



ANNUAL REPORT

2013

WORLD FINANCIAL SPLIT CORP.


strathbridge
ASSET MANAGEMENT

Letter to Shareholders

We are pleased to present the 2013 annual report containing the management report of fund performance and the audited financial statements for World Financial Split Corp.

2013 was a very strong year for Global equity markets with many indices making new all-time highs. Although the year was dominated by news events that caused concern for financial markets, world stock markets continued to rise on the back of stronger economic data and accommodative central bank monetary policy. For the year ended December 31, 2013, the S&P/TSX Composite Index generated a total return of 13.0 percent while the S&P 500 Index was up 32.3 percent, outperforming its Canadian counterpart for the third year in a row. The Canadian economy showed small signs of improvement during the year but was not enough to compel the Bank of Canada to tighten interest rates. The Canadian dollar opened the year around par versus the U.S. dollar but ended 2013 at 94.1 cents, its lowest level since the middle of 2010.

For the year ended December 31, 2013, the Fund's annual total return per Unit and per Class A share (ticker symbol "WFS"), including reinvestment of distributions, were 22.7 percent and 187.3 percent respectively. During the year, the Fund paid cash 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. The net asset value ("NAV") increased 17.4 percent from \$11.02 per Unit at December 31, 2012 to \$12.94 per Unit at December 31, 2013. The growth in NAV during the year was enhanced by the Strathbridge Selective Overwriting strategy (see "The Fund") which generated a net realized gain on options of \$0.09 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.

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 of each class 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 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 writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

TABLE OF CONTENTS

Management Report of Fund Performance

• Investment Objectives and Strategies	2
• Risk	2
• Results of Operations	2
• Recent Developments	3
• Related Party Transactions	3
• Financial Highlights	4
• Past Performance	5
• Summary of Investment Portfolio	7

Management's Responsibility for Financial Reporting	8
---	---

Independent Auditor's Report	9
------------------------------------	---

Financial Statements	10
----------------------------	----

Notes to Financial Statements	14
-------------------------------------	----

Statement of Corporate Governance Practices	19
---	----

Board of Directors	20
--------------------------	----

Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2013 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 and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Standard Life Centre, P.O. Box 113, Toronto, Ontario, M5H 3T9, or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

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 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 US\$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.

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

Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund's 2013 annual information form, which is available on the Fund's website at www.strathbridge.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the year that materially affected the risks associated with an investment in the securities of the Fund.

Results of Operations

Distributions

For the year ended December 31, 2013, 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 \$5.18 per Preferred share and \$5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue was \$0.26 per Unit for the year ended December 31, 2013, down \$0.04 per Unit compared to 2012, due to lower dividend income. Total expenses in 2013 were \$0.31 per Unit, up from \$0.25 per Unit in 2012 mainly due to higher transaction fees and administrative and other expenses. The Fund had a net realized and unrealized gain of \$2.42 per Unit in 2013 as compared to a net realized and unrealized gain of \$1.46 per Unit a year ago.

Net Asset Value

The net asset value per Unit of the Fund increased 17.4 percent from \$11.02 per Unit at December 31, 2012 to \$12.94 per Unit at December 31, 2013, mainly attributable to a net gain on sale of investments. The aggregate net asset value of the Fund increased \$1.6 million from \$31.2 million at December 31, 2012 to \$32.8 million at December 31, 2013 due to an increase from operations of \$6.4 million offset by Preferred share distributions of \$1.4 million and redemptions of \$3.4 million.

Recent Developments

On April 29, 2013, the Fund announced it filed a Notice of Intention to renew its previous normal course issuer bid to purchase up to 282,724 Class A shares and 282,724 Preferred shares representing approximately 10 percent of the Fund's public float of 2,827,248 Class A shares and 2,827,248 Preferred shares, as at April 25, 2013. The Fund may purchase up to 56,544 of each respective class of shares in any 30-day period which is 2 percent of the 2,827,248 shares issued and outstanding of each respective class as at April 25, 2013. The shares may be purchased for cancellation from May 1, 2013 to April 30, 2014 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a Unit at a price per share not exceeding the last net asset value per Unit. As at December 31, 2013, nil Units had been purchased by the Fund.

Future Accounting Policy Changes

Strathbridge Asset Management Inc. ("Strathbridge"), as the Manager of the Fund, 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 2013 financial statements and the preparation of the 2014 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 first semi-annual and annual financial statements in accordance with IFRS, with comparative information, for the period ended June 30, 2014 and year ending December 31, 2014 respectively.

As at December 31, 2013, 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 January 27, 2004 and amended as of November 6, 2009.

Strathbridge is the Manager of the Fund pursuant to a Management Agreement made between the Fund and MCM dated January 27, 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.

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

Independent Review Committee

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

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

Financial Highlights

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

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

Years ended December 31	2013	2012	2011	2010	2009
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices) ⁽¹⁾	\$ 11.02	\$ 9.92	\$ 11.57	\$ 13.10	\$ 12.47
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	0.26	0.30	0.33	0.26	0.11
Total expenses	(0.31)	(0.25)	(0.27)	(0.25)	(0.24)
Realized gain (loss) for the period	2.24	(0.66)	(0.41)	(1.65)	(3.29)
Unrealized gain (loss) for the period	0.18	2.12	(1.04)	0.35	4.35
Total Increase (Decrease) from Operations ⁽²⁾	2.37	1.51	(1.39)	(1.29)	0.93
DISTRIBUTIONS					
Preferred Share					
Non-taxable distributions	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
Total Distributions ⁽³⁾	(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
Net Assets, as at December 31 (based on bid prices) ⁽¹⁾⁽⁴⁾	\$ 12.94	\$ 11.02	\$ 9.92	\$ 11.57	\$ 13.10

(1) Net Assets per Unit is the difference between the aggregate value of the assets including the valuation of securities at bid prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), 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 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	2013	2012	2011	2010	2009
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value, excluding the Redeemable Preferred Share liability (millions) ⁽¹⁾					
	\$ 32.78	\$ 31.17	\$ 35.23	\$ 76.62	\$ 107.26
Net Asset Value (\$millions) ⁽¹⁾	\$ 7.46	\$ 2.90	\$ –	\$ 10.41	\$ 25.44
Number of Units outstanding ⁽¹⁾	2,532,599	2,827,248	3,548,506	6,621,726	8,181,810
Management expense ratio ⁽²⁾	2.01%	1.88%	2.21%	1.89%	1.59%
Portfolio turnover rate ⁽³⁾	240.89%	253.71%	272.71%	190.63%	148.58%
Trading expense ratio ⁽⁴⁾	0.55%	0.46%	0.50%	0.39%	0.41%
Net Asset Value per Unit ⁽⁵⁾⁽⁶⁾	\$ 12.94	\$ 11.02	\$ 9.93	\$ 11.57	\$ 13.11
Closing market price - Preferred	\$ 9.76	\$ 9.10	\$ 8.35	\$ 9.80	\$ 9.73
Closing market price - Class A	\$ 2.70	\$ 1.24	\$ 0.75	\$ 1.36	\$ 3.07

(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 for the stated period, including federal and provincial sales taxes and capital tax but excluding transaction fees, income taxes and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. 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 6.36%, 6.87%, 6.87%, 6.14% and 5.78% for 2013, 2012, 2011, 2010 and 2009 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 including the valuation of securities at closing prices and the aggregate value of the liabilities, excluding the Redeemable Preferred share liability, divided by the number of Units then outstanding.

(6) Net Asset Value 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 Asset Value per Class A share increased proportionately.

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.

Past Performance

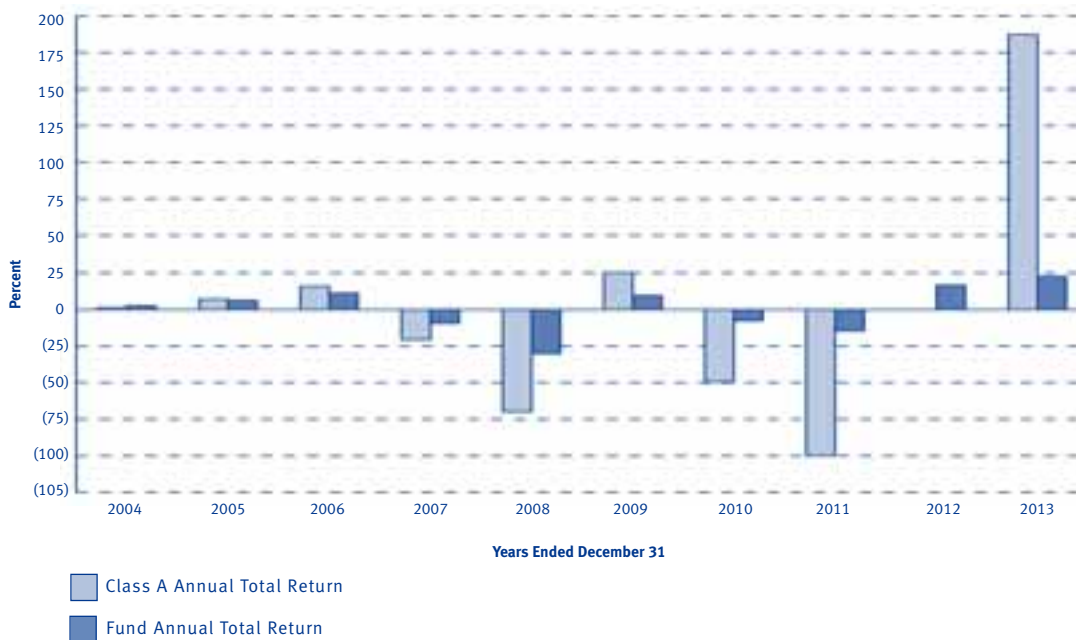
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (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 ten 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



Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended December 31, 2013 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.	22.65 %	6.95 %	4.35 %	(0.49)%
World Financial Split Corp. - Preferred Share	5.35 %	5.36 %	5.36 %	5.35 %
World Financial Split Corp. - Class A	187.32 %	2.90 %	(7.14)%	(14.72)%
MSCI World/Finance Index ⁽²⁾	36.99 %	13.61 %	10.54 %	0.04 %

⁽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

2013 was a very strong year for Global equity markets with many indices making new all-time highs. Although the year was dominated by news events that caused concern for financial markets, world stock markets continued to rise on the back of stronger economic data and accommodative central bank monetary policy. The year started off with the U.S. "Fiscal Cliff" being narrowly avoided and then, in March, negotiations to deal with the U.S. deficit and debt ceiling stalled. There was a banking crisis in Cyprus and continued weakness in the periphery countries of the European Union that caused concern. Global economic growth remained sluggish in the first half of 2013 as China's economy, the second largest in the world, continued to slow down. The Federal Reserve surprised and confused the market in September by delaying the tapering of its bond purchases after suggesting in July that it would do so. Finally, the U.S. government shut down in October for 16 days as brinkmanship in Washington ruled the day. Despite all that, Global equity markets performed exceptionally well in 2013 with the S&P/TSX Composite Index generating a total return of 13.0 percent while the S&P 500 Index was up 32.3 percent, outperforming its Canadian counterpart for the third year in a row. The Canadian economy showed small signs of improvement during the year but was not enough to compel the Bank of Canada to tighten interest rates. The Canadian dollar opened the year around par versus the U.S. dollar but ended 2013 at 94.1 cents, its lowest level since the middle of 2010. The Fund's U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended 2013 with approximately 50 percent of the U.S. dollar exposure hedged.

The net asset value of the Fund at December 31, 2013 was \$12.94 per Unit compared to \$11.02 per Unit at December 31, 2012. Preferred Shareholders received cash distributions of \$0.525 per share during the year while the distribution for the Class A share remained suspended in accordance with the terms of the prospectus as the net asset value per Unit was less than \$15.00. The Fund's Preferred shares, listed on the Toronto Stock Exchange ("TSX") as WFS.PR.A, closed on December 31, 2013 at \$9.76 per share, which represents a 2.4 percent discount to the net asset value. The Fund's Class A shares, listed on the TSX as WFS, closed on December 31, 2013 at \$2.70 per share, which represents an 8.2 percent discount to the net asset value.

For the year ended December 31, 2013, the Fund's annual total return per Unit and per Class A share (ticker symbol "WFS"), including reinvestment of distributions, were 22.7 percent and 187.3 percent respectively. The Fund was led by the strong performance of Manulife Financial Corporation in Canada which had total return of 60.0 percent, Morgan Stanley in the U.S. with a total return of 76.6 percent and Lloyds Banking Group PLC in the U.K. with a total return of 77.6 percent. In general, these returns are reflective of an improving Global economy, a healthier operating environment for banks as the yield curve has steepened which should help drive net interest margins higher, as well as stronger capital ratios for the majority of the financial services companies.

Volatility levels for Global Financial Services companies remained at the lower end of their historical range during the year but trended up near the end of the second quarter on concerns the U.S. Federal Reserve would begin tapering its bond purchase program and again in early October as the U.S. Government shut down for 16 days. The covered call writing activity was opportunistic over the period and took advantage of signals generated by the Strathbridge Selective Overwriting ("SSO") strategy. The Fund ended 2013 with approximately nil percent of the portfolio subject to covered calls. During the year, the net realized gain on options attributable to the SSO strategy was \$0.09 per unit.

The Fund's portfolio ended 2013 with a regional asset mix of 37 percent invested Canada, 44 percent in the United States and 19 percent in the Rest of the World. The Fund increased its exposure to U.S. Financials during the year while reducing its weight in the Rest of the World and Canadian Financials due to better economic growth in the U.S. and more attractive valuations.

The Global Financial Services companies demonstrated stronger fundamentals and profitability in 2013 due to declining credit losses, stronger capital market related revenues and improving loan growth. Despite the fact that interest rates continued to remain low by historical standards, longer term rates rose throughout the year which helped improve not only net interest margins but also reinvestment rates for insurance companies. Although the Global economy is expected to continue to improve in 2014, there is still some uncertainty in how the economy will react to less monetary stimulus once Central banks start to exit their quantitative easing programs. The valuations of companies in the portfolio generally remained at reasonable levels when measured by price to earnings ratios and current dividend yields which should continue to provide support for share prices. Many Global Financial Services companies have already started to return cash to shareholders in the form of increased dividends and share buyback as regulators have become increasingly comfortable with their capital ratios. We expect this trend will continue as the Global economy continues to improve.

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, 2013

	% OF NET ASSET VALUE*
United States	43 %
Canada	36 %
Rest of the World	19 %
Cash	2 %
	100 %

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

Top 25 Holdings

December 31, 2013

	% OF NET ASSET VALUE*		% OF NET ASSET VALUE*
JPMorgan Chase & Co.	6 %	Mitsubishi UFJ Financial Group Inc. ADR	4 %
Manulife Financial Corporation	6 %	The Toronto-Dominion Bank	3 %
Sun Life Financial Inc.	6 %	Royal Bank of Canada	3 %
Citigroup Inc.	6 %	National Bank of Canada	3 %
Bank of America Corporation	6 %	Prudential Financial, Inc.	3 %
The Goldman Sachs Group, Inc.	6 %	BlackRock, Inc.	2 %
Morgan Stanley	6 %	Invesco Ltd.	2 %
Lloyds Banking Group PLC ADR	5 %	PartnerRe Ltd.	2 %
Canadian Imperial Bank of Commerce	5 %	CME Group Inc.	2 %
Great -West Lifeco Inc.	5 %	ING Groep N.V. ADR	2 %
The Bank of Nova Scotia	5 %	Cash	2 %
Wells Fargo & Company	5 %	AFLAC Inc.	1 %
Prudential PLC ADR	4 %		

*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 3 of the annual financial statements.

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

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



John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 4, 2014



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, 2013, the statements of financial position as at December 31, 2013 and 2012, 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, 2013 and 2012, and the results of its operation, changes in its net assets, and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized, cursive font followed by "LLP" in a simpler, bold font.

Chartered Professional Accountants
Chartered Accountants
Licensed Public Accountants
March 4, 2014
Toronto, Ontario

Statements of Financial Position

As at December 31

	2013	2012
ASSETS		
Investments at fair value (cost - \$28,254,765; 2012 - \$26,781,313)	\$ 32,243,196	\$ 30,287,114
Cash	536,357	1,265,373
Dividends receivable	86,429	110,017
TOTAL ASSETS	\$ 32,865,982	\$ 31,662,504
LIABILITIES		
Accrued liabilities	\$ 63,156	\$ 56,484
Accrued management fees	30,667	29,073
Due to brokers - investments	-	420,417
Redeemable Preferred shares (Note 6)	25,325,990	28,272,480
	25,419,813	28,778,454
EQUITY		
Class A and Class J shares (Note 6)	49,679,942	55,459,832
Deficit	(42,233,773)	(52,575,782)
	7,446,169	2,884,050
TOTAL LIABILITIES AND EQUITY	\$ 32,865,982	\$ 31,662,504
Number of Units Outstanding (Note 6)	2,532,599	2,827,248
Net Assets per Unit		
Preferred Share (Notes 4 and 6)	\$ 10.0000	\$ 10.0000
Class A Share	2.9401	1.0201
Net Assets per Unit (Note 5)	\$ 12.9401	\$ 11.0201

On behalf of the Board of Directors,



John P. Mulvihill, Director



Robert W. Korthals, Director

Statements of Operations and Deficit

Years ended December 31

	2013	2012
REVENUE		
Dividends	\$ 746,954	\$ 1,026,117
Interest	-	3,141
Withholding taxes	(43,279)	(49,392)
TOTAL REVENUE	703,675	979,866
EXPENSES (Note 7)		
Management fees	355,363	367,255
Service fees	20,909	5,809
Administrative and other expenses	83,534	78,650
Transaction fees (Note 9)	179,117	156,122
Custodian fees	47,338	49,223
Audit fees	35,311	34,334
Director fees	18,900	19,946
Independent review committee fees	7,775	7,976
Legal fees	5,324	3,019
Shareholder reporting costs	17,144	20,240
Harmonized sales tax	56,271	46,570
TOTAL EXPENSES	826,986	789,144
Net Investment Income (Loss) before Distributions	(123,311)	190,722
Preferred share distributions	(1,406,960)	(1,674,078)
Net Investment Loss	(1,530,271)	(1,483,356)
Net realized gain (loss) on investments	7,277,480	(2,988,130)
Net realized gain on options	243,349	446,670
Net realized gain (loss) on forward exchange contracts	(1,490,026)	429,567
Net (Gain) Loss on Sale of Investments	6,030,803	(2,111,893)
Net change in unrealized appreciation/depreciation of investments	479,925	6,806,170
Net Gain on Investments	6,510,728	4,694,277
Recovery in Value of Redeemable Preferred Shares (Note 4)	-	(229,621)
Net Allocations on Retractions of Redeemable Preferred Shares (Note 6)	-	(57,345)
NET INCOME FOR THE YEAR	\$ 4,980,457	\$ 2,923,955
NET INCOME PER CLASS A SHARE		
(based on the weighted average number of Class A shares outstanding during the year of 2,690,014; 2012 - 3,216,858)	\$ 1.8515	\$ 0.9089
DEFICIT		
Balance, beginning of year	\$ (52,575,782)	\$ (69,608,166)
Net allocations on retractions of Class A shares (Note 6)	5,361,552	14,108,429
Net income for the year	4,980,457	2,923,955
BALANCE, END OF YEAR	\$ (42,233,773)	\$ (52,575,782)

Statements of Changes in Net Assets

Years ended December 31

	2013	2012
NET ASSETS - CLASS A AND J SHARES, BEGINNING OF YEAR	\$ 2,884,050	\$ -
Net Investment Income (Loss) before Distributions	(123,311)	190,722
Net Gain on Investments	6,510,728	4,694,277
Recovery in Value of Redeemable Preferred Shares (Note 4)	-	(229,621)
Net Allocations on Retractions of Redeemable Preferred Shares (Note 6)	-	(57,345)
Class A Share Capital Transactions		
Value for Class A shares redeemed	(418,338)	(39,905)
Distributions		
Preferred Shares		
Non-taxable distributions	(1,406,960)	(1,674,078)
Changes in Net Assets during the Year	4,562,119	2,884,050
NET ASSETS - CLASS A AND J SHARES, END OF YEAR	\$ 7,446,169	\$ 2,884,050

Statements of Cash Flows

Years ended December 31

	2013	2012
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	\$ 1,265,373	\$ 991,213
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income (Loss) before Distributions	(123,311)	190,722
Adjustments to Reconcile Net Cash Flows Provided by (Used In) Operating Activities		
Purchase of investment securities	(76,466,365)	(78,823,227)
Proceeds from disposition of investment securities	81,023,716	87,348,805
(Increase)/decrease in dividends receivable and accrued interest	23,588	39,166
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers - investments	(412,151)	432,947
Net change in unrealized appreciation/depreciation of cash and short-term investments	(2,705)	11,077
	4,166,083	9,008,768
Cash Flows Provided by (Used In) Financing Activities		
Preferred share distributions	(1,406,960)	(1,674,078)
Preferred share redemptions	(2,946,490)	(7,211,347)
Class A share redemptions	(418,338)	(39,905)
	(4,771,788)	(8,925,330)
Net Increase/(Decrease) in Cash and Short-Term Investments During the Year	(729,016)	274,160
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 536,357	\$ 1,265,373
Cash and Short-Term Investments comprised of:		
Cash	\$ 536,357	\$ 1,265,373
Short-term investments	-	-
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	\$ 536,357	\$ 1,265,373

Statement of Investments

As at December 31, 2013

	Number of Shares	Average Cost	Fair Value	% of Net Assets
INVESTMENTS				
Canadian Common Shares				
Financials				
Canadian Imperial Bank of Commerce	17,900	\$ 1,466,623	\$ 1,623,709	
Great-West Lifeco Inc.	48,500	1,357,386	1,587,890	
Manulife Financial Corporation	95,100	1,645,362	1,992,345	
National Bank of Canada	12,300	1,038,023	1,087,197	
Royal Bank of Canada	15,900	987,357	1,135,260	
Sun Life Financial Inc.	52,700	1,548,476	1,977,304	
The Bank of Nova Scotia	22,900	1,435,951	1,520,560	
The Toronto-Dominion Bank	11,600	1,012,719	1,161,044	
Total Financials		10,491,897	12,085,309	36.9 %
Total Canadian Common Shares		\$ 10,491,897	\$ 12,085,309	36.9 %
Non-North American Common Shares				
Financials				
ING Groep N.V. ADR	43,400	\$ 417,965	\$ 645,572	
Invesco Ltd.	17,500	654,931	676,810	
Lloyds Banking Group PLC ADR	296,100	1,213,245	1,670,553	
Mitsubishi UFJ Financial Group Inc. ADR	165,000	1,137,139	1,169,330	
PartnerRe Ltd.	6,000	634,363	671,795	
Prudential PLC ADR	30,500	1,129,323	1,457,304	
Total Financials		5,186,966	6,291,364	19.2 %
Total Non-North American Common Shares		\$ 5,186,966	\$ 6,291,364	19.2 %
United States Common Shares				
Financials				
AFLAC Inc.	3,700	\$ 235,274	\$ 262,567	
Bank of America Corporation	117,000	1,637,490	1,935,538	
BlackRock, Inc.	2,400	805,381	806,996	
Citigroup Inc	35,400	1,663,373	1,959,228	
CME Group Inc.	7,800	630,057	650,152	
JPMorgan Chase & Co.	32,200	1,875,108	2,000,397	
Morgan Stanley	56,700	1,682,192	1,888,635	
Prudential Financial, Inc.	10,900	1,017,416	1,068,019	
The Goldman Sachs Group, Inc.	10,100	1,663,509	1,902,214	
Wells Fargo & Company	31,100	1,391,379	1,499,850	
Total Financials		12,601,179	13,973,596	42.6 %
Total United States Common Shares		\$ 12,601,179	\$ 13,973,596	42.6 %
Forward Exchange Contracts				
Sold USD \$3,000,000, Bought CAD \$3,116,100 @ 0.96274 - January 15, 2014			\$ (72,573)	
Sold USD \$3,000,000, Bought CAD \$3,150,150 @ 0.95234 - February 12, 2014			(40,682)	
Sold USD \$3,200,000, Bought CAD \$3,412,096 @ 0.93784 - March 12, 2014			6,182	
Total Forward Exchange Contracts			\$ (107,073)	(0.3)%
Adjustment for transaction fees		(25,277)		
TOTAL INVESTMENTS		\$ 28,254,765	\$ 32,243,196	98.4 %
OTHER NET ASSETS			528,963	1.6 %
TOTAL NET ASSETS, excluding the Redeemable Preferred Share liability			\$ 32,772,159	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.

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

2. 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 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.

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

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.

3. Summary of Significant Accounting Policies

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

Financial Instruments – Disclosures

The Fund uses a three-tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund’s investments. See additional note disclosures in Note 11.

The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments are recorded in the financial statements at their fair value 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 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 options.

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 forward exchange contracts. Other foreign exchange gains (losses) are recorded as realized or unrealized gain (loss) on investments, as appropriate.

4. Reduction/(Recovery) 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 increased by \$229,621 in the prior year. This recovery is reflected in both the carrying value of the Redeemable Preferred shares in the Statement of Financial Position and the Statement of Operations and Deficit.

5. 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:

	2013	2012
Net Asset Value per Unit (for pricing purposes)	\$ 12.9447	\$ 11.0249
Difference	(0.0046)	(0.0048)
Net Assets per Unit (for financial statement purposes)	\$ 12.9401	\$ 11.0201

6. 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 or losses on retractions where the price paid upon retraction is less than or greater than the carrying value of the retracted shares. In 2012, losses on retractions of \$57,345 are 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 \$5,361,552 (2012 - \$14,108,429) 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.

During the year, 294,649 (2012 - 721,258) each of Preferred shares and Class A shares were redeemed with a total retraction value of \$3,364,828 (2012 - \$7,251,252).

Issued and Outstanding	2013	2012
2,532,599 Preferred shares (2012 - 2,827,248)	\$25,325,990	\$28,272,480
2,532,599 Class A shares (2012 - 2,827,248)	\$49,679,842	\$55,459,732
100 Class J shares (2012 - 100)	100	100
	\$49,679,942	\$55,459,832

On July 13, 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 proposed to purchase 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 determined in accordance with the rules of the TSX. The normal course issuer bid remained in effect until July 14, 2012 and at such time nil Units had been purchased by the Fund.

On April 29, 2013, the Fund announced it filed a Notice of Intention to renew its previous normal course issuer bid to purchase up to 282,724 Class A shares and 282,724 Preferred shares representing approximately 10 percent of the Fund's public float of 2,827,248 Class A shares and 2,827,248 Preferred shares, as at April 25, 2013. The Fund may purchase up to 56,544 of each respective class of shares in any 30-day period which is 2 percent of the 2,827,248 shares issued and outstanding of each respective class as at April 25, 2013. The shares may be purchased for cancellation from May 1, 2013 to April 30, 2014 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a Unit at a price per share not exceeding the last net asset value per Unit. As at December 31, 2013, nil Units had been purchased by the Fund.

7. 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.

8. 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 nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

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

No amount is payable on account of income taxes in 2013 or 2012.

Accumulated non-capital losses of approximately \$0.5M (2012 - \$0.8M) and accumulated capital losses of approximately \$126.7M (2012 - \$131.6M) 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)
2031	\$0.2
2032	0.3
Total	\$0.5

Issue costs of \$0.1M (2012 - \$0.2M) remain undeducted for tax purposes at year-end.

9. Transaction Fees

Total transaction fees for the year ended December 31, 2013 in connection with portfolio transactions were \$179,117 (2012 - \$156,122). Of this amount \$91,336 (2012 - \$72,290) was directed to cover payment of research services provided to the Investment Manager.

10. 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 2, information on the Fund’s unitholders’ equity is described in Note 6 and the Fund does not have any externally imposed capital requirements.

11. Financial Instruments and Risk Management

The Fund’s financial instruments consist of cash, investments, certain derivative contracts, receivables, payables and Redeemable Preferred shares. Cash, receivables, and payables are short-term in nature and as such their carrying values approximates fair value. The fair value of a Redeemable Preferred share is based on the redemption price payable by the Fund which is valued at the lesser of: (i) \$10.00; and (ii) the net assets of the Fund divided by the number of Preferred shares outstanding. 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, 2013 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
Canadian Common Shares	\$ 12,085,309	\$ -	\$ -	\$ 12,085,309
Non-North American Common Shares	6,291,364	-	-	6,291,364
United States Common Shares	13,973,596	-	-	13,973,596
Forward Exchange Contracts	-	(107,073)	-	(107,073)
Total Investments	\$ 32,350,269	\$ (107,073)	\$ -	\$ 32,243,196

The following is a summary of the inputs used as of December 31, 2012 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
Canadian Common Shares	\$ 7,960,654	\$ -	\$ -	\$ 7,960,654
Non-North American Common Shares	12,416,957	-	-	12,416,957
United States Common Shares	10,125,402	-	-	10,125,402
Forward Exchange Contracts	-	(177,502)	-	(177,502)
Options	(26,486)	(11,911)	-	(38,397)
Total Investments	\$ 30,476,527	\$ (189,413)	\$ -	\$ 30,287,114

There were no transfers between Level 1 and Level 2 during 2013 and 2012.

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 99 percent (2012 - 98 percent) of the Fund’s net assets, excluding the Redeemable Preferred Share liability, held at December 31, 2013 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2013, the net assets, excluding the Redeemable Preferred Share liability, of the Fund would have increased or decreased by \$3.2M (2012 - \$3.1M) respectively or 9.9 percent (2012 - 9.8 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 6).

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 63 percent (2012 - 75 percent) of the Fund's net assets, excluding the Redeemable Preferred Share liability, held at December 31, 2013 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, 2013, 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 \$111K (2012 - \$11K) or 0.3 percent (2012 - 0.0 percent) of the net assets, excluding the Redeemable Preferred share liability, with all other factors remaining constant.

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 were authorized for trading with the Fund during the year based on Standard & Poor's credit ratings as of December 31, 2013:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Deutsche Bank	A	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Bank of Nova Scotia	A+	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 financial instruments that were authorized for trading with the Fund during the prior year based on Standard & Poor's credit ratings as of December 31, 2012:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Deutsche Bank	A+	A-1
National Bank of Canada	A-	A-2
Royal Bank of Canada	AA-	A-1+
The Bank of Nova Scotia	A+	A-1
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	A	A-1

The Fund held no short-term investments at December 31, 2013 and 2012.

12. 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 first semi-annual and annual financial statements in accordance with IFRS, with comparative information, for the period ending June 30, 2014 and the year ending December 31, 2014 respectively.

Based on the Manager's current understanding and analysis of IFRS to the accounting policies under Canadian GAAP, the Manager does not anticipate the transition to IFRS will have a material impact on the Fund's net assets per unit, systems and processes, and it is expected that it will mainly result in additional note disclosure in the financial statements.

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" or the "Investment Manager"), administers, either directly or indirectly through third party service organizations, every function 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 Manager. 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 Manager. 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

Independent Auditor:

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Brookfield Place
181 Bay Street, Suite 1400
Toronto, Ontario
M5J 2V1

Transfer Agent:

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100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Shares Listed:

Toronto Stock Exchange
trading under
WFS.PR.A/WFS

Custodian:

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

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

Investment Funds Managed by Strathbridge Asset Management Inc.

UNIT TRUSTS

Canadian Utilities & Telecom Income Fund (UTE.UN)
Core Canadian Dividend Trust (CDD.UN)
Gold Participation and Income Fund (GPF.UN)
Low Volatility U.S. Equity Income Fund (LVU.UN)
NDX Growth & Income Fund (NGI.UN)
Premier Canadian Income Fund (PCU.UN)
Top 10 Canadian Financial Trust (TCT.UN)

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)
S Split Corp. (SBN.PR.A/SBN)
Top 10 Split Trust (TXT.PR.A/TXT.UN)
World Financial Split Corp. (WFS.PR.A/WFS)

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strathbridge

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