financials companies underperformed the broader market during the period with a total return of negative 24.2 percent compared to a total return of negative 1.0 percent for the S&P Global 100 Index. Concerns surrounding deteriorating credit and higher loan loss provisions for both individuals and corporations due to the economic impact that COVID-19 has delivered globally has weighed on the Global Financials share price performance, along with potentially lower wealth management earnings and net interest margins. The suspension of share repurchases and dividends in some countries has also created a headwind for the group.

For the six months ended June 30, 2020, the net asset value (“NAV”) of the Fund was \$10.41 per Unit compared to \$13.50 per Unit at December 31, 2019. 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, 2020 with a mid-price of \$8.57 per share, while the Class A shares, listed as WFS, closed at a mid-price of \$1.80 per share. When combined, the closing prices represent a \$0.04 discount to the NAV per Unit.

The total return of the Fund, including reinvestment of distributions, for the six months ended June 30, 2020 was negative 20.9 percent per Unit. The best performing stock within the portfolio was Blackrock Inc., up 15.2 percent during the period. At the other end of the spectrum, Bank of America Corporation, was the worst performing stock in the portfolio, down 35.9 percent while held in the Fund.

Volatility levels for Global Financial Services companies increased significantly in March as markets sold off but declined for the rest of the period as markets have recovered significantly from the lows. However, volatility remains elevated relative to levels experienced over the past few years. As a result, the covered call writing activity was higher in the first quarter with an average of 24.1 percent of the portfolio written which then declined to 20.6 percent in the second quarter. The Fund ended June 30, 2020 with 29.3 percent of the portfolio subject to covered calls and a cash position of 10.6 percent. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 50 percent of the U.S. dollar exposure hedged.

# World Financial Split Corp.

## 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](http://www.strathbridge.com).

#### Asset Mix

June 30, 2020

	% of Net Asset Value*
United States	52.4 %
Canada	40.0 %
Cash	11.7 %
International	9.1 %
Other Assets (Liabilities)	(13.2)%
	100.0 %

\*The Net Asset Value excludes the Redeemable Preferred Share liability.

#### Portfolio Holdings

June 30, 2020

	% of Net Asset Value*
Cash	11.7 %
BlackRock, Inc.	8.8 %
Sun Life Financial Inc.	7.1 %
Bank of America Corporation	6.7 %
Canadian Imperial Bank of Commerce	6.6 %
Intact Financial Corporation	6.1 %
The Charles Schwab Corporation	5.9 %
National Bank of Canada	5.8 %
The PNC Financial Services Group, Inc.	5.2 %
CME Group Inc.	4.8 %
China Life Insurance Company Limited	4.6 %
Aon Public Limited Company	4.5 %
First Republic Bank	4.4 %
The Progressive Corporation	3.8 %
Manulife Financial Corporation	3.8 %
The Allstate Corporation	3.8 %
Brookfield Asset Management Inc.	3.7 %
Royal Bank of Canada	3.6 %
JPMorgan Chase & Co.	3.5 %
U.S. Financials Income Fund	3.3 %
Berkshire Hathaway Inc.	3.2 %
MetLife, Inc.	2.3 %

\*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, 2019.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The 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 10, 2020

**Notice to Shareholders**

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2020 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

## Condensed Financial Statements

## Statements of Financial Position

As at June 30, 2020 (Unaudited) and December 31, 2019 (Audited)

	Note	June 30, 2020	Dec. 31, 2019
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	2	\$ 10,686,511	\$ 14,512,997
Derivative assets	2	20,114	70,937
Dividends receivable		18,394	11,839
Short-term investments		–	449,840
Cash		1,236,493	147,433
<b>TOTAL ASSETS</b>		<b>11,961,512</b>	15,193,046
<b>LIABILITIES</b>			
Redemptions payable		1,095,392	–
Due to brokers – investments		225,263	–
Derivative liabilities	2	68,114	44,469
Accrued liabilities		30,009	54,188
Accrued management fees	4	10,182	13,645
Redeemable Preferred shares		10,117,870	11,170,140
Class J shares		100	100
<b>TOTAL LIABILITIES</b>		<b>11,546,930</b>	11,282,542
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES</b>		<b>\$ 414,582</b>	\$ 3,910,504
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE</b>		<b>\$ 0.4098</b>	\$ 3.5009

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

# World Financial Split Corp.

## Condensed Financial Statements

### Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2020	2019
<b>INCOME</b>			
Dividend income		\$ 174,050	\$ 225,036
Interest income		1,102	15,725
Net realized loss on investments at fair value through profit or loss		(1,601,875)	(159,045)
Net realized gain on options at fair value through profit or loss		673,841	221,613
Net realized loss on forward exchange contracts at fair value through profit or loss		(203,691)	(31,070)
Net change in unrealized gain/loss on investments at fair value through profit or loss		(1,972,233)	563,285
<b>TOTAL INCOME/(LOSS), NET</b>		<b>(2,928,806)</b>	835,544
<b>EXPENSES</b>			
Management fees	4	66,826	78,759
Service fees		–	6,754
Administrative and other expenses		50,766	54,252
Transaction fees	5	26,982	37,349
Custodian fees		19,559	21,437
Audit fees		18,593	18,287
Director fees	4	10,200	9,600
Independent review committee fees	4	4,167	3,750
Legal fees		1,363	1,302
Shareholder reporting costs		6,949	8,962
Harmonized sales tax		14,768	15,364
Withholding taxes		10,605	12,528
<b>TOTAL EXPENSES</b>		<b>230,778</b>	268,344
<b>OPERATING PROFIT/(LOSS)</b>		<b>(3,159,584)</b>	567,200
Preferred share distributions	3	(293,216)	(311,783)
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES</b>	6	<b>\$ (3,452,800)</b>	\$ 255,417
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE</b>	6	<b>\$ (3.0927)</b>	\$ 0.2151

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)

	2020	2019
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	\$ 3,910,504	\$ 3,226,958
<b>Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares</b>	<b>(3,452,800)</b>	255,417
<b>Class A Share Transactions</b>		
Value for Class A shares redeemed	(43,122)	(207,377)
<b>Changes in Net Assets Attributable to Holders of Class A Shares during the Period</b>	<b>(3,495,922)</b>	48,040
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	\$ 414,582	\$ 3,274,998

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

## Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2020	2019
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 597,273	\$ 3,834,909
<b>Cash Flows Provided By (Used In) Operating Activities</b>		
<b>Operating Profit/(Loss)</b>	<b>(3,159,584)</b>	567,200
<b>Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities</b>		
Net realized loss on investments at fair value through profit or loss	1,601,875	159,045
Net realized gain on options at fair value through profit or loss	(673,841)	(221,613)
Net realized loss on forward exchange contracts at fair value through profit or loss	203,691	31,070
Net change in unrealized gain/loss on investments at fair value through profit or loss	1,972,233	(563,285)
Net change in unrealized gain/loss on foreign cash	882	(74,696)
(Increase)/decrease in dividends receivable	(6,555)	8,021
Increase/(decrease) in accrued management fees, accrued liabilities and due to brokers – investments	197,621	(22,586)
Purchase of investment securities	(11,197,121)	(17,920,899)
Proceeds from disposition of investment securities	11,993,235	14,970,536
	4,092,020	(3,634,407)
<b>Cash Flows Used In Financing Activities</b>		
Preferred share distributions	(293,216)	(311,783)
<b>Net Increase/(Decrease) in Cash During the Period</b>	<b>639,220</b>	(3,378,990)
CASH, END OF PERIOD	\$ 1,236,493	\$ 455,919
Dividends received, net of withholding taxes	\$ 156,890	\$ 220,529
Interest received	\$ 1,102	\$ 15,725

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

# World Financial Split Corp.

## Schedule of Investments

As at June 30, 2020 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
<b>INVESTMENTS</b>				
<b>Canadian Common Shares</b>				
<b>Financials</b>				
Bank of Montreal				
Brookfield Asset Management Inc.	8,800	\$ 362,797	\$ 393,184	
Canadian Imperial Bank of Commerce	7,700	711,671	698,698	
Intact Financial Corporation	5,000	695,049	646,050	
Manulife Financial Corporation	21,500	477,128	397,105	
National Bank of Canada	9,900	671,194	609,048	
Royal Bank of Canada	4,100	397,453	377,651	
Sun Life Financial Inc.	14,900	766,936	743,361	
<b>Total Financials</b>		4,082,228	3,865,097	36.7%
<b>Total Canadian Common Shares</b>		\$ 4,082,228	\$ 3,865,097	36.7%
<b>Non-North American Common Shares</b>				
<b>Financials</b>				
Aon Public Limited Company	1,800	\$ 485,177	\$ 472,181	
China Life Insurance Company Limited	35,200	594,409	483,742	
<b>Total Financials</b>		1,079,586	955,923	9.1%
<b>Total Non-North American Common Shares</b>		\$ 1,079,586	\$ 955,923	9.1%
<b>United States Common Shares</b>				
<b>Financials</b>				
Bank of America Corporation	21,800	\$ 765,738	\$ 705,180	
Berkshire Hathaway Inc.	1,400	384,370	340,385	
BlackRock, Inc.	1,250	876,866	926,319	
CME Group Inc.	2,300	614,985	509,176	
First Republic Bank	3,200	491,924	461,949	
JPMorgan Chase & Co.	2,900	386,020	371,520	
MetLife, Inc.	4,900	304,336	243,729	
The Allstate Corporation	3,000	462,841	396,303	
The Charles Schwab Corporation	13,400	789,553	615,786	
The PNC Financial Services Group, Inc.	3,800	659,591	544,528	
The Progressive Corporation	3,700	404,995	403,709	
<b>Total Financials</b>		6,141,219	5,518,584	52.4%
<b>Total United States Common Shares</b>		\$ 6,141,219	\$ 5,518,584	52.4%
<b>Exchange-Traded Funds</b>				
U.S. Financials Income Fund	67,100	\$ 525,206	\$ 346,907	3.3%
<b>Forward Exchange Contracts</b>				
Sold USD \$795,000, Bought CAD \$1,117,174 @ 0.71162 – July 15, 2020			\$ 34,426	
Sold USD \$1,760,000, Bought CAD \$2,382,530 @ 0.73871 – August 19, 2020			(14,312)	
<b>Total Forward Exchange Contracts</b>			\$ 20,114	0.2%

## Schedule of Investments

As at June 30, 2020 (Unaudited)

	Number of (Contracts)	(Proceeds)	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
<b>Options</b>				
<b>Purchased Call Options</b>				
(100 shares per contract)				
Royal Bank of Canada – July 2020 @ \$90	(41)	\$ (11,685)	\$ (1,161)	0.0 %
<b>Written Covered Call Options</b>				
(100 shares per contract)				
Bank of America Corporation – July 2020 @ \$25	(109)	(12,317)	(7,646)	
BlackRock, Inc. – July 2020 @ \$540	(6)	(15,555)	(13,729)	
Canadian Imperial Bank of Commerce – July 2020 @ \$92	(22)	(4,114)	(4,422)	
CME Group Inc. – July 2020 @ \$173	(23)	(8,996)	(2,819)	
Intact Financial Corporation – July 2020 @ \$130	(25)	(7,627)	(5,813)	
Manulife Financial Corporation – July 2020 @ \$19	(72)	(1,656)	(936)	
MetLife, Inc. – July 2020 @ \$37	(49)	(10,372)	(11,579)	
Sun Life Financial Inc. – July 2020 @ \$50	(50)	(4,700)	(5,650)	
The Allstate Corporation – July 2020 @ \$100	(15)	(6,906)	(2,574)	
The Charles Schwab Corporation – July 2020 @ \$35	(67)	(9,281)	(5,704)	
The PNC Financial Services Group, Inc. – July 2020 @ \$111	(19)	(11,725)	(388)	
The Progressive Corporation – July 2020 @ \$80	(19)	(4,331)	(5,693)	
<b>Total Written Covered Call Options</b>		(97,580)	(66,953)	(0.7)%
<b>Total Options</b>		\$ (109,265)	\$ (68,114)	(0.7)%
Adjustment for transaction fees		(11,849)		
<b>TOTAL INVESTMENTS</b>		\$ 11,707,125	\$ 10,638,511	101.0 %
<b>OTHER NET LIABILITIES</b>			(106,059)	(1.0)%
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES</b>			\$ 10,532,452	100.0 %

# World Financial Split Corp.

## Notes to Condensed Financial Statements

June 30, 2020 (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, 2019.

These condensed semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2019.

These condensed financial statements were approved by the Board of Directors on August 10, 2020.

### 2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2019.

#### Credit Risk

As at June 30, 2020 and December 31, 2019, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

#### Liquidity Risk

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

	As at June 30, 2020		
	Financial Liabilities		
	On Demand	< 3 months	Total
Redemptions payable	\$ –	\$ 1,095,392	\$ 1,095,392
Due to brokers – investments	–	225,263	225,263
Derivative liabilities	–	68,114	68,114
Accrued liabilities	–	30,009	30,009
Accrued management fees	–	10,182	10,182
Redeemable Preferred shares	10,117,870	–	10,117,870
Class J shares	100	–	100
Class A shares	414,582	–	414,582
	\$ 10,532,552	\$ 1,428,960	\$ 11,961,512

## Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

	As at December 31, 2019		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 54,188	\$ 54,188
Derivative liabilities	–	44,469	44,469
Accrued management fees	–	13,645	13,645
Redeemable Preferred shares	11,170,140	–	11,170,140
Class J shares	100	–	100
Class A shares	3,910,504	–	3,910,504
	\$ 15,080,744	\$ 112,302	\$ 15,193,046

## Market Risk

## (a) Currency Risk

The table below indicates the foreign currencies to which the Fund had significant exposure to as at June 30, 2020 and December 31, 2019 in Canadian dollar terms, and the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to 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, 2020					
	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
	\$ (3,040,614)	\$ 6,307,547	\$ 3,266,933	\$ (152,031)	\$ 315,377	\$ 163,346
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares	(29)%	60%	31%	(1)%	3%	2%

	As at December 31, 2019					
	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
	\$ (4,630,746)	\$ 9,202,968	\$ 4,572,222	\$ (231,537)	\$ 460,148	\$ 228,611
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares	(31)%	61%	30%	(2)%	3%	1%

# World Financial Split Corp.

## Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

### (b) Price Risk

Approximately 101 percent (December 31, 2019 – 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, 2020 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2020, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$0.5 million (December 31, 2019 – \$0.7 million) respectively or 5.1 percent (December 31, 2019 – 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, 2020	Dec. 31, 2019
United States	51.6%	54.3%
Canada	39.4%	36.3%
Rest of World	9.0%	9.4%
	100.0%	100.0%

### Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2020 and December 31, 2019.

	As at June 30, 2020				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 3,865,097	\$ –	\$ –	\$ 3,865,097	
United States Common Shares	5,518,584	–	–	5,518,584	
Non-North American Common Shares	955,923	–	–	955,923	
Exchange-Traded Funds	346,907	–	–	346,907	
Forward Exchange Contracts	–	20,114	–	20,114	
Options	(68,114)	–	–	(68,114)	
	\$ 10,618,397	\$ 20,114	\$ –	\$ 10,638,511	

## Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ –	\$ 449,840	\$ –	\$ 449,840
Canadian Common Shares	4,771,704	–	–	4,771,704
Non-North American Common Shares	1,369,622	–	–	1,369,622
United States Common Shares	7,877,815	–	–	7,877,815
Exchange-Traded Funds	493,856	–	–	493,856
Forward Exchange Contracts	–	70,937	–	70,937
Options	(44,469)	–	–	(44,469)
	\$ 14,468,528	\$ 520,777	\$ –	\$ 14,989,305

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended June 30, 2020 and during the year ended December 31, 2019.

### 3. Shares

For the six months ended June 30, 2020, cash distributions paid to Preferred shareholders were \$293,216 (June 30, 2019 – \$311,783) representing a payment of \$0.26 (June 30, 2019 – \$0.26) per Preferred share.

During the six months ended June 30, 2020, 105,227 (June 30, 2019 – 70,729) each of Preferred shares and Class A shares were redeemed with a total retraction value of \$1,095,392 (June 30, 2019 – \$914,667).

During the six months ended June 30, 2020 and year ended December 31, 2019, share transactions are as follows:

	June 30, 2020	Dec. 31, 2019
<b>Redeemable Preferred Shares</b>		
Shares outstanding, beginning of year	1,117,014	1,187,743
Shares redeemed	(105,227)	(70,729)
Shares outstanding, end of period	1,011,787	1,117,014
<b>Class A Shares</b>		
Shares outstanding, beginning of year	1,117,014	1,187,743
Shares redeemed	(105,227)	(70,729)
Shares outstanding, end of period	1,011,787	1,117,014
<b>Class J Shares</b>		
Shares outstanding, beginning and end of period	100	100

# World Financial Split Corp.

## Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

### 4. Related Party Transactions

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#### (a) Management Fees

Total management fees for the six months ended June 30, 2020 were \$66,826 (June 30, 2019 – \$78,759) of which \$10,182 (June 30, 2019 – \$12,870) was unpaid.

#### (b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended June 30, 2020 were \$10,200 (June 30, 2019 – \$9,600).

#### (c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2020 were \$4,167 (June 30, 2019 – \$3,750).

#### (d) Investment in other Strathbridge Funds

The Fund may invest in units of other funds managed by the Manager. The Fund's ownership interest in U.S. Financials Income Fund – Class A was 7.7 percent as at June 30, 2020 (December 31, 2019 – 7.9 percent).

### 5. Brokerage Commissions and Soft Dollars

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The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2020 and 2019 is disclosed below:

	June 30, 2020	June 30, 2019
Soft Dollars	\$ 15,256	\$ 25,020
Percentage of Total Transaction Fees	56.5%	67.0%

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

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The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the six months ended June 30, 2020 and 2019 is calculated as follows:

	June 30, 2020	June 30, 2019
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	\$ (3,452,800)	\$ 255,417
Weighted Average Number of Class A Shares Outstanding during the Period	1,116,436	1,187,348
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	\$ (3.0927)	\$ 0.2151

Investment Funds Managed by  
Strathbridge Asset Management Inc.

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MUTUAL FUNDS

Mulvihill Premium Yield Fund

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)

Core Canadian Dividend Trust (CDD.UN)

Top 10 Canadian Financial Trust (TCT.UN)

U.S. Financials Income Fund (USF.UN)

SPLIT SHARES

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

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

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

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

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