



ANNUAL REPORT

2013

PREMIER CANADIAN INCOME FUND


ASSET MANAGEMENT

Letter to Unitholders

We are pleased to present the 2013 annual report containing the management report of fund performance and the audited financial statements for Premier Canadian Income Fund.

2013 was a very strong year for Global equity markets with many indices making new all-time highs. Although the year was dominated by news events that caused concern for financial markets, world stock markets continued to rise on the back of stronger economic data and accommodative central bank monetary policy. For the year ended December 31, 2013, the S&P/TSX Composite Index generated a total return of 13.0 percent while the S&P 500 Index was up 32.3 percent, outperforming its Canadian counterpart for the third year in a row. The Canadian economy showed small signs of improvement during the year but was not enough to compel the Bank of Canada to tighten interest rates. The Canadian dollar opened the year around par versus the U.S. dollar but ended 2013 at 94.1 cents, its lowest level since the middle of 2010.

For the year ended December 31, 2013, the annual total return of the Fund, including reinvestment of distributions, was negative 0.4 percent. During the year, the Fund paid cash distributions of \$0.20 per unit contributing to the overall decline in the net asset value per unit from \$3.23 per unit at December 31, 2012 to \$3.01 per unit at December 31, 2013. However, the decline in the net asset value during the year was mitigated by the Strathbridge Selective Overwriting strategy (see "The Fund") which generated a net realized gain on options of \$0.04 per unit. 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 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 Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

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Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2013 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 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, Standard Life Centre, P.O. Box 113, Toronto, Ontario, M5H 3T9, or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

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.

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 Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund’s 2013 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, 2013, cash distributions of \$0.20 per unit were paid compared to \$0.22 per unit a year ago.

Since the inception of the Fund in September 1999, the Fund has paid total cash distributions of \$16.58 per unit, of which \$0.90 per unit were special distributions.

Revenue and Expenses

For the year ended December 31, 2013, the Fund's total revenue was \$0.10 per unit and total expenses was \$0.14 both unchanged from a year ago. The Fund had a net realized and unrealized gain of \$0.02 per unit in 2013 as compared to a net realized and unrealized loss of \$0.11 per unit in 2012.

Net Asset Value

The net asset value per unit of the Fund decreased 6.8 percent, from \$3.23 per unit at December 31, 2012 to \$3.01 per unit at December 31, 2013. The total net asset value of the Fund decreased \$1.7 million from \$7.2 million at December 31, 2012 to \$5.5 million at December 31, 2013, reflecting unit redemptions of \$1.3 million and cash distributions of \$0.4 million.

Recent Developments

There were no recent developments pertaining to the Fund during the year.

Future Accounting Policy Changes

Strathbridge Asset Management Inc. (“Strathbridge”), 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 2013 financial statements and the preparation of the 2014 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 first semi-annual and annual financial statements in accordance with IFRS, with comparative information, for the period ended June 30, 2014 and year ending December 31, 2014 respectively.

As at December 31, 2013, 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 Strathbridge dated August 30, 1999 and amended as of October 26, 2009.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge 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 year, no recommendations or approvals were required to be sought from the Independent Review Committee (“IRC”) concerning related party transactions.

Independent Review Committee

National Instrument 81-107 - Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

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 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|----------------|----------------|----------------|----------------|-----------------------|
| THE FUND'S NET ASSETS PER UNIT | | | | | |
| Net Assets, beginning of year (based on bid prices) ⁽¹⁾ | \$ 3.22 | \$ 3.59 | \$ 4.49 | \$ 5.12 | \$ 6.74 |
| INCREASE (DECREASE) FROM OPERATIONS | | | | | |
| Total revenue | 0.10 | 0.10 | 0.11 | 0.11 | (0.09) |
| Total expenses | (0.14) | (0.14) | (0.14) | (0.20) | (0.86) ⁽⁴⁾ |
| Realized gain (loss) for the period | (0.07) | (0.33) | (0.28) | (0.03) | (0.07) |
| Unrealized gain (loss) for the period | 0.09 | 0.22 | (0.31) | 0.32 | 0.09 |
| Total Increase (Decrease) from Operations ⁽²⁾ | (0.02) | (0.15) | (0.62) | 0.20 | (0.93) |
| DISTRIBUTIONS | | | | | |
| Non-taxable distributions | (0.20) | (0.22) | (0.26) | (0.31) | (0.69) |
| Total Annual Distributions ⁽³⁾ | (0.20) | (0.22) | (0.26) | (0.31) | (0.69) |
| Net Assets, as at December 31 (based on bid prices) ⁽¹⁾ | \$ 3.01 | \$ 3.22 | \$ 3.59 | \$ 4.49 | \$ 5.12 |

(1) Net Assets per unit is the difference between the aggregate value of the assets including the valuation of securities at bid prices and the aggregate value of the liabilities 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) Total expenses for 2009 include restructuring expenses in the amount of \$337,500.

| Years ended December 31 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|------------------|----------------|----------------|-----------------|----------------|
| RATIOS/SUPPLEMENTAL DATA | | | | | |
| Net Asset Value (\$millions) ⁽¹⁾ | \$ 5.46 | \$ 7.24 | \$ 9.31 | \$ 14.10 | \$ 2.90 |
| Number of units outstanding ⁽¹⁾ | 1,814,235 | 2,245,630 | 2,593,937 | 3,137,400 | 563,646 |
| Management expense ratio ⁽²⁾ | 4.16% | 3.63% | 3.09% | 3.89% | 14.43% |
| Portfolio turnover rate ⁽³⁾ | 213.49% | 243.61% | 295.24% | 333.20% | 243.98% |
| Trading expense ratio ⁽⁴⁾ | 0.56% | 0.50% | 0.45% | 0.51% | 0.63% |
| Net Asset Value per Unit ⁽⁵⁾ | \$ 3.01 | \$ 3.23 | \$ 3.59 | \$ 4.50 | \$ 5.14 |
| Closing market price | \$ 2.92 | \$ 3.04 | \$ 3.23 | \$ 4.31 | \$ 4.67 |

(1) This information is provided as at December 31.

(2) 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 Fund to the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. 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 including the valuation of securities at closing prices and the aggregate value of the liabilities 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.

Past Performance

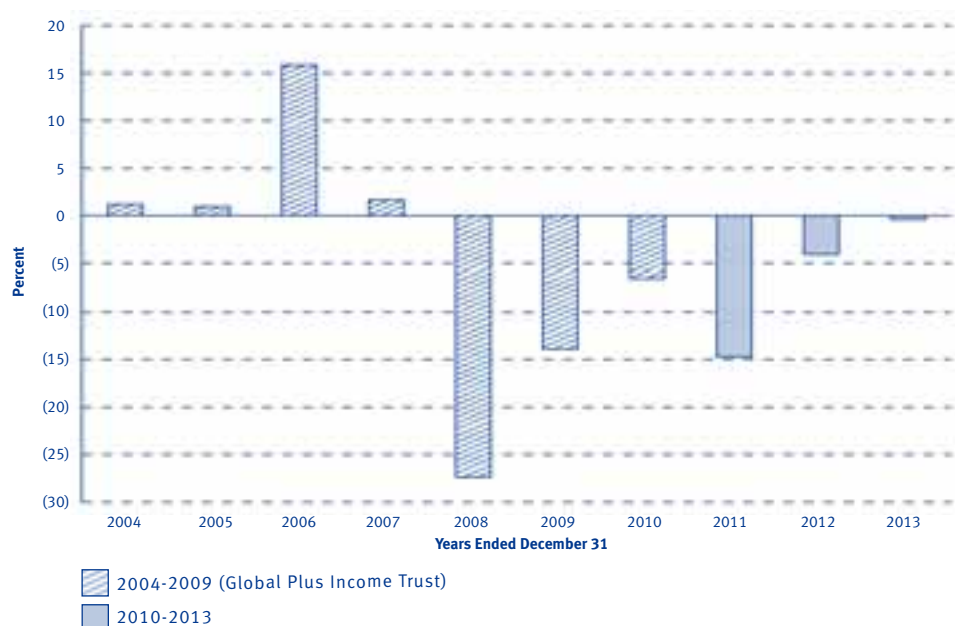
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (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, 2013 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 | (0.40)% | (6.61)% | (8.08)% | (5.41)% |
| S&P/TSX 60 Index ⁽¹⁾ | 13.26 % | 3.63 % | n/a | n/a |
| S&P 100 Index ⁽²⁾ | n/a | n/a | 12.84 % | 4.26 % |
| MSCI EAFE Index ⁽³⁾ | n/a | n/a | 9.39 % | 5.12 % |

⁽¹⁾ The S&P/TSX 60 Index is a capitalization-weighted index based on 60 highly capitalized stocks for which options are listed.

⁽²⁾ The S&P 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks for which options are listed.

⁽³⁾ The MSCI EAFE Index comprises 21 MSCI country indices, representing the developed markets outside of North America: Europe, Australia and the Far East.

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.

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 monthly distributions and maximize total returns for unitholders. 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

2013 was a very strong year for Global equity markets with many indices making new all-time highs. Although the year was dominated by news events that caused concern for financial markets, world stock markets continued to rise on the back of stronger economic data and accommodative central bank monetary policy. The year started off with the U.S. "Fiscal Cliff" being narrowly avoided and then, in March, negotiations to deal with the U.S. deficit and debt ceiling stalled. There was a banking crisis in Cyprus and continued weakness in the periphery countries of the European Union that caused concern. Global economic growth remained sluggish in the first half of 2013 as China's economy, the second largest in the world, continued to slow down. The Federal Reserve surprised and confused the market in September by delaying the tapering of its bond purchases after suggesting in July that it would do so. Finally, the U.S. government shut down in October for 16 days as brinkmanship in Washington ruled the day. Despite all that, Global equity markets performed exceptionally well in 2013 with the S&P/TSX Composite Index generating a total return of 13.0 percent while the S&P 500 Index was up 32.3 percent, outperforming its Canadian counterpart for the third year in a row.

The Canadian economy grew at a very benign level during the first half of the year but growth started to pick up during the second half of the year as we await the last quarter figures. Small signs of economic improvement were not enough to stimulate change to the easy monetary policy at the Bank of Canada which left its key lending rate unchanged at 1.0 percent. Unemployment in Canada steadily improved, through the year reaching as low as 6.9 percent in the fourth quarter but a bad December jobs report sent the unemployment rate back at 7.2 percent. The housing market stayed steady through 2013 despite deterioration in housing affordability on account of tighter lending rules, higher prices and more recently, increased mortgage rates. The Canadian dollar opened the year around par versus the U.S. dollar but ended 2013 at 94.1 cents, its lowest level since the middle of 2010.

The annual total return of the Fund, including reinvestment of distributions, was negative 0.4 percent compared to 0.2 percent for the equal-weighted total return of the 37 stocks that comprise the Fund's investment universe. Among the three major sectors the Fund invests in, returns were extremely divergent with the Financials sector having the best performance with a total return of 23.7 percent, followed by the Energy sector with a total return of 13.6 percent, while the Materials sector lagged with a total return of negative 29.1 percent.

Volatility levels in Canada began the year at historical lows. With the exception of two moderate spikes, volatility stayed at mildly elevated levels over the remaining course of the year amid growing concern about the possibility of the Federal Reserve tapering its bond purchasing program. Volatility levels were driven higher in April by the macroeconomic news relating to the banking crisis in Cyprus and then in October by the brief U.S. Government shutdown. On average the Fund was written on 10.8 percent of the portfolio throughout the year and ended 2013 with no covered calls. The Fund also maintained its invested position during the majority of the period and ended with a cash position of 4.3 percent. Our selective option writing activity was positive and contributed a net gain of \$0.04 per unit to the overall income generated.

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, 2013

| | % OF NET ASSET VALUE |
|------------------------|-------------------------|
| Energy | 41% |
| Financials | 33% |
| Materials | 16% |
| Consumer Discretionary | 6% |
| Cash | 4% |
| | 100% |

Portfolio Holdings

December 31, 2013

| | % OF NET ASSET VALUE |
|--|-------------------------|
| ARC Resources Ltd. | 7% |
| TransCanada Corp. | 7% |
| Sun Life Financial Inc. | 7% |
| Enerplus Corporation | 6% |
| Enbridge Inc. | 6% |
| Canadian Natural Resources Limited | 5% |
| Manulife Financial Corporation | 5% |
| Agrium Inc. | 4% |
| Royal Bank of Canada | 4% |
| The Toronto-Dominion Bank | 4% |
| Canadian Imperial Bank of Commerce | 4% |
| Cash | 4% |
| Husky Energy Inc. | 4% |
| Canadian Tire Corporation | 3% |
| Imperial Oil Limited | 3% |
| National Bank of Canada | 3% |
| Brookfield Asset Management Inc. - Class A | 3% |
| Kinross Gold Corporation | 3% |
| Thomson Reuters Corporation | 3% |
| Barrick Gold Corporation | 3% |
| First Quantum Minerals Ltd. | 3% |
| Teck Resources Limited - Class A | 3% |
| The Bank of Nova Scotia | 3% |
| Cameco Corporation | 3% |

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.

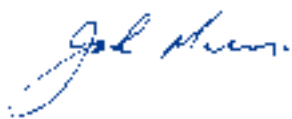
Management's Responsibility for Financial Reporting

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



John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 4, 2014



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, 2013, the statements of net assets as at December 31, 2013 and 2012, 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, 2013 and 2012, and the results of its operations and changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

The signature of Deloitte LLP is written in a stylized, cursive script in blue ink.

Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
March 4, 2014
Toronto, Ontario

Statements of Net Assets

As at December 31

| | 2013 | 2012 |
|--|---------------------|---------------------|
| ASSETS | | |
| Investments at fair value (cost - \$4,742,616; 2012 - \$6,563,904) | \$ 5,265,297 | \$ 6,893,830 |
| Cash | 218,434 | 435,171 |
| Dividends receivable | 19,807 | 28,874 |
| TOTAL ASSETS | 5,503,538 | 7,357,875 |
| LIABILITIES | | |
| Accrued liabilities | 44,509 | 46,568 |
| Due to brokers - investments | — | 76,374 |
| TOTAL LIABILITIES | 44,509 | 122,942 |
| NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY | \$ 5,459,029 | \$ 7,234,933 |
| Number of Units Outstanding (Note 5) | 1,814,235 | 2,245,630 |
| Net Assets per Unit (Note 4) | \$ 3.0090 | \$ 3.2218 |

On behalf of the Manager,
Strathbridge Asset Management Inc.



John P. Mulvihill, Director



John D. Germain, Director

Statements of Financial Operations

Years ended December 31

| | 2013 | 2012 |
|---|--------------------|---------------------|
| REVENUE | | |
| Dividends | \$ 227,716 | \$ 253,942 |
| Interest | – | 217 |
| TOTAL REVENUE | 227,716 | 254,159 |
| EXPENSES (Note 6) | | |
| Management fees | 74,092 | 95,576 |
| Service fees | 18,570 | 24,225 |
| Administrative and other expenses | 58,227 | 59,749 |
| Transaction fees (Note 9) | 37,838 | 43,918 |
| Custodian fees | 46,820 | 47,524 |
| Audit fees | 23,539 | 22,531 |
| Advisory board fees | 18,900 | 19,945 |
| Independent review committee fees | 7,775 | 7,976 |
| Legal fees | 2,730 | 2,512 |
| Unitholder reporting costs | 11,505 | 15,951 |
| Harmonized sales tax | 21,021 | 21,460 |
| TOTAL EXPENSES | 321,017 | 361,367 |
| Net Investment Loss | (93,301) | (107,208) |
| Net realized loss on investments | (235,032) | (1,147,191) |
| Net realized gain on options | 82,956 | 300,290 |
| Net Loss on Sale of Investments | (152,076) | (846,901) |
| Net change in unrealized appreciation/depreciation of investments | 192,755 | 577,617 |
| Net Gain (Loss) on Investments | 40,679 | (269,284) |
| NET DECREASE IN NET ASSETS FROM OPERATIONS | \$ (52,622) | \$ (376,492) |
| NET DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT | | |
| (based on the weighted average number of units outstanding during the year of 2,223,174; 2012 - 2,576,807) | \$ (0.0237) | \$ (0.1461) |

Statements of Changes in Net Assets

Years ended December 31

| | 2013 | 2012 |
|--|--------------|--------------|
| NET ASSETS, BEGINNING OF YEAR | \$ 7,234,933 | \$ 9,305,759 |
| Net Decrease in Net Assets from Operations | (52,622) | (376,492) |
| Unit Transactions (Note 5) | | |
| Value for units redeemed | (1,282,580) | (1,124,892) |
| Distributions to Unitholders (Note 7) | | |
| Non-taxable distributions | (440,702) | (569,442) |
| Changes in Net Assets during the Year | (1,775,904) | (2,070,826) |
| NET ASSETS, END OF YEAR | \$ 5,459,029 | \$ 7,234,933 |

Statements of Net Loss on Sale of Investments

Years ended December 31

| | 2013 | 2012 |
|--|---------------|---------------|
| Proceeds from Sale of Investments | \$ 15,694,890 | \$ 21,758,544 |
| Cost of Investments Sold | | |
| Cost of investments, beginning of year | 6,563,904 | 8,812,656 |
| Cost of investments purchased | 14,025,678 | 20,356,693 |
| | 20,589,582 | 29,169,349 |
| Cost of Investments, End of Year | (4,742,616) | (6,563,904) |
| | 15,846,966 | 22,605,445 |
| NET LOSS ON SALE OF INVESTMENTS | \$ (152,076) | \$ (846,901) |

Statement of Investments

As at December 31, 2013

| | Number of Shares | Average Cost | Fair Value | % of Net Assets |
|--|---------------------|-----------------|---------------|--------------------|
| INVESTMENTS | | | | |
| Canadian Common Shares | | | | |
| Consumer Discretionary | | | | |
| Canadian Tire Corporation | 1,900 | \$ 168,745 | \$ 188,993 | |
| Thomson Reuters Corporation | 4,200 | 167,099 | 168,714 | |
| Total Consumer Discretionary | | 335,844 | 357,707 | 6.6% |
| Energy | | | | |
| ARC Resources Ltd. | 13,200 | 361,297 | 389,664 | |
| Cameco Corporation | 6,200 | 138,420 | 136,648 | |
| Canadian Natural Resources Limited | 7,900 | 252,247 | 283,768 | |
| Enbridge Inc. | 6,500 | 283,431 | 301,535 | |
| Enerplus Corporation | 16,800 | 257,559 | 324,072 | |
| Husky Energy Inc. | 6,000 | 179,399 | 202,140 | |
| Imperial Oil Limited | 4,000 | 179,869 | 188,080 | |
| TransCanada Corp. | 7,600 | 353,463 | 368,524 | |
| Total Energy | | 2,005,685 | 2,194,431 | 40.2% |
| Financials | | | | |
| Brookfield Asset Management Inc. - Class A | 4,200 | 144,961 | 173,124 | |
| Canadian Imperial Bank of Commerce | 2,500 | 193,156 | 226,775 | |
| Manulife Financial Corporation | 11,900 | 172,134 | 249,305 | |
| National Bank of Canada | 2,000 | 150,198 | 176,780 | |
| Royal Bank of Canada | 3,300 | 205,034 | 235,620 | |
| Sun Life Financial Inc. | 9,500 | 249,719 | 356,440 | |
| The Bank of Nova Scotia | 2,300 | 130,537 | 152,720 | |
| The Toronto-Dominion Bank | 2,300 | 201,693 | 230,207 | |
| Total Financials | | 1,447,432 | 1,800,971 | 33.0% |
| Materials | | | | |
| Agrium Inc. | 2,500 | 239,452 | 242,875 | |
| Barrick Gold Corporation | 9,000 | 181,010 | 168,390 | |
| First Quantum Minerals Ltd. | 8,700 | 162,673 | 166,344 | |
| Kinross Gold Corporation | 37,000 | 199,020 | 171,680 | |
| Teck Resources Limited - Class A | 5,900 | 175,624 | 162,899 | |
| Total Materials | | 957,779 | 912,188 | 16.7% |
| Total Canadian Common Shares | | \$ 4,746,740 | \$ 5,265,297 | 96.5% |
| Adjustment for transaction costs | | (4,124) | | |
| TOTAL INVESTMENTS | | \$ 4,742,616 | \$ 5,265,297 | 96.5% |
| OTHER NET ASSETS | | | 193,732 | 3.5% |
| TOTAL NET ASSETS | | | \$ 5,459,029 | 100.0% |

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.

Strathbridge Asset Management Inc. (“Strathbridge”) is the Manager as well as the Investment Manager of the Fund. RBC Investor Services Trust is the Custodian of the Fund.

2. 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.

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 Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

3. 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 made 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 11.

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 realized gain (loss) on options.

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.

4. 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:

| | 2013 | 2012 |
|--|-----------|-----------|
| Net Asset Value per unit (for pricing purposes) | \$ 3.0105 | \$ 3.2264 |
| Difference | (0.0015) | (0.0046) |
| Net Assets per unit (for financial statement purposes) | \$ 3.0090 | \$ 3.2218 |

5. 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:

| | 2013 | 2012 |
|--------------------------------------|-----------|-----------|
| Units outstanding, beginning of year | 2,245,630 | 2,593,937 |
| Units redeemed | (431,395) | (348,307) |
| Units outstanding, end of year | 1,814,235 | 2,245,630 |

6. 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.

The Fund pays a service fee equal to 0.30 percent annually of the net asset value of the Fund which it pays to dealers in connection with amounts held by clients of the sales representatives of such dealers, plus applicable taxes. This service fee is payable quarterly.

7. 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.

8. 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 2013 and 2012.

Accumulated non-capital losses of approximately \$2.0M (2012 - \$2.0M) and capital losses of approximately \$31.7M (2012 - \$31.5M) 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 |

9. Transaction Fees

Total transaction fees for the year ended December 31, 2013 in connection with portfolio transactions were \$37,838 (2012 - \$43,918). Of this amount \$17,479 (2012 - \$16,647) was directed to cover payment of research services provided to the Investment Manager.

10. 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 2, information on the Fund’s unitholders’ equity is described in Note 5 and Note 7 and the Fund does not have any externally imposed capital requirements.

11. Financial Instruments and Risk Management

The Fund’s financial instruments consist of cash, investments, certain derivative contracts, receivables and payables. Cash, receivables, and payables are short-term in nature and as such their carrying values approximates fair value. 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, 2013 in valuing the Fund’s investments 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 | \$ 5,265,297 | \$ – | \$ – | \$ 5,265,297 |
| Total Investments | \$ 5,265,297 | \$ – | \$ – | \$ 5,265,297 |

The following is a summary of the inputs used as of December 31, 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 | \$ 6,899,669 | \$ – | \$ – | \$ 6,899,669 |
| Options | (1,904) | (3,935) | – | (5,839) |
| Total Investments | \$ 6,897,765 | \$ (3,935) | \$ – | \$ 6,893,830 |

There were no transfers between Level 1 and Level 2 during 2013 and 2012.

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 96 percent (2012 - 95 percent) of the Fund’s net assets held at December 31, 2013 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2013, the net assets of the Fund would have increased or decreased by \$0.5M (2012 - \$0.7M) respectively or 9.6 percent

(2012 - 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 were authorized for trading with the Fund during the year based on Standard & Poor's credit ratings as of December 31, 2013:

| 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 |
| Deutsche Bank | A | A-1 |
| National Bank of Canada | A | A-1 |
| Royal Bank of Canada | AA- | A-1+ |
| The Bank of Nova Scotia | A+ | 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, 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 |
| Deutsche Bank | A+ | A-1 |
| National Bank of Canada | A- | A-2 |
| Royal Bank of Canada | AA- | A-1+ |
| The Bank of Nova Scotia | A+ | A-1 |
| The Toronto-Dominion Bank | AA- | A-1+ |
| UBS AG | A | A-1 |

The Fund held no short-term investments at December 31, 2013 and December 31, 2012.

12. 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 first semi-annual and annual financial statements in accordance with IFRS, with comparative information, for the period ending June 30, 2014 and the year ending December 31, 2014 respectively.

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.

Premier Canadian Income Fund [PCU.UN]

Board of Advisors

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Chairman & CEO
Strathbridge Asset Management Inc.

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

Michael M. Koerner¹
Corporate Director

Robert W. Korthals¹
Corporate Director

Robert G. Bertram¹
Corporate Director

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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 (UTE.UN)
Core Canadian Dividend Trust (CDD.UN)
Gold Participation and Income Fund (GPF.UN)
Low Volatility U.S. Equity Income Fund (LVU.UN)
NDX Growth & Income Fund (NGI.UN)
Premier Canadian Income Fund (PCU.UN)
Top 10 Canadian Financial Trust (TCT.UN)

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)
S Split Corp. (SBN.PR.A/SBN)
Top 10 Split Trust (TXT.PR.A/TXT.UN)
World Financial Split Corp. (WFS.PR.A/WFS)

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