SEMI-ANNUAL REPORT 2014

S SPLIT CORP.

strathbridge
ASSET MANAGEMENT

Letter to Shareholders

We are pleased to present the 2014 semi-annual report containing the management report of fund performance and the unaudited financial statements for S Split Corp.

After generating mixed returns in the first quarter of 2014 amid concerns surrounding geopolitical tension between Ukraine and Russia as well as comments from the U.S. Federal Reserve that it would consider raising interest rates, most Global equity markets advanced in the second quarter. The rally was fueled by economic data out of the U.S. which started to rebound from the weakness driven by harsh weather experienced this past winter. Europe, meanwhile, continued to improve economically as indicated by the regional purchasing managers indexes. The European Central Bank kept monetary policy accommodative by reducing its key benchmark rate to an unprecedented rate of negative 0.10 percent with an eye on the possible negative economic effects from geopolitical tensions in Ukraine and the Middle East. Although the Canadian economy posted subdued growth during the six month period, the S&P/TSX Composite Index outperformed most other markets in the first half of 2014 due to strength in the Energy and Materials sectors.

Cash distributions of $0.28 per share were paid to Class A shareholders and $0.26 per share were paid to Preferred shareholders during the six months ended June 30, 2014. The net asset value per Unit of the Fund increased 5.6 percent, from $19.86 at December 31, 2013 to $20.97 at June 30, 2014, largely attributable to the shares of The Bank of Nova Scotia rising 10.2 percent over the period. The Fund's total return, including reinvestment of distributions, was 8.6 percent for the period. The net realized loss on options attributable to Strathbridge Selective Overwriting strategy (see "The Fund") amounted to $0.04 per Unit as compared to a net realized loss on options of $0.09 per Unit a year ago. For a more detailed review of the operation of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

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

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

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with fixed cumulative preferential monthly distributions of 5.25 percent per annum and the Class A shareholders with regular monthly distributions of 6.0 percent per annum on the net asset value of the Fund and return the original issue price of both classes on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols SBN.PR.A for the Preferred shares and SBN for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share. To accomplish its objectives the Fund invests in common shares of The Bank of Nova Scotia.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting (“SSO”), to enhance the income generated by the BNS shares and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2014 of S Split Corp. (the “Fund”). The unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, 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.

Results of Operations

Distributions

For the six months ended June 30, 2014, cash distributions of $0.28 per Class A share and $0.26 per Preferred share were paid.

Since the inception of the Fund in May 2007, the Fund has paid total cash distributions of $4.08 per Class A share and $3.74 per Preferred share.

Revenue and Expenses

For the six months ended June 30, 2014, the Fund’s total revenue per Unit was $0.56 as compared to $0.37 in the prior year. Overall expenses decreased 1.4 percent compared to a year ago. However, total expenses increased by $0.01 per Unit from the previous year to $0.25 per Unit due to a decreased average number of Units outstanding during the period. The Fund had a net realized and unrealized gain of $1.34 per Unit in the first half of 2014 as compared to a net realized and unrealized loss of $0.38 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund increased 5.6 percent, from $19.86 at December 31, 2013 to $20.97 at June 30, 2014. The aggregate net asset value of the Fund decreased $0.5 million, from $61.9 million at December 31, 2013 to $61.4 million at June 30, 2014, reflecting redemptions of $4.0 million and cash distributions of $1.7 million, partially offset by an increase in net assets attributable to holders of Class A shares of $5.2 million.

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2014.

Transition to International Financial Reporting Standards Accounting Policies

The Fund has adopted International Financial Reporting Standards (”IFRS”) accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments - Recognition and Measurement, 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. Under IFRS 13, Fair Value Measurement, the fair value of investments is to be based on a price within the bid-ask spread. It also allows the use of certain pricing conventions such as last traded prices as a practical expedient for fair value measurements within a bid-ask spread. Note 5 to the financial statements for the six months ended June 30, 2014 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

Related Party Transactions

Strathbridge, as the Investment Manager of the Fund, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated April 26, 2007.

Strathbridge is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Strathbridge dated April 26, 2007. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

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

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

Independent Review Committee

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

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

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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 periods ended December 31 is derived from the Fund's audited annual financial statements.

Information for the period ended June 30, 2014 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2014
NET ASSETS PER UNIT	
Net Assets, beginning of period[1]	$ 19.86[4]
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.56
Total expenses	(0.25)
Realized gain (loss) for the period	0.21
Unrealized gain (loss) for the period	1.13
Total Increase (Decrease) from Operations[2]	1.65
DISTRIBUTIONS	
Preferred Share	
From net investment income	(0.22)
Non-taxable distributions	(0.04)
Total Preferred Share Distributions	(0.26)
Class A Share	
From net investment income	–
Non-taxable distributions	(0.28)
Total Class A Share Distributions	(0.28)
Total Distributions[3]	(0.54)
Net Assets, end of period[1]	$ 20.97

(1) Net Assets per Unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices for the six months ended June 30, 2014 and for all years ended December 31 at bid prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, 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), less expenses excluding Preferred share distributions, and is calculated based on the weighted average number of Units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of Units outstanding during the period.

	Six months ended June 30, 2014
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding the Redeemable Preferred Share liability ($millions)	$ 61.38
Net Asset Value ($millions)	$ 32.11
Number of Units outstanding	2,926,212
Management expense ratio[1]	2.53%[4]
Portfolio turnover rate[2]	0.00%
Trading expense ratio[3][4]	0.00%[4]
Net Asset Value per Unit[5]	$ 20.97
Closing market price - Preferred	$ 10.27
Closing market price - Class A	$ 10.09

(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 and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. The MER for 2011, 2010 and 2009 includes the warrant offering costs and/or warrant exercise fees. The MER for 2011, 2010 and 2009 excluding the warrant offering costs and/or warrant exercise fees is 2.36%, 2.26% and 2.30% respectively. The MER, including Preferred share distributions, is 5.22%, 5.37%, 5.31%, 5.52%, 5.48% and 5.39% for 2014, 2013, 2012, 2011, 2010 and 2009 respectively.

(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments,

As a result of the adoption of IFRS, for June 30, 2014, the net assets per Unit presented in the financial statements and the net asset value per Unit calculated weekly are both valued at closing prices. For all years ended December 31, the net assets per Unit presented in the financial statements differs from the net asset value per Unit calculated weekly, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for weekly net asset value purposes.

Years ended December 31				
2013	2012	2011	2010	2009
$ 18.22	$ 17.81	$ 21.45	$ 20.89	$ 16.98
0.56	0.71	0.70	0.72	0.89
(0.46)	(0.43)	(0.49)	(0.50)	(0.47)
(0.11)	(0.56)	1.09	0.27	(2.67)
2.58	1.67	(2.36)	1.46	7.04
2.57	1.39	(1.06)	1.95	4.79
(0.22)	(0.28)	(0.53)	(0.17)	(0.29)
(0.31)	(0.25)	–	(0.36)	(0.24)
(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
–	–	(0.16)	–	–
(0.50)	(0.48)	(0.43)	(0.62)	(0.42)
(0.50)	(0.48)	(0.59)	(0.62)	(0.42)
(1.03)	(1.01)	(1.12)	(1.15)	(0.95)
$ 19.85	$ 18.22	17.81	$ 21.45	$ 20.89

(3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution. All distributions were paid in cash.
(4) Net Assets has been adjusted for the adoption of IFRS. (See Note 5 to the financial statements for the six months ended June 30, 2014).

Years ended December 31				
2013	2012	2011	2010	2009
$ 61.89	$ 60.08	$ 63.41	$ 84.36	$ 79.80
$ 30.73	$ 27.13	$ 27.84	$ 45.05	$ 41.62
3,116,112	3,295,312	3,556,512	3,930,870	3,818,900
2.51%	2.41%	2.88%	2.93%	2.52%
4.52%	5.33%	45.90%	54.87%	18.07%
0.01%	0.01%	0.07%	0.04%	0.07%
$ 19.86	$ 18.23	$ 17.83	$ 21.46	$ 20.90
$ 10.35	$ 10.52	$ 10.35	$ 10.38	$ 10.00
$ 8.47	$ 6.66	$ 6.00	$ 8.95	$ 8.50

divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.
(3) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.
(4) Annualized.
(5) Net Asset Value per Unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

Management Report of Fund Performance

Management Fees

Strathbridge, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.55 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. Strathbridge also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions.

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

Retraction Fee

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

Past Performance

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

(1) information shown assumes that all distributions (including deemed distributions based on the intrinsic value of the warrants exercised prior to the expiry date of the warrants) made by the Fund during these periods were reinvested in Units of the Fund,

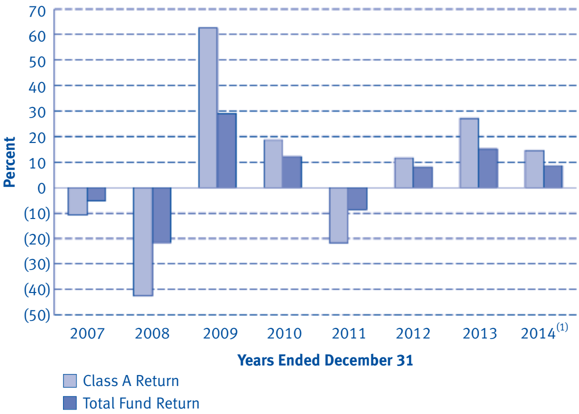
(2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(3) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund's total return varied from year to year in each of the past seven years and for the six months ended June 30, 2014. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2007 would have increased or decreased by the end of the fiscal year or June 30, 2014 for the six months ended.

Annual Total Return



(1) For the six months ended June 30, 2014.

Portfolio Manager Report

After generating mixed returns in the first quarter of 2014 amid concerns surrounding geopolitical tension between Ukraine and Russia as well as comments from the U.S. Federal Reserve that it would consider raising interest rates, most Global equity markets advanced in the second quarter. The rally was fueled by economic data out of the U.S. which started to rebound from the weakness driven by harsh weather experienced this past winter. Europe, meanwhile, continued to improve economically as indicated by the regional purchasing managers indexes. The European Central Bank kept monetary policy accommodative by reducing its key benchmark rate to an unprecedented rate of negative 0.10 percent with an eye on the possible negative economic effects from geopolitical tensions in Ukraine and the Middle East. Although the Canadian economy posted subdued growth during the six month period, the S&P/TSX Composite Index outperformed most other markets in the first half of 2014 due to strength in the Energy and Materials sectors.

The Bank of Nova Scotia ("BNS") reported solid results in the first half of 2014 and the stock surged to all-time highs as a result. In a move considered consistent with its focus on growing its Latin American markets, BNS acquired Chilean credit card company Cencosud Financial Services for $300 million this past quarter. It also completed its purchase of 51 percent of Colfondos AFP, one of Columbia's largest pension fund companies. The new CEO, Brian Porter, has suggested that further acquisitions may be in the offing.

The net asset value ("NAV") per Unit of the Fund at June 30, 2014 was $20.97 compared to $19.86 at December 31, 2013. The Fund's Class A and Preferred Shares, which are listed on the Toronto Stock Exchange as SBN and SBN.PR.A, closed on June 30, 2014 at $10.09 and $10.27 respectively. When combined, the closing prices represent a 2.9 percent discount to the NAV per Unit.

Cash distributions of $0.28 per share were paid to Class A shareholders and $0.26 per share were paid to Preferred shareholders during the first six months of 2014. The value of BNS shares at June 30, 2014 was $71.14 compared to $66.43 on December 31, 2013. BNS paid a dividend of $1.28 during the period. BNS increased its common dividend by two cents per share in the second quarter.

BNS shares have been trending higher for most of 2014. To avoid capping this upside move, the Fund has kept covered call writing to a minimum. The Fund ended the period with no covered calls compared with an average overwritten position of 2.5 percent for the first half of 2014. During the six month period, the net realized loss on options attributable to the Strathbridge Selective Overwriting ("SSO") strategy was $0.04 per Unit. The steady upside move in the share price has also dampened volatility which has made call option premiums less attractive.

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 and Portfolio Holdings

June 30, 2014

	% of Net Asset Value[1]
Financials - The Bank of Nova Scotia	102.4 %
Cash	0.2 %
Other Assets/(Liabilities)	(2.6)%
	100.0 %

[1] The Net Asset Value excludes the Redeemable Preferred Share liability.

Forward-Looking Statements

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

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

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

Management's Responsibility for Financial Reporting

The accompanying financial statements of S Split Corp. (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager") and have been approved by the Fund's Board of Directors (the "Board").

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") 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 3 of the financial statements for the six months ended June 30, 2014.

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

The Audit Committee meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting 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 Audit Committee and the Board.

John P. Mulvihill
Director
Strathbridge Asset Management Inc.

John D. Germain
Director
Strathbridge Asset Management Inc.

August 11, 2014

Notice to Shareholders

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

Statements of Financial Position

As at June 30, 2014, December 31, 2013 and January 1, 2013 (Unaudited)

	Note	**June 30, 2014**	Dec. 31, 2013	Jan. 1, 2013
			Restated	Restated
ASSETS				
Financial assets at fair value through profit or loss	3,5	**$ 62,845,076**	$ 61,979,190	$ 53,392,486
Dividends receivable		**583,296**	–	514,288
Due from brokers - investments		**1,994,233**	92,501	–
Income tax recoverable		**–**	–	8,487
Short-term investments	3	**–**	–	10,795,572
Accrued interest		**–**	–	3,598
Cash		**103,974**	–	491,927
TOTAL ASSETS		**65,526,579**	62,071,691	65,206,358
LIABILITIES				
Redemptions payable		**3,945,154**	–	–
Accrued management fees		**88,831**	86,924	84,140
Accrued liabilities		**77,741**	90,457	83,898
Retraction fees payable		**37,980**	–	–
Bank indebtedness		**–**	1,617	–
Due to brokers - investments		**–**	–	4,959,235
Redeemable Preferred shares		**29,262,120**	31,161,120	32,953,120
Class J shares		**100**	100	100
TOTAL LIABILITIES		**33,411,926**	31,340,218	38,080,493
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	5	**$ 32,114,653**	$ 30,731,473	$ 27,125,865
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		**$ 10.9748**	$ 9.8621	$ 8.2317

The notes are an integral part of the Financial Statements.

Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	**2014**	2013 Restated
INCOME			
Dividend income		**$ 1,752,668**	$ 1,222,080
Interest income		–	5,155
Net realized gain on investments at fair value through profit or loss		**780,537**	171,981
Net realized loss on options at fair value through profit or loss		**(114,804)**	(298,069)
Net change in unrealized appreciation/depreciation of investments at fair value through profit or loss	5	**3,518,259**	(1,137,079)
TOTAL INCOME		**5,936,660**	(35,932)
EXPENSES			
Management fees	10	**500,529**	494,340
Service fees		**77,295**	65,156
Administrative and other expenses		**78,290**	99,440
Transaction fees	11	**1,035**	2,520
Custodian fees		**11,343**	11,817
Audit fees		**13,796**	13,796
Director fees	10	**10,200**	9,815
Independent review committee fees	10	**3,490**	4,224
Legal fees		**2,178**	6,079
Shareholder reporting costs		**9,376**	10,803
Harmonized sales tax		**64,779**	65,075
TOTAL EXPENSES		**772,311**	783,065
OPERATING PROFIT/(LOSS)		**5,164,349**	(818,997)
Preferred share distributions		**(817,980)**	(865,019)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	5,12	**$ 4,346,369**	$ (1,684,016)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	12	**$ 1.3953**	$ (0.5112)

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

Six months ended June 30 (Unaudited)

	Note	2014	2013
			Restated
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF PERIOD	5	**$ 30,731,473**	$ 27,125,865
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares		**4,346,369**	(1,684,016)
Class A Share Capital Transactions			
Value for Class A shares redeemed		**(2,084,134)**	(1,338,140)
Distributions			
Class A Share			
Non-taxable distributions		**(879,055)**	(835,032)
Changes in Net Assets Attributable to Holders of Class A Shares during the Period		**1,383,180**	(3,857,188)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	5	**$ 32,114,653**	$ 23,268,677

The notes are an integral part of the Financial Statements.

Financial Statements

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	Note	2014	2013
			Restated
CASH, BEGINNING OF PERIOD/LOSS		$ –	$ 11,287,499
Cash Flows Provided by (Used In) Operating Activities			
Operating Profit/(Loss)		**5,164,349**	(818,997)
Adjustments to Reconcile Increase/Decrease in Net Assets Attributable to Holders of Class A Shares to Net Cash Provided by (Used In) Operating Activities			
Purchase of investment securities		**354,175**	(3,977,406)
Proceeds from disposition of investment securities		**2,963,931**	2,305,800
Net realized (gain)/loss on options at fair value through profit or loss		**114,804**	298,069
Net realized (gain)/loss on investments at fair value through profit or loss		**(780,537)**	(171,981)
Net change in unrealized appreciation/depreciation of investments at fair value through profit or loss	5	**(3,518,259)**	1,137,079
(Increase)/decrease in dividends receivable, due from brokers - investments, accrued interest and income tax recoverable		**(2,485,028)**	(3,175,137)
Increase/(decrease) in accrued management fees, accrued liabilities and due to brokers - investments		**(12,426)**	(4,980,538)
		(3,363,340)	(8,564,114)
Cash Flows Provided by (Used In) Financing Activities			
Class A share distributions		**(879,055)**	(835,032)
Preferred share distributions		**(817,980)**	(865,019)
		(1,697,035)	(1,700,051)
Net Increase/(Decrease) in Cash During the Period		**103,974**	(11,083,162)
CASH, END OF PERIOD		**$ 103,974**	$ 204,337

Interest received	**$ –**	$ 1,557
Dividends received	**$ 1,169,372**	$ 1,126,408

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at June 30, 2014 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Class A Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
The Bank of Nova Scotia	883,400	$ 47,263,452	$ 62,845,076	
Total Canadian Common Shares		$ 47,263,452	$ 62,845,076	102.4 %
Adjustment for transaction fees		(23,399)		
TOTAL INVESTMENTS		$ 47,240,053	$ 62,845,076	102.4 %
OTHER NET LIABILITIES			(1,468,303)	(2.4)%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, excluding the Redeemable Preferred share liability			$ 61,376,773	100.0 %

The notes are an integral part of the Financial Statements.

Notes to Financial Statements

June 30, 2014

1. Corporation Information

S Split Corp. (the “Fund”) is a mutual fund corporation established under the laws of the Province of Ontario on January 26, 2007. The Fund began operations on May 17, 2007. The address of the Fund’s registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

The Fund is a split share corporation designed to provide Preferred shareholders with fixed cumulative preferential monthly distributions of 5.25 percent per annum and the Class A shareholders with regular monthly distributions of 6.0 percent per annum on the net asset value of the Fund and return the original issue price of both classes on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols SBN.PR.A for the Preferred shares and SBN for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share. To accomplish its objectives the Fund invests in common shares of The Bank of Nova Scotia.

The Fund employs a proprietary investment strategy, Strathbridge Selective Overwriting (“SSO”), to enhance the income generated by the BNS shares and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The SSO strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

These financial statements were approved by the Board of Directors on August 11, 2014.

2. Basis of Presentation and Adoption of International Financial Reporting Standards

The semi-annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standard (“IAS”) 34 Interim Financial Reporting.

The Fund has adopted IFRS accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these accounting policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Fund’s reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund’s financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

3. Summary of Significant Accounting Policies

Functional and Presentation Currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). The Fund’s portfolio is predominately Canadian securities and the functional currency is Canadian dollars. The financial statements of the Fund are presented in Canadian dollars which is the Fund's presentation currency.

Financial Instruments

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The Fund's investments and derivatives within the portfolio are held for trading and measured at fair value through profit or loss ("FVTPL").

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. On adoption of IFRS, the Fund uses the last traded market price as its valuation input for financial assets and liabilities if the last traded price falls within the bid-ask spread. In other circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value for financial reporting purposes.

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques as described in Note 4.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Net realized gain/loss on investments at fair value through profit or loss and change in unrealized appreciation/depreciation of investments at fair value through profit or loss 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 at fair value through profit or loss. 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.

Notes to Financial Statements

June 30, 2014

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 change in unrealized appreciation/depreciation of investments at fair value through profit or loss. The premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date.

Interest income is measured using the effective interest method and recorded on a daily basis.

Short-Term Investments

Short-term investments are held for investment purposes and consist primarily of money market instruments with original maturities of one year or less.

Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares

The increase/(decrease) in net assets attributable to holders of Class A Shares per Class A share is calculated by dividing the increase/(decrease) in net assets attributable to holders of Class A shares by the weighted average number of Class A shares outstanding during the period. Please refer to Note 12 for the calculation.

Taxation

The Fund is a “mutual fund corporation” as defined in the Income Tax Act (Canada) (the “Act”) and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgement in applying accounting policies and to make estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

In classifying and measuring the financial instruments held by the Fund, the Manager determined that the Fund invests on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments - Recognition and Measurement. The portfolio investments are held for trading and valued at FVTPL accordingly.

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation models and techniques generally recognized as standard within the investment industry. These valuation methods use observable data as practicable as possible. Observable market data are readily available and supplied by independent sources actively involved in the relevant market. However, areas such as credit risk (both own and counterparty) and its correlations require the Manager to make estimates. Significant changes in assumptions about these factors could adversely affect the reported fair values of financial instruments. Please refer to Note 7 for a further analysis of risks associated with financial instruments.

5. Transition to IFRS

The effect of the Fund's transition to IFRS is summarized as follows:

Transition Elections

No financial asset or liability at FVTPL was designated at inception by way of voluntary exemption. Based on the investment strategies adopted by the Fund, securities in the portfolio are classified as held for trading and therefore required to be at FVTPL.

Reconciliation of Net Assets and Comprehensive Income as previously reported under Canadian GAAP to IFRS

Net Assets	Dec. 31, 2013	June 30, 2013	Jan. 1, 2013
Net Assets as reported under Canadian GAAP	$ 30,703,483	$ 23,268,677	$ 27,088,065
Revaluation of investments at FVTPL	27,990	–	37,800
Net Assets Attributable to Holders of Class A Shares	$ 30,731,473	$ 23,268,677	$ 27,125,865

Comprehensive Income	June 30, 2013
Comprehensive Income as reported under Canadian GAAP	$ (1,646,216)
Revaluation of investments at FVTPL	(37,800)
Decrease in Net Assets Attributable to Holders of Class A Shares	$ (1,684,016)

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments – Recognition and Measurement, 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. Under IFRS 13, Fair Value Measurement, the fair value of investments is to be based on a price within the bid-ask spread. It also allows the use of certain pricing conventions such as last traded prices as a practical expedient for fair value measurements within a bid-ask spread. As a result of the use of last traded prices upon IFRS transition, adjustments were recognized to increase the carrying amount of the Fund's investments by $37,800 as at January 1, 2013 and $27,990 as at December 31, 2013. Another impact of fair value adjustments was to decrease the Fund's increase/(decrease) in net assets attributable to holders of Class A shares by $37,800 for the six months ended June 30, 2013.

Reclassification Adjustments

Under Canadian GAAP, the Fund classified Class A shares and Class J shares as equity. Under IFRS, Class A shares and Class J shares will be classified as liabilities. Since all shares of the Fund as classified as liabilities, the Fund is not required to disclose components of equity which was previously done under Canadian GAAP.

6. Capital Disclosures

IAS 1, Presentation of Financial Statements, 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 1, information on the Fund's shares is described in Note 9 and the Management Agreement does not have any externally imposed capital requirements.

Notes to Financial Statements

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7. Risks Associated with Financial Instruments

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 credit risk, liquidity risk, market risk (including interest rate risk, and price risk), concentration risk and capital risk management.

Tables are based on restatements of values of financial assets at fair value through profit and loss and unrealized appreciation/depreciation of investments as at December 31, 2013 and January 1, 2013 to comply with IFRS. Note 5 discloses the transition adjustments.

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 analysis below summarizes the credit quality of the Fund's short-term investments as June 30, 2014, December 31, 2013 and January 1, 2013.

	Percentage of Short-Term Investments		
Credit Rating	June 30, 2014	Dec. 31, 2013	Jan. 1, 2013
A-	–	–	100%

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed 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. During the periods ended June 30, 2014, December 31, 2013 and January 1, 2013, the counterparties to the Fund's derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor's Ratings Services.

Liquidity Risk

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.

Cash is required to fund redemptions. Shareholders must surrender shares 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 25 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

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

June 30, 2014 Financial Liabilities	On Demand	< 3 months	Total
Redemptions payable	$ –	$ 3,945,154	$ 3,945,154
Accrued management fees	–	88,831	88,831
Accrued liabilities	–	77,741	77,741
Retraction fees payable	–	37,980	37,980
Redeemable Preferred shares	29,262,120	–	29,262,120
Class J shares	–	100	100
	$ 29,262,120	$ 4,149,806	$ 33,411,926

December 31, 2013 Financial Liabilities	On Demand	< 3 months	Total
Accrued liabilities	$ –	$ 90,457	$ 90,457
Accrued management fees	–	86,924	86,924
Bank indebtedness	–	1,617	1,617
Redeemable Preferred shares	31,161,120	–	31,161,120
Class J shares	–	100	100
	$ 31,161,120	$ 179,098	$ 31,340,218

January 1, 2013 Financial Liabilities	On Demand	< 3 months	Total
Due to brokers - investments	$ –	$ 4,959,235	$ 4,959,235
Accrued management fees	–	84,140	84,140
Accrued liabilities	–	83,898	83,898
Redeemable Preferred shares	32,953,120	–	32,953,120
Class J shares	–	100	100
	$ 32,953,120	$ 5,127,373	$ 38,080,493

Redeemable Preferred Shares are redeemable on demand of the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash flows, as holders of these instruments typically retain them for a longer period or to the Termination Date of December 1, 2014.

Market Risk

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The following include sensitivity analyses that show how the net assets attributable to holders of Class A shares would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) 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 Fund has minimal sensitivity to changes in rates since securities are usually held to maturity and are short-term in nature.

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(b) Price Risk

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 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 price risk arises from its investments in equity securities. 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, including factors that affect all the companies in the financial services industry.

The Fund's price 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 102 percent (December 31, 2013 - 100 percent and January 1, 2013 - 90 percent) of the Fund's net assets attributable to holders of Class A shares, excluding Redeemable Preferred share liability, held at June 30, 2014 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2014, the net assets attributable to holders of Class A shares, excluding Redeemable Preferred share liability, would have increased or decreased by $3.1M (December 31, 2013 - $3.1M and January 1, 2013 - $2.7M) respectively or 5.1 percent (December 31, 2013 - 5.0 percent and January 1, 2013 - 4.5 percent) of the net assets attributable to holders of Class A shares, excluding Redeemable Preferred share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures with the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2014	Dec. 31, 2013	Jan. 1, 2013
Financials	100.0%	100.0%	100.0%

Capital Risk Management

Class A shares may be surrendered at any time for retraction but will be retracted only on a monthly valuation date. Holders of Class A shares whose shares are surrendered for retraction will be entitled to receive a retraction price per Class A share (the ''Class A share Retraction Price'') equal to 95 percent of the difference between (i) the net asset value ("NAV') per Unit determined as of the relevant valuation date, and (ii) the cost to the Fund of the purchase of a Preferred share in the market for cancellation. The cost of the purchase of a Preferred share will include the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase. If the NAV per Unit is less than $10.00, the Class A share Retraction Price will be nil. Any declared and unpaid distributions payable on or before a valuation date in respect of the Class A shares tendered for retraction on such valuation date will also be paid on the retraction payment date.

Holders of Class A shares also have an annual retraction right under which they may concurrently retract an equal number of Class A shares and Preferred shares on the June valuation date of each year. The price paid by the Fund for such a concurrent retraction will be equal to the NAV per Unit on that date.

Redeemable Preferred shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Redeemable Preferred shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the NAV per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Class A share in the market for cancellation; and (b) the lesser of (i) the sum of the Class A market price and the Redeemable Preferred market price less the cost to the Fund of purchasing a Class A share in the market for cancellation and (ii) $10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A share. Redeemable Preferred shares also have an annual retraction right under which a shareholder may concurrently retract one Redeemable Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per Unit.

If a retraction of a Class A share or Preferred share occurs prior to July 2014, a retraction fee payable to the Investment Manager by the retracting shareholder will be deducted by the Investment Manager from the amount otherwise receivable by the retracting shareholder to compensate the Investment Manager, in part, for paying the Agents' fees and expenses of the offering. The retraction fee is $0.20 per Unit.

Fair Value Measurement

The Fund classifies fair value of measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs, other than quoted prices 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

Level 3: Inputs that are based on unobservable market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur. The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2014, December 31, 2013 and January 1, 2013.

As at June 30, 2014

	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 62,845,076	$ –	$ –	$ 62,845,076
	$ 62,845,076	$ –	$ –	$ 62,845,076

As at December 31, 2013

	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 61,979,190	$ –	$ –	$ 61,979,190
	$ 61,979,190	$ –	$ –	$ 61,979,190

As at January 1, 2013	Level 1	Level 2	Level 3	Total
Short-Term Investments	$ –	$ 10,799,170	$ –	$ 10,799,170
Canadian Common Shares	54,299,700	–	–	54,299,700
Options	–	(907,214)	–	(907,214)
	$ 54,299,700	$ 9,891,956	$ –	$ 64,191,656

The carrying values of cash, dividends receivable, interest receivable, due to brokers - investments, accrued liabilities, accrued management fees, due from brokers - investments, redemptions payable, retraction fees payable, Redeemable Preferred shares and the Fund's obligation for net assets attributable to Class A Shares approximate their fair values due to their short-term nature.

(a) Equities

The Fund's equity positions are classified as Level 1 as equity securities are actively traded and a reliable quoted price is observable.

(b) Short-Term Investments

Short-term investments are valued at cost plus accrued interest which approximates fair value. The inputs are generally observable and therefore short-term investments have been classified as Level 2.

(c) Derivative Assets and Liabilities

Derivative assets and liabilities consist of option contracts.

Listed options are classified as Level 1 as the security is traded in a recognized exchange and a reliable price is readily observable.

Fair value of over-the-counter options is determined using the Black-Scholes Model with observable market data as inputs. Over-the-counter option contracts, for which the credit risks are determined not to be significant to fair value, have been classified as Level 2.

There were no transfers between Level 1 and Level 2 during the six months ended June 30, 2014 and during the year ended December 31, 2013.

8. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2014, December 31, 2013 and January 1, 2013. All the Fund's financial liabilities, other than its net assets attributable to holders of Class A shares, were carried at amortized cost.

Tables are based on restatements of values of financial assets at fair value through profit and loss and unrealized appreciation/depreciation of investments as at December 31, 2013 and January 1, 2013 to comply with IFRS. Note 5 discloses the transition adjustments.

As at June 30, 2014 Assets	Held for Trading	Financial Assets at Amortized Cost	Total
Non-derivative financial assets	$ 62,845,076	$ –	$ 62,845,076
Cash	–	103,974	103,974
Dividends receivable	–	583,296	583,296
Due from brokers - investments	–	1,994,233	1,994,233
	$ 62,845,076	$ 2,681,503	$ 65,526,579

As at December 31, 2013

Assets		Held for Trading		Financial Assets at Amortized Cost		Total
Non-derivative financial assets	$	61,979,190	$	–	$	61,979,190
Due from brokers - investments		–		92,501		92,501
	$	61,979,190	$	92,501	$	62,071,691

As at January 1, 2013

Assets		Held for Trading		Financial Assets at Amortized Cost		Total
Non-derivative financial assets	$	54,299,700	$	–	$	54,299,700
Derivative assets		(907,214)		–		(907,214)
Cash		–		491,927		491,927
Short-term investments		–		10,795,572		10,795,572
Accrued interest		–		3,598		3,598
Income tax recoverable		–		8,487		8,487
Dividends receivable		–		514,288		514,288
	$	53,392,486	$	11,813,872	$	65,206,358

The following table presents the net realized gains/(losses) on financial instruments at FVTPL by category for the six months ended June 30, 2014 and year ended December 31, 2013.

	Net Realized Gains/(Losses)			
Financial Assets at FVTPL		June 30, 2014		June 30, 2013
Held for Trading	$	665,773	$	(126,088)
Total Financial Assets at FVTPL	$	665,773	$	(126,088)

9. Shares

The Fund is authorized to issue an unlimited number of Class A shares, Preferred shares and Class J shares.

Preferred shares pay fixed cumulative preferential monthly cash distributions in the amount of $0.04375 per Preferred share representing a yield on the original issue price of the Preferred shares of 5.25 percent per annum. Class A share distributions are calculated and paid monthly based on 6.0 percent per annum of the net asset value of the Class A shares.

During the six months ended June 30, 2014 and year ended December 31, 2013, share transactions are as follows:

	June 30, 2014	Dec. 31, 2013
Redeemable Preferred Shares		
Shares outstanding, beginning of year	3,116,112	3,295,312
Shares redeemed	(189,900)	(179,200)
Shares outstanding, end of period	2,926,212	3,116,112
Class A Shares		
Shares outstanding, beginning of year	3,116,112	3,295,312
Shares redeemed	(189,900)	(179,200)
Shares outstanding, end of period	2,926,212	3,116,112
Class J Shares		
Shares outstanding, beginning of year	100	100
Shares redeemed	–	–
Shares outstanding, end of period	100	100

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10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) Management Fees

Strathbridge, as Manager under the terms of the Management Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and 1.55 percent respectively of the Fund's net asset value, calculated and payable monthly, plus applicable taxes. The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the Custodian and Manager in the ordinary course of business relating to the Fund's operations. Total management fees for the six months ended June 30, 2014 were $500,529 (June 30, 2013 - $494,340).

(b) Board of Directors' Remuneration

Total remuneration paid to the external members of the Board of Directors for the six months ended June 30, 2014 were $10,200 (June 30, 2013 - $9,815).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2014 were $3,490 (June 30, 2013 - $4,224).

11. Brokerage Commissions and Soft Dollars

The Manager may select brokerages who charge a commission in soft dollars if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2014 and 2013 is disclosed below:

	June 30, 2014	June 30, 2013
Soft Dollars	$ 651	$ 1,182
Percentage of Total Transaction Fees	62.9%	46.9%

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

The Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share for the six months ended June 30, 2014 and 2013 is calculated as follows:

	June 30, 2014	June 30, 2013
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	$ 4,346,369	$ (1,684,016)
Weighted Average Number of Class A Shares Outstanding during the Period	3,115,074	3,294,322
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A share	$ 1.3953	$ (0.5112)

13. Future Accounting Policy Changes

IFRS 9: Financial Instruments ("IFRS 9"), which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, sets forth new requirements for financial instrument classification and measurement, impairment and hedge accounting. The mandatory effective date of IFRS 9 has been tentatively set for January 1, 2018. Although entities may still choose to apply IFRS 9 immediately, the Fund has chosen not to early adopt IFRS 9. Based on the Manager's current understanding and analysis of IFRS 9, the transition to IFRS 9 will change the manner in which investments are disclosed with no impact to value.

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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www.strathbridge.com

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