



SEMI-ANNUAL  
REPORT

2016

S SPLIT CORP.

  
strathbridge  
ASSET MANAGEMENT

## Letter to Shareholders

We are pleased to present the 2016 semi-annual report containing the management report of fund performance and the unaudited financial statements for S Split Corp (the “Fund”).

Stock market performance in the first half of 2016 can be characterized by significant weakness to start off the year due to stagnant economic growth and increasingly ineffective monetary policy which led to a lack of investor confidence. However, after most stock markets hit new lows in early February, they staged a meaningful recovery which continued through the second quarter of 2016. Oil prices which declined over 30 percent to a low of US\$26.21 on February 11, 2016 have maintained a steady uptrend since, topping US\$50 per barrel by mid-June and brought much of the energy complex along with it. Soft commodities were also generally higher during the first six months of 2016. The main commodity story, however, was gold. It is the best performing asset class so far in 2016, up over 24 percent. One might expect to see elevated volatility as investors often flock to gold in times of crisis; however, this was not the case. Interest rates remain low and have even gone into negative levels in some regions, notably Europe and Japan. Surprisingly, stock markets have been calm allowing the VIX (“CBOE Volatility Index”) to drift lower through much of the period. The first half of 2016 was punctuated with “Brexit”. The word was coined to describe Great Britain’s exit from the European Union (“EU”). A referendum was held on June 23 and the people voted 52-48 percent to leave the EU in a surprise upset. The news roiled global markets immediately following the event but North American markets have since fully recovered. The longer term impacts on the region and the world are not yet known.

Cash distributions of \$0.26 per share were paid to Preferred shareholders and \$0.07 per share were paid to Class A shareholders during the six months ended June 30, 2016. The net asset value per Unit of the Fund increased 6.6 percent, from \$15.34 at December 31, 2015 to \$16.35 at June 30, 2016. The Fund’s total return, including reinvestment of distributions, was 8.8 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.07 per Unit as compared to a net realized gain on options of \$0.03 per Unit a year ago. For a more detailed review of the operation 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 monthly distributions of 5.25 percent per annum and the Class A shareholders with regular monthly distributions of 6.0 percent per annum on the net asset value of the Fund and return the original issue price of both classes on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols SBN.PR.A for the Preferred shares and SBN 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 common shares of The Bank of Nova Scotia and may also invest up to 10 percent of its net assets to purchase call options in respect of securities in which the Fund is permitted to invest.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting (“SSO”), to enhance the income generated by the BNS shares 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.

## S 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, 2016 of S 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, 2016, cash distributions of \$0.26 per Preferred share and \$0.07 per Class A share were paid.

Since the inception of the Fund on May 17, 2007, the Fund has paid total cash distributions of \$4.79 per Preferred share and \$4.90 per Class A share.

##### Revenue and Expenses

For the six months ended June 30, 2016, the Fund's total revenue per Unit was \$0.32 as compared to \$0.38 during the same period last. Total expenses per Unit decreased by \$0.02 per Unit from the previous year to \$0.26 per Unit mainly due to lower management fees. The Fund had a net realized and unrealized gain of \$1.29 per Unit in the first half of 2016 as compared to a net realized and unrealized loss of \$0.46 per Unit a year earlier.

##### Net Asset Value

The net asset value per Unit of the Fund increased 6.6 percent, from \$15.34 at December 31, 2015 to \$16.35 at June 30, 2016. The aggregate net asset value of the Fund increased \$1.1 million, from \$17.5 million at December 31, 2015 to \$18.6 million at June 30, 2016, reflecting an operating profit of \$1.5 million which was partially offset by cash distributions of \$0.4 million on the Class A shares and the Preferred shares.

#### Recent Developments

There were no recent developments pertaining to the Fund during the semi-annual period ending June 30, 2016.

**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 April 26, 2007.

Strathbridge is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Strathbridge dated April 26, 2007. 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, 2016 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, 2016	
<b>NET ASSETS PER UNIT</b>		
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$</b>	<b>15.34</b>
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.32
Total expenses		(0.26)
Realized gain (loss) for the period		0.41
Unrealized gain (loss) for the period		0.88
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>		<b>1.35</b>
DISTRIBUTIONS		
<b>Preferred Share</b>		
From net investment income		(0.26)
Non-taxable distributions		-
<b>Total Preferred Share Distributions</b>		<b>(0.26)</b>
<b>Class A Share</b>		
From net investment income		-
Non-taxable distributions		(0.07)
<b>Total Class A Share Distributions</b>		<b>(0.07)</b>
<b>Total Distributions<sup>(3)</sup></b>		<b>(0.33)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$</b>	<b>16.35</b>

(1) All per Unit figures presented in 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, 2016 and the annual audited financial statements for the years ended December 31, 2015 and 2014. Net assets per Unit for all other prior years 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 all other prior years 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, 2016	
<b>RATIOS/SUPPLEMENTAL DATA</b>		
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	<b>\$</b>	<b>18.64</b>
Net Asset Value (\$millions)	<b>\$</b>	<b>7.24</b>
Number of Units outstanding		<b>1,139,931</b>
Management expense ratio <sup>(1)</sup>		<b>3.18%<sup>(4)</sup></b>
Portfolio turnover rate <sup>(2)</sup>		<b>54.52%</b>
Trading expense ratio <sup>(3)(4)</sup>		<b>0.12%<sup>(4)</sup></b>
Net Asset Value per Unit <sup>(5)</sup>	<b>\$</b>	<b>16.35</b>
Closing market price - Preferred	<b>\$</b>	<b>10.34</b>
Closing market price - Class A	<b>\$</b>	<b>5.64</b>

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees 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 6.48%, 5.85%, 5.27%, 5.37%, 5.31% and 5.52% for 2016, 2015, 2014, 2013, 2012 and 2011 respectively. The MER for 2015 and 2014 includes the special resolution expense/(recovery). The MER for 2015 and 2014 excluding the special resolution expense/(recovery) is 2.92% and 2.33% respectively. The MER for 2011 includes warrant exercise fees. The MER for 2011 excluding warrant exercise fees is 2.36%.

## Management Report of Fund Performance

As a result of the adoption of International Financial Reporting Standards (“IFRS”), for June 30, 2016, December 31, 2015 and 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 all other prior years ended December 31, 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							
		2015	2014	2013	2012	2011			
\$	18.78	\$	19.86	\$	18.23	\$	17.81	\$	21.45
	0.91		0.79		0.56		0.71		0.70
	(0.50)		(0.55)		(0.46)		(0.43)		(0.49)
	0.62		3.20		(0.11)		(0.56)		1.09
	(3.49)		(2.67)		2.57		1.67		(2.36)
	(2.46)		0.77		2.56		1.39		(1.06)
	(0.53)		(0.53)		(0.22)		(0.28)		(0.53)
	–		–		(0.31)		(0.25)		–
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
	–		(0.26)		–		–		(0.16)
	(0.43)		(0.34)		(0.50)		(0.48)		(0.43)
	(0.43)		(0.60)		(0.50)		(0.48)		(0.59)
	(0.96)		(1.13)		(1.03)		(1.01)		(1.12)
\$	15.34	\$	18.78	\$	19.86	\$	18.22	\$	17.81

(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							
		2015	2014	2013	2012	2011			
\$	17.48	\$	21.89	\$	61.89	\$	60.08	\$	63.41
\$	6.08	\$	10.23	\$	30.73	\$	27.13	\$	27.84
\$	1,139,931		1,165,364		3,116,112		3,295,312		3,556,512
	2.85%		2.72%		2.51%		2.41%		2.88%
	24.16%		0.00%		4.52%		5.33%		45.90%
	0.02%		0.01%		0.01%		0.01%		0.07%
\$	15.34	\$	18.78	\$	19.86	\$	18.23	\$	17.83
\$	10.10	\$	10.15	\$	10.35	\$	10.52	\$	10.35
\$	4.67	\$	9.00	\$	8.47	\$	6.66	\$	6.00

(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 1.55 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.

#### Retraction Fee

For retraction of a Class A Share or Preferred Share occurred prior to July 2014, a retraction fee was deducted by Strathbridge from the amount otherwise receivable by the retracting shareholder to compensate Strathbridge, in part, for paying the Agents' fees and expenses of the offering.

#### 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.

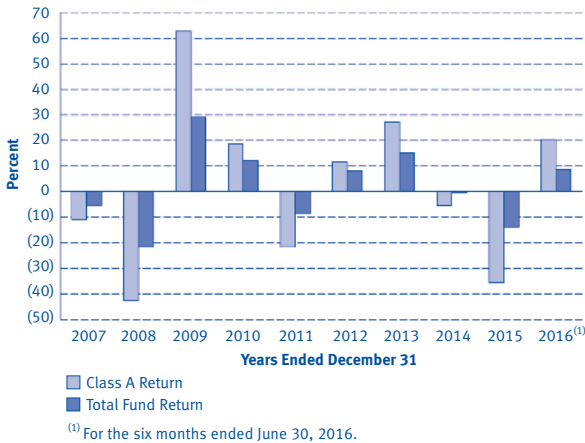
#### Year-By-Year Returns

The following bar chart illustrates how the Fund's total return varied from year to year in each of the past nine years and for the six months ended June 30, 2016. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception on May 27, 2007 would have increased or decreased by the end of the fiscal year or June 30, 2016 for the six months ended.



## Management Report of Fund Performance

## Annual Total Return



## Portfolio Manager Report

Stock market performance in the first half of 2016 can be characterized by significant weakness to start off the year due to stagnant economic growth and increasingly ineffective monetary policy which led to a lack of investor confidence. However, after most stock markets hit new lows in early February, they staged a meaningful recovery which continued through the second quarter of 2016. Oil prices which declined over 30 percent to a low of US\$26.21 on February 11, 2016 have maintained a steady uptrend since, topping US\$50 per barrel by mid-June and brought much of the energy complex along with it. Soft commodities were also generally higher during the first six months of 2016. The main commodity story, however, was gold. It is the best performing asset class so far in 2016, up over 24 percent. One might expect to see elevated volatility as investors often flock to gold in times of crisis; however, this was not the case. Interest rates remain low and have even gone into negative levels in some regions, notably Europe and Japan. Surprisingly, stock markets have been calm allowing the VIX (“CBOE Volatility Index”) to drift lower through much of the period. The first half of 2016 was punctuated with “Brexit”. The word was coined to describe Great Britain’s exit from the European Union (“EU”). A referendum was held on June 23 and the people voted 52-48 percent to leave the EU in a surprise upset. The news roiled global markets immediately following the event but North American markets have since fully recovered. The longer term impacts on the region and the world are not yet known.

The Bank of Nova Scotia (“BNS”) reported results slightly better than expected for the first two quarters of fiscal 2016. Canadian Commercial and Personal Banking were both strong and saw revenue growth of 10 percent over last year. A charge was taken in the second quarter to cover some strategic changes to the banking network that, as Brian Porter, President and CEO, assures, will be more than offset by cost savings. International Banking continues to be a solid contributor, while Global Banking and Markets was a bit of a drag on overall performance with segment earnings down 28 percent year over year mainly due to energy related loan losses and provisions.

As part of the strategic restructuring, which primarily benefits the branch network, the Bank has announced the appointment of Shawn Rose to the newly created position of Executive Vice President, Digital Banking. The branches in future will offer more technology in general with the promise of less paper.

## Management Report of Fund Performance

The net asset value (“NAV”) per Unit of the Fund at June 30, 2016 was \$16.35 compared to \$15.34 at December 31, 2015. The Fund’s Class A and Preferred Shares, which are listed on the Toronto Stock Exchange as SBN and SBN.PR.A, closed on June 30, 2016 at \$5.64 and \$10.34 respectively. When combined, the closing prices represent a 2.3 percent discount to the NAV per Unit.

Cash distributions of \$0.07 per Class A share and \$0.26 per Preferred share were paid to respective shareholders during the first six months of 2016. The value of BNS shares at June 30, 2016 was \$63.31 compared to \$55.97 on December 31, 2015. BNS paid common dividends of \$1.42 during the period with its dividend increased by two cents per share in the second quarter.

After a strong upward move in March, the BNS share price traded mostly in a four-dollar range between \$62 and \$66 for the rest of the period. Volatility peaked in February following the price weakness and then gradually moved lower bottoming around 13 percent in June. With volatility elevated in the first quarter, overwriting levels averaged 25 percent during that time but was reduced in the second quarter. The average for the whole six months of 2016 was 10.1 percent and this overwriting activity contributed \$0.07 per Unit to the net realized gain on investments.

## 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 and Portfolio Holdings

June 30, 2016

	% of Net Asset Value <sup>(1)</sup>
Financials - The Bank of Nova Scotia	93.2 %
Cash	6.2 %
Other Assets (Liabilities)	0.6 %
	100.0 %

<sup>(1)</sup> 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 S 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, 2015.

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 4, 2016

**Notice to Shareholders**

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2016 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, 2016 (Unaudited) and December 31, 2015 (Audited)

	Note	June 30, 2016	Dec. 31, 2015
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	2	<b>\$ 17,365,933</b>	\$ 16,550,329
Cash		<b>1,150,213</b>	796,975
Dividends receivable		<b>197,496</b>	206,990
Derivative assets	2	–	–
<b>TOTAL ASSETS</b>		<b>18,713,642</b>	17,554,294
<b>LIABILITIES</b>			
Accrued liabilities		<b>43,470</b>	48,339
Accrued management fees	5	<b>25,262</b>	24,547
Derivative liabilities	2	<b>9,577</b>	–
Redeemable Preferred shares		<b>11,399,310</b>	11,399,310
Class J shares		<b>100</b>	100
<b>TOTAL LIABILITIES</b>		<b>11,477,719</b>	11,472,296
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES</b>		<b>\$ 7,235,923</b>	\$ 6,081,998
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE</b>		<b>\$ 6.3477</b>	\$ 5.3354

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	2016	2015
<b>INCOME</b>			
Dividend income		\$ 362,376	\$ 438,358
Interest Income		1,210	–
Net realized gain on investments at fair value through profit or loss	3	382,541	52,226
Net realized gain on options at fair value through profit or loss	3	80,605	40,714
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	1,003,895	(633,679)
<b>TOTAL INCOME/(LOSS), NET</b>		<b>1,830,627</b>	<b>(102,381)</b>
<b>EXPENSES</b>			
Management fees	5	151,565	173,222
Service fees		17,535	22,529
Administrative and other expenses		43,357	55,352
Transaction fees	6	10,683	115
Custodian fees		13,177	8,707
Audit fees		15,652	15,566
Director fees	5	10,200	9,600
Independent review committee fees	5	3,410	3,509
Legal fees		2,156	1,746
Shareholder reporting costs		7,167	7,854
Harmonized sales tax		24,084	23,385
<b>TOTAL EXPENSES</b>		<b>298,986</b>	<b>321,585</b>
<b>OPERATING PROFIT/(LOSS)</b>		<b>1,531,641</b>	<b>(423,966)</b>
Preferred share distributions		(299,232)	(305,908)
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES</b>	7	<b>\$ 1,232,409</b>	<b>\$ (729,874)</b>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE</b>	7	<b>\$ 1.0811</b>	<b>\$ (0.6263)</b>

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)

	2016	2015
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	<b>\$ 6,081,998</b>	\$ 10,231,584
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	<b>1,232,409</b>	(729,874)
Class A Share Distributions Non-taxable distributions	<b>(78,484)</b>	(289,884)
Changes in Net Assets Attributable to Holders of Class A Shares during the Period	<b>1,153,925</b>	(1,019,758)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	<b>\$ 7,235,923</b>	\$ 9,211,826

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

Condensed Financial Statements

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2016	2015
CASH, BEGINNING OF YEAR	\$ 796,975	\$ 288,154
<b>Cash Flows Provided by (Used In) Operating Activities</b>		
Operating Profit/(Loss)	1,531,641	(423,966)
<b>Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities</b>		
Net realized gain on options at fair value through profit or loss	(382,541)	(40,714)
Net realized gain on investments at fair value through profit or loss	(80,605)	(52,226)
Net change in unrealized gain/loss on investments at fair value through profit or loss	(1,003,895)	633,679
Decrease in dividends receivable	9,494	-
Decrease in accrued management fees and accrued liabilities	(4,154)	(89,665)
Purchase of investment securities	(9,005,456)	395,977
Proceeds from disposition of investment securities	9,666,470	-
	<b>(800,687)</b>	<b>(847,051)</b>
<b>Cash Flows Used In Financing Activities</b>		
Class A share distributions	(78,484)	(289,884)
Preferred share distributions	(299,232)	(305,908)
	<b>(377,716)</b>	<b>(595,792)</b>
<b>Net Increase/(Decrease) in Cash during the Period</b>	<b>353,238</b>	<b>(172,707)</b>
CASH, END OF PERIOD	\$ 1,150,213	\$ 115,447
Dividends received	\$ 371,870	\$ 438,358

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



## Schedule of Investments

As at June 30, 2016 (Unaudited)

	Number of Shares/ (Contracts)	Average Cost/ (Proceeds)	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>				
The Bank of Nova Scotia	274,300	\$ 16,241,196	\$ 17,365,933	93.2 %
<b>Total Canadian Common Shares</b>		<b>\$ 16,241,196</b>	<b>\$ 17,365,933</b>	<b>93.2 %</b>
<b>Options</b>				
<b>Written Covered Call Options</b> (100 shares per contract)				
The Bank of Nova Scotia - July 2016 @ \$65	(314)	\$ (29,516)	\$ (9,577)	
<b>Total Options</b>		<b>\$ (29,516)</b>	<b>\$ (9,577)</b>	<b>(0.1)%</b>
Adjustment for transaction fees		(7,038)		
<b>TOTAL INVESTMENTS</b>		<b>\$ 16,204,642</b>	<b>\$ 17,356,356</b>	<b>93.1%</b>
<b>OTHER NET ASSETS</b>			<b>1,278,877</b>	<b>6.9 %</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES</b>			<b>\$ 18,635,233</b>	<b>100.0 %</b>

## S Split Corp.

### Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

#### 1. Basis of Presentation

The condensed semi-annual financial statements for the S Split 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, 2015.

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, 2015.

These condensed financial statements were approved by the Board of Directors on August 4, 2016.

#### 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, 2015.

##### Credit Risk

During the periods ended June 30, 2016 and December 31, 2015, 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, 2016		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 43,470	\$ 43,470
Accrued management fees	–	25,262	25,262
Derivative liabilities	–	9,577	9,577
Redeemable Preferred shares	11,399,310	–	11,399,310
Class J shares	100	–	100
	\$ 11,399,410	\$ 78,309	\$ 11,477,719

	As at December 31, 2015		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 48,339	\$ 48,339
Accrued management fees	–	24,547	24,547
Redeemable Preferred shares	11,399,310	–	11,399,310
Class J shares	100	–	100
	\$ 11,399,410	\$ 72,886	\$ 11,472,296

## Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

## Market Risk

## (a) Price Risk

Approximately 93 percent (December 31, 2015 - 95 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at June 30, 2016 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2016, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$0.9 million (December 31, 2015 - \$0.8 million) respectively or 4.7 percent (December 31, 2015 - 4.7 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, 2016	Dec. 31, 2015
Financials	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, 2016 and December 31, 2015.

	As at June 30, 2016				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 17,365,933	\$ -	\$ -	\$ -	\$ 17,365,933
Options	(9,577)	-	-	-	(9,577)
	\$ 17,356,356	\$ -	\$ -	\$ -	\$ 17,356,356
	As at December 31, 2015				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 16,550,329	\$ -	\$ -	\$ -	\$ 16,550,329
Options	-	-	-	-	-
	\$ 16,550,329	\$ -	\$ -	\$ -	\$ 16,550,329

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, 2016 and during the year ended December 31, 2015.

## 3. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2016 and December 31, 2015.

Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

	As at June 30, 2016				
	Financial Instruments at FVTPL		Financial Instruments		Total
	Designated at Inception	Held for Trading	at Amortized Cost		
<b>Assets</b>					
Non-derivative financial assets	\$ 17,365,933	\$ -	\$ -	\$ -	\$ 17,365,933
Dividends receivable	-	-	-	197,496	197,496
Cash	-	-	-	1,150,213	1,150,213
	\$ 17,365,933	\$ -	\$ -	\$ 1,347,709	\$ 18,713,642
<b>Liabilities</b>					
Accrued liabilities	\$ -	\$ -	\$ -	\$ 43,470	\$ 43,470
Accrued management fees	-	-	-	25,262	25,262
Derivative liabilities	-	9,577	-	-	9,577
Redeemable Preferred shares	-	-	-	11,399,310	11,399,310
Class J shares	-	-	-	100	100
	\$ -	\$ 9,577	\$ -	\$ 11,468,142	\$ 11,477,719

	As at December 31, 2015				
	Financial Instruments at FVTPL		Financial Instruments		Total
	Designated at Inception	Held for Trading	at Amortized Cost		
<b>Assets</b>					
Non-derivative financial assets	\$ 16,550,329	\$ -	\$ -	\$ -	\$ 16,550,329
Dividends receivable	-	-	-	206,990	206,990
Derivative assets	-	-	-	-	-
Cash	-	-	-	796,975	796,975
	\$ 16,550,329	\$ -	\$ -	\$ 1,003,965	\$ 17,554,294
<b>Liabilities</b>					
Accrued liabilities	\$ -	\$ -	\$ -	\$ 48,339	\$ 48,339
Accrued management fees	-	-	-	24,547	24,547
Redeemable Preferred shares	-	-	-	11,399,310	11,399,310
Class J shares	-	-	-	100	100
	\$ -	\$ -	\$ -	\$ 11,472,296	\$ 11,472,296

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the six months ended June 30, 2016 and 2015.

	June 30, 2016	June 30, 2015
<b>Net Realized Gain on Financial Instruments at FVTPL</b>		
Designated at Inception	\$ 382,541	\$ 52,226
Held for Trading	80,605	40,714
	463,146	92,940
<b>Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL</b>		
Designated at Inception	983,812	(654,647)
Held for Trading	20,083	20,968
	1,003,895	(633,679)
<b>Net Gain/(Loss) on Financial Instruments at FVTPL</b>	<b>\$ 1,467,041</b>	<b>\$ (540,739)</b>

4. Shares

For the six months ended June 30, 2016, cash distributions paid to Preferred shareholders were \$299,232 (June 30, 2015 - \$305,908) representing a payment of \$0.26 (June 30, 2015 - \$0.26) per

## Notes to Condensed Financial Statements

June 30, 2016 (Unaudited)

Preferred share and cash distributions paid to Class A shareholders were \$78,484 (June 30, 2015 - \$289,884) representing a payment of \$0.07 (June 30, 2015 - \$0.25) per Class A share.

During the six months ended June 30, 2016 and 2015, nil Preferred shares and Class A shares were redeemed.

During the six months ended June 30, 2016 and year ended December 31, 2015, share transactions are as follows:

	June 30, 2016	Dec. 31, 2015
<b>Redeemable Preferred Shares</b>		
Shares outstanding, beginning of year	1,139,931	1,165,364
Shares redeemed	-	(25,433)
Shares outstanding, end of period	1,139,931	1,139,931
<b>Class A Shares</b>		
Shares outstanding, beginning of year	1,139,931	1,165,364
Shares redeemed	-	(25,433)
Shares outstanding, end of period	1,139,931	1,139,931
<b>Class J Shares</b>		
Shares outstanding, beginning and end of period	100	100

## 5. Related Party Transactions

### (a) Management Fees

Total management fees for the six months ended June 30, 2016 were \$151,565 (June 30, 2015 - \$173,222).

### (b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended June 30, 2016 were \$10,200 (June 30, 2015 - \$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, 2016 were \$3,410 (June 30, 2015 - \$3,509).

## 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, 2016 and 2015 is disclosed below:

	June 30, 2016	June 30, 2015
Soft Dollars	\$ 2,832	\$ 81
Percentage of Total Transaction Fees	26.5%	70.4%

**Notes to Condensed Financial Statements**

June 30, 2016 (Unaudited)

**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, 2016 and 2015 is calculated as follows:

	June 30, 2016	June 30, 2015
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	\$1,232,409	\$ (729,874)
Weighted Average Number of Class A Shares Outstanding during the Period	1,139,931	1,165,364
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A share	\$ 1.0811	\$ (0.6263)

Investment Funds Managed by  
Strathbridge Asset Management Inc.

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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)

MUTUAL FUND

U.S. Tactical Allocation Fund

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