

SEMI-ANNUAL REPORT 2012

## Premier Canadian Income Fund



  
**strathbridge**  
ASSET MANAGEMENT

# Premier Canadian Income Fund

## Letter to Unitholders

We are pleased to present the 2012 semi-annual report containing the management report of fund performance and the unaudited financial statements for Premier Canadian Income Fund.

Distributions of \$0.12 per unit were paid to unitholders during the six month period, contributing to the overall decline in the net asset value from \$3.59 per unit at December 31, 2011 to \$3.29 per unit at June 30, 2012. The decline in the net asset value, however, was mitigated by the Strathbridge Selective Overwriting strategy (see “The Fund”) which generated a net realized gain on options of \$0.13 per unit. During the six month period ended June 30, 2012, the total return of the Fund, including reinvestment of distributions, was negative 5.4 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 semi-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 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.

# Premier Canadian Income Fund

## 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, 2012 of Premier Canadian Income Fund (formerly Global Plus Income Trust) (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, Toronto, Ontario, M5H 3T9, or by visiting our website at [www.strathbridge.com](http://www.strathbridge.com). You can also request annual and semi-annual reports at no cost by using one of the above methods.

### Results of Operations

#### Distributions

For the six months ended June 30, 2012, cash distributions of \$0.12 per unit were paid to unitholders as compared to \$0.14 per unit a year ago.

Since the inception of the Fund in September 1999, the Fund has paid total cash distributions of \$16.28 per unit, of which \$0.90 per unit were special distributions.

#### Revenue and Expenses

For the six months ended June 30, 2012, the Fund’s total revenue of \$0.05 per unit was unchanged from the prior year. Total expenses per unit were virtually flat from a year ago, despite a decrease in the overall expenses. The Fund had a net realized and unrealized loss of \$0.16 per unit in the first half of 2012 as compared to a net realized and unrealized loss of \$0.25 per unit a year earlier.

#### Net Asset Value

The net asset value per unit of the Fund decreased 8.4 percent, from \$3.59 per unit at December 31, 2011 to \$3.29 per unit at June 30, 2012, due to a net loss in net assets from operations and cash distributions during the period. The total net asset value of the Fund decreased \$0.8 million from \$9.3 million at December 31, 2011 to \$8.5 million at June 30, 2012, reflecting cash distributions of \$0.3 million and a net loss from operations of \$0.5 million.

During the six months ended June 30, 2012, the total return of the Fund was negative 5.4 percent largely due to a net decline in the value of the securities in the portfolio. Over the period, the S&P/TSX 60 Index had a total return of negative 1.1 percent.

## Management Report of Fund Performance

Among the three major sectors the Fund's portfolio universe is comprised of, the S&P/TSX Financials Index total return was 5.5 percent, the S&P/TSX Energy Index total return was negative 7.7 percent and the S&P/TSX Materials Index total return was negative 10.6 percent. The equal-weighted total return of the 38 issuers, included in these three sectors from which the Investment Manager actively selects, was negative 3.4 percent during the period. 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

No recent developments occurred during the semi-annual period ending June 30, 2012.

## Future Accounting Policy Changes

Strathbridge Asset Management Inc., as the Manager of the Fund, has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to International Financial Reporting Standards ("IFRS").

The changeover plan was prepared to address the requirements and includes disclosures of the qualitative and quantitative impact, if any, of the changeover to IFRS in the 2012 financial statements and the preparation of the 2013 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 June 30, 2012, 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

# Premier Canadian Income Fund

## Management Report of Fund Performance

- 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

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").

Strathbridge, as the Investment Manager of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated August 30, 1999 and amended as of October 26, 2009, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and MCM dated August 30, 1999. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

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

During the period, no recommendations or approvals were required to be sought from the Independent Review Committee ("IRC") concerning related party transactions.

## Management Report of Fund Performance

### Independent Review Committee

National Instrument 81-107 - Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

# Premier Canadian Income Fund

## Management Report of Fund Performance

### Financial Highlights

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

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

Information for the period ended June 30, 2012 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2012
<b>NET ASSETS PER UNIT</b>	
<b>Net Assets, beginning of period</b> (based on bid prices) <sup>(1)</sup>	<b>\$ 3.59</b>
<b>INCREASE (DECREASE) FROM OPERATIONS</b>	
Total revenue	<b>0.05</b>
Total expenses	<b>(0.08)</b>
Realized gain (loss) for the period	<b>(0.18)</b>
Unrealized gain (loss) for the period	<b>0.02</b>
<b>Total Increase (Decrease) from Operations</b> <sup>(2)</sup>	<b>(0.19)</b>
<b>DISTRIBUTIONS</b>	
Non-taxable distributions	<b>(0.12)</b>
<b>Total Distributions</b> <sup>(3)</sup>	<b>(0.12)</b>
<b>Net Assets, end of period</b> (based on bid prices) <sup>(1)</sup>	<b>\$ 3.28</b>

(1) Net Assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, 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 period. The schedule is not intended to total to the ending net assets as

	Six months ended June 30, 2012
<b>RATIOS/SUPPLEMENTAL DATA</b>	
Net Asset Value (\$millions)	<b>\$ 8.53</b>
Number of units outstanding	<b>2,593,937</b>
Management expense ratio <sup>(1)</sup>	<b>3.95%</b> <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	<b>107.10%</b>
Trading expense ratio <sup>(3)</sup>	<b>0.43%</b> <sup>(4)</sup>
Net Asset Value per unit <sup>(5)</sup>	<b>\$ 3.29</b>
Closing market price	<b>\$ 3.14</b>

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including federal and provincial sales taxes but excluding transaction fees, divided by 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.

(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.



## Management Report of Fund Performance

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
\$ 4.49	\$ 5.12	\$ 6.74	\$ 10.55	\$ 11.73 <sup>(4)</sup>
0.11	0.11	(0.09)	0.86	0.41
(0.14)	(0.20)	(0.86) <sup>(5)</sup>	(0.32)	(0.33)
(0.28)	(0.03)	(0.07)	(3.91)	1.70
(0.31)	0.32	0.09	0.64	(1.56)
(0.62)	0.20	(0.93)	(2.73)	0.22
(0.26)	(0.31)	(0.69)	(1.10)	(1.40)
(0.26)	(0.31)	(0.69)	(1.10)	(1.40)
\$ 3.59	\$ 4.49	\$ 5.12	\$ 6.74	\$ 10.55

calculations are based on the weighted average number of units outstanding during the period.

(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
\$ 9.31	\$ 14.10	\$ 2.90	\$ 4.46	\$ 8.77
2,593,937	3,137,400	563,646	662,340	830,7340
3.09%	3.89%	14.43%	3.45%	2.82%
295.24%	333.20%	243.98%	128.83%	66.70%
0.45%	0.51%	0.63%	0.26%	0.12%
\$ 3.59	\$ 4.50	\$ 5.14	\$ 6.74	\$ 10.56
\$ 3.23	\$ 4.67	\$ 4.67	\$ 6.39	\$ 10.00

(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 and the aggregate value of the liabilities, including the valuation of securities at closing prices, divided by the number of units then outstanding.

# Premier Canadian Income Fund

## Management Report of Fund Performance

### Management Fees

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

Strathbridge, as the Manager of the Fund, is entitled to fees under the 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.

### Past Performance

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

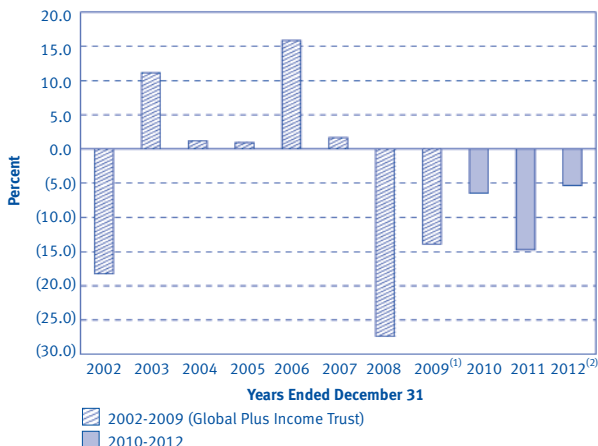
- (1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in units of the Fund,
- (2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) the past performance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

### Year-By-Year Returns

The following bar chart illustrates how the Fund's total return varied from year to year for each of the past ten years and for the six month period ended June 30, 2012. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year or June 30, 2012 for the six months then ended.

## Management Report of Fund Performance

### Annual Total Return



<sup>(1)</sup> 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 Depositary 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.

<sup>(2)</sup> For the six months ended June 30, 2012.

### Portfolio Manager Report

Financial markets in North America posted strong first quarter gains but the uncertainty of Greece staying in the European Union, the rise of Spanish and Italian Governments bond yields, as well as concerns about their debt levels led markets lower in the second quarter. The news out of Europe led to a strengthening of the U.S. dollar and this coupled with the potential slowdown in global growth led to a sell-off in commodities such as gold, copper and crude oil. The sell-off in commodities weighed on the performance of the S&P/TSX 60 Index given its large resource weighting.

The Canadian economy has been relatively strong in most regions with housing and employment showing continued signs of strength. The Bank of Canada kept interest rates on hold during the first half of 2012, while using language that signals a potential rate increase in the second half of 2012.

The S&P/TSX 60 Index had a total return of negative 1.1 percent for the first six months of the year. Among the three major sectors the Fund invests in, the Financials sector had the best performance with a total return of 5.5 percent, while the Energy and

# Premier Canadian Income Fund

## Management Report of Fund Performance

Materials sectors were down 7.7 and 10.6 percent respectively. The equal-weighted total return of the 38 issuers, included in these three sectors from which the Investment Manager actively selects, was negative 3.4 percent during the period. The total return of the Fund over the same period, including reinvestment of distributions, was negative 5.4 percent. Brookfield Asset Management Inc. and Enbridge Inc. were some of the best performing stocks while IAMGOLD Corporation, Inmet Mining Corporation and Enerplus Corp. were the laggards.

During the course of the six month period, volatility was subdued during the first three months before rising and reached its peak in the first week of June and then declined towards the end of the month. The Fund ended the period with covered call positions on approximately 56 percent of the portfolio as well as some purchased put protection on the S&P/TSX 60 Index and the Energy and Financial sectors. Our selective option writing activity contributed positively to overall income generated. During the first half of 2012, the net realized gain on options attributable to the Strathbridge Selective Overwriting (“SSO”) strategy was \$0.13 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](http://www.strathbridge.com).

### Asset Mix

June 30, 2012

	% of Net Asset Value
Energy	37%
Financials	27%
Materials	26%
Cash	6%
Telecommunication Services	3%
Utilities	1%
	100%

## Management Report of Fund Performance

### Top 25 Holdings

June 30, 2012

	% of Net Asset Value
TransCanada Corp.	8%
Enbridge Inc.	8%
Husky Energy Inc.	6%
Cash	6%
The Toronto-Dominion Bank	5%
Brookfield Asset Management Inc. - Class A	5%
Imperial Oil Limited	4%
Yamana Gold Inc.	4%
Agnico-Eagle Mines Limited	4%
Agrium Inc.	4%
Goldcorp Inc.	4%
ARC Resources Ltd.	4%
Barrick Gold Corporation	4%
BCE Inc.	3%
Canadian Imperial Bank of Commerce	3%
Cameco Corporation	3%
The Bank of Nova Scotia	3%
National Bank of Canada	3%
Royal Bank of Canada	3%
EnCana Corporation	3%
Eldorado Gold Corporation	3%
Sun Life Financial Inc.	2%
Bank of Montreal	2%
Potash Corporation of Saskatchewan, Inc.	2%
First Quantum Minerals Ltd.	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 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 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 semi-annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 4 of the annual financial statements for the year ended December 31, 2011.

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



John P. Mulvihill

Director

Strathbridge Asset Management Inc.



John D. Germain

Director

Strathbridge Asset Management Inc.

August 7, 2012

### Notice to Unitholders

The Fund's independent auditor has not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

# Premier Canadian Income Fund

## Financial Statements

### Statements of Net Assets

As at June 30, 2012 (Unaudited) and December 31, 2011 (Audited)

	2012	2011
<b>ASSETS</b>		
Investments at fair value (cost - \$8,000,867; 2011 - \$8,812,656)	\$ 7,809,592	\$ 8,564,965
Short-term investments at fair value (cost - nil; 2011 - \$149,598)	–	149,598
Cash	518,532	604,386
Accrued interest	–	135
Dividends receivable	29,563	35,986
Due from brokers - investments	799,458	–
<b>TOTAL ASSETS</b>	<b>9,157,145</b>	<b>9,355,070</b>
<b>LIABILITIES</b>		
Due to brokers - Investments	609,045	–
Accrued liabilities	36,208	42,755
Redemption payable	–	6,556
<b>TOTAL LIABILITIES</b>	<b>645,253</b>	<b>49,311</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 8,511,892</b>	<b>\$ 9,305,759</b>
<b>Number of Units Outstanding</b>	<b>2,593,937</b>	<b>2,593,937</b>
<b>Net Assets per Unit (Note 2)</b>	<b>\$ 3.2815</b>	<b>\$ 3.5875</b>



## Financial Statements

## Statements of Financial Operations

Six months ended June 30 (Unaudited)

	2012	2011
<b>REVENUE</b>		
Dividends	\$ 128,396	\$ 154,585
Interest	135	2,272
<b>TOTAL REVENUE</b>	<b>128,531</b>	<b>156,857</b>
<b>EXPENSES</b>		
Management fees	49,905	73,795
Service fees	12,848	19,104
Administrative and other expenses	43,338	49,750
Transaction fees (Note 3)	19,567	26,987
Custodian fees	23,266	16,767
Audit fees	11,204	9,461
Advisory board fees	10,445	10,445
Independent review committee fees	4,041	3,851
Legal fees	1,930	–
Unitholder reporting costs	11,898	11,161
Harmonized sales tax	11,841	13,991
<b>TOTAL EXPENSES</b>	<b>200,283</b>	<b>235,312</b>
<b>Net Investment Loss</b>	<b>(71,752)</b>	<b>(78,455)</b>
Net loss on sale of investments	(819,291)	(358,618)
Net gain on sale of derivatives	341,475	183,851
<b>Net Loss on Sale of Investments</b>	<b>(477,816)</b>	<b>(174,767)</b>
Net change in unrealized appreciation/ depreciation of investments	56,416	(582,372)
<b>Net Loss on Investments</b>	<b>(421,400)</b>	<b>(757,139)</b>
<b>NET DECREASE IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (493,152)</b>	<b>\$ (835,594)</b>
<b>NET DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 2,593,937; 2011 - 3,137,400)</b>	<b>\$ (0.1901)</b>	<b>\$ (0.2663)</b>

# Premier Canadian Income Fund

## Financial Statements

### Statements of Changes in Net Assets

Six months ended June 30 (Unaudited)

	2012	2011
NET ASSETS, BEGINNING OF PERIOD	\$ 9,305,759	\$ 14,085,147
Net Decrease in Net Assets from Operations	(493,152)	(835,594)
Distributions to Unitholders Non-taxable distributions	(300,715)	(442,373)
Changes in Net Assets during the Period	(793,867)	(1,277,967)
NET ASSETS, END OF PERIOD	\$ 8,511,892	\$ 12,807,180

### Statements of Net Loss on Sale of Investments

Six months ended June 30 (Unaudited)

	2012	2011
Proceeds from Sale of Investments	\$ 9,763,893	\$ 23,857,435
Cost of Investments Sold		
Cost of investments, beginning of period	8,812,656	12,574,900
Cost of investments purchased	9,429,920	23,851,665
	18,242,576	36,426,565
Cost of Investments, End of Period	(8,000,867)	(12,394,363)
	10,241,709	24,032,202
NET LOSS ON SALE OF INVESTMENTS	\$ (477,816)	\$ (174,767)

## Financial Statements

## Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets
INVESTMENTS				
<b>Canadian Common Shares</b>				
<b>Energy</b>				
ARC Resources Ltd.	14,300	\$ 302,794	\$ 326,612	
Cameco Corporation	11,800	257,944	263,258	
Canadian Oil Sands Limited	5,400	112,898	106,326	
Enbridge Inc.	16,000	552,337	649,280	
EnCana Corporation	11,200	256,681	237,328	
Husky Energy Inc.	20,700	545,334	525,780	
Imperial Oil Limited	8,400	367,360	357,504	
TransCanada Corp.	15,300	644,501	652,239	
<b>Total Energy</b>		3,039,849	3,118,327	36.6%
<b>Financials</b>				
Bank of Montreal	3,700	223,761	207,940	
Brookfield Asset Management Inc. - Class A	12,700	399,090	427,863	
Canadian Imperial Bank of Commerce	3,700	274,022	264,920	
National Bank of Canada	3,600	261,810	261,360	
Royal Bank of Canada	4,600	239,772	239,568	
Sun Life Financial Inc.	9,600	235,135	212,448	
The Bank of Nova Scotia	4,994	273,338	263,034	
The Toronto-Dominion Bank	5,400	436,537	429,840	
<b>Total Financials</b>		2,343,465	2,306,973	27.1%
<b>Materials</b>				
Agnico-Eagle Mines Limited	8,400	332,117	345,996	
Agrium Inc.	3,800	326,456	342,076	
Barrick Gold Corporation	8,400	336,395	321,552	
Eldorado Gold Corporation	17,600	255,992	220,352	
First Quantum Minerals Ltd.	7,400	152,976	132,978	
Goldcorp Inc.	8,900	415,453	340,603	
Potash Corporation of Saskatchewan, Inc.	3,100	142,557	137,671	
Yamana Gold Inc.	22,400	330,726	351,232	
<b>Total Materials</b>		2,292,672	2,192,460	25.8%
<b>Telecommunication Services</b>				
BCE Inc.	6,400	267,452	268,480	3.1%
<b>Utilities</b>				
Canadian Utilities Ltd.	1,400	95,308	92,764	1.1%
<b>Total Canadian Common Shares</b>		\$ 8,038,746	\$ 7,979,004	93.7%

# Premier Canadian Income Fund

## Financial Statements

### Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
<b>Options</b>				
<b>Purchased Put Options</b> (100 shares per contract)				
Bank of Montreal				
- August 2012 @ \$57	15	\$ 3,225	\$ 2,715	
Canadian Imperial Bank of Commerce				
- August 2012 @ \$73	6	1,656	1,415	
iShares S&P/TSX Capped Energy Index Fund				
- August 2012 @ \$15	487	44,430	48,698	
iShares S&P/TSX Capped Financials Index Fund				
- August 2012 @ \$23	150	12,750	16,355	
iShares S&P/TSX 60 Index Fund				
- August 2012 @ \$16	290	22,910	9,974	
National Bank of Canada				
- September 2012 @ \$73	5	1,475	1,242	
Royal Bank of Canada				
- August 2012 @ \$54	10	2,520	2,884	
Royal Bank of Canada				
- September 2012 @ \$50	3	808	525	
Sun Life Financial Inc.				
- September 2012 @ \$22	12	1,788	1,391	
The Bank of Nova Scotia				
- August 2012 @ \$53	9	2,025	1,414	
The Bank of Nova Scotia				
- September 2012 @ \$51	3	749	447	
The Bank of Nova Scotia				
- September 2012 @ \$52	4	1,036	646	
The Toronto-Dominion Bank				
- August 2012 @ \$80	8	2,728	1,741	
The Toronto-Dominion Bank				
- September 2012 @ \$78	8	3,062	1,722	
<b>Total Purchased Put Options</b>		101,162	91,169	1.1%
<b>Written Covered Call Options</b> (100 shares per contract)				
ARC Resources Ltd.				
- July 2012 @ \$21	(140)	(6,860)	(29,400)	
Bank of Montreal				
- July 2012 @ \$54	(9)	(1,107)	(1,770)	
Bank of Montreal				
- July 2012 @ \$56	(9)	(810)	(1,181)	
Barrick Gold Corporation				
- July 2012 @ \$37	(42)	(6,006)	(10,542)	
Brookfield Asset Management Inc.				
- Class A - July 2012 @ \$32	(127)	(11,176)	(26,934)	
Canadian Utilities Ltd.				
- July 2012 @ \$66	(14)	(1,351)	(1,820)	
Canadian Imperial Bank of Commerce				
- July 2012 @ \$71	(12)	(1,284)	(1,798)	
Canadian Imperial Bank of Commerce				
- July 2012 @ \$73	(7)	(550)	(516)	
Eldorado Gold Corporation				
- July 2012 @ \$12	(176)	(11,616)	(8,262)	

## Financial Statements

## Statement of Investments

As at June 30, 2012 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Net Assets
<b>Written Covered Call Options (continued)</b>				
(100 shares per contract)				
EnCana Corporation				
- July 2012 @ \$20	(112)	(10,528)	(18,144)	
First Quantum Minerals Ltd.				
- July 2012 @ \$17	(74)	(11,921)	(10,730)	
Goldcorp Inc.				
- July 2012 @ \$40	(66)	(9,098)	(3,828)	
Goldcorp Inc.				
- August 2012 @ \$38	(23)	(3,864)	(5,037)	
Husky Energy Inc.				
- July 2012 @ \$23	(207)	(11,178)	(52,785)	
Imperial Oil Limited				
- July 2012 @ \$40	(84)	(13,902)	(24,192)	
National Bank of Canada				
- July 2012 @ \$71	(9)	(1,215)	(1,618)	
National Bank of Canada				
- July 2012 @ \$73	(9)	(1,089)	(645)	
National Bank of Canada				
- August 2012 @ \$71	(18)	(2,700)	(3,933)	
Potash Corporation of Saskatchewan, Inc.				
- July 2012 @ \$40	(31)	(4,278)	(14,415)	
Royal Bank of Canada				
- July 2012 @ \$50	(12)	(1,596)	(2,686)	
Royal Bank of Canada				
- July 2012 @ \$52	(11)	(1,177)	(1,448)	
Sun Life Financial Inc.				
- July 2012 @ \$20	(96)	(9,072)	(21,069)	
The Bank of Nova Scotia				
- July 2012 @ \$51	(16)	(1,376)	(2,449)	
The Bank of Nova Scotia				
- July 2012 @ \$53	(9)	(639)	(905)	
The Toronto-Dominion Bank				
- July 2012 @ \$78	(32)	(5,440)	(7,162)	
TransCanada Corp.				
- August 2012 @ \$42	(76)	(3,420)	(7,312)	
<b>Total Written Covered Call Options</b>		(133,253)	(260,581)	(3.1)%
<b>Total Options</b>	\$	(32,091)	\$ (169,412)	(2.0)%
Adjustment for transaction costs		(5,788)		
<b>TOTAL INVESTMENTS</b>	\$	8,000,867	\$ 7,809,592	91.7 %
<b>OTHER NET ASSETS</b>			702,300	8.3 %
<b>TOTAL NET ASSETS</b>			\$ 8,511,892	100.0 %

# Premier Canadian Income Fund

## Notes to Financial Statements

June 30, 2012

### 1. Basis of Presentation

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The semi-annual financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2011.

These semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2011.

### 2. Net Asset Value

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

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

	June 30, 2012	Dec. 31, 2011
Net Asset Value (for pricing purposes)	<b>\$ 3.2882</b>	\$ 3.5910
Difference	<b>(0.0067)</b>	(0.0035)
Net Assets (for financial statement purposes)	<b>\$ 3.2815</b>	\$ 3.5875

### 3. Transaction Fees

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Total transaction fees for the six month period ended June 30, 2012 in connection with portfolio transactions were \$19,567 (June 30, 2011 - \$26,987). Of this amount \$6,093 (June 30, 2011 - \$8,764) was directed to cover payment of research services provided to the Investment Manager.

### 4. Financial Instruments and Risk Management

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The various types of risks associated with financial instruments and the related risk management practices employed by the Fund remain unchanged from the prior year and are described in Note 12 of the annual financial statements for the year ended December 31, 2011.

## Notes to Financial Statements

June 30, 2012

The following is a summary of the inputs used as of June 30, 2012 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian Common Shares	\$ 7,979,004	\$ -	\$ -	\$ 7,979,004
Options	(160,351)	(9,061)	-	(169,412)
Total Investments	\$ 7,818,653	\$ (9,061)	\$ -	\$ 7,809,592

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

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2012 and during the year ended December 31, 2011.

### Other Price Risk

Approximately 94 percent (December 31, 2011 - 94 percent) of the Fund's net assets held at June 30, 2012 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2012, the net assets of the Fund would have increased or decreased by \$0.8M (December 31, 2011 - \$0.9M) respectively or 9.4 percent (December 31, 2011 - 9.4 percent) of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

### Credit Risk

The following are the credit ratings for the counterparties to derivative instruments that were authorized for trading with the Fund during the current period based on Standard & Poor's credit ratings as of June 30, 2012:

# Premier Canadian Income Fund

## Notes to Financial Statements

June 30, 2012

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

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

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

The Fund held no short-term investments as of June 30, 2012.

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%
<b>Total</b>		<b>100%</b>

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



## Notes to Financial Statements

June 30, 2012

### 5. Future Accounting Policy Changes

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

## Premier Canadian Income Fund

Investment Funds Managed by  
Strathbridge Asset Management Inc.

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### 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

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information on all Strathbridge Investment Funds.



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