Top 10 Split Trust

Annual Report 2015

strathbridge
ASSET MANAGEMENT

Letter to Securityholders

We are pleased to present the 2015 annual report containing the management report of fund performance and the audited financial statements for Top 10 Split Trust (the "Fund").

After rising for three consecutive years from 2012 to 2014, many Global equity markets declined in 2015 with the S&P/TSX Composite Index in Canada generating one of the worst returns, down 8.3 percent. The year started off well for Canadian stocks but, after peaking in mid-April, all sectors except Health Care were in decline in the first half of the year due to negative Gross Domestic Product for the first two quarters of 2015 as well as the significant decline in energy prices. Equity markets continued to weaken over the summer culminating in a flash crash on August 24, when the Dow Jones Industrial Average dropped over 1,000 points intraday due to concerns surrounding global growth as well as the effects from the devaluation of the Chinese yuan. Equities did bounce back in October pushing many markets back into positive territory for the year only to end the year with a whimper as markets digested the U.S. Federal Reserve's overnight rate increase for the first time since 2006. For 2015, the S&P 500 Index generated a return of 1.4 percent, outperforming its Canadian counterpart for the fifth year in a row.

For the year ended December 31, 2015, the Fund's annual total return per Combined Unit, including reinvestment of distributions, was negative 4.8 percent. The Fund paid cash distributions of $0.32 per Capital Unit and $0.78 per Preferred Security during the year. The net asset value per Combined Unit decreased 11.0 percent from $17.80 at December 31, 2014 to $15.85 at December 31, 2015. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see "The Fund") amounted to $0.22 per Combined Unit in 2015 as compared to a net realized loss on options of $0.02 per Combined Unit in 2014. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

On January 2, 2015, Strathbridge Asset Management Inc. (the "Manager") announced that securityholders had approved a proposal to change the investment restrictions and investment strategy of the Fund. Please refer to the Recent Developments section for details of the proposal.

On January 14, 2016, the Fund announced that pursuant to the Fund's trust agreement, the term of the Fund is being extended automatically for an additional five year period beyond the March 31, 2016 termination date to March 31, 2021. The automatic extension was approved by securityholders of the Fund at a meeting held on March 21, 2011. In connection with the automatic extension of the term, holders of Capital Units and Preferred Securities have a special retraction right to permit holders of such securities to retract such securities on March 31, 2016 on the terms on which such securities would have been redeemed or repaid had the term of the Fund not been extended.

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

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

The Fund

The Fund is a split share 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 Combined Unit of the Fund consists of one Capital Unit and one Preferred Security.

To accomplish its objectives, the Fund invests in a portfolio of securities consisting of common equity securities of the six largest Canadian banks and the four largest Canadian life insurance companies. The Fund may also invest in public investment funds including exchange-traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

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

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

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Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2015 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 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, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@strathbridge.com or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Investment Objectives and Strategies

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

(1) 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

(2) 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 Capital Units; and

the Fund’s investment objectives for Preferred Securities are to:

(1) 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

(2) repay the principal amount of $12.50 per Preferred Security on the termination date of the Fund on March 31, 2016.

To achieve its objectives, the Fund invests in a portfolio of securities consisting of common equity securities of the six largest Canadian banks and the four largest Canadian life insurance companies. The Fund may also invest in public investment funds including exchange-traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

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

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

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund’s 2015 annual information form, which is available on the Fund’s website at www.strathbridge.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the year that materially affected the risks associated with an investment in the securities of the Fund.

Results of Operations

Distributions

For the year ended December 31, 2015, cash distributions of $0.32 per Capital Unit were paid compared to $0.41 per Capital Unit in 2014. Interest payments of $0.78 per Preferred Security remained unchanged from the prior 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 $7.87 per Preferred Security and cash distributions of $4.70 per Capital Unit.

Revenue and Expenses

For the year ended December 31, 2015, total revenue was $0.63 per Unit, up slightly from $0.62 per Unit in the prior year. Total expenses for 2015 were $0.37 per Unit compared to $0.39 per Unit in 2014. The decrease in per unit expense was largely attributable to lower management and service fees recorded in the current year. The Fund had a net realized and unrealized loss of $1.11 per Unit in 2015 as compared to a net realized and unrealized gain of $1.25 per Unit a year ago.

Net Asset Value

The net asset value per Combined Unit of the Fund decreased 11.0 percent from $17.80 at December 31, 2014 to $15.85 at December 31, 2015. The aggregate net asset value of the Fund decreased $3.38 million from $24.51 million at December 31, 2014 to $21.13 million at December 31, 2015, reflecting distributions to Capital Unitholders of $0.44 million, annual redemptions of $0.70 million, and a decrease in net assets attributable to holders of Capital Units of $2.24 million.

Recent Developments

On January 2, 2015, the Manager announced that the proposal to change the investment restrictions and investment strategy of the Fund was approved by the securityholders. A joint management information circular was mailed to securityholders of record on November 21, 2014 and a special meeting of securityholders of the Fund was held on December 23, 2014 to consider and vote upon the proposal. The proposal was to: (i) change the Fund's investment restrictions so that the Fund may (a) purchase securities of an issuer only if such securities are common equity securities of issuers included in the Top 10 Split Financial Portfolio or public investment funds including exchange-traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities in accordance with applicable law; (ii) enable the Fund to invest up to 10 percent of its net assets to purchase call options in respect of securities in which the Fund is permitted to invest; and (iii) enable the Manager to invest the Fund's portfolio entirely in cash or cash equivalents, denominated in Canadian dollars, in its discretion.

Related Party Transactions

Strathbridge Asset Management Inc. ("Strathbridge"), as the Investment Manager of the Fund, manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated January 22, 1997 and amended as of November 30, 2005.

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

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

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

Independent Review Committee

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

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

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

As a result of the adoption of International Financial Reporting Standards ("IFRS"), for December 31, 2015, 2014 and 2013, the net assets per Combined Unit presented in the financial statements and the net asset value per Combined Unit calculated weekly are both valued at closing prices. For all other prior years ended December 31, the net assets per Combined Unit presented in the financial statements differs from the net asset value per Combined 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	**2015**	2014	2013	2012	2011
THE FUND'S NET ASSETS PER COMBINED UNIT					
Net Assets, beginning of year[1]	**$ 17.80**	$ 17.52	$ 14.55	$ 13.77	$ 16.57
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.63**	0.62	0.61	0.64	0.61
Total expenses	**(0.37)**	(0.39)	(0.35)	(0.31)	(0.42)
Realized gain (loss) for the period	**0.63**	2.62	0.84	(1.16)	0.58
Unrealized gain (loss) for the period	**(1.74)**	(1.37)	2.93	2.47	(1.83)
Total Increase (Decrease) from Operations[2]	**(0.85)**	1.48	4.03	1.64	(1.06)
DISTRIBUTIONS					
From net investment income - Preferred Security	**(0.78)**	(0.78)	(0.78)	(0.78)	(0.78)
Non-taxable distributions - Capital Unit	**(0.32)**	(0.41)	(0.28)	(0.11)	(0.23)
Total Annual Distributions[3]	**(1.10)**	(1.19)	(1.06)	(0.89)	(1.01)
Net Assets, end of year[1]	**$ 15.85**	$ 17.80	$ 17.52	$ 14.53	$ 13.77

(1) All per Combined Unit figures presented in 2015, 2014 and 2013 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the years ended December 31, 2015 and 2014. Net assets per Combined Unit for all other prior years were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian generally accepted accounting principles. Net assets per Combined Unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years beginning on or after January 1, 2013 and for all other prior years at bid prices) and the aggregate value of the liabilities, excluding the Preferred Security 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 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.

Financial Highlights

Years ended December 31	**2015**	2014	2013	2012	2011
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value, excluding the Preferred Security liability ($millions)[1]	**$ 21.13**	$ 24.51	$ 25.34	$ 22.22	$ 21.61
Net Asset Value ($millions)[1]	**$ 4.47**	7.30	$ 7.26	$ 3.13	$ 2.02
Number of Units outstanding[1]	**1,332,821**	1,376,799	1,446,599	1,526,948	1,567,325
Management expense ratio[2]	**2.12%**	2.14%	2.11%	2.12%	2.49%
Portfolio turnover rate[3]	**95.02%**	93.84%	63.41%	73.48%	111.16%
Trading expense ratio[4]	**0.09%**	0.08%	0.08%	0.08%	0.13%
Net Asset Value per Combined Unit[5]	**$ 15.85**	$ 17.80	$ 17.52	$ 14.55	$ 13.79
Closing market price - Preferred Security	**$ 12.46**	$ 12.80	$ 12.68	$ 12.64	$ 12.40
Closing market price - Capital Unit	**$ 3.50**	$ 4.79	$ 4.42	$ 1.98	$ 1.89

(1) This information is provided as at December 31. One Combined Unit consists of one Capital Unit and one Preferred Security.

(2) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2015, 2014 and 2011 includes the special resolution expense. The MER for 2015, 2014 and 2011 excluding the special resolution expense is 2.10%, 2.08% and 1.99% respectively. The MER, including Preferred Security interest payments, is 6.79%, 6.54%, 7.04%, 7.66% and 7.33% for 2015, 2014, 2013, 2012 and 2011 respectively.

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

(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the year.

(5) Net Asset Value per Combined 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 Preferred Security liability, divided by the number of Units then outstanding.

Management Fees

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

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

Past Performance

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

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

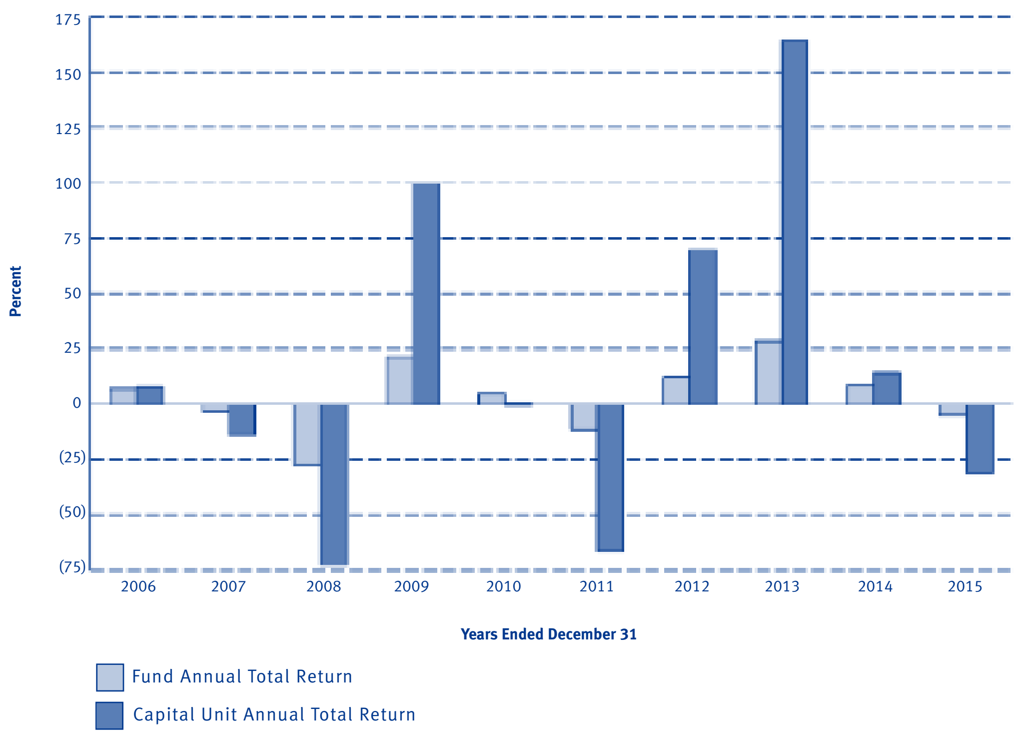
(2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The following bar chart illustrates how the Fund's annual total return varied from year to year for each of the past ten years. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of the fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended December 31, 2015 as compared to the performance of the S&P/TSX Capped Financials Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
Top 10 Split Trust	**(4.79)%**	9.94 %	5.74 %	2.37 %
Top 10 Split Trust - Preferred Security	**6.40 %**	6.40 %	6.40 %	6.40 %
Top 10 Split Trust - Capital Unit	**(31.30)%**	27.50 %	3.46 %	(4.99)%
S&P/TSX Capped Financials Index[1]	**(3.00)%**	11.45 %	9.29 %	6.39 %

[1] The S&P/TSX Capped 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 relative weight of any single index constituent is capped at 25 percent.

The equity performance benchmark 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 distributions and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to enhance the income generated by the portfolio and reduce volatility.

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

Portfolio Manager Report

After rising for three consecutive years from 2012 to 2014, many Global equity markets declined in 2015 with the S&P/TSX Composite Index in Canada generating one of the worst returns, down 8.3 percent. The year started off well for Canadian stocks but, after peaking in mid-April, all sectors except Health Care were in decline in the first half of the year due to negative Gross Domestic Product for the first two quarters of 2015 as well as the significant decline in energy prices. Equity markets continued to weaken over the summer culminating in a flash crash on August 24, when the Dow Jones Industrial Average dropped over 1,000 points intraday due to concerns surrounding global growth as well as the effects from the devaluation of the Chinese yuan. Equities did bounce back in October pushing many markets back into positive territory for the year only to end the year with a whimper as markets digested the U.S. Federal Reserve's overnight rate increase for the first time since 2006. The Bank of Canada surprised the market in 2015 by cutting the overnight lending rate by 25 basis points twice, to end the year at 0.5 percent. This negatively impacted the Canadian dollar as it declined 16 percent in 2015 to end the year at US$0.72 per Canadian dollar, its lowest level since 2003. For 2015, the S&P 500 Index generated a return of 1.4 percent, outperforming its Canadian counterpart for the fifth year in a row. The Canadian economy was negatively impacted by weaker commodity prices in 2015 as West Texas Intermediate ("WTI") Cushing Crude Oil spot prices declined 30.5 percent to end the year at US$37.13 per barrel while Copper prices were down 26.0 percent and Gold Bullion dropped 10.4 percent to end the year at US$1,062 per troy ounce.

For the year ended December 31, 2015, the annual return per Combined Unit and per Capital Unit, including reinvestment of distributions, was negative 4.8 percent and negative 31.3 percent respectively. By comparison, the S&P/TSX Capped Financials Index return was negative 3.0 percent. The Capital Unit achieved its investment objective of providing quarterly distributions in an amount targeted to be 7.5 percent of the net asset value (the "NAV"). The Preferred Security also achieved its investment objective of providing fixed quarterly cash interest payments equal to 6.25 percent on the $12.50 principal amount. In aggregate, the Fund paid cash distributions of $0.32 per Capital Unit and $0.78 per Preferred Security during the year. While the NAV per Preferred Security remained unchanged at $12.50, the NAV per Capital Unit decreased from $5.30 at the end of 2014 to $3.35 at the close of 2015.

For the year, the insurance holdings clearly outperformed the bank holdings with a median return of 4.4 percent versus the bank median of negative 4.0 percent. Sun Life Financial Inc. led the Fund's portfolio with an annual return of 6.8 percent and the National Bank of Canada lagged with a return of negative 14.5 percent. The dispersion between the insurers and the banks was fairly high.

The insurance holdings raised their dividends by an average of 9.3 percent in 2015. This compares favorably with the bank holdings' year-over-year increase of 7.5 percent. During the year, Sun Life Financial Inc. increased its dividends by 4.9 percent while Manulife Financial Corporation increased 16.7 percent. In comparison, the range on the banks' dividend increases was between 5.1 percent for the Bank of Montreal and 10.2 percent for Canadian Imperial Bank of Commerce. Year-on-year bank core earnings improved in 2015 by an average of 6.0 percent. Royal Bank of Canada led with earnings increase of 9.2 percent and the The Bank of Nova Scotia lagged with an earnings increase of 2.2 percent. The recently released fourth quarter earnings seemed as constructive as the first three quarters, and was up 16 percent compared to the same period last year. Full year financial reporting for the Fund's insurance holdings was not available at the time of this report.

The average call writing exposure over the year was 5.3 percent, up from 3.2 percent a year ago. At times, there were no overwritten positions and the largest exposure was 15.8 percent of the portfolio in the second quarter of 2015. There were no put transactions executed for the portfolio throughout the year. The net realized gain on options attributable to Strathbridge Selective Overwriting ("SSO") strategy amounted to $0.22 per Combined Unit as compared to a net realized loss on options of $0.02 per Combined Unit in 2014. The average cash position was 5.6 percent for the year.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.strathbridge.com.

Asset Mix

December 31, 2015

	% OF NET ASSET VALUE*
Financials	101.2 %
Cash	2.2 %
Other Assets (Liabilities)	(3.4)%
	100.0 %

*The Net Asset Value excludes the Preferred Security liability.

Portfolio Holdings

December 31, 2015

	% OF NET ASSET VALUE*
Bank of Montreal	13.0 %
The Toronto-Dominion Bank	12.9 %
Royal Bank of Canada	11.3 %
Industrial Alliance Insurance and Financial Services Inc.	10.9 %
Great-West Lifeco Inc.	10.6 %
Sun Life Financial Inc.	10.5 %
Manulife Financial Corporation	10.3 %
The Bank of Nova Scotia	8.2 %
Canadian Imperial Bank of Commerce	7.6 %
National Bank of Canada	5.9 %
Cash	2.2 %

*The Net Asset Value excludes the Preferred Security 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 Top 10 Split Trust (the "Fund") and all the information in this annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager"), and have been approved by the Fund's Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements.

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

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

John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 7, 2016

John D. Germain
Director
Strathbridge Asset Management Inc.

To the Securityholders of Top 10 Split Trust

We have audited the accompanying financial statements of Top 10 Split Trust, which comprise the statements of financial position as at December 31, 2015 and December 31, 2014, and the statements of comprehensive income, statements of changes in net assets attributable to holders of Capital Units and statements 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 International Financial Reporting Standards, 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, 2015 and December 31, 2014, and its financial performance, changes in its assets attributable to holders of Capital Units and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 7, 2016
Toronto, Ontario

Statements of Financial Position

As at December 31

	Note	2015	2014
ASSETS			
Financial assets at fair value through profit or loss	3	**$ 21,375,455**	$ 24,346,828
Dividends receivable		**58,561**	47,915
Due from brokers - investments		**–**	1,231,977
Cash		**470,781**	218,118
TOTAL ASSETS		**21,904,797**	25,844,838
LIABILITIES			
Redemptions payable		**697,104**	1,242,454
Accrued liabilities		**49,043**	70,941
Accrued management fees	9	**20,414**	24,089
Derivative liabilities	3,6	**11,457**	–
Preferred securities		**16,660,263**	17,209,988
TOTAL LIABILITIES		**17,438,281**	18,547,472
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS		**$ 4,466,516**	$ 7,297,366
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT		**$ 3.3512**	$ 5.3002

On behalf of the Manager,
Strathbridge Asset Management Inc.

John P. Mulvihill, Director

John D. Germain, Director

The notes are an integral part of the Financial Statements.

Statements of Comprehensive Income

For the years ended December 31

	Note	2015	2014
INCOME			
Dividend income		**$ 869,548**	$ 899,523
Interest income		**1,548**	–
Net realized gain on investments at fair value through profit or loss	7	**561,597**	3,814,086
Net realized gain/(loss) on options at fair value through profit or loss	7	**306,076**	(23,991)
Net change in unrealized gain/loss on investments at fair value through profit or loss	7	**(2,396,850)**	(1,984,894)
TOTAL INCOME/(LOSS), NET		**(658,081)**	2,704,724
EXPENSES			
Management fees	9	**252,678**	285,033
Service fees		**20,515**	30,096
Administrative and other expenses		**69,121**	73,520
Transaction fees	10	**21,096**	20,801
Custodian fees		**29,003**	25,752
Audit fees		**31,513**	33,450
Advisory board fees	9	**18,900**	20,400
Independent review committee fees	9	**6,918**	6,900
Legal fees		**3,266**	2,389
Unitholder reporting costs		**15,390**	14,925
Harmonized sales tax		**36,278**	41,312
Subtotal Expenses		**504,678**	554,578
Special resolution expense	1	**3,411**	15,424
TOTAL EXPENSES		**508,089**	570,002
OPERATING PROFIT/(LOSS)		**(1,166,170)**	2,134,722
Preferred security interest		**(1,075,610)**	(1,130,141)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS	11	**$ (2,241,780)**	$ 1,004,581
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT	11	**$ (1.6284)**	$ 0.6945

Statements of Changes in Net Assets Attributable to Holders of Capital Units

For the years ended December 31

	2015	2014
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, BEGINNING OF YEAR	$ 7,297,366	$ 7,259,736
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units	(2,241,780)	1,004,581
Capital Unit Transactions		
Value for Capital Units redeemed, excluding Preferred Securities	(147,379)	(369,954)
Distributions		
Non-taxable distributions	(441,691)	(596,997)
Changes in Net Assets Attributable to Holders of Capital Units during the Year	(2,830,850)	37,630
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, END OF YEAR	$ 4,466,516	$ 7,297,366

Statements of Cash Flows

For the years ended December 31

	2015	2014
CASH, BEGINNING OF YEAR	$ 218,118	$ 167,194
Cash Flows Provided by (Used In) Operating Activities		
Operating Profit/(Loss)	(1,166,170)	2,134,722
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Net realized gain on investments at fair value through profit or loss	(561,597)	(3,814,086)
Net realized (gain)/loss on options at fair value through profit or loss	(306,076)	23,991
Net change in unrealized gain/loss on investments at fair value through profit or loss	2,396,850	1,984,894
(Increase)/decrease in dividends receivable and due from brokers - investments	1,221,331	(1,228,712)
(Decrease)/increase in accrued liabilities and accrued management fees	(25,573)	17,390
Purchase of investment securities	(20,848,153)	(23,883,291)
Proceeds from disposition of investment securities	22,301,806	27,950,748
	4,178,588	1,050,934
Cash Flows Used In Financing Activities		
Capital Unit redemptions	(369,954)	(403,231)
Preferred Security redemptions	(872,500)	(1,004,363)
Capital Unit distributions	(441,691)	(596,997)
Preferred Security - interest	(1,075,610)	(1,130,141)
	(2,759,755)	(3,134,732)
Net Increase in Cash during the Year	252,663	50,924
CASH, END OF YEAR	$ 470,781	$ 218,118
Dividends received	$ 858,902	$ 902,788
Interest received	$ 1,548	$ –

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at December 31, 2015

	Number of Shares/ (Contracts)	Average Cost/ (Proceeds)	Fair Value	% of Net Assets Attributable to Holders of Capital Units
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	35,200	$ 2,636,252	$ 2,748,416	
Canadian Imperial Bank of Commerce	17,548	1,666,787	1,600,202	
Great-West Lifeco Inc.	64,920	2,157,506	2,241,688	
Industrial Alliance Insurance and Financial Services Inc.	52,100	2,232,339	2,299,173	
Manulife Financial Corporation	104,400	2,191,939	2,165,256	
National Bank of Canada	30,760	1,416,007	1,239,935	
Royal Bank of Canada	32,300	2,419,575	2,395,045	
Sun Life Financial Inc.	51,500	2,036,723	2,222,225	
The Bank of Nova Scotia	31,100	1,917,845	1,740,667	
The Toronto-Dominion Bank	50,200	2,614,521	2,722,848	
Total Financials		21,289,494	21,375,455	101.2 %
Total Canadian Common Shares		$ 21,289,494	$ 21,375,455	101.2 %
Options				
Written Covered Call Options (100 shares per contract)				
The Toronto-Dominion Bank - January 2016 @ $53	(126)	$ (7,968)	$ (11,457)	
Total Options		$ (7,968)	$ (11,457)	(0.1)%
Adjustment for transaction fees		(10,521)		
TOTAL INVESTMENTS		$ 21,271,005	$ 21,363,998	101.1 %
OTHER NET LIABILITIES			(237,219)	(1.1)%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, excluding the Preferred Security liability			$ 21,126,779	100.0 %

1. Fund Information

Top 10 Split Trust (the "Fund") was originally established as a closed-end investment trust under the laws of the Province of Ontario on January 22, 1997 under the name First Premium U.S. Income Trust ("FPU") which began operations on February 4, 1997. On November 21, 2005, unitholders of FPU approved a proposal resulting in a change in the investment objectives and strategy of the Fund. In connection with the approval of the proposal, the Fund changed its name to Top 10 Split Trust to better reflect its new investment strategy and split trust capital structure. The address of the Fund's registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

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

The Fund is a split share 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 Combined Unit of the Fund consists of one Capital Unit and one Preferred Security.

On January 2, 2015, the Manager announced unitholder approval of a proposal to change the investment restrictions and the investment strategy of the Fund. During 2015, additional costs of $3,411 (2014 - $15,424) were incurred in relation to this special resolution.

In accordance with the new investment mandate, the Fund invests in a portfolio of securities consisting of common equity securities of the six largest Canadian banks and the four largest Canadian life insurance companies. The Fund may also invest in public investment funds including exchange-traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

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

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

These financial statements were approved by the Board of Advisors on March 7, 2016.

2. Basis of Presentation

The annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board.

The Fund adopted IFRS accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board.

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"). Based on the guidance provided in International Accounting Standard ("IAS") 21, the Manager has determined that 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. Under IAS 39, the Fund's equity investments are designated at fair value through profit or loss ("FVTPL") at inception and derivative investments are classified as held for trading and measured at 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. 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 net change in unrealized gain/loss on investments at fair value through profit or loss are determined on an average cost basis. 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 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 relating to purchased put options may arise from:

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

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

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

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the net change in unrealized gain/loss on 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 primarily consist of money market instruments with original maturities of 90 days or less.

Capital Units

IAS 32, Financial Instruments: Presentation requires that the Capital Units (which are puttable instruments) be classified as financial liabilities unless all the criteria outlined in IAS 32 paragraph 16A are met. The Fund's Capital Units do not meet all the criteria outlined in IAS 32 paragraph 16A which would require the units to be classified as equity and therefore, have been reclassified as financial liabilities on transition to IFRS.

Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit

The increase/(decrease) in net assets attributable to holders of Capital Units per Capital Unit is calculated by dividing the increase/(decrease) in net assets attributable to holders of Capital Units by the weighted average number of Capital Units outstanding during the year. Please refer to Note 11 for the calculation.

Taxation

The Fund is a "mutual fund trust" as defined in the Income Tax Act (Canada) (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.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires the Manager to use judgment 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.

The Manager considers the currency of the primary economic environment in which the Fund operates to be Canadian dollars as this is the currency which in their opinion most faithfully represents the economic effects of underlying transactions, events and conditions. The financial statements of the Fund are presented in Canadian dollars as the Fund's presentation currency.

In classifying and measuring the financial instruments held by the Fund, the Manager has applied the fair value option for financial assets and liabilities under IAS 39, Financial Instruments: Recognition and Measurement. The fair value option was used as: (i) fair value is readily available via market quotation; (ii) it eliminates or significantly reduces an accounting mismatch; and (iii) financial instruments designated at FVTPL is part of an investment portfolio managed on a fair value basis. As a result, the Fund's equity investments have been designated at FVTPL at inception and the derivative investments have been classified as held for trading by nature and valued at FVTPL.

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 6 for a further analysis of risks associated with financial instruments.

5. Capital Disclosures

IAS 1, Presentation of Financial Statements ("IAS 1"), 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 Capital Units is described in Note 8 and the Fund does not have any externally imposed capital requirements.

6. 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.

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 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 years ended December 31, 2015 and 2014, the counterparties to the Fund's derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor's Ratings Services.

The Fund's derivative instruments are subject to offsetting, enforceable netting arrangements and similar agreements. The Fund and its counterparty have elected to settle all transactions on a gross basis; however, each party has the option to settle all open contracts on a net basis in the event of default of the other party. All outstanding derivatives have been presented on a gross basis on the Statement of

Financial Position as derivative assets or derivative liabilities, as they do not meet the criteria for offsetting in IAS 32 paragraph 42.

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. Unitholders must surrender Capital Units at least 10 business days prior to the last day of the month and receive payment on or before 10 calendar days following the month end valuation date. Therefore the Fund has a maximum of 20 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

As at December 31, 2015 Financial Liabilities	On Demand	‹ 3 months	Total
Redemptions payable	$ –	$ 697,104	$ 697,104
Accrued liabilities	–	49,043	49,043
Accrued management fees	–	20,414	20,414
Derivative liabilities	–	11,457	11,457
Preferred securities	16,660,263	–	16,660,263
	$ 16,660,263	$ 778,018	$ 17,438,281

As at December 31, 2014 Financial Liabilities	On Demand	‹ 3 months	Total
Accrued liabilities	$ –	$ 95,030	$ 95,030
Due to brokers - investments	–	1,242,454	1,242,454
Preferred securities	17,209,988	–	17,209,988
	$ 17,209,988	$ 1,337,484	$ 18,547,472

The Preferred Securities are direct unsecured debt obligations issued by the Fund that will mature on March 31, 2016. As at such date, the Fund will repay the principal amount of $12.50 per Preferred Security on termination of the Fund.

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 Capital Units 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.

(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 attributable to holders of Capital Units per Capital 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 101 percent (2014 - 99 percent) of the Fund's net assets attributable to holders of Capital Units, excluding the Preferred Security liability, held at December 31, 2015 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2015, the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, would have increased or decreased by $1.1 million (2014 - $1.2 million) respectively or 5.1 percent (2014 - 5.0 percent) of the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, with 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:

	Dec. 31, 2015	Dec. 31, 2014
Financials	100.0%	100.0%

Capital Risk Management

Capital Units surrendered for retraction (either alone or together with a Preferred Security) at least ten business days prior to the last day of a month (a "Valuation Date") will be retracted on such Valuation date and such security holder will receive payment on or before the tenth business day following such Valuation Date. A holder who concurrently redeems a Capital Unit with a Preferred Security (a "Combined Unit") for retraction on a monthly Valuation Date (other than December) will be entitled to receive an amount equal to 95 percent of the lesser of (i) the net asset value ("NAV") of a Combined Unit (the "Combined Value") less $0.50 and (ii) the Combined Unit Market Price (as defined below). A holder retracting a Capital Unit alone on a monthly Valuation date (other than December) will receive a retraction price per Capital Unit equal to 95 percent of the lesser of (i) the Combined Value less the aggregate cost to purchase a Preferred Security in the market and $0.50; and (ii) the Capital Unit Market Price (as defined below).

The "Combined Unit Market Price" means the sum of the Capital Unit Market Price and the Preferred Security Market Price.

The "Capital Unit Market Price" means the weighted average trading price of the Capital Units, on the stock exchange on which the Capital Units are listed, for the 10 trading days immediately preceding the applicable valuation date.

The "Preferred Security Market Price" means the weighted average trading price of the Preferred Securities, on the stock exchange on which the Preferred Securities are listed, for the 10 trading days immediately preceding the applicable valuation date.

A holder who surrenders a Capital Unit for retraction in December (a "Special Annual Retraction") will receive an amount equal to the Combined Value minus the price paid for one Preferred Security in the market. A holder of Capital Units who surrenders one Capital Unit and one Preferred Security under a Special Annual Retraction will receive an amount equal to the Combined Value.

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 December 31, 2015 and 2014.

As at December 31, 2015	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 21,375,455	$ –	$ –	$ 21,375,455
Options	–	(11,457)	–	(11,457)
	$ 21,375,455	$ (11,457)	$ –	$ 21,363,998

As at December 31, 2014	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 24,346,828	$ –	$ –	$ 24,346,828

The carrying values of cash, dividends receivable, due from brokers - investments, accrued liabilities, accrued management fees, redemptions payable, Preferred Securities, and the Fund's obligation for net assets attributable to holders of Capital Units 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 are 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 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during 2015 and 2014.

7. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2015 and 2014.

As at December 31, 2015	Financial Instruments at FVTPL Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 21,375,455	$ –	$ –	$ 21,375,455
Dividends receivable	–	–	58,561	58,561
Cash	–	–	470,781	470,781
	$ 21,375,455	$ –	$ 529,342	$ 21,904,797
Liabilities				
Redemptions payable	$ –	$ –	$ 697,104	$ 697,104
Accrued liabilities	–	–	49,043	49,043
Accrued management fees	–	–	20,414	20,414
Derivative liabilities	–	11,457	–	11,457
Preferred securities	–	–	16,660,263	16,660,263
	$ –	$ 11,457	$ 17,426,824	$ 17,438,281

As at December 31, 2014	Financial Instruments at FVTPL Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 24,346,828	$ –	$ –	$ 24,346,828
Cash	–	–	218,118	218,118
Dividends receivable	–	–	47,915	47,915
Due from brokers - investments	–	–	1,231,977	1,231,977
	$ 24,346,828	$ –	$ 1,498,010	$ 25,844,838
Liabilities				
Redemptions payable	$ –	$ –	$ 1,242,454	$ 1,242,454
Accrued liabilities	–	–	95,030	95,030
Preferred securities	–	–	17,209,988	17,209,988
	$ –	$ –	$ 18,547,472	$ 18,547,472

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the years ended December 31, 2015 and 2014.

	Dec. 31, 2015	Dec. 31, 2014
Net Realized Gain/(Loss) on Financial Instruments at FVTPL		
Designated at Inception	$ 561,597	$ 3,814,086
Held for Trading	306,076	(23,991)
	867,673	3,790,095
Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL		
Designated at Inception	(2,393,361)	(1,984,894)
Held for Trading	(3,489)	–
	(2,396,850)	(1,984,894)
Net Gain/(Loss) on Financial Instruments at FVTPL	$ (1,529,177)	$ 1,805,201

8. Capital Units and Preferred Securities

The Fund is authorized to issue an unlimited number of Capital Units and Preferred Securities. The Preferred Securities are direct unsecured debt obligations issued by the Fund that will mature on March 31, 2016. At such date, the Fund will repay the principal amount of $12.50 per Preferred Security on termination of the Fund.

The Fund will endeavour 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 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.

For the year ended December 31, 2015, cash distributions paid to Capital Unit Holders were $441,691 (2014 - $596,997) representing a payment of $0.32 (2014 - $0.41) per Capital Unit and interest payments paid to Preferred Securities were $1,075,610 (2014 - $1,130,141) representing $0.78 (2014 - $0.78) per Preferred Security.

During the year ended December 31, 2015, 43,978 (2014 - 69,800) each of Capital Units and Preferred Securities were redeemed with a total retraction of $697,104 (2014 - $1,242,454).

During the years ended December 31, 2015 and 2014, Capital Unit transactions are as follows:

	Dec. 31, 2015	Dec. 31, 2014
Capital Units outstanding, beginning of year	1,376,799	1,446,599
Capital Units redeemed	(43,978)	(69,800)
Capital Units outstanding, end of year	1,332,821	1,376,799

	2015	2014
Preferred Securities outstanding, beginning of year	1,376,799	1,446,599
Preferred Securities redeemed	(43,978)	(69,800)
Preferred Securities outstanding, end of year	1,332,821	1,376,799

On April 29, 2013, the Fund announced it filed a Notice of Intention to make a normal course issuer bid to purchase up to 152,694 Capital Units and 152,694 Preferred Securities representing approximately 10 percent of the Fund's public float as of April 25, 2013. The normal course issuer bid remained in effect until April 30, 2014 and at such time nil units had been purchased by the Fund.

On October 17, 2014, the Fund has filed a Notice of Intention to make a normal course issuer bid to purchase up to 144,659 Capital Units and 144,659 Preferred Securities representing approximately 10 percent of the public float as of September 30, 2014. The normal course issuer bid remained in effect until October 21, 2015 and at such time nil units had been purchased by the Fund.

9. 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 Trust Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's net asset value, excluding the Preferred Security liability, 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 year ended December 31, 2015 were $252,678 (2014 - $285,033).

(b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the year ended December 31, 2015 were $18,900 (2014 - $20,400).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for year ended December 31, 2015 were $6,918 (2014 - $6,900).

10. 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 years ended December 31, 2015 and 2014 is disclosed below:

	Dec. 31, 2014	Dec. 31, 2013
Soft Dollars	$ 10,539	$ 6,655
Percentage of Total Transaction Fees	50.0%	32.0%

11. Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit

The Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit for the years ended December 31, 2015 and 2014 is calculated as follows:

	Dec. 31, 2015	Dec. 31, 2014
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units	$ (2,241,780)	$ 1,004,581
Weighted Average Number of Capital Units Outstanding during the Year	1,376,679	1,446,408
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit	$ (1.6284)	$ 0.6945

12. Income Taxes

No amount is payable on account of income taxes in 2015 or 2014.

Accumulated non-capital losses of approximately $8.2 million (2014 - $9.4 million) and capital losses of approximately $69.1 million (2014 - $69.1 million) 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 $millions)**
2026	$4.7
2028	1.0
2029	1.4
2030	0.8
2032	0.3
Total	$8.2

13. Future Accounting Policy Changes

IFRS 9: Financial Instruments ("IFRS 9"), which will 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 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.

In December 2014, Disclosure Initiative was issued, which amends IAS 1. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. These amendments are effective for annual periods beginning on or after January 1, 2016. The Fund will amend disclosures, if required, in the financial statements for the semi-annual period ended June 30, 2016 and for the year ended December 31, 2016.

14. Subsequent Event

On January 14, 2016, the Fund announced that pursuant to the Fund's trust agreement, the term of the Fund is being extended automatically for an additional five year period beyond the March 31, 2016 termination date to March 31, 2021. The automatic extension was approved by securityholders of the Fund at a meeting held on March 21, 2011. In connection with the automatic extension of the term, holders of Capital Units and Preferred Securities have a special retraction right to permit holders of such securities to retract such securities on March 31, 2016 on the terms on which such securities would have been redeemed or repaid had the term of the Fund not been extended.

Board of Advisors

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

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

Michael M. Koerner[1]
Corporate Director

Robert W. Korthals[1]
Corporate Director

Robert G. Bertram[1]
Corporate Director

[1] *Independent Review Committee Member*

Information

Independent Auditors:
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Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 200
Toronto, Ontario
M5H 0A9

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

Securities Listed:
Toronto Stock Exchange
trading under
TXT.PR.A/TXT.UN

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

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

Investment Funds Managed by Strathbridge Asset Management Inc.

UNIT TRUSTS
Canadian Utilities & Telecom Income Fund (UTE.UN)
Core Canadian Dividend Trust (CDD.UN)
Low Volatility U.S. Equity Income Fund (LVU.UN)
NDX Growth & Income Fund (NGI.UN)
Top 10 Canadian Financial Trust (TCT.UN)
U.S. Financials Income Fund (USF.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)

MUTUAL FUND
U.S. Tactical Allocation Fund

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