ANNUAL REPORT 2011

Premier Canadian Income Fund

strathbridge
ASSET MANAGEMENT

Letter to Unitholders

We are pleased to present the 2011 annual report containing the management report of fund performance and the audited financial statements for Premier Canadian Income Fund.

During the 2011 fiscal year, the Fund paid distributions of $0.26 per unit. Distributions combined with a decline of 9.1 percent in the S&P/TSX 60 Total Return Index contributed to the overall decline in the net asset value per unit from $4.50 per unit at December 31, 2010 to $3.59 per unit at December 31, 2011. However, the decline in the net asset value during the year was mitigated by the Strathbridge Selective Overwriting strategy (see "The Fund") which generated net realized gain on options of $0.30 per unit. The annual total return of the Fund, including reinvestment of distributions, was negative 14.8 percent. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all unitholders for their continued support and encourage unitholders to review the more detailed information contained within the annual report.

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

The Fund

The Fund is a closed-end investment trust designed to maximize total returns for unitholders and to pay unitholders monthly tax efficient distributions in an amount targeted to be 6.5 percent per annum on the net asset value of the Fund. The units are listed on the Toronto Stock Exchange under the ticker symbol PCU.UN. To accomplish its objectives the Fund invests in a portfolio principally consisting of common shares selected from the Energy, Financials and Materials sectors of the S&P/TSX 60 Index. In addition, the Fund may invest up to 20 percent of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index.

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 continuously writing 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.

TABLE OF CONTENTS

Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2011 of Premier Canadian Income Fund (formerly Global Plus Income Trust) (the “Fund”). The annual financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.strathbridge.com. You can request semi-annual or annual reports at no cost by using one of the above methods.

Investment Objectives and Strategies

The Fund’s investment objectives are to:

(1) maximize total returns for unitholders including both long-term appreciation in net asset value (“NAV”) per unit and distributions, and;

(2) pay unitholders monthly tax efficient distributions in an amount targeted to be 6.5 percent per annum on the NAV of the Fund.

The Fund invests in a portfolio principally consisting of common shares selected from the Energy, Financials and Materials sectors of the S&P/TSX 60 Index. In addition, the Fund may invest up to 20 percent of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index.

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.

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund’s 2011 annual information form, which is available on the Fund’s website at www.strathbridge.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the year that materially affected the risks associated with an investment in the securities of the Fund.

Results of Operations

Distributions

For the year ended December 31, 2011, cash distributions of $0.26 per unit were paid compared to $0.31 per unit a year ago.

Since the inception of the Fund in September 1999, the Fund has paid total cash distributions of $16.16 per unit, of which $0.90 per unit were special distributions.

Revenue and Expenses

For the year ended December 31, 2011, the Fund's total revenue of $0.11 per unit was unchanged from the prior year. Total expenses (excluding restructuring costs in 2010) over the same period decreased from $0.17 per unit in 2010 to $0.14 per unit in 2011, primarily attributable to expected synergies from the merger with First Premium Income Trust since the beginning of July 2010. The Fund had a net realized and unrealized loss of $0.59 per unit in 2011 as compared to a net realized and unrealized gain of $0.29 per unit in 2010.

Net Asset Value

The net asset value per unit of the Fund decreased 20.2 percent, from $4.50 per unit at December 31, 2010 to $3.59 per unit at December 31, 2011, due to a net loss in net assets from operations and cash distributions during the year. The total net asset value of the Fund decreased $4.8 million from $14.1 million at December 31, 2010 to $9.3 million at December 31, 2011, reflecting unit redemptions of $2.0 million, cash distributions of $0.8 million and a net loss from operations of $2.0 million.

During the year ended December 31, 2011, the annual total return of the Fund was negative 14.8 percent due to underperformance in the first quarter reflecting losses in Teck Resources Limited, Goldcorp Inc. and Inmet Mining Corporation. In comparison, the S&P/TSX 60 Index had a total return of negative 9.1 percent over the same period. Among the three major sectors the Fund invested in, the S&P/TSX Financials Index total return was negative 2.8 percent, the S&P/TSX Energy Index total return was negative 9.9 percent and the S&P/TSX Materials Index total return was negative 21.2 percent. As a result of the Fund utilizing a covered call writing strategy to generate income, comparisons with market indices may not be appropriate. The total return of the sector indices are calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Recent Developments

On October 3, 2011, Mulvihill Capital Management Inc. ("MCM"), the Manager and Investment Manager of the Fund, announced a name change to Strathbridge Asset Management Inc. ("Strathbridge") reflecting a revitalized focus and commitment to the closed-end fund business.

Future Accounting Policy Changes

The Manager has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to International Financial Reporting Standards ("IFRS").

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

As at December 31, 2011, some anticipated changes to financial reporting include:

- Compliance with the full body of IFRS without industry specific exemptions. Unlike Canadian Generally Accepted Accounting Principles ("Canadian GAAP") where investment fund accounting was based upon guidance in AcG-18,
- Implementation of cash flow statements,
- Presentation of comparative information, and;
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

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

Related Party Transactions

Strathbridge, as the Investment Manager of the Fund, manages the Fund's 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 MCM dated October 27, 2006.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and MCM dated October 27, 2006. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

Strathbridge is paid the fees described under the Management Fees section of this report.

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 independent review committee ("IRC") to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

We confirm the Fund did not rely on any approvals or recommendations of the IRC concerning related party transactions during the year.

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. This information is derived from the Fund's audited annual financial statements.

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

Years ended December 31

	2011	2010	2009	2008	2007
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices)[1]	**$ 4.49**	$ 5.12	$ 6.74	$ 10.55	$ 11.73[4]
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.11**	0.11	(0.09)	0.86	0.41
Total expenses	**(0.14)**	(0.20)	(0.86)[5]	(0.32)	(0.33)
Realized gain (loss) for the period	**(0.28)**	(0.03)	(0.07)	(3.91)	1.70
Unrealized gain (loss) for the period	**(0.31)**	0.32	0.09	0.64	(1.56)
Total Increase (Decrease) from Operations[2]	**(0.62)**	0.20	(0.93)	(2.73)	0.22
DISTRIBUTIONS					
Non-taxable distributions	**(0.26)**	(0.31)	(0.69)	(1.10)	(1.40)
Total Annual Distributions[3]	**(0.26)**	(0.31)	(0.69)	(1.10)	(1.40)
Net Assets, as at December 31 (based on bid prices)[1]	**$ 3.59**	$ 4.49	$ 5.12	$ 6.74	$ 10.55

(1) Net assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities on that date and including the valuation of securities at bid prices divided by the number of units then outstanding.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), net of withholding tax and foreign exchange gain (loss), less expenses, and is calculated based on the weighted average number of units outstanding during the year. 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 year.
(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.
(4) Net assets per unit has been adjusted for the change in accounting policy relating to the calculation of net asset value based on bid prices versus closing prices prior to 2007.
(5) Total expenses for 2009 include restructuring expenses in the amount of $337,500.

Years ended December 31

	2011	2010	2009	2008	2007
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value ($millions)[1]	**$ 9.31**	$ 14.10	$ 2.90	$ 4.46	$ 8.77
Number of units outstanding[1]	**2,593,937**	3,137,400	563,646	662,340	830,734
Management expense ratio[2]	**3.09%**	3.89%	14.43%	3.45%	2.82%
Portfolio turnover rate[3]	**295.24%**	333.20%	243.98%	128.83%	66.70%
Trading expense ratio[4]	**0.45%**	0.51%	0.63%	0.26%	0.12%
Net Asset Value per Unit[5]	**$ 3.59**	$ 4.50	$ 5.14	$ 6.74	$ 10.56
Closing market price	**$ 3.23**	$ 4.31	$ 4.67	$ 6.39	$ 10.00

(1) This information is provided as at December 31.
(2) The management expense ratio ("MER") is the sum of all fees and expenses, including federal and provincial sales taxes but excluding transaction fees, charged to the Fund divided by the Fund to the average net asset value. The MER for 2010 and 2009 includes the restructuring expenses. The MER for 2010 and 2009 excluding the restructuring expenses is 3.37% and 5.20% respectively.
(3) 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.
(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the year.
(5) Net asset value per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.

Management Fees

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

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

Mulvihill Fund Services Inc. (the predecessor Manager or "Mulvihill") amalgamated with Mulvihill Capital Management Inc. (the predecessor Investment Manager or "MCM") on September 1, 2010. As successor, MCM became the Manager as well as the Investment Manager of the Fund. On October 3, 2011, MCM announced a name change to Strathbridge Asset Management Inc. ("Strathbridge").

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,

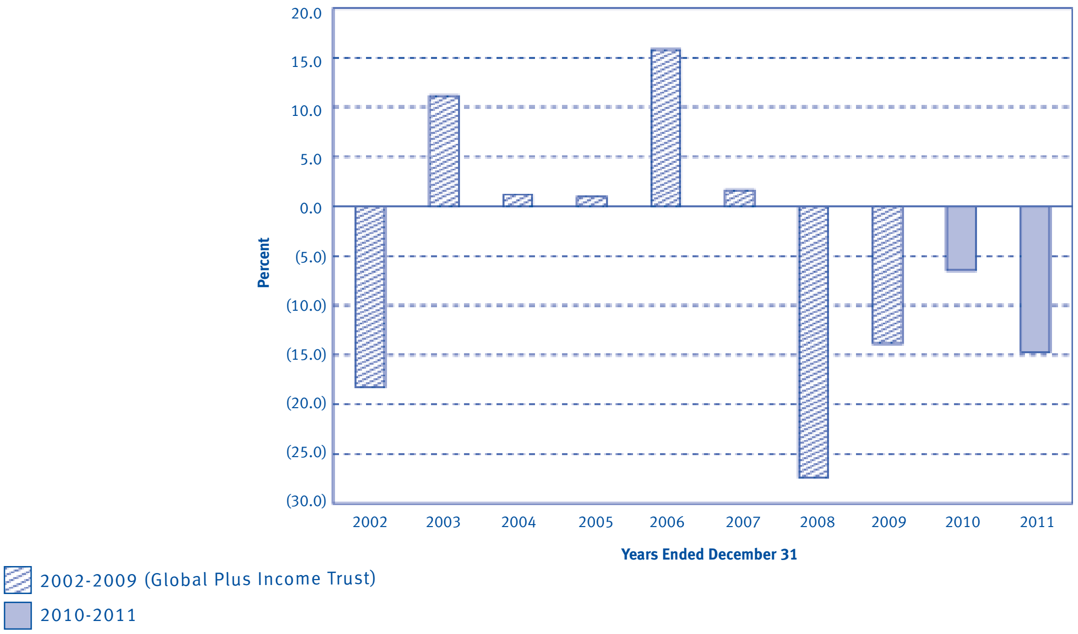
(2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and;

(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 annual total return varied from year to year for each of the past ten years. 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.

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended December 31, 2011 as compared to the performance of the S&P 100 Index, MSCI EAFE Index and S&P/TSX 60 Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
Premier Canadian Income Fund	**(14.75)%**	(11.78)%	(12.70)%	5.89 %
S&P 100 Index[(1)]	**n/a**	n/a	(3.10)%	(2.46)%
MSCI EAFE Index[(2)]	**n/a**	n/a	(6.75)%	0.56 %
S&P/TSX 60 Index[(3)]	**(9.08)%**	10.95 %	n/a	n/a

(1) The S&P 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks for which options are listed.
(2) The MSCI EAFE Index comprises 21 MSCI country indices, representing the developed markets outside of North America: Europe, Australia and the Far East.
(3) The S&P/TSX 60 Index is a capitalization-weighted index based on 60 highly capitalized stocks for which options are listed.

The performance of the Fund from the period of inception to October 26, 2009 was based on the investment objectives and strategy of the Fund as Global Plus Income Trust which invested in a diversified portfolio consisting primarily of common shares selected from the S&P 100 Index and American Depository Receipts ("ADRs") of the top 100 corporations selected on the basis of market capitalization whose ADRs are trading on the New York Stock Exchange or NASDAQ. On October 26, 2009 unitholders approved a proposal resulting in a change in the investment objectives and strategy of the Fund. Since October 26, 2009 the Fund invests in a portfolio principally consisting of common shares selected from the Energy, Financials and Materials sectors of the S&P/TSX 60 Index.

The equity performance benchmarks shown here provide an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed these indices; rather, its objectives are to pay out quarterly dividends and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to enhance income generated by the portfolio and reduce volatility.

The Manager believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written. However, in a rising market, the use of options may have the effect of limiting or reducing the total returns of the Fund since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the portfolio.

Portfolio Manager Report

The Global economy had a lot of head winds in 2011. Liquidity and solvency issues in Europe became problematic, initially starting with Greece but eventually spreading to Italy and Spain. Closer to home the U.S. Government debt credit rating was downgraded by Standard & Poor's because of the inability of political leaders to make necessary cuts required for long-term debt stability. With growth slowing in emerging economies as well, Global markets had negative performance for the year.

The moderation of the Canadian economy prompted the Bank of Canada to keep its key lending rate steady at 1.0 percent while lowering its growth forecasts. Although the unemployment rate in Canada dipped lower, job growth was weak in the last quarter. Average home prices gained little but housing starts and new building permits grew moderately buoyed by low mortgage rates. The Canadian currency gained moderately through the first half of the year hitting a high of US $1.06 before the U.S. dollar strengthened due to debt concerns in Europe.

The S&P/TSX 60 Index had an annual total return of negative 9.1 percent for the year. Among the three major sectors the Fund invests in, the Financials sector had the best performance with a total return of negative 2.8 percent largely helped by dividends which cushioned the negative price performance. The Energy sector had a total return of negative 9.9 percent, while the Materials sector lagged with a total return of negative 21.2 percent. The annual total return of the Fund, including reinvestment of distributions, was negative 14.8 percent. The underperformance can be attributed to losses in Teck Resources Limited, Inmet Mining Corporation, and Goldcorp Inc. during the first quarter of the year. Since the portfolio universe primarily restricts the Fund to invest in the Energy, Materials and Financial sectors, comparison with market indices may not be appropriate. The total return of the sector indices are calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Volatility was stable during the first half of the year, spiking to elevated levels in August during the U.S. credit rating revision, reaching a peak in October and staying elevated to the middle of December before subsiding at the end of the year. Our selective option writing activity was positive and contributed to overall income generated. The Fund also benefitted from put protection bought on a portion of the portfolio in the third quarter, albeit not enough to offset the decline in value of the portfolio shares. During 2011, the net realized gain on options attributable to the Strathbridge Selective Overwriting ("SSO") strategy was $0.30 per unit.

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

December 31, 2011

	% OF NET ASSET VALUE
Energy	44 %
Financials	30 %
Materials	20 %
Cash and Short-Term Investments	8 %
Other Assets (Liabilities)	(2)%
	100 %

Portfolio Holdings

December 31, 2011

	% OF NET ASSET VALUE
Cash and Short-Term Investments	8 %
Enbridge Inc.	6 %
TransCanada Corp.	5 %
Barrick Gold Corporation	5 %
Yamana Gold Inc.	5 %
Enerplus Corporation	5 %
Teck Resources Limited - Class B	4 %
The Toronto-Dominion Bank	4 %
Royal Bank of Canada	4 %
The Bank of Nova Scotia	4 %
Canadian Oil Sands Limited	4 %
Canadian Imperial Bank of Commerce	4 %
Bank of Montreal	4 %
National Bank of Canada	4 %
Suncor Energy Inc.	4 %
Imperial Oil Limited	4 %
Husky Energy Inc.	4 %
ARC Resources Ltd.	4 %
Talisman Energy Inc.	3 %
Goldcorp Inc.	3 %
Penn West Petroleum Ltd.	3 %
Canadian Natural Resources Ltd.	3 %
Manulife Financial Corporation	3 %
IAMGOLD Corporation	3 %
Brookfield Asset Management Inc. - Class A	2 %

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund’s views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

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

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 4 of the annual financial statements.

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

The Board meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the independent auditor's report. Deloitte & Touche LLP, the independent auditor, has full and unrestricted access to the Board.

John P. Mulvihill
Director
Strathbridge Asset Management Inc.
February 27, 2012

John D. Germain
Director
Strathbridge Asset Management Inc.

To the Unitholders of Premier Canadian Income Fund

We have audited the accompanying financial statements of Premier Canadian Income Fund, which comprise the statement of investments as at December 31, 2011, the statements of net assets as at December 31, 2011 and 2010, and the statements of financial operations, changes in net assets, and net loss on sale of investments for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Premier Canadian Income Fund as at December 31, 2011 and 2010, and the results of its operations and its changes in the net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
February 27, 2012
Toronto, Ontario

Statements of Net Assets

As at December 31

	2011	2010
ASSETS		
Investments at fair value (cost - $8,812,656; 2010 - $12,574,900)	**$ 8,564,965**	$ 13,282,328
Short-term investments at fair value (cost - $149,598; 2010 - $1,098,647)	**149,598**	1,098,647
Cash	**604,386**	12,128
Dividends receivable	**35,986**	31,052
Accrued interest	**135**	28
Due from brokers - investments	**–**	2,689,213
TOTAL ASSETS	**9,355,070**	17,113,396
LIABILITIES		
Accrued liabilities	**42,755**	55,636
Redemptions payable	**6,556**	–
Due to brokers - investments	**–**	2,972,613
TOTAL LIABILITIES	**49,311**	3,028,249
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	**$ 9,305,759**	$ 14,085,147
Number of Units Outstanding (Note 6)	**2,593,937**	3,137,400
Net Assets per Unit (Note 5)	**$ 3.5875**	$ 4.4894

On Behalf of the Manager,
Strathbridge Asset Management Inc.

John P. Mulvihill, Director

John D. Germain, Director

The notes are an integral part of the Financial Statements.

Statements of Financial Operations

Years ended December 31

	2011	2010
REVENUE		
Dividends	**$ 330,961**	$ 221,050
Interest	**5,592**	3,790
TOTAL REVENUE	**336,553**	224,840
EXPENSES (Note 7)		
Management fees	**137,587**	100,782
Administrative and other expenses	**101,427**	86,242
Transaction fees (Note 10)	**56,057**	47,467
Custodian fees	**49,082**	40,036
Audit fees	**22,470**	19,417
Advisory board fees	**19,630**	19,631
Independent review committee fees	**7,787**	7,074
Legal fees	**2,036**	4,033
Unitholder reporting costs	**19,525**	16,338
Federal and provincial sales taxes	**27,704**	17,252
Subtotal Expenses	**443,305**	358,272
Restructuring expenses (Note 2)	**–**	48,454
TOTAL EXPENSES	**443,305**	406,726
Net Investment Loss	**(106,752)**	(181,886)
Net gain (loss) on sale of investments	**(1,819,761)**	47,070
Net gain (loss) on sale of derivatives	**938,499**	(99,140)
Net Loss on Sale of Investments	**(881,262)**	(52,070)
Net change in unrealized appreciation/depreciation of investments	**(955,119)**	665,254
Net Gain (Loss) on Investments	**(1,836,381)**	613,184
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	**$ (1,943,133)**	$ 431,298
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the year of 3,112,238; 2010 - 2,057,681)	**$ (0.6244)**	$ 0.2096

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets

Years ended December 31

	2011	2010
NET ASSETS, BEGINNING OF YEAR	**$ 14,085,147**	$ 2,887,532
Net Increase (Decrease) in Net Assets from Operations	**(1,943,133)**	431,298
Unit Transactions (Note 6)		
Amount received for units issued on merger (Note 2)	**–**	13,185,962
Value for units redeemed	**(2,018,372)**	(1,830,290)
	(2,018,372)	11,355,672
Distributions to Unitholders (Note 8)		
Non-taxable distributions	**(817,883)**	(589,355)
Changes in Net Assets during the Year	**(4,779,388)**	11,197,615
NET ASSETS, END OF YEAR	**$ 9,305,759**	$ 14,085,147

Statements of Net Loss on Sale of Investments

Years ended December 31

	2011	2010
Proceeds from Sale of Investments	**$ 38,011,060**	$ 28,197,735
Cost of Investments Sold		
Cost of investments, beginning of year	**12,574,900**	2,762,912
Cost of investments purchased	**35,130,078**	38,061,793
	47,704,978	40,824,705
Cost of Investments, End of Year	**(8,812,656)**	(12,574,900)
	38,892,322	28,249,805
NET LOSS ON SALE OF INVESTMENTS	**$ (881,262)**	$ (52,070)

The notes are an integral part of the Financial Statements.

Statement of Investments

As at December 31, 2011

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS				
Treasury Bills				
National Bank of Canada, 1.10% - February 29, 2012	150,000	$ 149,598	$ 149,598	
Accrued Interest			135	
TOTAL SHORT-TERM INVESTMENTS		$ 149,598	$ 149,733	1.6%
INVESTMENTS				
Canadian Common Shares				
Energy				
ARC Resources Ltd.	13,200	$ 330,804	$ 330,000	
Canadian Natural Resources Ltd.	7,400	263,742	281,644	
Canadian Oil Sands Limited	16,500	368,751	383,460	
Enbridge Inc.	15,400	493,636	586,586	
Enerplus Corporation	16,300	489,240	420,703	
Husky Energy Inc.	13,800	364,482	338,514	
Imperial Oil Limited	7,700	305,632	349,349	
Penn West Petroleum Ltd.	14,500	258,544	292,610	
Suncor Energy Inc.	12,000	362,851	352,560	
Talisman Energy Inc.	23,900	331,035	310,222	
TransCanada Corp.	11,100	465,928	493,950	
Total Energy		4,034,645	4,139,598	44.5%
Financials				
Bank of Montreal	6,600	402,560	368,610	
Brookfield Asset Management Inc. - Class A	7,500	215,344	209,925	
Canadian Imperial Bank of Commerce	5,000	386,257	368,750	
Manulife Financial Corporation	23,700	331,839	256,671	
National Bank of Canada	5,100	354,197	367,914	
Royal Bank of Canada	7,600	386,630	394,668	
The Bank of Nova Scotia	7,600	416,466	385,852	
The Toronto-Dominion Bank	5,300	426,093	404,125	
Total Financials		2,919,386	2,756,515	29.6%
Materials				
Barrick Gold Corporation	10,000	480,774	461,300	
Goldcorp Inc.	6,500	325,403	293,215	
IAMGOLD Corporation	14,500	325,593	234,175	
Teck Resources Limited - Class B	11,600	428,921	415,860	
Yamana Gold Inc.	28,200	413,083	422,436	
Total Materials		1,973,774	1,826,986	19.6%
Total Canadian Common Shares		$ 8,927,805	$ 8,723,099	93.7%

Statement of Investments

As at December 31, 2011

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
Options				
Purchased Put Options (100 shares per contract)				
Manulife Financial Corporation - January 2012 @ $10	29	$ 1,508	$ 385	0.0 %
Written Covered Call Options (100 shares per contract)				
ARC Resources Ltd. - January 2012 @ $25	(60)	(4,260)	(3,300)	
Brookfield Asset Management Inc. - Class A - January 2012 @ $27	(34)	(3,230)	(4,114)	
Canadian Natural Resources Ltd. - January 2012 @ $35	(33)	(6,369)	(10,972)	
Canadian Oil Sands Limited - January 2012 @ $21	(153)	(15,912)	(38,127)	
Canadian Imperial Bank of Commerce - January 2012 @ $71	(11)	(1,430)	(3,110)	
Enerplus Corporation - January 2012 @ $25	(163)	(12,877)	(22,971)	
Husky Energy Inc. - January 2012 @ $24	(63)	(4,662)	(5,040)	
Imperial Oil Limited - January 2012 @ $44	(36)	(3,582)	(7,020)	
Suncor Energy Inc. - January 2012 @ $28	(27)	(3,807)	(4,738)	
Suncor Energy Inc. - January 2012 @ $30	(27)	(2,916)	(1,593)	
Talisman Energy Inc. - January 2012 @ $13	(216)	(14,148)	(14,110)	
Teck Resources Limited - Class B - January 2012 @ $35	(58)	(13,456)	(13,210)	
Teck Resources Limited - Class B - February 2012 @ $33	(58)	(20,880)	(21,952)	
The Bank of Nova Scotia - January 2012 @ $49	(11)	(1,298)	(2,389)	
The Toronto-Dominion Bank - January 2012 @ $72	(13)	(2,190)	(5,873)	
Total Written Covered Call Options		(111,017)	(158,519)	(1.7)%
Total Options		$ (109,509)	$ (158,134)	(1.7)%
Adjustment for transaction costs		(5,640)		
TOTAL INVESTMENTS		$ 8,812,656	$ 8,564,965	92.0 %
OTHER NET ASSETS			591,061	6.4 %
TOTAL NET ASSETS			$ 9,305,759	100.0 %

The notes are an integral part of the Financial Statements.

1. Establishment of the Fund

Premier Canadian Income Fund (formerly Global Plus Income Trust) (the "Fund") is a closed-end investment trust established under the laws of the Province of Ontario on August 30, 1999. The Fund began operations on September 13, 1999.

On September 1, 2010, Mulvihill Capital Management Inc. ("MCM") amalgamated with Mulvihill Fund Services Inc. As successor, MCM became the Manager as well as the Investment Manager of the Fund. On October 3, 2011, MCM announced a name change to Strathbridge Asset Management Inc. ("Strathbridge"). RBC Dexia Investor Services Trust is the Custodian of the assets of the Fund.

2. Reorganization

On October 26, 2009, unitholders voted in favour of a proposal to amend the investment strategy and investment restrictions of the Fund. The Fund now invests in a portfolio principally consisting of common shares selected from the Energy, Financials and Materials sectors of the S&P/TSX 60 Index. In addition, the Fund may invest up to 20 percent of its net assets in equity securities of other issuers selected from the S&P/TSX Composite Index.

In connection with the approval of the proposal, the Investment Manager agreed to reduce its investment management fee from 1.15 percent to 1.00 percent of the Fund's net asset value from October 26, 2009 until the Fund's termination date of December 31, 2014.

Effective June 30, 2010, Premier Canadian Income Fund merged with First Premium Income Trust ("FPI"). The merger was approved at a special meeting of unitholders of each Fund on June 4, 2010.

In connection with the merger, holders of units of FPI became holders of units of Premier Canadian Income Fund, the continuing Fund. The merger was effected by transferring the net assets of FPI to the Fund in exchange for units of the Fund and each unitholder of FPI received a number of units of the Fund based on an exchange ratio calculated by reference to the relative net asset values of the units of the Funds at the close of trading on June 29, 2010. FPI unitholders were issued 2,985,545 units of the Fund in exchange for net assets of $13,185,962. In conjunction with the merger, the trading symbol of the Fund changed from "GIP.UN" to "PCU.UN".

In 2010, restructuring expenses incurred for the special meeting of unitholders were $48,454.

3. Investment Objectives of the Fund

The Fund's investment objectives are to:

(i) maximize total returns for unitholders including both long-term appreciation in net asset value ("NAV") per unit and distributions, and;

(ii) pay unitholders monthly tax efficient distributions in an amount targeted to be 6.5 percent per annum on the NAV of the Fund.

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.

4. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Primary estimates include valuation of investments. While management believes that the estimates used in preparing its financial statements are reasonable and prudent, actual results could differ from these estimates.

Financial Instruments – Disclosures

The Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. See additional note disclosures in Note 12.

The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments are recorded in the financial statements at their fair value which is determined by the closing bid price for long positions and by the closing ask price for short positions from the recognized stock exchange on which the securities are listed or principally traded. If no bid or ask prices are available, the securities are valued at the closing sale price or the Manager may estimate fair value using appropriate and accepted industry valuation techniques including valuation models. The fair value of an investment, determined using valuation models, requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value of a security may be determined using valuation techniques that are not supported by observable market data. Over-the-counter options are valued using the Black-Scholes valuation model.

Short-term investments are included in the statement of investments at their cost. This value together with accrued interest approximates fair value at bid price.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Financial Operations. Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation/depreciation of investments, are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

(i) Expiration of written options whereby realized gains are equivalent to the premium received;

(ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option; and

(iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in net gain (loss) on sale of derivatives.

Realized gains and losses relating to purchased put options may arise from:

(i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid;

(ii) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid; and

(iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the net change in unrealized appreciation/depreciation of investments. The premiums received on written put options that are exercised are included on the cost of the security purchased.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

5. Net Asset Value

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

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

	2011	2010
Net Asset Value per unit (for pricing purposes)	**$ 3.5910**	$ 4.4957
Difference	**(0.0035)**	(0.0063)
Net Assets per unit (for financial statement purposes)	**$ 3.5875**	$ 4.4894

6. Unitholders’ Equity

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund.

All units have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund.

Unitholders have an annual redemption right in November of each year at 100 percent of the NAV per unit and a monthly redemption right at a redemption price determined by reference to market price for units redeemed on the last day of any other month.

Units may be surrendered at any time for redemption but will be redeemed only on a monthly valuation date. Units surrendered for redemption by a unitholder at least 20 business days prior to the November Valuation Date will be redeemed on such November Valuation Date. Units surrendered for redemption by a unitholder at least ten business days prior to any other Valuation Date (a ‘‘Monthly Valuation Date’’) will be redeemed on such Monthly Valuation Date.

Unitholders will receive a redemption price on a Monthly Valuation Date which will be equal to the lesser of:

(i) 95 percent of the Redemption Market Price. For such purposes, ‘‘Redemption Market Price’’ means the weighted average trading price of the units on the principal stock exchange on which the units are listed (or, if the units are not listed on any stock exchange, on the principal market on which the units are quoted for trading) for the ten trading days immediately preceding the applicable Monthly Valuation Date, and

(ii) 100 percent of the Closing Redemption Market Price of the units on the applicable Monthly Valuation Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including, but not limited to, costs incurred in liquidating securities held in the Fund’s portfolio. For such purposes, the ‘‘Closing Redemption Market Price’’ means the closing price of the units on the principal stock exchange on which the units are listed (or, if the units are not listed on any stock exchange, on the principal market on which the units are quoted for trading) or, if there was no trade on the relevant date, the average of the last bid and the last asking prices of the units on the principal stock exchange on which the units are listed (or, if the units are not listed on any stock exchange, on the principal market on which the units are quoted for trading).

Any unpaid distribution payable on or before the applicable Valuation Date in respect of units tendered for redemption on such Valuation Date will also be paid on the applicable redemption payment date.

Unit transactions during the year are as follows:

	2011	2010
Units outstanding, beginning of year	**3,137,400**	563,646
Units issued on merger	**–**	2,985,545
Units redeemed	**(543,463)**	(411,791)
Units outstanding, end of year	**2,593,937**	3,137,400

7. Management Fees and Expenses

Strathbridge, as Manager under the terms of the Trust Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and

1.00 percent respectively of the Fund's net asset value, calculated and payable monthly, plus applicable taxes.

The Fund is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the Trustee and the Manager in the ordinary course of business relating to the Fund's operations. The Fund is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

8. Distributions

The Fund endeavours to pay unitholders monthly distributions in an amount targeted to be 6.5 percent per annum on the net asset value of the Fund.

If after such distributions there would otherwise remain in the Fund additional net investment income or net realized capital gains, the Fund intends to make a special distribution of such portion of the remaining net investment income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the Income Tax Act (Canada) (the "Act").

The non-taxable distributions received by the unitholders reduce the adjusted cost base of the unit for tax purposes.

9. Income Taxes

The Fund is a "mutual fund trust" as defined in the Act. The Fund is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Fund on any net realized capital gains not paid or payable is recoverable by the Fund to the extent and in the circumstances provided in the Act.

Given the investment and distribution policies of the Fund and taking into account expenses, the Fund does not expect to bear any appreciable non-refundable income tax.

No amount is payable for income taxes in 2011 and 2010.

Accumulated non-capital losses of approximately $2.0M (2010 - $2.0M) and capital losses of approximately $30.5M (2010 - $29.9M) are available for utilization against net investment income and realized gains on sale of investments in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in $M)
2014	$1.1
2015	0.2
2029	0.6
2030	0.1
Total	$2.0

10. Transaction Fees

Total transaction fees paid for the year ended December 31, 2011 in connection with portfolio transactions were $56,057 (2010 - $47,467). Of this amount $12,820 (2010 - $5,289) was directed to cover payment of research services provided to the Investment Manager.

11. Capital Disclosures

Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, "Capital Disclosures" requires the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Fund's objectives, policies and processes are described in Note 3, information on the Fund's unitholders' equity is described in Note 6 and Note 8 and the Fund does not have any externally imposed capital requirements.

12. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, receivables, payables, investments and certain derivative contracts. In accordance with CICA Handbook Section 3862, "Financial Instruments - Disclosures", the Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

(i) Level 1 - for unadjusted quoted prices in active markets for identical assets or liabilities,

(ii) Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

(iii) Level 3 - for inputs that are based on unobservable market data.

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

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 149,733	$ –	$ 149,733
Canadian Common Shares	8,723,099	–	–	$ 8,723,099
Options	(36,777)	(121,357)	–	$ (158,134)
Total Investments	$ 8,686,322	$ 28,376	$ –	$ 8,714,698

The following is a summary of the inputs used as of December 31, 2010 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 1,098,675	$ –	$ 1,098,675
Canadian Common Shares	13,333,013	–	–	$ 13,333,013
Options	(16,147)	(34,538)	–	$ (50,685)
Total Investments	$ 13,316,866	$ 1,064,137	$ –	$ 14,381,003

There were no transfers between Level 1 and Level 2 during 2011 and 2010.

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include other price risk, liquidity risk, interest rate risk and credit risk.

These risks and related risk management practices employed by the Fund are discussed below:

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to other price risk is its investments in securities in the Fund. Net Assets per unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund. The Fund's market risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options.

Approximately 94 percent (2010 - 95 percent) of the Fund's net assets held at December 31, 2011 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2011, the net assets of the Fund would have increased or decreased by $0.9M (2010 - $1.3M) respectively or 9.4 percent (2010 - 9.5 percent) of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due. Liabilities are payable within one year.

Cash is required to fund redemptions. Unitholders must surrender units at least 10 business days prior to the last day of the month and receive payment on or before 15 calendar days following the month end valuation date. Therefore the Fund has a maximum of 21 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short-term fixed income securities. The longer the duration, the more sensitive the security or portfolio is to changes in interest rates. The Fund has minimal sensitivity to change in rates since they are usually held to maturity and short-term in nature.

Credit Risk

The Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies.

The credit risk is mitigated by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102.

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

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

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the prior year based on Standard & Poor's credit ratings as of December 31, 2010:

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

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2011:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Bankers' Acceptances	A-1	100%
Total		100%

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2010:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Government of Canada Treasury Bills	AAA	100%
Total		100%

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short-term.

13. Future Accounting Policy Changes

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

Board of Advisors

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

John D. Germain
Senior Vice-President & Chief Financial Officer
Strathbridge Asset Management Inc.

Michael M. Koerner[1]
Corporate Director

Robert W. Korthals[1]
Corporate Director

Robert G. Bertram[1]
Corporate Director

[1] *Independent Review Committee Member*

Information

Independent Auditor:
Deloitte & Touche LLP
Brookfield Place
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Transfer Agent:
Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Units Listed:
Toronto Stock Exchange
trading under
PCU.UN

Custodian:
RBC Dexia Investor Services Trust
RBC Centre
155 Wellington Street West, 2nd Floor
Toronto, Ontario
M5V 3L3

Visit our website at www.strathbridge.com for additional information on all Strathbridge Investment Funds.

Investment Funds Managed by Strathbridge Asset Management Inc.

UNIT TRUSTS

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

SPLIT SHARES

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

PRINCIPAL PROTECTED FUNDS

Government Strip Bond Trust

Head Office:

Strathbridge Asset Management Inc.
121 King Street West, Suite 2600
Toronto, Ontario
M5H 3T9

Tel: 416 681-3966
Toll Free: 1 800 725-7172
Fax: 416 681-3901
e-mail: info@strathbridge.com

Contact your broker directly for address changes.

Strathbridge Asset Management Inc.
Investor Relations
121 King Street West, Suite 2600
Toronto, Ontario
M5H 3T9

Tel: 416 681-3966
Toll Free: 1 800 725-7172
Fax: 416 681-3901
e-mail: info@strathbridge.com

strathbridge
ASSET MANAGEMENT

www.strathbridge.com