



SEMI-ANNUAL
REPORT

2017

S SPLIT CORP.


strathbridge
ASSET MANAGEMENT

Letter to Shareholders

We are pleased to present the 2017 semi-annual report containing the management report of fund performance and the unaudited financial statements for S Split Corp. (the “Fund”).

Stock markets around the world advanced in the first half of 2017 as investors believed the inauguration of Donald Trump would usher in a new era of pro-growth policies, deregulation and tax reform. The Federal Reserve Open Market Committee raised interest rates twice so far in 2017, to a range of 1.00 - 1.25 percent, and discussed plans to scale back its US\$4.5 trillion balance sheet. Curiously, long-term interest rates remain subdued, with US 10 Year yield's declining from 2.4 percent to 2.3 percent in the first 6 months of the year. After rising over 45 percent in 2016, oil prices have come under renewed pressure declining from US\$53.72 to start the year to a low of US\$42.05 on June 21. The broader commodity complex has also suffered in 2017, down 5.3 percent, making it the worst performing asset class year-to-date. Weakness in these areas have contributed to the resource-weighted Toronto Stock Exchange underperforming most markets during this period with a total return of 0.7 percent. Global equities, and more specifically emerging market equities, have decoupled from the commodity trade and are leading the global equity rally so far in 2017. The MSCI Emerging Market Index is up 18.5 percent year-to-date with the MSCI EAFE Index not far behind, up 14.2 percent. The S&P 500 Index returned 9.3 percent with the Technology sector outperforming substantially up 17.2 percent. With most assets classes producing positive returns year-to-date, investor sentiment remains positive and volatility remains extremely low with the VIX (“CBOE Volatility Index”) trading near historical lows at 11.3 percent. Given the uncertainty surrounding the global political landscape with tensions in Syria and North Korea escalating, the ability of President Trump to implement his desired policies, and the Federal Reserve moving from an extended period of easy monetary policy to one that is less accommodating, this period of low volatility is viewed as one that can change at any moment.

Cash distributions of \$0.26 per share were paid to Preferred shareholders and \$0.26 per share were paid to Class A shareholders during the six months ended June 30, 2017. The net asset value per Unit of the Fund increased 1.8 percent, from \$18.64 at December 31, 2016 to \$18.97 at June 30, 2017. The Fund's total return per Unit and per Class A share, including reinvestment of distributions, was 4.7 percent and 7.0 percent respectively for the period. 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 detailed information contained within the semi-annual report.



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

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with fixed cumulative preferential monthly distributions of 5.25 percent per annum and the Class A shareholders with regular monthly distributions of 6.0 percent per annum on the net asset value of the Fund and return the original issue price of both classes on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols SBN.PR.A for the Preferred shares and SBN 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 common shares of The Bank of Nova Scotia and may also invest up to 10 percent of its net assets to purchase call options in respect of securities in which the Fund is permitted to invest.

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

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

S Split Corp.

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2017 of S Split Corp. (the "Fund"). The unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@strathbridge.com, or by visiting our website at www.strathbridge.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended June 30, 2017, cash distributions of \$0.26 per share were paid to Preferred shareholders, unchanged from the prior year and cash distributions of \$0.26 per share were paid to Class A shareholders compared to \$0.07 per share a year ago.

Since the inception of the Fund on May 17, 2007, the Fund has paid total cash distributions of \$5.31 per Preferred share and \$5.35 per Class A share.

Revenue and Expenses

For the six months ended June 30, 2017, the Fund's total revenue per Unit was \$0.36 as compared to \$0.32 during the same period last year. Total expenses per Unit increased from \$0.26 per Unit from the previous year to \$0.31 per Unit mainly due to higher management fees and administrative and other expenses. The Fund had a net realized and unrealized gain of \$0.81 per Unit in the first half of 2017 as compared to a net realized and unrealized gain of \$1.29 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund increased 1.8 percent from \$18.64 at December 31, 2016 to \$18.97 at June 30, 2017. The aggregate net asset value of the Fund increased \$0.34 million, from \$19.12 million at December 31, 2016 to \$19.46 million at June 30, 2017, reflecting an operating profit of \$0.88 million which was partially offset by cash distributions of \$0.54 million on the Class A shares and the Preferred shares.

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2017.

Management Report of Fund Performance**Related Party Transactions**

Strathbridge Asset Management Inc. (“Strathbridge”), as the Investment Manager of the Fund, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated April 26, 2007.

Strathbridge is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Strathbridge dated April 26, 2007. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

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

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

Independent Review Committee

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

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

Management Report of Fund Performance

Financial Highlights

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

Information for the period ended June 30, 2017 is derived from the Fund's unaudited semi-annual financial statements.

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

	Six months ended June 30, 2017
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 18.64
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.36
Total expenses	(0.31)
Realized gain (loss) for the period	0.92
Unrealized gain (loss) for the period	(0.11)
Total Increase (Decrease) from Operations⁽²⁾	0.86
DISTRIBUTIONS	
Preferred Share	
From net investment income	(0.05)
Non-taxable distributions	(0.21)
Total Preferred Share Distributions	(0.26)
Class A Share	
From net investment income	-
Non-taxable distributions	(0.26)
Total Class A Share Distributions	(0.26)
Total Distributions⁽³⁾	(0.52)
Net Assets, end of period⁽¹⁾	\$ 18.97

(1) All per Unit figures presented in 2017, 2016, 2015, 2014 and 2013 are referenced to net assets determined in accordance with IFRS which are derived from the Fund's unaudited financial statements for the six months ended June 30, 2017 and the annual audited financial statements for the years ended December 31, 2016, 2015 and 2014. Net assets per Unit for the year ended December 31, 2012 were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian generally accepted accounting principles. Net assets per Unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years beginning on or after January 1, 2013 and for 2012 at bid prices) and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

	Six months ended June 30, 2017
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$ 19.46
Net Asset Value (\$millions)	\$ 9.20
Number of Units outstanding	1,025,576
Management expense ratio ⁽¹⁾	3.19%⁽⁴⁾
Portfolio turnover rate ⁽²⁾	23.57%
Trading expense ratio ⁽³⁾	0.03%⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$ 18.97
Closing market price - Preferred	\$ 10.79
Closing market price - Class A	\$ 7.62

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees 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, including Preferred share distributions, is 5.95%, 6.25%, 5.85%, 5.27%, 5.37% and 5.31% for 2017, 2016, 2015, 2014, 2013 and 2012 respectively. The MER for 2015 and 2014 includes the special resolution expense/(recovery). The MER for 2015 and 2014 excluding the special resolution expense/(recovery) is 2.92% and 2.33% respectively.

Management Report of Fund Performance

As a result of the adoption of International Financial Reporting Standards (“IFRS”), for June 30, 2017, December 31, 2016, 2015 and 2014 and 2013, the net assets per Unit presented in the financial statements and the net asset value per Unit calculated weekly are both valued at closing prices. For the year ended December 31, 2012, 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							
		2016	2015	2014	2013	2012			
\$	15.34	\$	18.78	\$	19.86	\$	18.23	\$	17.81
	0.65		0.91		0.79		0.56		0.71
	(0.54)		(0.50)		(0.55)		(0.46)		(0.43)
	1.23		0.62		3.20		(0.11)		(0.56)
	2.69		(3.49)		(2.67)		2.57		1.67
	4.03		(2.46)		0.77		2.56		1.39
	(0.15)		(0.53)		(0.53)		(0.22)		(0.28)
	(0.38)		–		–		(0.31)		(0.25)
	(0.53)		(0.53)		(0.53)		(0.53)		(0.53)
	–		–		(0.26)		–		–
	(0.26)		(0.43)		(0.34)		(0.50)		(0.48)
	(0.26)		(0.43)		(0.60)		(0.50)		(0.48)
	(0.79)		(0.96)		(1.13)		(1.03)		(1.01)
\$	18.64	\$	15.34	\$	18.78	\$	19.86	\$	18.22

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses excluding Preferred share distributions, and is calculated based on the weighted average number of Units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of Units outstanding during the period.

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

		Years ended December 31							
		2016	2015	2014	2013	2012			
\$	19.12	\$	17.48	\$	21.89	\$	61.89	\$	60.08
\$	8.86	\$	6.08	\$	10.23	\$	30.73	\$	27.13
	1,025,576		1,139,931		1,165,364		3,116,112		3,295,312
	3.13%		2.85%		2.72%		2.51%		2.41%
	77.97%		24.16%		0.00%		4.52%		5.33%
	0.08%		0.02%		0.01%		0.01%		0.01%
\$	18.64	\$	15.34	\$	18.78	\$	19.86	\$	18.23
\$	10.70	\$	10.10	\$	10.15	\$	10.35	\$	10.52
\$	6.87	\$	4.67	\$	9.00	\$	8.47	\$	6.66

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

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

(4) Annualized.

(5) Net Asset Value per 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.

Management Report of Fund Performance

Management Fees

Strathbridge, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.55 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

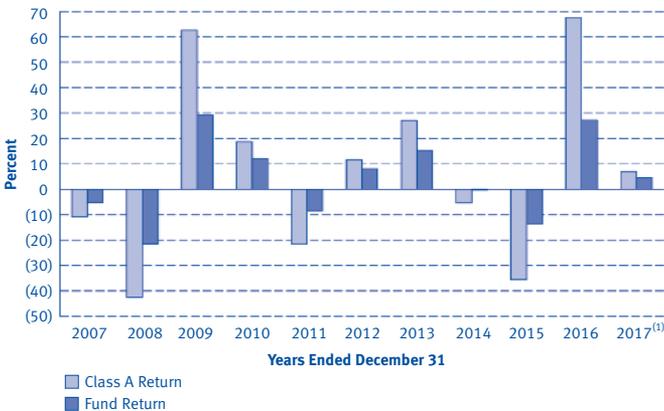
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (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 total return varied from year to year in each of the past ten years and for the six months ended June 30, 2017. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception on May 27, 2007 would have increased or decreased by the end of the fiscal year or June 30, 2017 for the six months ended.

Total Return



⁽¹⁾ For the six months ended June 30, 2017.

Management Report of Fund Performance

Portfolio Manager Report

Stock markets around the world advanced in the first half of 2017 as investors believed the inauguration of Donald Trump would usher in a new era of pro-growth policies, deregulation, health care and tax reform. The Federal Reserve Open Market Committee raised interest rates twice so far in 2017, to a range of 1.00 - 1.25 percent, and discussed plans to scale back its US\$4.5 trillion balance sheet. Curiously, long-term interest rates remain subdued, with US 10 Year yield's declining from 2.4 percent to 2.3 percent in the first 6 months of the year. After rising over 45 percent in 2016, oil prices have come under renewed pressure declining from US\$53.72 to start the year to a low of US\$42.05 on June 21. The broader commodity complex has also suffered in 2017, down 5.3 percent, making it the worst performing asset class year-to-date. Weakness in these areas have contributed to the resource-weighted Toronto Stock Exchange underperforming most markets during this period with a total return of 0.7 percent. Global equities, and more specifically emerging market equities, have decoupled from the commodity trade and are leading the global equity rally so far in 2017. The MSCI Emerging Market Index is up 18.5 percent year-to-date with the MSCI EAFE Index not far behind, up 14.2 percent. The S&P 500 Index returned 9.3 percent with the Technology sector outperforming substantially up 17.2 percent. With most assets classes producing positive returns year-to-date, investor sentiment remains positive and volatility remains extremely low with the VIX ("CBOE Volatility Index") trading near historical lows at 11.3 percent. Given the uncertainty surrounding the global political landscape with tensions in Syria and North Korea escalating, the ability of President Trump to implement his desired policies, and the Federal Reserve moving from an extended period of easy monetary policy to one that is less accommodating, this period of low volatility is viewed as one that can change at any moment.

Once again, The Bank of Nova Scotia ("BNS") beat consensus estimates for quarterly earnings in the first half of 2017. A key driver was better than expected margins in the International segment which now accounts for about 40 percent of total revenues. It is worth noting that the vast majority of International exposure is to Pacific Alliance countries which are generally more stable politically and financially secure. Overall, revenues did come under pressure due to credit provisions; however, expense reduction is on track for BNS's multi-year plan and ahead of schedule for 2017.

The improving trend in International commercial loan growth, as well as, moderately good earnings from the core Canadian divisions has resulted in good share price performance over the period and closed the discount to the banking group. BNS saw a total return of 6.4 percent in the first half of 2017 making it the best performer of the big five banks.

The net asset value ("NAV") per Unit of the Fund at June 30, 2017 was \$18.97 compared to \$18.64 at December 31, 2016. The Fund's Class A and Preferred Shares, which are listed on the Toronto Stock Exchange as SBN and SBN.PR.A, closed on June 30, 2017 at \$7.62 and \$10.59 respectively. When combined, the closing prices represent a 4.0 percent discount to the NAV per Unit.

Cash distributions of \$0.26495 per share were paid to Class A shareholders and \$0.26250 per share were paid to Preferred shareholders during the first six months of 2017. The value of BNS shares at June 30, 2017 was \$78.01 compared to \$74.76 on December 30, 2016. BNS paid common dividends of \$1.50 during the period with its dividend increased by two cents per share in the second quarter.

Volatility traded within the long-run average for the stock price for the first quarter before ticking higher when the share price hit the low for the period in May when worries over Home Capital Group Inc. and the Canadian mortgage market in general spread to the other banks. The price has since recovered and volatility has returned to quieter levels. Implied volatility even dipped below 10 percent at the end of June for the first time since 2014. The generally up-trending share price and low volatility levels has made overwriting less attractive during this period. As such, there was no call writing in the first half of 2017.

Management Report of Fund Performance

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 and Portfolio Holdings

June 30, 2017

	% of Net Asset Value ⁽¹⁾
Financials - The Bank of Nova Scotia	97.2%
Cash	2.2%
Other Assets (Liabilities)	0.6%
	100.0%

⁽¹⁾ 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 condensed financial statements of S Split Corp. (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager") and have been approved by the Fund's Board of Directors (the "Board").

The condensed financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with the condensed financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2016.

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 matters, and to review the annual report, the financial statements and the independent auditor's report. Deloitte LLP, the Fund's independent auditor, has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill
Director
Strathbridge Asset Management Inc.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 8, 2017

Notice to Shareholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2017 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed Financial Statements

Statements of Financial Position

As at June 30, 2017 (Unaudited) and December 31, 2016 (Audited)

	Note	June 30, 2017	Dec. 31, 2016
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 18,917,425	\$ 18,690,000
Dividends receivable		184,300	185,000
Cash		422,661	312,799
TOTAL ASSETS		19,524,386	19,187,799
LIABILITIES			
Accrued liabilities		38,240	44,332
Accrued management fees	5	26,446	26,774
Redeemable Preferred shares		10,255,760	10,255,760
Class J shares		100	100
TOTAL LIABILITIES		10,320,546	10,326,966
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 9,203,840	\$ 8,860,833
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		\$ 8.9743	\$ 8.6399

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

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2017	2016
INCOME			
Dividend income		\$ 367,080	\$ 362,376
Interest income		–	1,210
Net realized gain on investments at fair value through profit or loss	3	940,369	382,541
Net realized gain on options at fair value through profit or loss	3	–	80,605
Net change in unrealized gain/loss on investments at fair value through profit or loss	3	(109,572)	1,003,895
TOTAL INCOME, NET		1,197,877	1,830,627
EXPENSES			
Management fees	5	158,956	151,565
Service fees		22,583	17,535
Administrative and other expenses		50,043	43,357
Transaction fees	6	2,859	10,683
Custodian fees		14,512	13,177
Audit fees		14,857	15,652
Director fees	5	10,200	10,200
Independent review committee fees	5	3,750	3,410
Legal fees		2,175	2,156
Shareholder reporting costs		9,209	7,167
Harmonized sales tax		24,786	24,084
TOTAL EXPENSES		313,930	298,986
OPERATING PROFIT		883,947	1,531,641
Preferred share distributions		(269,214)	(299,232)
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	7	\$ 614,733	\$ 1,232,409
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	7	\$ 0.5994	\$ 1.0811

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

Condensed Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

Six months ended June 30 (Unaudited)

	2017	2016
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	\$ 8,860,833	\$ 6,081,998
Increase in Net Assets Attributable to Holders of Class A Shares	614,733	1,232,409
Class A Share Distributions		
Non-taxable distributions	(271,726)	(78,484)
Changes in Net Assets Attributable to Holders of Class A Shares during the Period	343,007	1,153,925
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	\$ 9,203,840	\$ 7,235,923

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

Condensed Financial Statements

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2017	2016
CASH, BEGINNING OF YEAR	\$ 312,799	\$ 796,975
Cash Flows Provided by (Used In) Operating Activities		
Operating Profit	883,947	1,531,641
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Net realized gain on investments at fair value through profit or loss	(940,369)	(382,541)
Net realized gain on options at fair value through profit or loss	-	(80,605)
Net change in unrealized gain/loss on investments at fair value through profit or loss	109,572	(1,003,895)
Decrease in dividends receivable	700	9,494
Decrease in accrued management fees and accrued liabilities	(6,420)	(4,154)
Purchase of investment securities	(4,454,097)	(9,005,456)
Proceeds from disposition of investment securities	5,057,469	9,666,470
	(233,145)	(800,687)
Cash Flows Used In Financing Activities		
Preferred share distributions	(269,214)	(299,232)
Class A share distributions	(271,726)	(78,484)
	(540,940)	(377,716)
Net Increase in Cash during the Period	109,862	353,238
CASH, END OF PERIOD	\$ 422,661	\$ 1,150,213
Dividends received	\$ 367,780	\$ 371,870
Interest received	\$ -	\$ 1,210

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

Schedule of Investments

As at June 30, 2017 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
The Bank of Nova Scotia	242,500	\$ 15,835,834	\$ 18,917,425	97.2 %
Total Canadian Common Shares		\$ 15,835,834	\$ 18,917,425	97.2 %
Adjustment for transaction fees		(5,931)		
TOTAL INVESTMENTS		\$ 15,829,903	\$ 18,917,425	97.2 %
OTHER NET ASSETS			542,175	2.8 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES			\$ 19,459,600	100.0 %

S Split Corp.

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

1. Basis of Presentation

The condensed semi-annual financial statements for the S Split Corp. (the “Fund”) have been prepared in compliance with International Financial Reporting Standards (“IFRS”), specifically the International Accounting Standard (“IAS”) 34 Interim Financial Reporting. However, not all disclosures required by IFRS for annual financial statements have been presented and, accordingly, these condensed semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2016.

These condensed semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2016.

These condensed financial statements were approved by the Board of Directors on August 8, 2017.

2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2016.

Credit Risk

During the periods ended June 30, 2017 and December 31, 2016, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

Liquidity Risk

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

	As at June 30, 2017		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 38,240	\$ 38,240
Accrued management fees	–	26,446	26,446
Redeemable Preferred shares	10,255,760	–	10,255,760
Class J shares	100	–	100
	\$ 10,255,860	\$ 64,686	\$ 10,320,546

	As at December 31, 2016		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 44,332	\$ 44,332
Accrued management fees	–	26,774	26,774
Redeemable Preferred shares	10,255,760	–	10,255,760
Class J shares	100	–	100
	\$ 10,255,860	\$ 71,106	\$ 10,326,966

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

Market Risk

(a) Price Risk

Approximately 97 percent (December 31, 2016 - 98 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at June 30, 2017 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2017, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$0.9 million (December 31, 2016 - \$0.9 million) respectively or 4.9 percent (December 31, 2016 - 4.9 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Concentration Risk

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

	June 30, 2017	Dec. 31, 2016
Financials	100.0%	100.0%

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2017 and December 31, 2016.

	As at June 30, 2017				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 18,917,425	\$ -	\$ -	\$ -	\$ 18,917,425

	As at December 31, 2016				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 18,690,000	\$ -	\$ -	\$ -	\$ 18,690,000

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended June 30, 2017 and during the year ended December 31, 2016.

3. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at June 30, 2017 and December 31, 2016.

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

	As at June 30, 2017				
	Financial Instruments at FVTPL		Financial Instruments		Total
	Designated at Inception	Held for Trading	at Amortized Cost		
Assets					
Non-derivative financial assets	\$ 18,917,425	\$ -	\$ -	\$ -	\$ 18,917,425
Dividends receivable	-	-	-	184,300	184,300
Cash	-	-	-	422,661	422,661
	\$ 18,917,425	\$ -	\$ -	\$ 606,961	\$ 19,524,386
Liabilities					
Accrued liabilities	\$ -	\$ -	\$ -	\$ 38,240	\$ 38,240
Accrued management fees	-	-	-	26,446	26,446
Redeemable Preferred shares	-	-	-	10,255,760	10,255,760
Class J shares	-	-	-	100	100
	\$ -	\$ -	\$ -	\$ 10,320,546	\$ 10,320,546

	As at December 31, 2016				
	Financial Instruments at FVTPL		Financial Instruments		Total
	Designated at Inception	Held for Trading	at Amortized Cost		
Assets					
Non-derivative financial assets	\$ 18,690,000	\$ -	\$ -	\$ -	\$ 18,690,000
Dividends receivable	-	-	-	185,000	185,000
Cash	-	-	-	312,799	312,799
	\$ 18,690,000	\$ -	\$ -	\$ 497,799	\$ 19,187,799
Liabilities					
Accrued liabilities	\$ -	\$ -	\$ -	\$ 44,332	\$ 44,332
Accrued management fees	-	-	-	26,774	26,774
Redeemable Preferred shares	-	-	-	10,255,760	10,255,760
Class J shares	-	-	-	100	100
	\$ -	\$ -	\$ -	\$ 10,326,966	\$ 10,326,966

The following table presents the net gain on financial instruments at FVTPL by category for the six months ended June 30, 2017 and 2016.

	June 30, 2017	June 30, 2016
Net Realized Gain on Financial Instruments at FVTPL		
Designated at Inception	\$ 940,369	\$ 382,541
Held for Trading	-	80,605
	940,369	463,146
Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL		
Designated at Inception	(109,572)	983,812
Held for Trading	-	20,083
	(109,572)	1,003,895
Net Gain on Financial Instruments at FVTPL	\$ 830,797	\$ 1,467,041

4. Shares

For the six months ended June 30, 2017, cash distributions paid to Preferred shareholders were \$269,214 (June 30, 2016 - \$299,232) representing a payment of \$0.26 (June 30, 2016 - \$0.26) per Preferred share and cash distributions paid to Class A shareholders were \$271,726 (June 30, 2016 - \$78,484) representing a payment of \$0.26 (June 30, 2016 - \$0.07) per Class A share.

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

During the six months ended June 30, 2017 and 2016, nil Preferred shares and Class A shares were redeemed.

During the six months ended June 30, 2017 and year ended December 31, 2016, share transactions are as follows:

	June 30, 2017	Dec. 31, 2016
Redeemable Preferred Shares		
Shares outstanding, beginning of year	1,025,576	1,139,931
Shares redeemed	–	(114,355)
Shares outstanding, end of period	1,025,576	1,025,576
Class A Shares		
Shares outstanding, beginning of year	1,025,576	1,139,931
Shares redeemed	–	(114,355)
Shares outstanding, end of period	1,025,576	1,025,576
Class J Shares		
Shares outstanding, beginning and end of period	100	100

5. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2017 were \$158,956 (June 30, 2016 - \$151,565).

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended June 30, 2017 were \$10,200 (June 30, 2016 - \$10,200).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2017 were \$3,750 (June 30, 2016 - \$3,410).

6. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2017 and 2016 is disclosed below:

	June 30, 2017	June 30, 2016
Soft Dollars	\$ 1,925	\$ 2,832
Percentage of Total Transaction Fees	67.3%	26.5%

Notes to Condensed Financial Statements

June 30, 2017 (Unaudited)

7. Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase in net assets attributable to holders of Class A shares per Class A share for the six months ended June 30, 2017 and 2016 is calculated as follows:

	June 30, 2017	June 30, 2016
Increase in Net Assets Attributable to Holders of Class A Shares	\$ 614,733	\$ 1,232,409
Weighted Average Number of Class A Shares Outstanding during the Period	1,025,576	1,139,931
Increase in Net Assets Attributable to Holders of Class A Shares per Class A share	\$ 0.5994	\$ 1.0811

8. Future Accounting Policy Changes

In July 2014, the International Accounting Standards Board (“IASB”) finalized the reform of financial instruments accounting and issued IFRS 9: Financial Instruments (“IFRS 9”) (as revised in 2014), which contains the requirements for: a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date. The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Fund.

In January 2016, a Disclosure Initiative was issued by the IASB, which amends IAS 7 Statements of Cash Flows. The amendments are designed to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. These amendments are effective for the annual periods beginning on or after January 1, 2017. Based on the Manager’s evaluation, the amendments are not expected to have a significant impact on the December 31, 2017 financial statements.

Investment Funds Managed by
Strathbridge Asset Management Inc.

UNIT TRUSTS

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