ANNUAL REPORT 2010

Top 10 Split Trust

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Letter to Securityholders

We are pleased to present the 2010 annual report containing the management report of fund performance and the financial statements for Top Ten Split Trust (the “Fund”).

The Fund is a split share investment trust designed to provide Capital Unit holders with the benefit of any capital appreciation in the value of the portfolio combined with tax-efficient quarterly distributions and to provide holders of the Preferred Securities with fixed cumulative preferential quarterly distributions. These securities are listed on the Toronto Stock Exchange under the ticker symbols TXT.UN for the Capital Units and TXT.PR.A for the Preferred Securities. A Unit of the Fund consists of one Capital Unit and one Preferred Security. To accomplish its objectives the Fund invests exclusively in shares of the six largest Canadian banks and four largest Canadian life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund's assets in each company. To generate additional returns above the dividend income earned on the Fund’s investment portfolio, the Fund may, from time to time, write covered call options in respect of some or all of the securities in the portfolio. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

During the fiscal year ended 2010, the Fund earned an annual total return, including reinvestment of distributions, of 4.8 percent. Distributions of $1.06 per Unit were paid to securityholders during the year. The net asset value per Unit decreased from $16.89 per Unit as at December 31, 2009 to $16.60 per Unit as at December 31, 2010 primarily as a result of a decline in the market value of some overweight securities in the portfolio and the cost of protective puts purchased during the spring and early summer as the risk of European sovereign default began to rise. 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 securityholders for their continued support and encourage securityholders to review the more detailed information contained within the annual report.

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

Top 10 Split Trust [TXT.UN/TXT.PR.A]

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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, 2010 of Top 10 Split Trust (the "Fund"). The annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com.

Investment Objectives and Strategies

The Fund's investment objectives for Capital Units are to:

(i) provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio; and

(ii) pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the net asset value (the ''NAV'') of the Fund;

and the Fund's investment objectives for Preferred Securities are to:

(i) pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the $12.50 principal amount of a Preferred Security; and

(ii) repay the principal amount of $12.50 per Preferred Security on the termination date of the Fund on March 31, 2011.

The Fund invests in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities in the portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund's 2010 annual information form, which is available on the Fund's website at www.mulvihill.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.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update is available on our website at www.mulvihill.com.

Asset Mix

December 31, 2010

	% OF NET ASSET VALUE*
Financials	96 %
Cash and Short-Term Investments	22 %
Other Assets (Liabilities)	(18)%
	100 %

*The Net Asset Value excludes the Preferred Security liability.

Portfolio Holdings

December 31, 2010

	% OF NET ASSET VALUE*
Cash and Short-Term Investments	22%
National Bank of Canada	14%
Manulife Financial Corporation	13%
Sun Life Financial Inc.	13%
The Bank of Nova Scotia	12%
Industrial Alliance Insurance and Financial Services Inc.	11%
Bank of Montreal	9%
Great-West Lifeco Inc.	8%
Royal Bank of Canada	6%
Canadian Imperial Bank of Commerce	5%
The Toronto-Dominion Bank	5%

*The net asset value excludes the Preferred Security liability.

Results of Operations

Distributions

For the year ended December 31, 2010, cash distributions of $0.28 per unit were paid to the Capital Unit holders compared to $0.21 per unit in 2009. Interest payments of $0.78 per Preferred Security remained unchanged from last year.

Since the reorganization of the Fund in November 2005 when the Fund adopted new objectives and a new investment strategy as the Top 10 Split Trust, the Fund has paid interest of $3.96 per Preferred Security and cash distributions of $3.34 per Capital Unit. Prior to the reorganization from February 1997 to September 2005, the Fund operated as First Premium U.S. Income Trust and paid total cash distributions of $20.88 per unit.

Revenues and Expenses

For the year ended December 31, 2010, total revenue of $0.61 per Unit was unchanged from the prior year. Total expenses per Unit increased from $0.29 per Unit in 2009 to $0.31 per Unit in 2010, primarily as a result of the unfavourable impact of the harmonized sales tax in Ontario which became effective on July 1, 2010. Implementation of the harmonized sales tax increased the amount of taxes paid by the Fund on its expenses incurred after July 1, 2010. The Fund had a net realized and unrealized gain of $0.47 per Unit in 2010 as compared to a net realized and unrealized gain of $2.76 per Unit in 2009.

Net Asset Value

The net asset value per Unit of the Fund decreased by $0.29 per Unit, or 1.7 percent, from $16.89 per Unit at December 31, 2009 to $16.60 per Unit at December 31, 2010 primarily as a result of a decline in the market value of some overweight securities in the portfolio and the cost of protective puts purchased during the spring and early summer as the risk of European sovereign default began to rise. The aggregate net asset value of the Fund decreased $7.4 million, from $45.7 million at December 31, 2009 to $38.3 million at December 31, 2010, primarily as a result of special annual redemptions in December totalling $6.5 million.

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.

Since 2007 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

	2010	2009	2008	2007	2006
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices)(1)	**$ 16.86**	**$ 14.78**	**$ 21.79**	**$ 24.21**	**$ 24.21**(4)
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.61**	0.61	0.70	0.74	0.75
Total expenses	**(0.31)**	(0.29)	(0.32)	(0.41)	(0.38)
Realized gain (loss) for the period	**(0.42)**	(2.50)	(1.31)	1.09	0.17
Unrealized gain (loss) for the period	**0.89**	5.26	(4.81)	(2.19)	1.12
Total Increase (Decrease) from Operations(2)	**0.77**	**3.08**	**(5.74)**	**(0.77)**	**1.66**
DISTRIBUTIONS					
From net investment income - Preferred Security	**(0.78)**	(0.78)	(0.78)	(0.78)	(0.78)
Non-taxable distributions - Capital Unit	**(0.28)**	(0.22)	(0.48)	(0.83)	(0.84)
Total Annual Distributions(3)	**(1.06)**	**(1.00)**	**(1.26)**	**(1.61)**	**(1.62)**
Net Assets, as at December 31 (based on bid prices)(1)	**$ 16.57**	**$ 16.86**	**$ 14.78**	**$ 21.79**	**$ 24.19**

(1) Net assets per Unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding the liability for Preferred Securities of the Fund on that date and including the valuation of securities at bid prices divided by the number of Units then outstanding. For years prior to 2007, securities were valued at closing prices. The change to the use of bid prices is due to accounting standards set out by the Canadian Institute of Chartered Accountants adopted January 1, 2007 relating to Financial Instruments.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), realized and unrealized gains (losses), 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 securityholders are based on the number of securities outstanding on the record date for each distribution and were paid in cash.
(4) Net assets per Unit has been adjusted for the change in accounting policy relating to the calculation of net asset value based on bid prices versus closing prices prior to 2007.

RATIOS/SUPPLEMENTAL DATA	2010	2009	2008	2007	2006
Net Asset Value, excluding the Preferred Security liability ($millions)(1)	**$ 38.34**	$ 45.65	$ 43.89	$ 69.49	$ 86.07
Net Asset Value ($millions)(1)	**$ 9.47**	$ 11.86	$ 6.86	$ 29.69	$ 41.59
Number of Units outstanding(1)	**2,309,243**	2,702,752	2,962,925	3,184,078	3,558,584
Management expense ratio(2)	**1.73%**	1.71%	1.64%	1.65%	1.67%
Portfolio turnover rate(3)	**119.38%**	66.25%	21.20%	75.88%	111.73%
Trading expense ratio(4)	**0.14%**	0.14%	0.06%	0.07%	0.36%
Net Asset Value per Unit(5)	**$ 16.60**	$ 16.89	$ 14.81	$ 21.83	$ 24.19
Closing market price - Capital Unit	**$ 3.57**	$ 3.70	$ 2.00	$ 8.00	$ 10.71
Closing market price - Preferred Security	**$ 12.59**	$ 12.65	$ 11.50	$ 12.99	$ 13.75

(1) This information is provided as at December 31.
(2) The management expense ratio ('MER") is the sum of all fees and expenses, including federal and provincial sales taxes but excluding transaction fees charged to the Fund divided by the average net asset value. The MER, including the Preferred Security interest, is 6.49%, 6.74%, 5.79%, 4.98% and 5.10% for 2010, 2009, 2008, 2007 and 2006 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 period.
(5) Net asset value per Unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of Units then outstanding.

Management Fees

Mulvihill Fund Services Inc. (the "Manager" or "Mulvihill") amalgamated with Mulvihill Capital Management Inc. (the "Investment Manager" or "MCM") on September 1, 2010. As successor, MCM became the Manager of the Fund. MCM is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.00 percent of the total assets 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. MCM 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.

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

Recent Developments

On November 17, 2010, the Manager requested that the Dominion Bond Rating Service ("DBRS") discontinue its rating of the Preferred Securities of the Fund as the costs of continuing the rating were deemed to outweigh the benefit of the rating.

Mulvihill amalgamated with MCM on September 1, 2010. As successor, MCM became the Manager of the Fund. Management fees previously paid to Mulvihill will be paid to MCM from and after the effective date of the amalgamation.

The Government of Ontario harmonized its provincial sales tax with the federal goods and services tax effective July 1, 2010. Implementation of the proposed changes increased the amount of taxes paid by the Fund on its expenses incurred after July 1, 2010, including but not limited to management fees, and therefore resulted in a slight increase in the management expense ratio.

Future Accounting Policy Changes

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

The changeover plan was prepared to address the requirements and includes disclosures of the qualitative and quantitative impact, if any, of the changeover to IFRS in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. However, the Canadian Accounting Standards Board approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies ("AcG-18"). As a result, the Fund will adopt IFRS for its fiscal period beginning January 1, 2013 and will issue its initial financial statements in accordance with IFRS, with comparative information, for the interim period ending June 30, 2013.

The key elements of the changeover plan deal with the requirements for financial reporting, net asset value per unit calculations, systems and processes, and training. The plan also sets out the timeline for implementation of the changes and the required technical training or support required for a smooth transition.

As at December 31, 2010, 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;
- Presentation of comparative information; and,
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

Due to anticipated changes in IFRS prior to the transition to IFRS, the Manager cannot conclusively determine the impact of the Fund's financial results at this time. Based on the Manager's current understanding and analysis of IFRS to the current 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.

Implementation of the changeover plan is progressing as scheduled. The Manager will continue to monitor ongoing changes to IFRS and adjust the changeover plan accordingly.

Past Performance

The past performance of the Fund is set out below and illustrates year-by-year returns, overall past performance and annual compound returns.

With respect to the charts displayed below, please note the following:

(1) the performance information shown assumes that all distributions and interest payments made by the Fund during these periods shown were reinvested in the Fund,

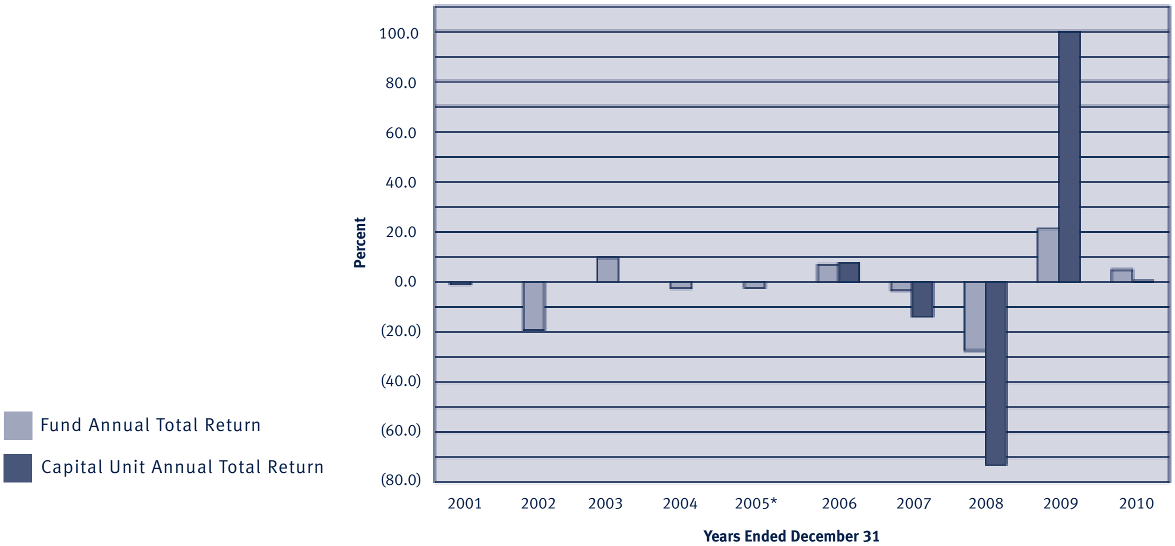
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The bar chart below illustrates how the Fund's annual total return varied from year to year in 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 that fiscal year.

Annual Total Return



* Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. Since November 30, 2005, the Fund universe was changed to invest in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization. The Fund was invested in cash and cash equivalents pending completion of an offering of additional securities that closed February 15, 2006.

Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended December 31, 2010 as compared to the performance of the S&P 100 Index and S&P/TSX Financials Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
Top 10 Split Trust	**4.80 %**	(2.58)%	(0.90)%	(2.20)%
Top 10 Split Trust - Capital Unit	**0.41 %**	(18.29)%	(12.74)%	(7.00)%
Top 10 Split Trust - Preferred Security	**6.40 %**	6.40 %	6.39 %	n/a
S&P 100 Index*	**n/a**	n/a	(0.92)%	(3.88)%
S&P/TSX Financials Index**	**10.48 %**	0.74 %	3.70 %	8.71 %

* The S&P 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks for which options are listed.
** The S&P/TSX Financials Index is a subset of the constituents of the S&P/TSX Composite Index that have been classified according to the Global Industry Classification Standard.

The performance of the Fund in the above table from the period of inception to November 21, 2005 was based on the investment objectives and strategy of the Fund as First Premium U.S. Trust investing in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. On November 21, 2005 unitholders approved a proposal resulting in a change in the investment objectives and strategy of the Fund. Since November 21, 2005 the Fund invests exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

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

The use of options may have the effect of limiting or reducing the total returns of the Fund, particularly in a rising market 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. 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.

Portfolio Manager Report

2010 was a year of continued, albeit uncertain, recovery. The Canadian economy grew at a quick pace in the first half of 2010 but had slower gross domestic product growth in the third quarter of 1.00 percent. Employment levels in Canada have returned to pre-recession levels although the rate of growth is still below normal levels. The Bank of Canada raised the benchmark overnight rate in June, July and September from an unusually low level of 0.25 percent to 1.00 percent. This along with changes to mortgage insurance standards from the Minister of Finance may slow consumer loan growth for the banks in 2011. The Canadian dollar traded in a fairly narrow range for most of the year and the Canadian banks have used the stronger dollar to make inroads into the United States with the Bank of Montreal and The Toronto-Dominion Bank announcing acquisitions in December.

The Canadian banks ended 2010 on a mixed note with better than expected fourth quarter earnings for three of the six large banks. Capital ratios continued to increase on a year over year basis and the National Bank of Canada became the first to increase its dividend after two years of no dividend growth from the large Canadian banks. Both the Bank of Montreal and The Toronto-Dominion Bank made significant acquisition announcements in December with the Bank of Montreal acquiring a Wisconsin based bank, Marshall & Ilsley Corporation, for US$4.0 billion in shares and The Toronto-Dominion Bank acquiring Chrysler Financial Corp. for US$6.3 billion in cash. The Canadian life insurance companies demonstrated improving fundamentals and profitability in 2010 as the impact of higher Global equity markets and lower credit losses was partially offset by low interest rates. Ten year bond yields increased in both Canada and the United States in the fourth quarter which is expected to provide a tailwind for life insurer fourth quarter earnings. All four of the largest Canadian life insurance companies increased their capital ratios relative to 2009 levels.

The valuations of companies in the portfolio remain at attractive levels when measured by price to earnings ratios and current dividend yields and this should continue to act as major support for the share prices. As regulatory certainty should improve in 2011, some of the Canadian Financial Services companies are likely to start returning capital to shareholders in the form of increased dividends and share repurchases.

The Fund maintained its invested position during the majority of the year but ended 2010 with a cash position of 22 percent compared to 9 percent of the portfolio at the end of 2009 in order to finance the concurrent redemption right offered annually. The S&P/TSX Financials Index was up 10.5 percent on a total return basis for the year underperforming the broader S&P/TSX Composite Index which increased 17.7 percent. The Canadian banks strongly outperformed the Canadian life insurers during the year up 10.4 percent and down 1.6 percent respectively. Eight of the ten Financial Services equities that make up the portfolio experienced positive returns during the year with The Bank of Nova Scotia and the Canadian Imperial Bank of Commerce posting the strongest annual total returns of 20.4 percent each. Manulife Financial Corporation lagged the group for the third year in a row, generating an annual total return of negative 8.3 percent due to its greater sensitivity to equity market volatility and low interest rates.

The annual total return of the Fund, including reinvestment of distributions, for the year ended December 31, 2010 was 4.8 percent. The relative underperformance during the year was due to a number of factors including having an overweight position in the Royal Bank of Canada on the expectation that strong retail earnings growth would offset the expected decline in trading revenues. This was not the case as the Royal Bank of Canada was the second worst performing stock in the portfolio in 2010 with an annual total return of negative 3.8 percent. The Fund also underperformed because of the cost of protective puts that were purchased in the spring and summer of 2010 as European sovereign default risk started to increase. Once the European Union provided a financial backstop, markets started to rally and the majority of the puts expired. Due to the low level of volatility for the majority of the year, the covered-call writing activity was limited to select holdings only as the lower volatility did not compensate the Fund enough to justify this activity. The Fund ended 2010 with approximately 3 percent of the portfolio subject to covered calls.

The Canadian banks and life insurance companies are expected to improve profitability and capital ratios in 2011 due to improving credit, good expense control and leverage to an economic recovery. Consequently, Canadian banks are expected to resume dividend growth, share buybacks and pursue acquisitions before Canadian life insurance companies.

Related Party Transactions

The manager and investment manager of the Fund is MCM ("Manager " or "Investment Manager"). MCM became the Manager of the Fund on September 1, 2010 as successor by amalgamation with Mulvihill Fund Services Inc.

MCM manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated February 22, 1997 amended as of November 30, 2005.

MCM is the Manager of the Fund pursuant to a Management Agreement made between the Fund and MCM dated February 22, 1997 amended as of November 30, 2005, and as such, is responsible for providing or arranging for required administrative services to the Fund.

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

Independent Review Committee

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

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

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 Top 10 Split Trust (the "Fund") and all the information in this annual report are the responsibility of the management of Mulvihill Capital 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 & Touche LLP has full and unrestricted access to the Board.

John P. Mulvihill
Director
Mulvihill Capital Management Inc.
March 2, 2011

John D. Germain
Director
Mulvihill Capital Management Inc.

To the Unitholders of Top 10 Split Trust

We have audited the accompanying financial statements of Top 10 Split Trust, which comprise the statement of investments as at December 31, 2010, the statements of net assets as at December 31, 2010 and 2009, and the statements of financial operations, changes in net assets and of cash flows 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 Top 10 Split Trust as at December 31, 2010 and 2009, and the result of its operations, its changes in the net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
March 2, 2011
Toronto, Ontario

Statements of Net Assets

As at December 31

	2010	2009
ASSETS		
Investments at fair value (cost - $37,565,566; 2009 - $48,046,894)	$ 36,917,056	$ 44,987,687
Short-term investments at fair value (cost - $8,271,063; 2009 - $4,215,595)	8,271,063	4,215,595
Cash	34,497	3,162
Interest receivable	1,338	3,547
Dividends receivable	109,445	153,777
Due from brokers - investments	661,594	693,252
TOTAL ASSETS	45,994,993	50,057,020
LIABILITIES		
Preferred securities (Note 5)	28,865,537	33,784,400
Redemptions payable	6,532,998	4,393,984
Due to brokers - investments	1,092,460	–
Accrued liabilities	96,537	91,159
TOTAL LIABILITIES	36,587,532	38,269,543
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	$ 9,407,461	$ 11,787,477
Number of Units Outstanding (Note 5)	2,309,243	2,702,752
Net Assets per Capital Unit (Note 4)	$ 4.0738	$ 4.3613
Preferred Security Repayment Price (Note 5)	$ 12.5000	$ 12.5000
Combined Value	$ 16.5738	$ 16.8613

On Behalf of the Manager,
Mulvihill Capital Management Inc.

John P. Mulvihill, Director

John D. Germain, Director

The notes are an integral part of the Financial Statements.

Statements of Financial Operations

Years ended December 31

		2010		2009
REVENUE				
Dividends	$	**1,637,666**	$	1,741,582
Interest		**14,136**		77,351
TOTAL REVENUE		**1,651,802**		**1,818,933**
EXPENSES (Note 6)				
Management fees		**488,868**		514,068
Administrative and other expenses		**77,009**		77,120
Transaction fees (Note 9)		**63,819**		64,529
Service fees		**42,101**		40,638
Custodian fees		**31,999**		32,367
Audit fees		**30,559**		30,495
Advisory board fees		**19,631**		19,631
Independent review committee fees		**6,602**		6,514
Legal fees		**4,474**		5,362
Unitholder reporting costs		**21,711**		25,473
Federal and provincial sales taxes		**46,454**		34,240
TOTAL EXPENSES		**833,227**		**850,437**
Net Investment Income		**818,575**		**968,496**
Net loss on sale of investments		**(1,138,072)**		(8,283,678)
Net gain on sale of derivatives		**9,025**		864,373
Net change in unrealized appreciation/depreciation of investments		**2,410,697**		15,575,063
Net Gain on Investments		**1,281,650**		**8,155,758**
Preferred Security Interest (Note 7)		**(2,111,498)**		**(2,314,756)**
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$	**(11,273)**	$	**6,809,498**
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the year 2,701,674; 2009 - 2,962,212)	$	**(0.0042)**	$	**2.2988**

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets

Years ended December 31

	2010	2009
NET ASSETS, BEGINNING OF YEAR	$ 11,787,477	$ 6,757,600
Net Increase (Decrease) in Net Assets from Financial Operations	(11,273)	6,809,498
Capital Unit Transactions (Note 5)		
Value for Capital Units redeemed, excluding Preferred Securities	(1,614,135)	(1,141,822)
Distributions to Unitholders		
Non-taxable distributions	(754,608)	(637,799)
Changes in Net Assets during the Year	(2,380,016)	5,029,877
NET ASSETS, END OF YEAR	$ 9,407,461	$ 11,787,477

Statements of Cash Flows

Years ended December 31

	2010	2009
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	$ 4,218,757	$ 20,544,699
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income	818,575	968,496
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Purchase of investment securities	(49,216,086)	(33,820,763)
Proceeds from disposition of investment securities	58,568,367	23,400,239
(Increase)/decrease in dividends receivable, interest receivable and due from brokers - investments	78,199	(654,393)
Increase/(decrease) in due to brokers - investments and accrued liabilities	1,097,838	9,195
	10,528,318	(11,065,722)
Cash Flows Provided by (Used In) Financing Activities		
Capital unitholder redemptions	(1,141,822)	(511,748)
Preferred security redemptions	(3,252,162)	(2,764,413)
Distributions to Capital Unitholders	(754,608)	(637,799)
Distributions to Preferred Securities - interest	(2,111,498)	(2,314,756)
	(7,260,090)	(6,228,716)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Year	4,086,803	(16,325,942)
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 8,305,560	$ 4,218,757
Cash and Short-Term Investments comprised of:		
Cash	$ 34,497	$ 3,162
Short-Term Investments	8,271,063	4,215,595
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 8,305,560	$ 4,218,757

The notes are an integral part of the Financial Statements.

Statement of Investments

As at December 31, 2010

	Par Value/ Number of Shares/ Number of Contracts	Average Cost/ Proceeds	Market Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Term Deposit				
Royal Bank of Canada, 0.95% - January 4, 2011	5,925,000	$ 5,925,000	**$ 5,925,000**	**71.6 %**
Treasury Bills				
Government of Canada, 0.96% - February 17, 2011	2,350,000	2,346,063	**2,346,063**	**28.4 %**
		8,271,063	**8,271,063**	**100.0 %**
Accrued Interest			**1,338**	**0.0 %**
TOTAL SHORT-TERM INVESTMENTS		**$ 8,271,063**	**$ 8,272,401**	**100.0 %**
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	60,900	$ 3,605,692	**$ 3,498,096**	
Canadian Imperial Bank of Commerce	28,100	2,065,449	**2,198,263**	
Great-West Lifeco Inc.	116,800	3,282,695	**3,081,184**	
Industrial Alliance Insurance and Financial Services Inc.	115,000	3,849,817	**4,225,100**	
Manulife Financial Corporation	290,100	6,102,500	**4,960,710**	
National Bank of Canada	78,400	5,070,943	**5,364,128**	
Royal Bank of Canada	43,200	2,321,538	**2,255,904**	
Sun Life Financial Inc.	162,400	5,441,663	**4,875,248**	
The Bank of Nova Scotia	81,500	4,173,657	**4,649,575**	
The Toronto-Dominion Bank	24,800	1,699,922	**1,837,680**	
Total Financials		**37,613,876**	**36,945,888**	**100.1 %**
Total Canadian Common Shares		**$ 37,613,876**	**$ 36,945,888**	**100.1 %**
Options				
Written Covered Call Options (100 shares per contract)				
The Bank of Nova Scotia - January 2011 @ $57	(205)	**$ (12,812)**	**$ (18,038)**	**(0.1)%**
Written Covered Put Options (100 shares per contract)				
The Bank of Nova Scotia - January 2011 @ $57	(114)	**(9,462)**	**(10,794)**	**0.0 %**
Total Options		**$ (22,274)**	**$ (28,832)**	**(0.1)%**
Adjustment for transaction costs		**(26,036)**		
TOTAL INVESTMENTS		**$ 37,565,566**	**$ 36,917,056**	**100.0 %**

1. Establishment of the Fund

Top 10 Split Trust (the "Fund") was originally established as a split share investment trust under the laws of the Province of Ontario on January 22, 1997 under the name First Premium U.S. Income Trust. The Fund began operations on February 4, 1997.

The Manager of the Fund is Mulvihill Capital Management Inc. ("MCM"). Prior to September 1, 2010, the Manager of the Fund was Mulvihill Fund Services Inc. ("Mulvihill") which amalgamated with MCM on September 1, 2010. As successor, MCM is the Manager and the Investment Manager of the Fund. RBC Dexia Investor Services Trust is the Custodian of the assets of the Fund.

2. Investment Objectives of the Fund

The Fund's investment objectives for Capital Units are to:

(i) provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio; and

(ii) pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the net asset value (the "NAV") of the Fund;

and the Fund's investment objectives for Preferred Securities are to:

(i) pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the $12.50 principal amount of a Preferred Security; and

(ii) repay the principal amount of $12.50 per Preferred Security on the termination date of the Fund on March 31, 2011.

The Fund invests in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities in the portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

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 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 determined as follows:

Securities are valued at fair value, which is determined by the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. If no bid prices are available the securities are valued at the closing sale price.

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.

Listed options are valued at fair value as reported on recognized exchanges. Over the counter options are valued using the Black-Scholes valuation model.

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 gain (loss) on sale of derivatives.

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

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

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

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

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the change in unrealized appreciation/depreciation of investments. 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 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:

	2010	2009
Net Asset Value per Unit (for pricing purposes)	**$16.6019**	$16.8887
Difference	**(0.0281)**	(0.0274)
Net Assets per Unit (for financial statement purposes)	**$16.5738**	$16.8613

5. Unitholders' Equity

The Preferred Securities are direct unsecured debt obligations issued by the Fund that will mature on March 31, 2011. At such date, the Fund will repay the principal amount of $12.50 per Preferred Security on termination of the Fund. A holder of Preferred Securities may surrender a Preferred Security for repayment together with a Capital Unit under a regular monthly retraction (other than December) or a special annual retraction in December.

The Fund is authorized to issue an unlimited number of transferable, redeemable units of one class representing an equal, undivided beneficial interest in the net assets of the Fund. All Capital Units have equal rights and privileges. Each whole Capital Unit is entitled to one vote at all meetings of holders 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 any distributions upon the termination of the Fund after payment of debts and liabilities, including, without limitation, the aggregate Repayment Price of the Preferred Securities, and liquidation expenses of the Fund.

Unit transactions during the year are as follows:

	2010	2009
Units outstanding, beginning of year	**2,702,752**	2,962,925
Units redeemed	**(393,509)**	(260,173)
Units outstanding, end of year	**2,309,243**	**2,702,752**

Capital Units may be surrendered for retraction (either alone or together with a Preferred Security) at least five business days prior to the last business day in a month for payment on or before the fifth business day following such date commencing in January 2006. A holder retracting a Capital Unit alone for the last business day of the month (other than December) in a year will receive the amount by which 95 percent of the combined value exceeds the price paid by the Fund for one Preferred Security in the market and $0.50. A holder who surrenders a Capital Unit together with a Preferred Security for retraction will receive an amount equal to 95 percent of the combined value less $0.50. A holder retracting a Capital Unit alone for the last business day of December will receive an amount equal to the combined value minus the price paid by the Fund for one Preferred Security in the market. A holder who surrenders a Capital Unit together with a Preferred Security for retraction on the December retraction date will receive an amount equal to the combined value. Combined value is NAV per Capital Unit plus the principal amount of a Preferred Security and all accrued and unpaid interest on a Preferred Security.

6. Management Fees and Expenses

Mulvihill amalgamated with MCM on September 1, 2010. As successor, MCM became the Manager and the Investment Manager of the Fund. Fees are payable to the Manager under the terms of the trust agreement and to the Investment Manager under the terms of an investment management agreement. The fees are payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's total assets, 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 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 will pay a service fee which will be paid to each dealer whose clients hold Capital Units. The service fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40 percent annually of the net asset value of the Capital Units held by clients of the dealer.

7. Distributions

The Fund will endeavour (i) to make quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum on the Fund's net asset value and (ii) to pay holders of Preferred Securities fixed quarterly cash interest payments of 6.25 percent per annum on the $12.50 principal amount of a Preferred Security.

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 to holders of Capital Units 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 thereon under the Income Tax Act (Canada) (the"Act").

The non-taxable distributions received by 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 to unitholders 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 on account of income taxes in 2010 or 2009.

Accumulated non-capital losses of approximately $13.0M (2009 - $15.0M) and capital losses of approximately $67.9M (2009 - $67.9M) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in $M)
2014	$ 3.9
2015	1.2
2026	4.7
2028	1.0
2029	1.4
2030	0.8
Total	**$ 13.0**

Issue costs of $0.1M (2009 - $0.9M) remain undeducted for tax purposes at year-end.

9. Transaction Fees

Total transaction fees paid for the year ended December 31, 2010 in connection with portfolio transactions were $63,819 (2009 - $64,529). Of this amount $20,788 (2009 - $10,200) was directed for payment of client brokerage commissions.

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

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

(2) 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

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

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

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 8,272,401	$ –	**$ 8,272,401**
Canadian Common Shares	36,945,888	–	–	**$ 36,945,888**
Options	–	(28,832)	–	**$ (28,832)**
Total Investments	**$ 36,945,888**	**$ 8,243,569**	**$ –**	**$ 45,189,457**

The following is a summary of the inputs used as of December 31, 2009 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 4,219,142	$ –	**$ 4,219,142**
Canadian Common Shares	45,044,676	–	–	**$ 45,044,676**
Options	–	(56,989)	–	**$ (56,989)**
Total Investments	**$ 45,044,676**	**$ 4,162,153**	**$ –**	**$ 49,206,829**

There were no transfers between Level 1 and Level 2 during 2010 and 2009.

As a result, 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 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 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 of the companies in the banks and life insurance industries. The Fund's market risk is managed by taking a long-term perspective and utilizing an option writing program.

Approximately 97 percent (2009 - 99 percent) of the Fund's net assets, excluding the Preferred security liability, held at December 31, 2010 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2010, the net assets, excluding the Preferred Security liability, of the Fund would have increased or decreased by $3.7M (2009 - $4.5M) respectively or 9.7 percent (2009 - 9.9 percent) of the net assets, excluding the Preferred Security liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

The Fund may, from time to time, write covered call options in respect of all or part of the common shares in the Fund. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. The Fund is subject to the risk of its investment position including those securities that are subject to outstanding call options and those securities underlying put options written by the Fund, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding call options above the strike price of such options. The Fund may also purchase put options. The Fund has downside risk on invested positions which may be partially mitigated by the use of purchased put options. The risk to the Fund with respect to purchased put options is limited to the premiums paid to purchase the put options.

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, except the preferred securities liability which matures on March 31, 2011 (see Note 5).

Cash is required to fund redemptions. Unitholders must surrender units at least 5 business days prior to the last day of the month and receive payment on or before 5 business days following the month end valuation date. Therefore the Fund has a maximum of 10 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 Fund has minimal sensitivity to change in rates since securities are usually held to maturity and are short-term in nature.

Credit Risk

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

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

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the current and prior year, based on Standard & Poor's credit ratings as of December 31, 2010 and 2009:

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

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

Type of Short-Term Investment	Rating	% of Short-Term Investments
Term Deposit	A-1+	72%
Government of Canada Treasury Bills	AAA	28%
Total		**100%**

The following are the credit ratings for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2009:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Bankers' Acceptances	A-1	54%
Government of Canada Treasury Bills	AAA	46%
Total		**100%**

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

12. Future Accounting Policy Changes

The Fund was required to adopt International Financial Reporting Standards ("IFRS") for the year beginning on January 1, 2011. However, the Canadian Accounting Standards Board approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies ("AcG-18"). As a result, the Fund will adopt IFRS for the year beginning on January 1, 2013 and will issue its initial statements on a comparative basis for the interim period ending June 30, 2013.

13. Subsequent Event

In February 2011, a proposal was presented to the independent review committee ("IRC") for a recommendation to extend the term of the Fund for five years beyond its scheduled termination date of March 31, 2011, and for successive five-year terms after March 31, 2016. The IRC reviewed the proposal and recommended that the proposal be put to securityholders for their consideration on the basis that the proposal would achieve a fair and reasonable result for the Fund. A special meeting of the securityholders is scheduled to be held on March 21, 2011 to consider and vote upon the proposal. If the extension is approved, holders of Capital Units and Preferred Securities will be given a special right to redeem their Capital Units or Preferred Securities at the net asset value per Capital Unit or at the repayment price per Preferred Security on March 31, 2011.

Board of Advisors

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

John D. Germain
Senior Vice-President & Chief Financial Officer
Mulvihill Capital Management Inc.

Michael M. Koerner[1]
Corporate Director

Robert W. Korthals[1]
Corporate Director

Robert G. Bertram[1]
Corporate Director

[1] *Independent Review Committee Member*

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Visit our website at www.mulvihill.com for additional information on all Mulvihill Investment Funds.

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Gold Participation and Income Fund
Premier Canadian Income Fund
Top 10 Canadian Financial Trust

SPLIT SHARES

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

PRINCIPAL PROTECTED FUNDS

Government Strip Bond Trust
Pro-AMS U.S. Trust

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