
Top 10 Split Trust
Semi-Annual Report 2020

Top 10 Split Trust

Letter to Securityholders

We are pleased to present the 2020 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Split Trust (the “Fund”).

Stock markets around the world exhibited significant volatility in the first half of 2020 as economies and businesses were gripped by the COVID-19 (Coronavirus) pandemic. After reaching all-time highs in the third week of February, both the S&P/TSX Composite Index and the S&P 500 Index declined 37.4 percent and 33.8 percent respectively to the low reached on March 23rd as new cases and fatalities rose exponentially. However, since then, equity markets have staged a historic comeback, even as new cases and fatalities continued to increase, with both markets rising over 39 percent from the low. Central banks and governments around the world have responded with unprecedented monetary and fiscal policies to prop up economies and keep funding markets open. The total return of the S&P/TSX Composite Index for the semi-annual period ending June 30, 2020 was negative 7.5 percent and negative 3.1 percent for the S&P 500 Index.

During the six months ended June 30, 2020, the Fund paid cash distributions of \$0.05 per Capital Unit and \$0.39 per Preferred Security. The net asset value per Combined Unit decreased from \$16.24 at December 31, 2019 to \$12.02 at June 30, 2020. The total return of the Fund per Combined Unit, including the reinvestment of distributions, was negative 23.2 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.32 per Combined Unit as compared to a net realized gain on options of \$0.16 per Combined Unit a year ago. 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 detailed information contained within the semi-annual report.



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

The Fund

The Fund is a split share 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 particular portfolio while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Top 10 Split Trust

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2020 of Top 10 Split Trust (the “Fund”). The unaudited semi-annual financial statements of the Fund are attached.

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

Results of Operations

Distributions

For the six months ended June 30, 2020, cash distributions of \$0.05 per Capital Unit were paid compared to \$0.11 per Capital Unit a year ago. Interest payments of \$0.39 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 cash distributions of \$5.87 per Capital Unit and interest of \$11.38 per Preferred Security.

Revenue and Expenses

For the six months ended June 30, 2020, the Fund’s total revenue was \$0.33 per Unit up \$0.02 per Unit from the prior year. Total expenses were \$0.21 per Unit down \$0.02 per Unit from the prior year. The Fund had a net realized and unrealized loss of \$3.91 per Unit in the first half of 2020 as compared to a net realized and unrealized gain of \$1.46 per Unit a year earlier.

Net Asset Value

The net asset value per Combined Unit of the Fund decreased 26.0 percent from \$16.24 at December 31, 2019 to \$12.02 at June 30, 2020. The aggregate net asset value of the Fund decreased \$4.4 million, from \$16.8 million at December 31, 2019 to \$12.4 million at June 30, 2020, reflecting a decrease in net assets attributable to holders of Capital Units of \$3.8 million, Capital Unit distributions of \$0.1 million and a reduction in value of Preferred Securities of \$0.5 million.

Management Report of Fund Performance

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2020.

Related Party Transactions

Strathbridge Asset Management Inc. (“Strathbridge”), as the Investment Manager of the Fund, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated 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 period, no recommendations or approvals were required to be sought from the Independent Review Committee (“IRC”) concerning related party transactions.

Independent Review Committee

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

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

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Management Report of Fund Performance

Financial Highlights

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

Information for the period ended June 30, 2020 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2020	
NET ASSETS PER COMBINED UNIT		
Net Assets, beginning of period⁽¹⁾	\$	16.24
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.33
Total expenses		(0.21)
Realized gain (loss) for the period		(0.93)
Unrealized gain (loss) for the period		(2.98)
Total Increase (Decrease) from Operations⁽²⁾		(3.79)
DISTRIBUTIONS		
From net investment income – Preferred Security		(0.39)
Non-taxable distributions – Capital Unit		(0.05)
Total Distributions⁽³⁾		(0.44)
Net Assets, end of period⁽¹⁾	\$	12.02

(1) All per Combined Unit figures are derived from the Fund's unaudited financial statements for the six months ended June 30, 2020 and audited financial statements for the years ended December 31. Net assets per Combined Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities divided by the number of units then outstanding.

	Six months ended June 30, 2020	
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value, excluding Preferred Security liability	\$	12.40
Net Asset Value (\$millions)	\$	-
Number of units outstanding		1,031,459
Management expense ratio ⁽¹⁾		2.83%⁽⁴⁾
Portfolio turnover rate ⁽²⁾		42.53%⁽⁴⁾
Trading expense ratio ⁽³⁾		0.27%⁽⁴⁾
Net Asset Value per Combined Unit ⁽⁵⁾	\$	12.02
Closing market price – Preferred Security	\$	11.30⁽⁶⁾
Closing market price – Capital Unit	\$	1.46⁽⁷⁾

(1) 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, including Preferred Security interest payments, is 8.65%, 7.51%, 7.10%, 7.01%, 7.29% and 6.79% for 2020, 2019, 2018, 2017, 2016 and 2015 respectively. The MER for 2015 includes the special resolution expense. The MER for 2015 excluding the special resolution expense is 2.10%.

Management Report of Fund Performance

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

		Years ended December 31							
		2019	2018	2017	2016	2015			
\$	14.40	\$	17.58	\$	17.30	\$	15.85	\$	17.80
	0.62		0.61		0.62		0.63		0.63
	(0.42)		(0.41)		(0.44)		(0.39)		(0.37)
	0.27		0.68		1.61		0.23		0.63
	2.38		(2.98)		(0.38)		1.92		(1.74)
	2.85		(2.10)		1.41		2.39		(0.85)
	(0.78)		(0.78)		(0.78)		(0.78)		(0.78)
	(0.23)		(0.30)		(0.34)		(0.25)		(0.32)
	(1.01)		(1.08)		(1.12)		(1.03)		(1.10)
\$	16.24	\$	14.40	\$	17.58	\$	17.30	\$	15.85

(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 period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution.

		Years ended December 31							
		2019	2018	2017	2016	2015			
\$	16.75	\$	16.02	\$	19.56	\$	19.84	\$	21.13
\$	3.86	\$	2.12	\$	5.65	\$	5.50	\$	4.47
	1,031,459		1,112,436		1,112,436		1,146,869		1,332,821
	2.51%		2.35%		2.45%		2.32%		2.12%
	92.46%		61.63%		105.34%		145.80%		95.02%
	0.16%		0.14%		0.12%		0.14%		0.09%
\$	16.24	\$	14.40	\$	17.58	\$	17.30	\$	15.85
\$	12.34	\$	12.51	\$	12.65	\$	12.60	\$	12.46
\$	3.63	\$	2.60	\$	4.45	\$	4.19	\$	3.50

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

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

(4) Annualized.

(5) Net Asset Value per 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 divided by the number of units then outstanding.

(6) The last date with an executed trade was June 17, 2020.

(7) The last date with an executed trade was June 30, 2020.

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Management Report of Fund Performance

Management Fees

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

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

Past Performance

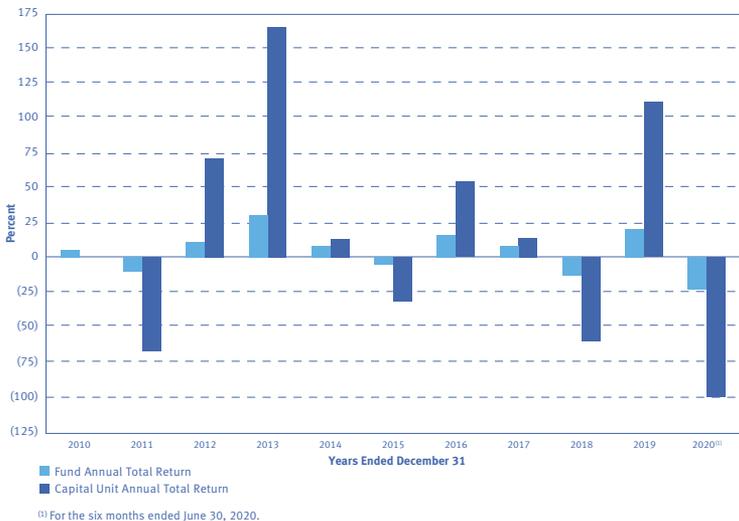
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions and interest payments made by the Fund during these periods 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 total return varied from year to year for each of the past ten years and for the six months ended June 30, 2020. 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 or June 30, 2020 for the six months ended.

Total Return



Management Report of Fund Performance

Portfolio Manager Report

Stock markets around the world exhibited significant volatility in the first half of 2020 as economies and businesses were gripped by the COVID-19 (Coronavirus) pandemic. After reaching all-time highs in the third week of February, both the S&P/TSX Composite Index and the S&P 500 Index declined 37.4 percent and 33.8 percent respectively to the low reached on March 23rd as new cases and fatalities rose exponentially. However, since then, equity markets have staged a historic comeback, even as new cases and fatalities continued to increase, with both markets rising over 39 percent from the low. Central banks and governments around the world have responded with unprecedented monetary and fiscal policies to prop up economies and keep funding markets open. The total return of the S&P/TSX Composite Index for the semi-annual period ending June 30, 2020 was negative 7.5 percent and negative 3.1 percent for the S&P 500 Index.

The semi-annual return ending June 30, 2020 for the Combined Unit, including reinvestment of distributions, was negative 23.2 percent. In aggregate, the Fund paid cash distributions of \$0.05 per Capital Unit and \$0.39 per Preferred Security during the first half of the year. At the end of June 30, 2020, the net asset value (“NAV”) per Preferred Security declined by \$0.48 from December 31, 2019 to \$12.02 and the NAV per Capital Unit decreased from \$3.74 at December 31, 2019 to zero.

The individual portfolio holdings had an average return of negative 19.9 percent over the first half. Our bank holdings outperformed the insurance holdings with an average return of negative 16.0 percent versus the average for the insurers of negative 25.7 percent. The top performer was the Royal Bank of Canada with a half year total return of negative 8.3 percent. The laggard was iA Financial Corporation Inc. with a half year total return of negative 35.0 percent.

The gross dividend yield on the Fund holdings was 5.5 percent. Bank gross dividend yield was effectively the same as the insurance companies at the 5.5 percent level. The five-year dividend growth rate at the end of the first half averaged 7.9 percent for the holdings. This compares with a five-year growth rate of 8.0 percent as June 2020.

The Fund held both short and long option positions throughout the period. The short call positions ranged from zero to 41.1 percent with the average of 17.3 percent over the period. The short put positions got as high as 6.2 percent of the Fund and averaged 1.3 percent. The average cash position over the first half of 2020 was 8.9 percent. The net realized gain on options attributable to Strathbridge Selective Overwriting (“SSO”) strategy amounted to \$0.32 per Combined Unit.

Summary of Investment Portfolio

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

Asset Mix

June 30, 2020

	% of Net Asset Value*
Financials	88.0 %
Cash	13.4 %
Other Assets (Liabilities)	(1.4)%
	100.0 %

*The Net Asset Value excludes the Preferred Security liability.

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Management Report of Fund Performance

Portfolio Holdings

June 30, 2020

	% of Net Asset Value*
Cash	13.4 %
National Bank of Canada	12.0 %
Canadian Imperial Bank of Commerce	11.9 %
Sun Life Financial Inc.	10.1 %
The Toronto-Dominion Bank	9.5 %
iA Financial Corporation Inc.	8.9 %
Manulife Financial Corporation	8.1 %
The Bank of Nova Scotia	7.4 %
Great-West Lifeco Inc.	7.4 %
Bank of Montreal	6.5 %
Royal Bank of Canada	6.2 %

*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 condensed financial statements of Top 10 Split Trust (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager") and have been approved by the Fund's Board of Advisors (the "Board").

The condensed 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 semi-annual report is consistent with the condensed financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2019.

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 matters, 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.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 10, 2020

Top 10 Split Trust

Notice to Securityholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2020 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed Financial Statements

Statements of Financial Position

As at June 30, 2020 (Unaudited) and December 31, 2019 (Audited)

	Note	June 30, 2020	Dec. 31, 2019
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 10,910,520	\$ 17,552,647
Derivative assets	2	5,716	–
Dividends receivable		39,303	40,195
Short-term investments		–	499,822
Cash		1,659,224	47,580
TOTAL ASSETS		12,614,763	18,140,244
LIABILITIES			
Due to brokers – investments		134,076	–
Derivative liabilities	2	46,892	7,301
Accrued liabilities		26,427	50,688
Accrued management fees	4	11,188	16,899
Redemptions payable		–	1,315,026
Preferred securities	3	12,396,180	12,893,237
TOTAL LIABILITIES		12,614,763	14,283,151
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS		\$ –	\$ 3,857,093
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT		\$ –	\$ 3.7395

The notes are an integral part of the Condensed Financial Statements.

Top 10 Split Trust

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2020	2019
INCOME			
Dividend income		\$ 343,196	\$ 331,912
Interest income		727	12,531
Net realized loss on investments at fair value through profit or loss		(1,294,809)	(20,149)
Net realized gain on options at fair value through profit or loss		334,058	176,142
Net change in unrealized gain/loss on investments at fair value through profit or loss		(3,068,817)	1,466,331
TOTAL INCOME/(LOSS), NET		(3,685,645)	1,966,767
EXPENSES			
Management fees	4	74,822	94,720
Service fees		–	6,233
Administrative and other expenses		48,499	51,076
Transaction fees	5	18,885	15,997
Custodian fees		20,002	25,203
Audit fees		16,406	16,136
Advisory board fees	4	10,200	9,600
Independent review committee fees	4	4,167	3,750
Legal fees		1,250	1,302
Securityholder reporting costs		6,311	8,668
Harmonized sales tax		14,194	17,712
TOTAL EXPENSES		214,736	250,397
OPERATING PROFIT/(LOSS)		(3,900,381)	1,716,370
Preferred security interest		(402,909)	(434,540)
Reduction in value of Preferred Securities	3	497,058	–
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS	6	\$ (3,806,232)	\$ 1,281,830
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT	6	\$ (3.6901)	\$ 1.1523

The notes are an integral part of the Condensed Financial Statements.

Condensed Financial Statements

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

Six months ended June 30 (Unaudited)

	2020	2019
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, BEGINNING OF YEAR	\$ 3,857,093	\$ 2,119,098
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units	(3,806,232)	1,281,830
Distributions		
Non-taxable distributions	(50,861)	(123,692)
Changes in Net Assets Attributable to Holders of Capital Units during the Period	(3,857,093)	1,158,138
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, END OF PERIOD	\$ -	\$ 3,277,236

The notes are an integral part of the Condensed Financial Statements.

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2020	2019
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 547,402	\$ 2,443,794
Cash Flows Provided By (Used In) Operating Activities		
Operating Profit/(Loss)	(3,900,381)	1,716,370
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized loss on investments at fair value through profit or loss	1,294,809	20,149
Net realized gain on options at fair value through profit or loss	(334,058)	(176,142)
Net change in unrealized gain/loss on investments at fair value through profit or loss	3,068,817	(1,466,331)
Decrease in dividends receivable	892	6,880
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers – investments	104,104	(15,715)
Purchase of investment securities	(5,637,298)	(8,968,710)
Proceeds from disposition of investment securities	8,283,733	7,653,143
	6,780,999	(2,946,726)
Cash Flows Used In Financing Activities		
Capital Unit redemptions	(302,813)	-
Preferred Security redemptions	(1,012,213)	-
Capital Unit distributions	(50,861)	(123,692)
Preferred Security interest	(402,909)	(434,540)
	(1,768,796)	(558,232)
Net Increase/(Decrease) in Cash During the Period	1,111,822	(1,788,588)
CASH, END OF PERIOD	\$ 1,659,224	\$ 655,206
Dividends received	\$ 344,088	\$ 338,792
Interest received	\$ 727	\$ 12,531

The notes are an integral part of the Condensed Financial Statements.

Top 10 Split Trust

Schedule of Investments

As at June 30, 2020 (Unaudited)

	Number of Shares/Contracts	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Capital Units and Preferred Securities
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	11,200	\$ 1,133,555	\$ 809,312	
Canadian Imperial Bank of Commerce	16,300	1,605,914	1,479,062	
Great-West Lifeco Inc.	38,400	1,256,146	913,920	
iA Financial Corporation Inc.	24,400	1,357,081	1,109,224	
Manulife Financial Corporation	54,100	1,220,803	999,227	
National Bank of Canada	24,100	1,522,076	1,482,632	
Royal Bank of Canada	8,400	831,269	773,724	
Sun Life Financial Inc.	25,100	1,262,856	1,252,239	
The Bank of Nova Scotia	16,300	1,115,584	915,734	
The Toronto-Dominion Bank	19,400	1,294,367	1,175,446	
Total Financials		12,599,651	10,910,520	88.0 %
Total Canadian Common Shares		\$ 12,599,651	\$ 10,910,520	88.0 %
Options				
Purchased Call Options				
(100 shares per contract)				
National Bank of Canada – July 2020 @ \$66	163	\$ 32,597	\$ 2,201	
Royal Bank of Canada – July 2020 @ \$96	89	31,566	3,515	
Total Purchased Call Options		64,163	5,716	0.1 %
Written Covered Call Options				
(100 shares per contract)				
Bank of Montreal – July 2020 @ \$73	(37)	(6,697)	(7,844)	
Canadian Imperial Bank of Commerce – July 2020 @ \$92	(51)	(9,537)	(10,252)	
iA Financial Corporation Inc. – July 2020 @ \$46	(81)	(5,212)	(6,885)	
Manulife Financial Corporation – July 2020 @ \$19	(180)	(4,140)	(2,340)	
Sun Life Financial Inc. – July 2020 @ \$50	(81)	(7,614)	(9,153)	
The Bank of Nova Scotia – July 2020 @ \$57	(54)	(3,510)	(3,129)	
The Toronto-Dominion Bank – July 2020 @ \$62	(65)	(5,169)	(4,910)	
Total Written Covered Call Options		(41,879)	(44,513)	(0.4)%
Written Put Options				
(100 shares per contract)				
Royal Bank of Canada – July 2020 @ \$90	(84)	(23,940)	(2,379)	0.0 %
Total Options		\$ (1,656)	\$ (41,176)	(0.3)%
Adjustment for transaction costs		(11,202)		
TOTAL INVESTMENTS		\$ 12,586,793	\$ 10,869,344	87.7 %
OTHER NET ASSETS			1,526,836	12.3 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS AND PREFERRED SECURITIES			\$ 12,396,180	100.0 %

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

1. Basis of Presentation

The condensed semi-annual financial statements for Top 10 Split Trust (the “Fund”) have been prepared in compliance with International Financial Reporting Standards (“IFRS”), specifically the International Accounting Standard (“IAS”) 34 Interim Financial Reporting. However, not all disclosures required by IFRS for annual financial statements have been presented and, accordingly, these condensed semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2019.

These condensed semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2019.

These condensed financial statements were approved by the Board of Advisors on August 10, 2020.

2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2019.

Credit Risk

As at June 30, 2020 and December 31, 2019, 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 analysis below summarizes the credit quality of the Fund’s short-term investments as at June 30, 2020 and December 31, 2019.

Credit Rating	Percentage of Short-Term Investments	
	June 30, 2020	Dec. 31, 2019
AAA	–	100.0%

Liquidity Risk

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

	As at June 30, 2020 Financial Liabilities		
	On Demand	< 3 months	Total
Due to brokers – investments	\$ –	\$ 134,076	\$ 134,076
Derivative liabilities	–	46,892	46,892
Accrued liabilities	–	26,427	26,427
Accrued management fees	–	11,188	11,188
Preferred securities	12,396,180	–	12,396,180
	\$ 12,396,180	\$ 218,583	\$ 12,614,763

Top 10 Split Trust

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

	As at December 31, 2019		
	Financial Liabilities		
	On Demand	< 3 months	Total
Redemptions payable	\$ –	\$ 1,315,026	\$ 1,315,026
Accrued liabilities	–	50,688	50,688
Accrued management fees	–	16,899	16,899
Derivative liabilities	–	7,301	7,301
Preferred securities	12,893,237	–	12,893,237
Capital Units	3,857,093	–	3,857,093
	\$ 16,750,330	\$ 1,389,914	\$ 18,140,244

Market Risk

(a) Price Risk

Approximately 88 percent (December 31, 2019 – 105 percent) of the Fund's net assets attributable to holders of Capital Units, excluding the Preferred Security liability, held at June 30, 2020 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2020, the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, would have increased or decreased by \$0.5 million (December 31, 2019 – \$0.9 million) respectively or 4.4 percent (December 31, 2019 – 5.2 percent) of the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Concentration Risk

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

	June 30, 2020	June 30, 2019
Financials	100.0%	100.0%

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2020 and December 31, 2019.

	As at June 30, 2020			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 10,910,520	\$ –	\$ –	\$ 10,910,520
Options	(41,176)	–	–	(41,176)
	\$ 10,869,344	\$ –	\$ –	\$ 10,869,344

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ –	\$ 499,822	\$ –	\$ 499,822
Canadian Common Shares	17,552,647	–	–	17,552,647
Options	(7,301)	–	–	(7,301)
	\$ 17,545,346	\$ 499,822	\$ –	\$ 18,045,168

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 the six months ended June 30, 2020 and during the year ended December 31, 2019.

3. Capital Units and Preferred Securities

In the second quarter of 2020, the Fund experienced market declines in its equity portfolio. In June 2020, the Fund suspended distributions to the Capital Units. The Preferred Securities are direct unsecured debt obligations issued by the Fund with fixed quarterly cash payments of 6.25 percent per annum on the \$12.50 principal amount and a maturity date of March 31, 2021. As at June 30, 2020, the value of a Preferred Security was \$12.02 below the \$12.50 principal amount. As a result, the principal amount of the Preferred Securities was reduced by \$497,058 and is reflected in the Statement of Financial Position and the Statement of Comprehensive Income.

For the six months ended June 30, 2020, cash distributions paid to Capital Unit Holders were \$50,861 (June 30, 2019 – \$123,692) representing a payment of \$0.05 (June 30, 2019 – \$0.11) per Capital Unit and interest payments paid to Preferred Securities were \$402,909 (June 30, 2019 – \$434,540) representing \$0.39 (June 30, 2019 – \$0.39) per Preferred Security.

During the six months ended June 30, 2020, and 2019, nil Capital Units and Preferred Securities were redeemed.

During the six months ended June 30, 2020 and year ended December 31, 2019, securityholder transactions are as follows:

	June 30, 2020	Dec. 31, 2019
Capital Units outstanding, beginning of year	1,031,459	1,112,436
Capital Units redeemed	–	(80,977)
Capital Units outstanding, end of period	1,031,459	1,031,459
Preferred Securities outstanding, beginning of year	1,031,459	1,112,436
Preferred Securities redeemed	–	(80,977)
Preferred Securities outstanding, end of year	1,031,459	1,031,459

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2020 were \$74,822 (June 30, 2019 – \$94,720) of which \$11,188 (June 30, 2019 – \$15,553) was unpaid.

Top 10 Split Trust

Notes to Condensed Financial Statements

June 30, 2020 (Unaudited)

(b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the six months ended June 30, 2020 were \$10,200 (June 30, 2019 – \$9,600).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2020 were \$4,167 (June 30, 2019 – \$3,750).

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2020 and 2019 is disclosed below:

	June 30, 2020	June 30, 2019
Soft Dollars	\$ 10,784	\$ 9,649
Percentage of Total Transaction Fees	57.1%	60.3%

6. 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 six months ended June 30, 2020 and 2019 is calculated as follows:

	June 30, 2020	June 30, 2019
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units	\$ (3,806,232)	\$ 1,281,830
Weighted Average Number of Capital Units Outstanding during the Period	1,031,459	1,112,436
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit	\$ (3.6901)	\$ 1.1523

Investment Funds Managed by
Strathbridge Asset Management Inc.

MUTUAL FUNDS

Mulvihill Premium Yield Fund

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)

Core Canadian Dividend Trust (CDD.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)

Head Office

Strathbridge Asset Management Inc.

121 King Street West, Suite 2600

P.O. Box 113

Toronto, Ontario

M5H 3T9

Tel: 416-681-3966

Toll Free: 1-800-725-7172

Fax: 416-681-3901

Email: info@strathbridge.com

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



Strathbridge Asset Management Inc.
Investor Relations
121 King Street West, Suite 2600
P.O. Box 113
Toronto, Ontario
M5H 3T9

Tel: 416-681-3966
Toll Free: 1-800-725-7172
Fax: 416-681-3901
Email: info@strathbridge.com