ANNUAL REPORT 2011

World Financial Split Corp.

strathbridge ASSET MANAGEMENT

Letter to Shareholders

We are pleased to present the 2011 annual report containing the management report of fund performance and the audited financial statements for World Financial Split Corp.

During the 2011 fiscal year, the Fund paid distributions of $0.53 per Preferred share though no distributions were paid on the Class A shares in accordance with the terms of the prospectus as the net asset value per Unit was less than $15.00. As a result of continued turbulence in Global financial markets and the negative performance of most Global Financial Services companies, the Fund experienced an annual total return of negative 14.5 percent. Consequently, the net asset value decreased from $11.57 per Unit at December 31, 2010 to $9.93 per Unit at December 31, 2011. However, the decline in the net asset value during the year was mitigated by the Strathbridge Selective Overwriting strategy (see “The Fund”) which generated net realized gains on options of $0.48 per Unit. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

In August 2010, the Fund issued warrants to Class A shareholders allowing holders of warrants to purchase a Unit of the Fund on or before the expiry date of January 17, 2011 at an exercise price of $11.43 per Unit. By January 17, 2011, 1,123,620 warrants were exercised for gross proceeds of approximately $13 million.

On May 31, 2011, holders of Class A shares and Preferred shares approved a proposal to extend the term of the Fund for seven years beyond the scheduled termination date of June 30, 2011, and for automatic successive seven-year terms after June 30, 2018. As part of the extension of the Fund, the Fund also made other changes which are outlined in the Recent Developments section. As a consequence of a greater number of Preferred shares being redeemed under the special redemption right, the Class A shares were consolidated in order to maintain an equal number of Class A shares and Preferred shares outstanding. Each Class A shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder’s investment did not change; however, the number of Class A shares reflected in the shareholder’s account declined and the net asset value per share increased proportionately.

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

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

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with fixed cumulative preferential quarterly distributions and the Class A shareholders with attractive quarterly distributions and the return of the original issue price on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols WFS.PR.A for the Preferred shares and WFS for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share. To accomplish its objectives the Fund invests in a portfolio which primarily includes common equity securities selected from the ten largest financial services companies by market capitalization in each of Canada, the United States and the Rest of the World.

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 continuously writing 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.

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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, 2011 of World Financial Split Corp. (the "Fund"). The annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.strathbridge.com. You can request semi-annual or annual reports at no cost by using one of the above methods.

Investment Objectives and Strategies

The Fund's investment objectives are to:

(1) provide holders of Preferred shares with fixed cumulative preferential quarterly cash distributions in the amount of $0.131250 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum,

(2) provide holders of Class A shares with regular quarterly cash distributions targeted to be 8.0 percent per annum, and;

(3) return the original issue price to holders of both Preferred shares and Class A shares at the time of redemption of such shares on the termination date.

The Fund suspended payment of distributions to holders of Class A shares effective December 2008 in accordance with terms of the prospectus which states: "No distribution will be paid to the Class A shares if: (i) the distributions payable on the Preferred shares are in arrears; or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than $15.00".

The Fund invests in a portfolio (the "Portfolio") which primarily includes common equity securities selected from the ten largest Financial Services companies by market capitalization in each of Canada, the United States and the Rest of the World (the "Portfolio Universe"). In addition, the issuers of the securities in the Fund's Portfolio, other than those of Canadian issuers, must have a minimum local currency issuer credit rating of "A" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency.

In addition, up to 20 percent of the net asset value of the Fund may be invested in common equity securities of Financial Services companies that are not in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least U.S. $10.0 billion and for non-Canadian issuers, a minimum local currency issuer credit rating of "A" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency.

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.

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund's 2011 annual information form, which is available on the Fund's website at www.strathbridge.com or on SEDAR at www.sedar.com. Set out below are several changes in 2011 that materially affected the risks associated with an investment in the securities of the Fund.

Warrants

The issuance of warrants to Class A shareholders of record on August 23, 2010 resulted in a risk of dilution to such shareholders prior to the expiry of the warrants on January 17, 2011. The value of a Unit decreased when: (i) the NAV per Unit exceeded $11.26 (being the subscription price payable on the exercise of a warrant less the warrant exercise fee) and (ii) one or more warrants were exercised. To maintain the shareholder's pro rata interest in the assets of the Fund, the shareholder would be required to exercise one or more warrants in such circumstances. Failure to do so would result in a loss of value from the dilution of pro rata interest in the assets of the Fund.

Greater Volatility in Class A Shares

The Fund does not employ financial leverage, however Class A shares are considered to be leveraged investments by virtue of the Preferred shares which rank ahead of the Class A shares for payment of distributions and proceeds on termination up to the Preferred share principal amount of $10.00 per share. During the year, negative changes in the value of the total portfolio had a greater effect on the value of the Class A shares than of the Preferred shares compared to the prior years. As the value of the portfolio decreased, the leverage in the Class A shares increased.

Results of Operations

Distributions

For the year ended December 31, 2011, cash distributions of $0.53 per Preferred share were paid to Preferred shareholders which were unchanged from the prior year. Distributions to Class A shareholders remained suspended in accordance with the terms of the prospectus which states: "No distribution will be paid to the Class A shares if; (i) the distributions payable on the Preferred shares are in arrears; or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than $15.00".

Since the inception of the Fund in February 2004, the Fund has paid total cash distributions of $4.13 per Preferred share and $5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue was $0.33 per Unit for the year ended December 31, 2011, up $0.07 per Unit compared to the prior year. This increase was attributable to an increase in dividend income and a gain on foreign exchange translation of short-term investments. Total expenses in 2011 were $0.27 per Unit, up from $0.25 per Unit in 2010, mainly due to one-time costs associated with the special resolution regarding the term extension of the Fund and higher transaction costs from increased trading activity. The Fund had a net realized and unrealized loss of $1.45 per Unit in 2011 as compared to a net realized and unrealized loss of $1.30 per Unit a year ago.

Net Asset Value

The net asset value per Unit of the Fund decreased 14.2 percent, from $11.57 per Unit at December 31, 2010 to $9.93 per Unit at December 31, 2011, due to cash distributions to Preferred shareholders and a net loss from operations during the year. The aggregate net asset value of the Fund decreased $41.4 million, from $76.6 million at December 31, 2010 to $35.2 million at December 31, 2011, largely as a result of the Unit redemptions totalling $43.7 million in 2011.

During the year ended December 31, 2011, the annual total return of the Fund was negative 14.5 percent reflecting a decline in market value of the shares held within the portfolio. The MSCI World/Finance Index (the "Financials Index") total return in Canadian dollar terms during the same period was negative 15.9 percent. As a result of the Fund being limited to a specific universe of stocks and utilizing a covered call writing strategy to generate income, comparison with a market index may not be appropriate. The Financials Index is calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Recent Developments

On January 24, 2011, the Fund announced the closing of its warrant offering for total gross proceeds of $12.8 million. The net proceeds of the warrant offering provided the Fund with additional capital that can be used to take advantage of attractive investment opportunities in the Global Financial sector.

On May 31, 2011, holders of Class A shares and Preferred shares approved a proposal to extend the term of the Fund for seven years beyond the scheduled termination date of June 30, 2011, and for automatic successive seven-year terms after June 30, 2018. As part of the extension of the Fund, the Fund proposed other changes including: (i) changing the monthly retraction prices for the Class A shares and Preferred shares such that monthly retraction prices are calculated by reference to market price in addition to net asset value and changing the notice period as well as payment period for the exercise of such rights and the payment of the retraction amount relating thereto; and (ii) consolidating the Class A shares or redeeming the Preferred shares on a pro rata basis, as the case may be, in order to maintain the same number of Class A shares and Preferred shares outstanding.

On June 24, 2011, the Fund announced a Class A share consolidation ratio of 0.562426082 new Class A shares for each Class A share held, effective the opening of trading on July 4, 2011. The total value of a shareholder's investment did not change; however, the number of Class A shares reflected in the shareholder's account declined and the net asset value per share increased proportionately.

On October 3, 2011, Mulvihill Capital Management Inc. ("MCM"), the Manager and Investment Manager of the Fund, announced a name change to Strathbridge Asset Management Inc. ("Strathbridge") reflecting a revitalized focus and commitment to the closed-end fund business.

Future Accounting Policy Changes

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

The changeover plan was prepared to address the requirements and includes disclosures of the qualitative and quantitative impact, if any, of the changeover to IFRS in the 2011 financial statements and the preparation of the 2012 financial statements in accordance with IFRS with comparatives. In January 2011, the Canadian Accounting Standards Board ("AcSB") approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 - Investment Companies ("AcG-18"). Subsequently, in December 2011, AcSB extended the deferral for another year to January 1, 2014. As a result, the Fund will adopt IFRS for its fiscal period beginning January 1, 2014 and will issue its initial financial statements in accordance with IFRS, with comparative information, for the semi-annual period ending June 30, 2014.

As at December 31, 2011, some anticipated changes to financial reporting include:

- Compliance with the full body of IFRS without industry specific exemptions. Unlike Canadian Generally Accepted Accounting Principles ("Canadian GAAP") where investment fund accounting was based upon guidance in AcG-18,
- Changes to the presentation of shareholder equity to consider puttable instruments,
- Presentation of comparative information, and;
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

Based on the Manager's current understanding and analysis of IFRS as compared to the accounting policies under Canadian GAAP, the Manager does not anticipate that the transition to IFRS will have a material impact on the Fund's net assets per share, nor systems and processes, and it is expected that it will mainly result in additional note disclosure in the financial statements.

Related Party Transactions

Strathbridge, as the Investment Manager of the Fund, manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated February 17, 2004.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and MCM dated February 17, 2004. 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.

Independent Review Committee

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

On April 5, 2011, the Manager presented the terms of the Special Resolution to extend the Fund beyond its scheduled termination date of June 30, 2011 to the IRC for a recommendation. As part of the extension of the term, the Fund was proposing other changes including: (i) providing a special redemption right to enable holders of Class A shares and Preferred shares to retract their shares on June 30, 2011 on the same terms that would have applied had the Fund redeemed all Class A shares and Preferred shares in accordance with the existing terms of such shares; (ii) changing the monthly retraction prices for the Class A shares and the Preferred shares such that monthly retraction prices are calculated by reference to market price in addition to net asset value and changing the notice period as well as payment period for the exercise of such rights and the payment of the retraction amount relating thereto; and (iii) consolidating the Class A shares or redeeming the Preferred shares on a pro rata basis, as the case may be, in order to maintain the same number of Class A shares and Preferred shares outstanding. The IRC reviewed the Special Resolution and recommended that the Special Resolution be put to unitholders for their consideration on the basis that the proposed extension of the Fund would achieve a fair and reasonable result for the Fund. On May 31, 2011, shareholders of the Fund approved the proposal to extend the term of the Fund for seven years beyond its scheduled termination date of June 30, 2011 and for automatic successive seven-year terms after June 30, 2018.

Financial Highlights

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

The net assets per Unit presented in the financial statements differs from the net asset value per Unit calculated weekly, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for weekly net asset value purposes.

Years ended December 31	2011	2010	2009	2008	2007
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices)(1)	**$ 11.57**	$ 13.10	$ 12.47	$ 19.48	$ 23.29(4)
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.33**	0.26	0.11	0.81	0.57
Total expenses	**(0.27)**	(0.25)	(0.24)	(0.26)	(0.36)
Realized gain (loss) for the period	**(0.41)**	(1.65)	(3.29)	(5.97)	1.59
Unrealized gain (loss) for the period	**(1.04)**	0.35	4.35	(0.18)	(3.88)
Total Increase (Decrease) from Operations(2)	**(1.39)**	(1.29)	0.93	(5.60)	(2.08)
DISTRIBUTIONS					
Class A Share					
From capital gains	**–**	–	–	–	(0.81)
Non-taxable distributions	**–**	–	–	(0.90)	(0.39)
Total Class A Share Distributions	**–**	–	–	(0.90)	(1.20)
Preferred Share					
From net investment income	**–**	–	–	(0.25)	(0.25)
From capital gains	**–**	–	–	–	(0.28)
Non-taxable distributions	**(0.53)**	(0.53)	(0.53)	(0.28)	–
Total Preferred Share Distributions	**(0.53)**	(0.53)	(0.53)	(0.53)	(0.53)
Total Distributions(3)	**(0.53)**	(0.53)	(0.53)	(1.43)	(1.73)
Net Assets, as at December 31 (based on bid prices)(1)	**$ 9.92**	$ 11.57	$ 13.10	$ 12.47	$ 19.48

(1) Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, on that date and including the valuation of securities at bid prices divided by the number of Units then outstanding.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), net of withholding tax and foreign exchange gain (loss), less expenses, excluding Preferred share distributions, 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 shareholders are based on the number of shares outstanding on the record date for each distribution and were paid in cash.
(4) Net assets per Unit has been adjusted for the change in accounting policy relating to the calculation of net asset value based on bid prices versus closing prices prior to 2007.
(5) Net Assets per Unit has been adjusted for the consolidation of the Class A shares effective the opening of trading on July 4, 2011. Each shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder's investment did not change, however; the number of Class A shares reflected in the shareholder's account declined and the Net Assets per Class A share increased proportionately. (See Note 3 to the Financial Statements).

Years ended December 31	2011	2010	2009	2008	2007
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value, excluding the Redeemable Preferred Share liability (millions)(1)	**$ 35.23**	$ 76.62	$ 107.26	$ 147.77	$ 269.64
Net Asset Value ($millions)(1)	**$ –**	$ 10.41	$ 25.44	$ 29.41	$ 131.40
Number of Units outstanding(1)	**3,548,506**	6,621,726	8,181,810	11,835,359	13,824,263
Management expense ratio(2)	**2.21%**	1.89%	1.59%	1.43%	1.49%
Portfolio turnover rate(3)	**272.71%**	190.63%	148.58%	61.65%	116.48%
Trading expense ratio(4)	**0.50%**	0.39%	0.41%	0.17%	0.14%
Net Asset Value per Unit(5)	**$ 9.93**	$ 11.57	$ 13.11	$ 12.48	$ 19.50
Closing market price - Class A	**$ 0.75**	$ 1.36	$ 3.07	$ 1.49	$ 8.16
Closing market price - Preferred	**$ 8.35**	$ 9.80	$ 9.73	$ 8.99	$ 9.95

(1) This information is provided as at December 31. One Unit consists of one Class A share and one Preferred share.
(2) The management expense ratio ("MER") is the sum of all fees and expenses, including federal and provincial sales taxes and capital tax but excluding transaction fees and income taxes and Preferred share distributions, charged to the Fund divided by the average net asset value, excluding the Redeemable Preferred Share liability. The MER for 2011 includes warrant exercise fees and special resolution expense. The MER for 2011 excluding warrant exercise fees and special resolution expense is 1.68%. The MER for 2010 and 2009 includes the warrant offering costs and warrant exercise fees. The MER for 2010 and 2009 excluding warrant offering costs and warrant exercise fees is 1.51% and 1.45% respectively. The MER, including Preferred share distributions, is 6.87%, 6.14%, 5.78%, 4.64% and 3.87% for 2011, 2010, 2009, 2008 and 2007 respectively.
(3) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.
(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the year.
(5) Net asset value per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred share liability, and including the valuation of securities at closing prices divided by the number of Units then outstanding.
(6) Net Assets per Unit has been adjusted for the consolidation of the Class A shares effective the opening of trading on July 4, 2011. Each shareholder received 0.562426082 new Class A shares for each Class A share held. The total value of a shareholder's investment did not change, however; the number of Class A shares reflected in the shareholder's account declined and the Net Assets per Class A share increased proportionately. (See Note 3 to the Financial Statements).

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

Mulvihill Fund Services Inc. (the predecessor Manager or "Mulvihill") amalgamated with Mulvihill Capital Management Inc. (the predecessor Investment Manager or "MCM") on September 1, 2010. As successor, MCM became the Manager as well as the Investment Manager of the Fund. On October 3, 2011, MCM announced a name change to Strathbridge Asset Management Inc. ("Strathbridge").

Past Performance

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

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

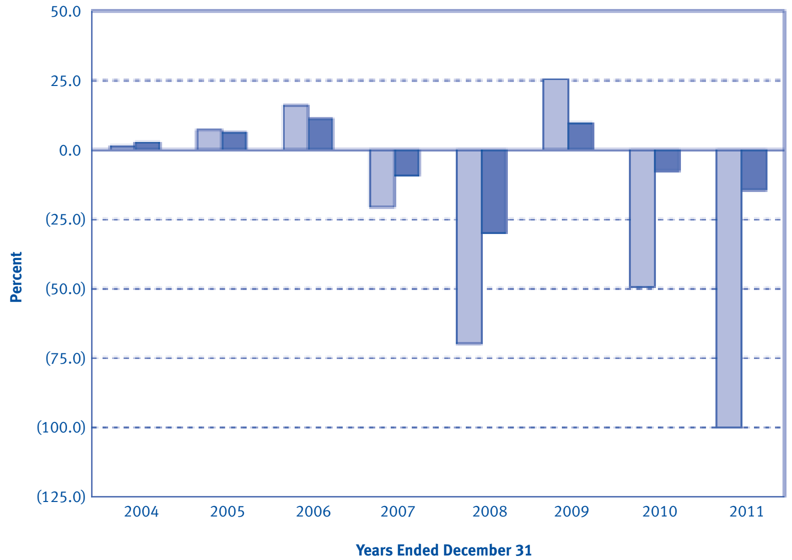
(2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and;

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

Year-By-Year Returns

The following bar chart illustrates how the Fund's annual total return varied from year to year for each of the past eight years. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2004 would have increased or decreased by the end of the fiscal year.

Annual Total Return



Class A Annual Total Return

Fund 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, 2011 as compared to the performance of the MSCI World/Finance Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Since Inception[1]
World Financial Split Corp.	**(14.53)%**	(4.74)%	(11.32)%	(5.04)%
World Financial Split Corp. - Class A	**(100.00)%**	(100.00)%	(99.86)%	(98.40)%
World Financial Split Corp. - Preferred Share	**4.61 %**	5.11 %	5.21 %	5.25 %
MSCI World/Finance Index[2]	**(15.89)%**	(1.82)%	(15.69)%	(6.76)%

(1) From date of inception on February 17, 2004.
(2) The MSCI World/Finance Index is a capitalization-weighted index that monitors the performance of financial stocks from around the world.

The equity performance benchmark shown here provides 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 this index; 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

2011 was a very tumultuous year for stock markets as numerous geopolitical events occurred that provided headwinds to Global economies. With the horrendous tsunami and near major nuclear catastrophe in Japan in March; pro-democracy uprising in the Arab world; Standard & Poor's downgrade of the U.S. Government debt in August; continued concern regarding European sovereign default risk, 2011 was a year in which many external and macroeconomic events affected the markets. The Canadian economy meanwhile has remained relatively strong with employment and housing conditions much stronger than most developed countries and the government enjoying a much stronger fiscal position. The Bank of Canada remained on hold during the period due to slower than expected growth and a relatively stable Canadian dollar which decreased by 2.3 percent relative to the U.S. dollar.

The total return for the MSCI World/Finance Index in Canadian dollars was negative 15.9 percent as Financials once again underperformed Global equities in 2011. The three regions of investment of the Fund, Canada, United States and Rest of the World, produced different total returns in Canadian dollar terms for the period. In Canada, the S&P/TSX Capped Financials Index total return was down 3.8 percent, in the United States, the S&P 500 Financials Index total return was down 15.2 percent, while the International MSCI EAFE Financials Index total return declined by 19.5 percent. In general, these returns are reflective of the tough business environment for many Financial Services companies due to increased Global liquidity and credit risks associated with the European sovereign debt crisis and its potential systemic effect on Global economies and financial institutions. The annual total return of the Fund, including reinvestment of distributions, for the year ended December 31, 2011 was negative 14.5 percent. This performance relative to the benchmark is reflective of the overweight position in the Canadian Financials for most of the year, which was once again the best performing group in 2011. It is also reflective of the selective covered call writing and protective put buying the Fund engaged in that helped lessen the downside in negative market environment for the underlying portfolio.

Volatility levels for Global Financial Services companies varied greatly over the course of 2011. After starting off low in the first half, as most markets peaked in April, volatility started to escalate in July as the deadline for the U.S. Congress vote on the debt ceiling in early August was approaching and remained elevated after Standard & Poor's downgraded the rating of the U.S. Government debt. With the increase in volatility for the Global Financial Services stocks in the second half of the year, the level of covered call writing was increased as the higher level of volatility compensated the Fund sufficiently to justify this activity. The Fund ended 2011 with approximately 31 percent of the portfolio subject to covered calls. The Fund also opportunistically purchased some put protection in the May to September period due to concerns of European sovereign default risk increasing as well as the U.S. debt ceiling controversy impacting the Financials globally. During 2011, the net realized gains on options attributable to the Strathbridge Selective Overwriting ("SSO") strategy was $0.48 per Unit.

During the course of the year, the Fund had varying exposures to the U.S. dollar due to the investments in U.S. Financial Services equities along with International Financial Services equities through the ADR market. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the year and ended 2011 being approximately 65 percent hedged.

The Fund ended 2011 with a regional asset mix of 34 percent invested Canada, 37 percent in the United States and 29 percent in the Rest of World. This asset mix changed from the end of the previous year, when the the Fund ended 2010 with a regional asset mix of 26 percent invested Canada, 45 percent in the United States and 29 percent in the Rest of World. Although the Fund had varying exposures to the regions over the course of the year, it ended 2011 with the highest allocation to U.S. Financials primarily due to greater leverage to an improving economy.

The Global Financial Services companies demonstrated mixed fundamentals and profitability in 2011 as Global equity markets were weak and volatile and interest rates continued to remain at record lows. Although the Global economy is expected to gradually improve in 2012, volatility and uncertainty will remain as the European sovereign debt crisis represents a major overhang on the sector. The valuations of companies in the portfolio are at reasonable levels when measured by price to earnings ratios and current dividend yields, which should continue to act as a major support for share prices. As Global regulatory and capital requirements become clearer in 2012, several Global Financial Services companies are likely to start returning capital to shareholders in the form of increased dividends and share repurchases. Only those companies that can demonstrate earnings power and capital strength are likely to be allowed to return capital to shareholders by the regulators.

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, 2011

	% OF NET ASSET VALUE*
United States	36 %
Canada	33 %
International	29 %
Cash and Short-Term Investments	3 %
Other Assets (Liabilities)	(1)%
	100 %

*The Net Asset Value excludes the Redeemable Preferred Share liability.

Top 25 Holdings

December 31, 2011

	% OF NET ASSET VALUE*
The Toronto-Dominion Bank	6%
Royal Bank of Canada	5%
U.S. Bancorp	5%
Berkshire Hathaway Inc.	5%
JPMorgan Chase & Co.	4%
Great-West Lifeco Inc.	4%
Deutsche Bank AG ADR	4%
Wells Fargo & Company	4%
Barclays PLC ADR	4%
Bank of Montreal	4%
Canadian Imperial Bank of Commerce	4%
China Life Insurance Company Limited ADR	4%
The Bank of Nova Scotia	3%
Mitsubishi UFJ Financial Group, Inc. ADR	3%
HSBC Holdings PLC ADR	3%
Westpac Banking Corporation ADR	3%
Citigroup Inc.	3%
Manulife Financial Corporation	3%
Banco Santander SA ADR	3%
National Bank of Canada	3%
Cash and Short-Term Investments	3%
PNC Financial Services Group, Inc.	3%
State Street Corporation	3%
Boston Properties, Inc.	3%
UBS AG	3%

*The Net Asset Value excludes the Redeemable Preferred Share liability.

Forward-Looking Statements

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

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

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

Management's Responsibility for Financial Reporting

The accompanying financial statements of World Financial Split Corp. (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 Directors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 5 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 Audit Committee meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the independent auditor's report. Deloitte & Touche LLP, the Fund's independent auditor, has full and unrestricted access to the Audit Committee and the Board.

John P. Mulvihill
Director
Strathbridge Asset Management Inc.
February 27, 2012

John D. Germain
Director
Strathbridge Asset Management Inc.

To the Shareholders of World Financial Split Corp.

We have audited the accompanying financial statements of World Financial Split Corp., which comprise the statement of investments as at December 31, 2011, the statements of financial position as at December 31, 2011 and 2010, and the statements of operations and deficit, changes in net assets and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of World Financial Split Corp. as at December 31, 2011 and 2010, and the results of its operation, its changes in the net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
February 27, 2012
Toronto, Ontario

Statements of Financial Position

As at December 31

	2011	2010
ASSETS		
Investments at fair value (cost - $37,418,784; 2010 - $63,142,083)	$ 34,129,492	$ 65,525,145
Short-term investments at fair value (cost - $349,132; 2010 - $13,316,298)	349,132	13,316,298
Cash	642,081	44,966
Dividends receivable	148,486	240,402
Accrued interest	697	2,127
Due from brokers - investments	–	1,296,529
TOTAL ASSETS	$ 35,269,888	$ 80,425,467
LIABILITIES		
Accrued liabilities	$ 40,079	$ 133,241
Accrued management fees	32,948	72,970
Due to brokers - investments	–	2,241,854
Redemptions payable	–	1,392,395
Redeemable Preferred shares (Note 8)	35,196,861	66,217,260
	35,269,888	70,057,720
EQUITY		
Class A and Class J shares (Note 8)	69,608,166	84,035,812
Deficit	(69,608,166)	(73,668,065)
	–	10,367,747
TOTAL LIABILITIES AND EQUITY	$ 35,269,888	$ 80,425,467
Number of Units Outstanding (Note 8)	3,548,506	6,621,726
Net Assets per Unit		
Preferred Share (Notes 6 and 8)	$ 9.9188	$ 10.0000
Class A Share - Basic	–	1.5657
Net Assets per Unit (Note 7)	$ 9.9188	$ 11.5657
Net Assets per Class A Share - Diluted (Note 8)	n/a	$ 1.4087

On Behalf of the Board of Directors,

John P. Mulvihill, Director

Robert W. Korthals, Director

Statements of Operations and Deficit

Years ended December 31

	2011	2010
REVENUE		
Interest, net of foreign exchange	$ 48,839	$ (7,535)
Dividends	1,831,943	2,153,047
Withholding taxes	(63,092)	(181,503)
	1,817,690	1,964,009
Net realized loss on investments	(6,808,757)	(14,705,236)
Net realized gain on derivatives	4,591,766	2,233,382
Net Realized Loss	(2,216,991)	(12,471,854)
TOTAL REVENUE	(399,301)	(10,507,845)
EXPENSES (Note 9)		
Management fees	665,891	981,105
Service fees	16,309	50,610
Administrative and other expenses	94,236	111,942
Transaction fees (Note 11)	303,250	360,280
Custodian fees	54,828	51,237
Audit fees	34,240	33,656
Director fees	20,575	20,575
Independent review committee fees	8,731	6,601
Legal fees	3,393	8,693
Shareholder reporting costs	37,161	35,610
Federal and provincial sales taxes	82,263	82,557
Subtotal Expenses	1,320,877	1,742,866
Special resolution expense (Note 2)	129,809	–
Warrant offering costs (Note 8)	–	150,012
TOTAL EXPENSES	1,450,686	1,892,878
Net Realized Loss before Distributions	(1,849,987)	(12,400,723)
Preferred share distributions	(2,825,779)	(3,887,971)
Net Realized Loss	(4,675,766)	(16,288,694)
Net change in unrealized appreciation/depreciation of investments	(5,672,354)	2,643,085
Net change in unrealized appreciation/depreciation of short-term investments	(8,357)	20,216
Total Net Change in Unrealized Appreciation/Depreciation of Investments	(5,680,711)	2,663,301
Net Loss before Reduction in Value of Preferred Shares	(10,356,477)	(13,625,393)
Reduction in Value of Redeemable Preferred Shares (Note 6)	288,199	–
Net Allocations on Retractions of Redeemable Preferred Shares (Note 8)	919	–
NET LOSS FOR THE YEAR	$ (10,067,359)	$ (13,625,393)
NET LOSS PER CLASS A SHARE - BASIC (based on the weighted average number of Class A shares outstanding during the year of 5,466,029; 2010 - 7,565,966)	$ (1.8418)	$ (1.8009)
NET LOSS PER CLASS A SHARE - DILUTED	n/a	$ (1.8009)
DEFICIT		
Balance, beginning of year	$ (73,668,065)	$ (88,088,191)
Net allocations on retractions of Class A shares (Note 8)	14,127,258	28,045,519
Net loss for the year	(10,067,359)	(13,625,393)
BALANCE, END OF YEAR	$ (69,608,166)	$ (73,668,065)

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets

Years ended December 31

	2011	2010
NET ASSETS - CLASS A AND J SHARES, BEGINNING OF YEAR	$ 10,367,747	$ 25,334,600
Net Realized Loss before Distributions	(1,849,987)	(12,400,723)
Reduction in Value of Redeemable Preferred Shares (Note 6)	288,199	–
Net Allocations on Retractions of Redeemable Preferred Shares (Note 8)	919	–
Class A Share Capital Transactions		
Proceeds from issuance of Class A shares, net of warrant exercise fees	1,415,931	2,623,958
Value for Class A shares redeemed	(1,716,319)	(3,965,418)
	(300,388)	(1,341,460)
Distributions		
Preferred Shares		
Non-taxable distributions	(2,825,779)	(3,887,971)
Net Change in Unrealized Appreciation/Depreciation of Investments	(5,680,711)	2,663,301
Changes in Net Assets during the Year	(10,367,747)	(14,966,853)
NET ASSETS - CLASS A AND J SHARES, END OF YEAR	$ –	$ 10,367,747

Statements of Cash Flows

Years ended December 31

	2011	2010
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	$ 13,361,264	$ 9,663,656
Cash Flows Provided by (Used In) Operating Activities		
Net Realized Loss before Distributions	(1,849,987)	(12,400,723)
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Purchase of investment securities	(152,033,247)	(159,155,199)
Proceeds from disposition of investment securities	175,539,555	181,445,960
Net realized (gain)/loss on sale of investments (including derivatives)	2,216,991	12,471,854
(Increase)/decrease in dividends receivable, accrued interest and due from brokers - investments	1,389,875	(1,205,428)
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers - investments	(2,375,038)	2,159,915
Net change in unrealized appreciation/depreciation of cash and short-term investments	(8,357)	20,216
	24,729,779	35,737,318
Cash Flows Provided by (Used In) Financing Activities		
Proceeds from issuance of Units, net of warrant exercise fees	12,652,131	11,610,118
Distributions to Preferred shares	(2,825,779)	(3,887,971)
Preferred share redemptions	(43,177,481)	(23,532,000)
Class A share redemptions	(1,898,714)	(3,829,134)
	(35,249,843)	(19,638,987)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Year	(12,370,051)	3,697,608
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 991,213	$ 13,361,264
Cash and Short-Term Investments comprised of:		
Cash	$ 642,081	$ 44,966
Short-Term Investments	349,132	13,316,298
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 991,213	$ 13,361,264

Statement of Investments

As at December 31, 2011

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Net Assets
SHORT-TERM INVESTMENTS				
Bankers' Acceptances				
The Bank of Nova Scotia, 1.12% - January 17, 2012	350,000	$ 349,132	$ 349,132	
Accrued Interest			697	
TOTAL SHORT-TERM INVESTMENTS		$ 349,132	$ 349,829	1.0 %
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	24,000	$ 1,500,491	$ 1,340,400	
Canadian Imperial Bank of Commerce	17,000	1,218,615	1,253,750	
Great-West Lifeco Inc.	74,200	1,985,462	1,509,970	
Manulife Financial Corporation	100,000	1,500,266	1,083,000	
National Bank of Canada	14,200	1,007,491	1,024,388	
Royal Bank of Canada	36,000	1,835,719	1,869,480	
Sun Life Financial Inc.	24,900	765,655	470,112	
The Bank of Nova Scotia	24,200	1,336,860	1,228,634	
The Toronto-Dominion Bank	26,500	2,157,527	2,020,625	
Total Financials		13,308,086	11,800,359	33.5 %
Total Canadian Common Shares		$ 13,308,086	$ 11,800,359	33.5 %
Non-North American Common Shares				
Financials				
Banco Santander SA ADR	13,600	$ 1,203,418	$ 1,048,306	
Barclays PLC ADR	121,000	1,423,871	1,354,055	
China Life Insurance Company Limited ADR	33,000	1,390,688	1,242,608	
Deutsche Bank AG ADR	37,000	1,436,351	1,426,381	
HSBC Holdings PLC ADR	30,000	1,317,634	1,164,162	
Mitsubishi UFJ Financial Group, Inc. ADR	280,000	1,324,448	1,188,905	
Prudential PLC ADR	33,300	738,092	668,658	
UBS AG	75,000	1,336,466	903,439	
Westpac Banking Corporation ADR	11,000	1,213,963	1,145,161	
Total Financials		11,384,931	10,141,675	28.8 %
Total Non-North American Common Shares		$ 11,384,931	$ 10,141,675	28.8 %
United States Common Shares				
Financials				
BB&T Corporation	30,500	$ 706,837	$ 781,693	
Berkshire Hathaway Inc.	21,200	1,646,073	1,647,292	
Boston Properties, Inc.	9,000	942,595	912,848	
Citigroup Inc.	41,000	1,291,126	1,097,558	
CME Group Inc.	2,800	737,373	694,697	
JPMorgan Chase & Co.	46,400	2,073,360	1,570,479	
PNC Financial Services Group, Inc.	16,400	911,074	963,213	
Prudential Financial, Inc.	16,800	919,867	857,380	
State Street Corporation	23,000	910,053	943,813	
U.S. Bancorp	65,000	1,635,989	1,790,333	
Wells Fargo & Company	48,650	1,434,876	1,365,259	
Total Financials		13,209,223	12,624,565	35.9 %
Total United States Common Shares		$ 13,209,223	$ 12,624,565	35.9 %

The notes are an integral part of the Financial Statements.

Statement of Investments

As at December 31, 2011

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets
Forward Exchange Contracts				
Sold USD $6,100,000, Bought CAD $6,202,663 @ 0.98345 - January 4, 2012			$ (9,360)	
Sold USD $1,900,000, Bought CAD $1,892,172 @ 1.00414 - January 4, 2012			(42,706)	
Sold USD $5,800,000, Bought CAD $6,065,698 @ 0.95620 - March 14, 2012			149,370	
Sold USD $2,300,000, Bought CAD $2,365,688 @ 0.97223 - March 14, 2012			19,675	
Total Forward Exchange Contracts			$ 116,979	0.3 %
Options				
Purchased Put Options (100 shares per contract)				
Manulife Financial Corporation - January 2012 @ $10	125	$ 6,500	$ 1,658	0.1 %
Written Covered Call Options (100 shares per contract)				
Barclays PLC ADR - January 2012 @ $11	(600)	(58,135)	(48,057)	
BB&T Corporation - January 2012 @ $24	(76)	(5,622)	(11,685)	
Berkshire Hathaway Inc. - January 2012 @ $78	(106)	(17,621)	(9,606)	
Boston Properties, Inc. - January 2012 @ $95	(90)	(23,571)	(64,150)	
Canadian Imperial Bank of Commerce - January 2012 @ $71	(43)	(5,590)	(12,157)	
China Life Insurance Company Limited ADR - January 2012 @ $38	(185)	(34,307)	(20,721)	
Citigroup Inc. - January 2012 @ $27	(100)	(19,144)	(11,220)	
CME Group Inc. - January 2012 @ $250	(28)	(19,108)	(11,119)	
Deutsche Bank AG ADR - January 2012 @ $36	(185)	(59,076)	(66,672)	
HSBC Holdings PLC ADR - January 2012 @ $39	(150)	(19,609)	(10,081)	
JPMorgan Chase & Co. - January 2012 @ $32	(232)	(39,519)	(55,036)	
PNC Financial Services Group, Inc. - January 2012 @ $55	(82)	(15,890)	(29,224)	
Prudential Financial Inc. - January 2012 @ $50	(80)	(15,811)	(14,500)	
State Street Corporation - January 2012 @ $40	(115)	(18,687)	(18,619)	
Sun Life Financial Inc. - January 2012 @ $19	(42)	(2,100)	(4,427)	
Sun Life Financial Inc. - February 2012 @ $19	(83)	(4,399)	(7,378)	
The Bank of Nova Scotia - January 2012 @ $49	(40)	(4,720)	(8,679)	
The Toronto-Dominion Bank - January 2012 @ $72	(65)	(10,953)	(29,366)	
UBS AG - January 2012 @ $12	(375)	(28,130)	(26,013)	
U.S. Bancorp - January 2012 @ $26	(325)	(30,812)	(48,647)	
Wells Fargo & Company - January 2012 @ $26	(240)	(25,710)	(48,387)	
Total Written Covered Call Options		(458,514)	(555,744)	(1.6)%
Total Options		$ (452,014)	$ (554,086)	(1.5)%
Adjustment for transaction costs		(31,442)		
TOTAL INVESTMENTS		$ 37,418,784	$ 34,129,492	97.0 %
OTHER NET ASSETS			717,540	2.0 %
TOTAL NET ASSETS, excluding the Redeemable Preferred Share liability			$ 35,196,861	100.0 %

1. Corporate Information

World Financial Split Corp. (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 2003. The Fund began operations on February 17, 2004. All shares outstanding on June 30, 2018 (the "Termination Date") will be redeemed by the Fund on that date unless otherwise determined by a majority vote of each class of shareholders.

On September 1, 2010, Mulvihill Capital Management Inc. ("MCM") amalgamated with Mulvihill Fund Services Inc. As successor, MCM became the Manager as well as the Investment Manager of the Fund. On October 3, 2011, MCM announced a name change to Strathbridge Asset Management Inc. ("Strathbridge"). RBC Dexia Investor Services Trust is the Custodian of the assets of the Fund.

2. Reorganization

On May 31, 2011, holders of Class A shares and Preferred shares approved a proposal to extend the term of the Fund for seven years beyond the scheduled termination date of June 30, 2011. As part of the extension of the Fund, the Fund also made other changes including: (i) automatically extending the Fund for successive seven year terms after June 30, 2018 and allowing shareholders to retract their Class A shares or Preferred shares at net asset value ("NAV") prior to any such additional extension; (ii) allowing the Fund to calculate a diluted NAV per Unit (a "Unit" being considered to consist of one Class A share and one Preferred share) and calculating and paying retraction prices in respect of the Class A shares and Preferred shares based on the diluted NAV per Unit if warrants of the Fund are outstanding; and (iii) changing the monthly retraction prices for the Class A shares and the Preferred shares so that they are calculated by reference to market price in addition to NAV and changing the notice period as well as payment period for the exercise of such rights and the payment of the retraction amount relating thereto.

In 2011, special resolution expenses pertaining to the fund extension amounted to $129,809 of which $42,064 were solicitation fees.

3. Class A Share Consolidation

On June 24, 2011, the Fund announced a Class A share consolidation ratio of 0.562426082 new Class A shares for each Class A share held, effective the opening of trading on July 4, 2011. The total value of a shareholder's investment did not change; however, the number of Class A shares reflected in the shareholder's account declined and the NAV per share increased proportionately.

4. Investment Objectives of the Fund

The Fund's investment objectives are to:

(i) provide holders of Preferred shares with fixed cumulative preferential quarterly cash distributions in the amount of $0.131250 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum,

(ii) to provide holders of Class A shares with regular quarterly cash distributions targeted to be 8.0 percent per annum, and;

(iii) return the original issue price to holders of both Preferred shares and Class A shares at the time of redemption of such shares on the termination date.

The Fund invests in a portfolio (the "Portfolio") which primarily includes common equity securities selected from the ten largest Financial Services companies by market capitalization in each of Canada, the United States and the Rest of the World (the "Portfolio Universe"). In addition, the issuers of the securities in the Fund's Portfolio, other than those of Canadian issuers, must have a minimum local currency issuer credit rating of "A" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency.

In addition, up to 20 percent of the NAV of the Fund may be invested in common equity securities of Financial Services companies that are not in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least U.S. $10.0 billion and for non-Canadian issuers, a minimum local currency issuer credit rating of "A" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency.

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.

Foreign exchange forward contracts may be used to hedge the Fund's exposure to potential fluctuations in foreign exchange. The hedging strategy can include the hedging of all or a portion of the currency exposure of an existing investment or group of investments and will vary based upon the Manager's assessment of market conditions. There can be no assurance that the use of foreign exchange forward contracts will be effective. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

5. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Primary estimates include valuation of investments. While management believes that the estimates used in preparing its financial statements are reasonable and prudent, actual results could differ from these estimates.

Financial Instruments – Disclosures

The Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. See additional note disclosures in Note 13.

The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments are recorded in the financial statements at their fair value which is determined by the closing bid price for long positions and by the closing ask price for short positions from the recognized stock exchange on which the securities are listed or principally traded. If no bid or ask prices are available, the securities are valued at the closing sale price or the Manager may estimate fair value using appropriate and accepted industry valuation techniques including valuation models. The fair value of an investment, determined using valuation models, requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the fair value of a security may be determined using valuation techniques that are not supported by observable market data. Over-the-counter options are valued using the Black-Scholes valuation model.

Short-term investments are included in the statement of investments at their cost. This value together with accrued interest approximates fair value at bid price.

The value of a forward exchange contract shall be the gain or loss with respect thereto that would be realized if, on the valuation date, the position in the forward exchange contract, as the case may be, was to be closed out.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Operations and Deficit. Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation/depreciation of investments are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

(i) Expiration of written options whereby realized gains are equivalent to the premium received,

(ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option, and;

(iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in net realized gain (loss) on sale of derivatives.

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

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

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

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

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the net change in unrealized appreciation/depreciation of investments. Premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

Redeemable Preferred Shares

Each Redeemable Preferred share is valued for financial statement purposes at the lesser of: (i) $10.00; and (ii) the NAV of the Fund divided by the number of Preferred shares outstanding.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, and income derived from investments, are translated at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) on short-term investments are reflected as interest income (loss). Realized gains and losses relating to forward exchange contracts are included in net realized gain (loss) on derivatives. Other foreign exchange gains (losses) are recorded as net realized or unrealized gain (loss) on investments, as appropriate.

6. Reduction in Value of Redeemable Preferred Shares

Each Redeemable Preferred share is valued for financial statement purposes at the lesser of: (i) the original redemption value of $10.00; and (ii) the net assets of the Fund divided by the number of Redeemable Preferred shares outstanding. The net assets is equal to the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding Redeemable Preferred shares of the Fund on a particular date and including the valuation of securities at bid price. As a result, the value of the Redeemable Preferred shares was reduced by $288,199 (2010 - nil). This reduction is reflected in both the carrying value in the Statement of Financial Position and the Statement of Operations and Deficit.

7. Net Asset Value

The net asset value of the Fund is calculated using the fair value of investments at the close or last trade price. The net assets per Unit is calculated using the fair value of investments at the closing bid price. The net assets per Unit for financial reporting purposes and net asset value per Unit for pricing purposes will not be the same due to the use of different valuation techniques.

The difference between the net asset value per Unit for pricing purposes and the net assets per Unit reflected in the financial statements is as follows:

	2011	2010
Net Asset Value per Unit (for pricing purposes)	**$9.9285**	$11.5703
Difference	**(0.0097)**	(0.0046)
Net Assets per Unit (for financial statement purposes)	**$9.9188**	$11.5657

8. Share Capital

The Fund is authorized to issue an unlimited number of Preferred shares, Class A shares and 100 Class J shares. Together, a Preferred share and a Class A share constitute a Unit.

Preferred Shares

Preferred shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Preferred shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the NAV per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Class A share in the market for cancellation; and (b) the lesser of (i) the sum of the Class A market price and the Preferred market price less the cost to the Fund of purchasing a Class A share in the market for cancellation and (ii) $10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A share. Preferred shares also have an annual retraction right under which a shareholder may concurrently retract one Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per Unit. Net allocations on retractions of Preferred shares represent gains on retractions where the price paid upon retraction is less than the carrying value of the retracted shares. In the current year, the gain was $919 (2010 - nil) reflected in the Statement of Operations and Deficit.

The Fund's Preferred shares have been classified as liabilities in accordance with Canadian GAAP. Accordingly, the net loss for the year is stated after Preferred share distributions.

Class A Shares

The policy of the Board of Directors of the Fund is to pay quarterly non-cumulative distributions to the holders of Class A shares in an amount targeted to be at least 8.0 percent per annum. There can be no assurance that the Fund will be able to pay distributions to the holders of Class A shares. No distributions will be paid to Class A shares if: (i) the distributions payable on the Preferred shares are in arrears; or (ii) after the payment of the distribution by the Fund, the NAV per unit would be less than $15.00. The Fund has continued to suspend distributions on its Class A shares as the NAV per Unit is below the $15.00 suspension threshold.

Class A shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Class A shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the NAV per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Preferred share in the market for cancellation; and (b) the difference between (i) the sum of the Class A market price and the Preferred share market price and (ii) the cost to the Fund of purchasing a Preferred share in the market for cancellation. The cost of the purchase of a Preferred share will include the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred share. If the NAV per Unit is less than $10.00 the retraction price of a Class A share will be nil. Class A shares also have an annual retraction right under which a shareholder may concurrently retract one Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per unit. Net allocations on retractions of Class A shares represent gains on retractions where the price paid upon retraction is less than the carrying value of the retracted shares. In the current year, the gain was $14,127,258 (2010 - $28,045,519) reflected in the Statement of Operations and Deficit.

Class J Shares

Holders of Class J shares are not entitled to receive dividends and are entitled to one vote per share. Class J shares are redeemable and retractable at a price of $1.00 per share. The Class J shares rank subsequent to both the Preferred shares and the Class A shares with respect to distributions on the dissolution, liquidation or winding-up of the Fund.

In July 2011, the Toronto Stock Exchange ("TSX") accepted a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 358,230 Class A shares and 358,230 Preferred shares or approximately 10 percent of the Fund's public float as of June 30, 2011 as determined in accordance with the rules of the TSX commencing July 15, 2011. One Unit consists of one Class A share and one Preferred share. The Fund may not purchase more than 71,646 of its Units (representing approximately 2 percent of the Fund's issued and Units as of June 30, 2011) in any 30-day period under the bid. The purchases made pursuant to the normal course issuer bid will be made in the open market through the facilities of the TSX. The normal course issuer bid will remain in effect until the earlier of July 14, 2012, the termination of the bid by the Fund or the Fund purchasing the maximum number of Units permitted under the bid. Class A shares and Preferred shares purchased by the Fund pursuant to the issuer bid will be cancelled. As at December 31, 2011, nil Units have been purchased by the Fund.

During the year, 3,073,220 (2010 - 2,458,700) each of Preferred shares and Class A shares were redeemed with a total retraction value of $43,683,800 (2010 - $28,552,422).

Issued and Outstanding

	2011	2010
3,548,506 Preferred shares (2010 - 6,621,726)	**$35,196,861**	$66,217,260
3,548,506 Class A shares (2010 - 6,621,726)	**$69,608,066**	$84,035,712
100 Class J shares (2010 - 100)	**100**	100
	$69,608,166	$84,035,812

Warrants

In 2010, the Fund issued 6,994,526 warrants to Class A shareholders of record at the close of business on August 23, 2010 at a cost of $150,012. All Class A shareholders as of the record date received warrants on a basis of one warrant for each share held. Each warrant entitled the shareholder thereof to acquire one Unit upon payment of $11.43 on or before January 17, 2011. During the year, 1,123,620 warrants (2010 - nil) were exercised for gross proceeds of $12,842,976 (2010 - nil).

Upon exercise of a 2010 warrant, the Fund paid a fee of $0.17 per warrant to the dealer whose client had exercised the warrant. During the year, warrant exercise fees paid amounted to $190,845 (2010 - nil) and were charged to Class A shareholders' equity.

The diluted net assets per Unit refers to the net assets of the Fund plus the net proceeds that would have been received by the Fund if all outstanding warrants were exercised, divided by the number of Units outstanding plus the additional Units that would be outstanding if all of the outstanding warrants had been exercised on the applicable valuation date. The diluted net assets per Unit, relating to the 2010 warrants, was calculated when the basic net assets per Unit exceeded $11.26 per Unit, equivalent to the subscription price of $11.43 less the dealer fees of $0.17, on the applicable valuation date. At December 31, 2011, there was no diluted net assets per Unit as all warrants had expired.

9. Management Fees and Expenses

Strathbridge, as Manager under the terms of the Management Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's net asset value, calculated and payable monthly, plus applicable taxes.

The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the custodian and Manager in the ordinary course of business relating to the Fund's operations. The Fund is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

The Manager pays a service fee to each dealer whose clients hold Class A shares. The service fee is calculated and paid at the end of each calendar quarter and is equal to 0.40 percent annually of the value of the Class A shares held by clients of the dealer. For these purposes, the value of the Class A share is the NAV per Unit less $10.00.

10. Income Taxes

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

The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax.

The Fund has offset the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends. As a result, the future tax liability for refundable taxes payable is eliminated.

No amount is payable on account of income taxes in 2011 or 2010.

Accumulated non-capital losses of approximately $1.3M (2010 - $1.5M) and accumulated capital losses of approximately $128.8M (2010 - $124.9M) are available for utilization against realized gains on sale of investments in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in $M)
2029	$0.3
2030	1.0
Total	$1.3

Issue costs of $0.2M (2010 - $0.2M) remain undeducted for tax purposes at year-end.

11. Transaction Fees

Total transaction fees paid for the year ended December 31, 2011 in connection with portfolio transactions were $303,250 (2010 - $360,280). Of this amount $69,228 (2010 - $77,022) was directed to cover payment of research services provided to the Investment Manager.

12. Capital Disclosures

Canadian Institute of Chartered Accounts ("CICA") Handbook Section 1535, "Capital Disclosures" requires the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Fund's objectives, policies and processes are described in Note 4, information on the Fund's unitholders' equity is described in Note 8 and the Fund does not have any externally imposed capital requirements.

13. Financial Instruments and Risk Management

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

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

(ii) Level 2 - for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

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

The following is a summary of the inputs used as of December 31, 2011 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 349,829	$ –	$ 349,829
Canadian Common Shares	11,800,359	–	–	$ 11,800,359
Non-North American Common Shares	10,141,675	–	–	$ 10,141,675
United States Common Shares	12,624,565	–	–	$ 12,624,565
Forward Exchange Contracts	–	116,979	–	$ 116,979
Options	(286,739)	(267,347)	–	$ (554,086)
Total Investments	$ 34,279,860	$ 199,461	$ –	$ 34,479,321

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

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 13,318,425	$ –	$ 13,318,425
Canadian Common Shares	16,640,686	–	–	$ 16,640,686
Non-North American Common Shares	19,182,946	–	–	$ 19,182,946
United States Common Shares	29,237,902	–	–	$ 29,237,902
Forward Exchange Contracts	–	1,112,478	–	$ 1,112,478
Options	(175,802)	(473,065)	–	$ (648,867)
Total Investments	$ 64,885,732	$ 13,957,838	$ –	$ 78,843,570

There were no transfers between Level 1 and Level 2 during 2011 and 2010.

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include other price risk, liquidity risk, interest rate risk, currency risk and credit risk.

These risks and related risk management practices employed by the Fund are discussed below:

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to other price risk arises from its investments in equity securities. Net assets per unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the companies in the global financial services industry. The Fund's market risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options.

Approximately 98 percent (2010 - 85 percent) of the Fund's net assets, excluding the Redeemable Preferred Share liability, held at December 31, 2011 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2011, the net assets, excluding the Redeemable Preferred Share liability, of the Fund would have increased or decreased by $3.5M (2010 - $6.5M) respectively or 9.8 percent (2010 - 8.5 percent) of the net assets, excluding the Redeemable Preferred Share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due. Liabilities are payable within one year except the Redeemable Preferred Share liability which matures on June 30, 2018 (see Note 8).

Cash is required to fund redemptions. Shareholders must surrender shares at least 10 business days prior to the last day of the month and receive payment on or before 10 business 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.

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.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The portfolio includes securities and options denominated in foreign currencies. The net asset value of the Fund and the value of the dividends and option premiums received by the Fund will be affected by fluctuations in the value of the foreign currencies relative to the Canadian dollar. The Fund uses foreign exchange contracts to actively hedge the majority of its foreign currency exposure.

Approximately 65 percent (2010 - 67 percent) of the Fund's net assets, excluding the Redeemable Preferred Share liability, held at December 31, 2011 were held in securities denominated in U.S. currency. Currency risk is mitigated by the Fund through the use of forward contracts. At December 31, 2011, if the Canadian dollar strengthened or weakened by 1 percent in relation to the U.S. currency, the net assets, excluding the Redeemable Preferred share liability, of the Fund would have decreased or increased, by approximately $63K or 0.2 percent of the net assets, excluding the Redeemable Preferred share liability, with all other factors remaining constant. At December 31, 2010, the Fund had no currency risk as a result of its investment in foreign currency contracts.

Credit Risk

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

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

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the year based on Standard & Poor's credit ratings as of December 31, 2011:

Local Dealer	Long-Term Local Currency Rating	Short-Term Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A-	A-2
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
U.S. Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A-	A-2
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	A	A-1

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

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

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2011:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Bankers' Acceptances	A-1+	100%
Total		100%

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

Type of Short-Term Investment	Rating	% of Short-Term Investments
Term Deposits	A-1	80%
Government of Canada Treasury Bills	AAA	20%
Total		100%

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

14. Future Accounting Policy Changes

The Fund was required to adopt International Financial Reporting Standards ("IFRS") for the year beginning on January 1, 2011. In January 2011, the Canadian Accounting Standards Board ("AcSB") approved a two year deferral from IFRS adoption for investment companies applying Accounting Guideline 18 – Investment Companies. Subsequently, in December 2011, AcSB extended the deferral for another year to January 1, 2014. As a result, the Fund will adopt IFRS for the year beginning on January 1, 2014 and will issue its initial statements on a comparative basis for the semi-annual period ending June 30, 2014.

Statement of Corporate Governance Practices

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Strathbridge Asset Management Inc. (the "Manager"), administers many functions associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has an Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the independent auditor, and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the independent auditor to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, has established a best practices governance procedure.

The Fund maintains an Investor Relations line (toll-free: 1-800-725-7172 or e-mail: info@strathbridge.com) and website (www.strathbridge.com) to respond to inquiries from shareholders.

Board of Directors

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[1,2]
Corporate Director

Robert W. Korthals[1,2]
Corporate Director

Robert G. Bertram[1,2]
Corporate Director

[1] Audit Committee Member
[2] Independent Review Committee Member

Information

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Brookfield Place
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Toronto, Ontario
M5J 2V1

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

Shares Listed:
Toronto Stock Exchange
trading under
WFS/WFS.PR.A

Custodian:
RBC Dexia 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
Core Canadian Dividend Trust
Gold Participation and Income Fund
Premier Canadian Income Fund
Top 10 Canadian Financial Trust

SPLIT SHARES

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

PRINCIPAL PROTECTED FUNDS

Government Strip Bond Trust

Head Office:

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Contact your broker directly for address changes.

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