
S Split Corp.
Semi-Annual Report 2021

Letter to Shareholders

We are pleased to present the 2021 semi-annual report containing the management report of fund performance and the unaudited financial statements for S Split Corp. (the “Fund”).

The first half of 2021 was marked by continued strength in North American equity markets which closed at or near all-time highs on expectations the rollout of vaccines around the world will lead to strong global GDP growth and corporate earnings into 2022. Central banks remained committed to a policy of monetary easing in spite of stronger economic growth and inflation numbers while governments continue to pass significant stimulus packages despite substantial deficits.

For the six months ended June 30, 2021, the Fund’s total return per Unit and per Class A share, including reinvestment of distributions, was 17.6 percent and 49.0 percent respectively. Cash distributions of \$0.26 per share were paid to Preferred shareholders and \$0.10 per share were paid to Class A shares during the six months ended June 30, 2021. The net asset value per Unit of the Fund increased 15.0 percent from \$14.73 at December 31, 2020 to \$16.94 at June 30, 2021. 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 monthly distributions targeted to be 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 (“BNS”) 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, 2021 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, 2021, cash distributions of \$0.26 per share were paid to Preferred shareholders unchanged from the prior year and cash distributions of \$0.10 were paid to Class A shareholders compared to none in the prior year.

Since the inception of the Fund on May 17, 2007, the Fund has paid total cash distributions of \$7.41 per Preferred share and \$6.39 per Class A share.

Revenue and Expenses

For the six months ended June 30, 2021, the Fund's total revenue per Unit was \$0.38, down from \$0.40 from the same period last year. Total expenses per Unit were \$0.32 compared to \$0.25 in the previous year. Commencing in 2021, the Fund set up accruals for major expenses which resulted in increased per Unit expenses compared to the prior period. The Fund had a net realized and unrealized gain of \$2.51 per Unit in the first half of 2021 as compared to a net realized and unrealized loss of \$4.10 per Unit a year earlier.

Net Asset Value

The net asset value per Unit of the Fund increased 15.0 percent from \$14.73 December 31, 2020 to \$16.94 at June 30, 2021. The aggregate net asset value of the Fund increased \$1.8 million, from \$12.1 million at December 31, 2020 to \$13.9 million at June 30, 2021, reflecting an operating profit of \$2.1 million offset by cash distributions of \$0.3 million to Preferred and Class A shareholders.

Management Report of Fund Performance

Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2021.

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 Michael M. Koerner, Robert G. Bertram and R. Peter Gillin.

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, 2021 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2021
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 14.73
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.38
Total expenses	(0.32)
Realized gain (loss) for the period	0.32
Unrealized gain (loss) for the period	2.19
Total Increase (Decrease) from Operations⁽²⁾	2.57
DISTRIBUTIONS	
Preferred Share	
From net investment income	(0.07)
Non-taxable distributions	(0.19)
Total Preferred Share Distributions	(0.26)
Class A Share	
Non-taxable distributions	(0.10)
Total Distributions⁽³⁾	(0.36)
Net Assets, end of period⁽¹⁾	\$ 16.94

(1) All per Unit figures presented are derived from the Fund's unaudited financial statements for the six months ended June 30, 2021 and the annual audited financial statements for the years ended December 31. Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

	Six months ended June 30, 2021
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$ 13.92
Net Asset Value (\$millions)	\$ 5.70
Number of Units outstanding	821,302
Management expense ratio ⁽¹⁾	3.89%⁽⁴⁾
Portfolio turnover rate ⁽²⁾	9.59%
Trading expense ratio ⁽³⁾	0.01%⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$ 16.94
Closing market price – Preferred	\$ 10.13⁽⁶⁾
Closing market price – Class A	\$ 5.80⁽⁷⁾

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees 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 7.12%, 7.47%, 6.44%, 6.18%, 5.85%, and 6.25% for 2021, 2020, 2019, 2018, 2017 and 2016 respectively.

Management Report of Fund Performance

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

		Years Ended December 31				
		2020	2019	2018	2017	2016
	\$	16.24	\$ 15.76	\$ 19.35	\$ 18.64	\$ 15.34
		0.77	0.57	0.74	0.72	0.65
		(0.47)	(0.55)	(0.58)	(0.60)	(0.54)
		(1.37)	0.99	0.33	1.21	1.23
		(0.01)	0.23	(3.10)	0.45	2.69
		(1.08)	1.24	(2.61)	1.78	4.03
		(0.32)	(0.23)	(0.17)	(0.14)	(0.15)
		(0.21)	(0.30)	(0.36)	(0.39)	(0.38)
		(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
		–	(0.21)	(0.45)	(0.54)	(0.26)
		(0.53)	(0.74)	(0.98)	(1.07)	(0.79)
	\$	14.73	\$ 16.24	\$ 15.76	\$ 19.35	\$ 18.64

(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				
		2020	2019	2018	2017	2016
	\$	12.10	\$ 14.45	\$ 15.23	\$ 18.94	\$ 19.12
	\$	3.89	\$ 5.55	\$ 5.57	\$ 9.15	\$ 8.86
		821,302	889,802	965,993	978,753	1,025,576
		3.48%	3.26%	3.23%	3.11%	3.13%
		49.54%	40.20%	0.00%	23.23%	77.97%
		0.08%	0.08%	0.04%	0.03%	0.08%
	\$	14.73	\$ 16.24	\$ 15.76	\$ 19.35	\$ 18.64
	\$	10.11	\$ 10.75	\$ 10.15	\$ 10.55	\$ 10.70
	\$	3.67	\$ 5.31	\$ 5.00	\$ 8.25	\$ 6.87

(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.

(6) The last date with an executed trade was June 9, 2021.

(7) The last date with an executed trade was June 30, 2021.

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

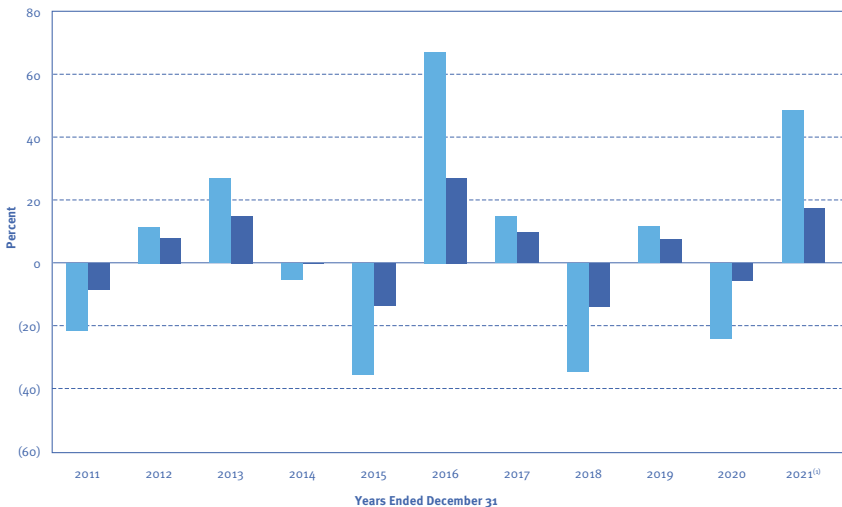
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (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, 2021. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of the fiscal year or June 30, 2021 for the six months ended.

Total Return



■ Class A Annual Total Return
 ■ Fund Annual Total Return

⁽¹⁾ For six months ended June 30, 2021.

Management Report of Fund Performance

Portfolio Manager Report

The first half of 2021 was marked by continued strength in North American equity markets which closed at or near all-time highs on expectations the rollout of vaccines around the world will lead to strong global GDP growth and corporate earnings into 2022. Central banks remained committed to a policy of monetary easing in spite of stronger economic growth and inflation numbers while governments continue to pass significant stimulus packages despite substantial deficits.

The Bank of Nova Scotia (“BNS”) reported adjusted earnings of \$1.90 per share in the second quarter and \$1.88 in the first quarter both of which beat the consensus estimates. This was a meaningful improvement both on a quarter over quarter basis as well as year over year. The surprise beat was due in part to continued expense reduction at the bank in addition to a greater than expected reduction in loan loss provisions as the economy begins to improve.

Despite relatively good profits, especially in the Canadian banking division, BNS was still the weakest performer among the big banks for the six months ending June 30, 2021. The stock price was \$80.62 at the end of the period and the total return was 20.1 percent. BNS held its dividend at \$0.90 for the eighth consecutive quarter.

The net asset value (“NAV”) per Unit of the Fund at June 30, 2021 was \$16.94 compared to \$14.73 on December 31, 2020. The Fund’s Class A and Preferred Shares, which are listed on the Toronto Stock Exchange as SBN and SBN.PR.A, were bid at \$5.70 and \$10.12 respectively. When combined, the prices represent a \$1.12 discount to the NAV per Unit. A distribution of \$0.10 per share was paid to the Class A shareholders and \$0.26 per share was paid to the Preferred shareholders during the first six months of 2021. The Fund’s total return per Unit and per Class A share, including reinvestment of distributions, for the six months ended June 30, 2021 was 17.6 percent and 49.0 percent respectively.

Volatility remained quite low during the first half of the year as the stock price trended quietly higher. With the stock trending higher and volatility historically low, the Fund chose to remain open in terms of option overwriting. No options were written during this period.

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, 2021

	% of Net Asset Value*
Financials – The Bank of Nova Scotia	99.5 %
Cash	0.9 %
Other Assets (Liabilities)	(0.4)%
	100.0 %

*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, 2020.

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 6, 2021

Notice to Shareholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2021 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, 2021 (Unaudited) and December 31, 2020 (Audited)

	Note	June 30, 2021	Dec. 31, 2020
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 13,850,516	\$ 12,129,440
Cash		127,557	27,888
TOTAL ASSETS		13,978,073	12,157,328
LIABILITIES			
Accrued liabilities		43,809	41,828
Accrued management fees	4	18,910	16,934
Redeemable Preferred shares		8,213,020	8,213,020
Class J shares		100	100
TOTAL LIABILITIES		8,275,839	8,271,882
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 5,702,234	\$ 3,885,446
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		\$ 6.9429	\$ 4.7310

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	2021	2020
INCOME			
Dividend income		\$ 315,720	\$ 353,340
Interest income		–	153
Net realized gain/(loss) on investments at fair value through profit or loss		260,293	(1,033,822)
Net realized gain on options at fair value through profit or loss		–	151,588
Net change in unrealized gain/(loss) on investments at fair value through profit or loss		1,801,475	(2,763,898)
TOTAL INCOME/(LOSS), NET		2,377,488	(3,292,639)
EXPENSES			
Management fees	4	110,299	98,430
Service fees		7,143	–
Administrative and other expenses		65,089	49,085
Transaction fees		754	5,817
Custodian fees	5	16,251	16,486
Audit fees		16,545	15,312
Director fees	4	10,521	10,200
Independent review committee fees	4	4,504	4,167
Legal fees		1,740	1,250
Shareholder reporting costs		7,096	7,336
Harmonized sales tax		20,244	18,205
TOTAL EXPENSES		260,186	226,288
OPERATING PROFIT/(LOSS)		2,117,302	(3,518,927)
Preferred share distributions	3	(215,592)	(233,573)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	6	\$ 1,901,710	\$ (3,752,500)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	6	\$ 2.3155	\$ (4.2172)

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)

	2021	2020
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	\$ 3,885,446	\$ 5,549,393
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	1,901,710	(3,752,500)
Class A Share Distributions		
Non-taxable distributions	(84,922)	-
Changes in Net Assets Attributable to Holders of Class A Shares during the Period	1,816,788	(3,752,500)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	\$ 5,702,234	\$ 1,796,893

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

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2021	2020
CASH, BEGINNING OF YEAR	\$ 27,888	\$ 89,866
Cash Flows Provided By (Used In) Operating Activities		
Operating Profit/(Loss)	2,117,302	(3,518,927)
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	(260,293)	1,033,822
Net realized gain on options at fair value through profit or loss	-	(151,588)
Net change in unrealized (gain)/loss of investments at fair value through profit or loss	(1,801,475)	2,763,898
Increase/(decrease) in accrued management fees and accrued liabilities	3,957	(31,114)
Purchase of investment securities	(1,278,124)	(2,559,904)
Proceeds from disposition of investment securities	1,618,816	3,191,281
	(1,717,119)	4,246,395
Cash Flows Used In Financing Activities		
Preferred share distributions	(215,592)	(233,573)
Class A share distributions	(84,922)	-
	(300,514)	(233,573)
Net Increase in Cash During the Period	99,669	493,895
CASH, END OF PERIOD	\$ 127,557	\$ 583,761
Dividends received	\$ 315,720	\$ 353,340
Interest received	\$ -	\$ 153

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

Schedule of Investments

As at June 30, 2021 (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	171,800	\$ 11,226,133	\$ 13,850,516	99.5%
Total Canadian Common Shares		\$ 11,226,133	\$ 13,850,516	99.5%
Adjustment for transaction fees		(6,958)		
TOTAL INVESTMENTS		\$ 11,219,175	\$ 13,850,516	99.5%
OTHER NET ASSETS			64,838	0.5%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES				
			\$ 13,915,354	100.0%

Notes to Condensed Financial Statements

June 30, 2021 (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, 2020.

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, 2020.

These condensed financial statements were approved by the Board of Directors on August 6, 2021.

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, 2020.

Credit Risk

As at June 30, 2021 and December 31, 2020, 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, 2021 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 43,809	\$ 43,809
Accrued management fees	–	18,910	18,910
Redeemable Preferred shares	8,213,020	–	8,213,020
Class J shares	100	–	100
Class A shares	5,702,234	–	5,702,234
	\$ 13,915,354	\$ 62,719	\$ 13,978,073

	As at December 31, 2020 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 41,828	\$ 41,828
Accrued management fees	–	16,934	16,934
Redeemable Preferred shares	8,213,020	–	8,213,020
Class J shares	100	–	100
Class A shares	3,885,446	–	3,885,446
	\$ 12,098,566	\$ 58,762	\$ 12,157,328

S Split Corp.

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

Market Risk

(a) Price Risk

Approximately 100 percent (December 31, 2020 – 100 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at June 30, 2021 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2021, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$0.7 million (December 31, 2020 – \$0.6 million) respectively or 5.0 percent (December 31, 2020 – 5.0 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, 2021	Dec. 31, 2020
Financials	100%	100%

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, 2021 and December 31, 2020.

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 13,850,516	\$ –	\$ –	\$ 13,850,516

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 12,129,440	\$ –	\$ –	\$ 12,129,440

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, 2021 and during the year ended December 31, 2020.

3. Shares

For the six months ended June 30, 2021, cash distributions paid to Preferred shareholders were \$215,592 (June 30, 2020 – \$233,573) representing a payment of \$0.26 (June 30, 2020 – \$0.26) per Preferred share and cash distributions paid to Class A shareholders were \$84,922 (June 30, 2020 – nil) representing a payment of \$0.10 (June 30, 2020 – nil) per Class A share.

During the six months ended June 30, 2021 and 2020, nil Preferred shares and Class A shares were redeemed.

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

During the six months ended June 30, 2021 and year ended December 31, 2020, share transactions are as follows:

	June 30, 2021	Dec. 31, 2020
Redeemable Preferred Shares		
Shares outstanding, beginning of year	821,302	889,802
Shares redeemed	–	(68,500)
Shares outstanding, end of period	821,302	821,302
Class A Shares		
Shares outstanding, beginning of year	821,302	889,802
Shares redeemed	–	(68,500)
Shares outstanding, end of period	821,302	821,302
Class J Shares		
Shares outstanding, beginning and end of period	100	100

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2021 were \$110,299 (June 30, 2020 – \$98,430) of which \$18,910 (June 30, 2020 – \$14,486) was unpaid.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended June 30, 2021 were \$10,521 (June 30, 2020 – \$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, 2021 were \$4,504 (June 30, 2020 – \$4,167).

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2021 and 2020 is disclosed below:

	June 30, 2021	June 30, 2020
Soft Dollars	\$ 461	\$ 1,292
Percentage of Total Transaction Fees	61.1%	22.2%

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

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

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the six months ended June 30, 2021 and 2020 is calculated as follows:

	June 30, 2021	June 30, 2020
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	\$ 1,901,710	\$ (3,752,500)
Weighted Average Number of Class A Shares Outstanding during the Period	821,302	889,802
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	\$ 2.3155	\$ (4.2172)

Investment Funds Managed by
Strathbridge Asset Management Inc.

MUTUAL FUNDS

Mulvihill Premium Yield Fund

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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