

**TOP 10 CANADIAN FINANCIAL TRUST**



**NOTICE OF SPECIAL MEETING OF UNITHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**October 29, 2010**

**Meeting to be held at 8:30 a.m.  
December 3, 2010  
1 First Canadian Place  
Suite 6300  
100 King Street West  
Toronto, Ontario**





**TOP 10 CANADIAN FINANCIAL TRUST**

**121 King Street West  
Standard Life Centre  
Suite 2600  
Toronto, Ontario  
M5H 3T9**

October 29, 2010

Dear Unitholders:

You are invited to a Special Meeting (the “Meeting”) of holders of units (“Units”) of Top 10 Canadian Financial Trust (the “Fund”) to be held on December 3, 2010 at 8:30 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario.

The purpose of the Meeting is to consider and vote upon a special resolution to extend the term of the Fund beyond the scheduled termination date of December 31, 2010. If the extension is approved, holders of Units (“Unitholders”) will be given a special right to redeem their Units at net asset value (“NAV”) on December 31, 2010.

Since its reorganization on August 2, 2005, the Fund has paid Unitholders a total of \$5.22 per Unit in regular quarterly cash distributions. As at October 21, 2010, the NAV per Unit of the Fund was \$10.39.

The Fund believes that the extension described in the attached management information circular (the “Circular”) will provide Unitholders with the ability to continue their investment in the Fund after December 31, 2010 and at the same time permit investors to exit the Fund if they so choose.

The Fund believes the Canadian banks and life insurance companies will continue to demonstrate improving fundamentals and profitability trends and are currently trading at attractive valuations based on their forward price/earnings and price/book ratios.

The Canadian banks and life insurance companies in the Fund’s investment portfolio are expected to generate high profitability and capital on improving credit, good expense control and leverage to an economic recovery. Currently the Fund has an overweight position in the banks over the life insurance companies as the earnings visibility is much clearer for the banks over the next 12 months due to less sensitivity to equity markets and interest rates. This should lead to stronger returns on equity and capital ratios for the banks, which in turn will likely lead the banks to resume dividend growth before the life insurance companies are able to do so.

The Fund is also proposing to: (i) change the monthly redemption prices for the Units such that monthly redemption prices are calculated by reference to market price rather than to NAV; (ii) permit Mulvihill Capital Management Inc. (“MCM”), as manager of the Fund to terminate the Fund, without requiring future Unitholder approval, in the event that continuing the Fund would not be economically feasible; and (iii) permit the Fund to enter into a merger with another MCM fund that has similar investment objectives and strategies in the future, as long as certain conditions are met, without Unitholder approval.

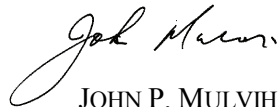
This proposal must be approved by a two-thirds majority of votes cast at the Meeting by Unitholders.

Attached is a Notice of Special Meeting of Unitholders and the Circular which contain important information relating to the proposed extension of the Fund. You are urged to read the Circular carefully. If you are in doubt as to how to deal with the matters described in the Circular, you should consult your advisors.

If you wish to continue your investment in the Fund after December 31, 2010, you should submit a voting instruction form in favour of the special resolution as soon as possible, and in any event no later than 5:00 p.m. (Toronto time) on December 1, 2010. All Unitholders are encouraged to attend the Meeting.

**The Board of Directors of MCM has determined that the proposed extension of the Fund is in the best interests of the Fund and of the Unitholders. Accordingly, the Board of Directors recommends that Unitholders vote in favour of the special resolution to be considered at the Meeting.**

Sincerely,

A handwritten signature in cursive script, appearing to read "John Mulvihill".

JOHN P. MULVIHILL  
President and Chief Executive Officer

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## NOTICE OF SPECIAL MEETING OF UNITHOLDERS

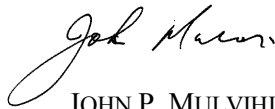
**TAKE NOTICE** that a Special Meeting (the “Meeting”) of holders of units (“Units”) of Top 10 Canadian Financial Trust (the “Fund”) will be held on December 3, 2010 at 8:30 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario for the following purposes:

1. To consider and, if thought advisable, approve a special resolution (the “Special Resolution”) to:
  - (i) extend the termination of the Fund beyond December 31, 2010 for an indefinite period;
  - (ii) provide a special redemption right (the “Special Redemption Right”) to enable holders of Units to redeem their Units on December 31, 2010 on the same terms that would have applied had the Fund redeemed all Units in accordance with the existing terms of such Units;
  - (iii) change the monthly redemption prices for the Units by calculating such prices by reference to market price rather than to net asset value (“NAV”);
  - (iv) change the termination provisions of the Fund;
  - (v) provide approval for a permitted merger between the Fund and any similar MCM fund, subject to certain conditions including a Special Redemption Right to permit holders of Units to redeem their Units at 100% of the NAV per Unit on the date of the merger;
  - (vi) make other changes consequential to the foregoing, all as more fully described in the accompanying management information circular; and
2. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds*, MCM, as manager of the Fund, has presented the Special Resolution to the independent review committee of the Fund for a recommendation. The independent review committee has reviewed the Special Resolution and recommended that the Special Resolution be put to holders of Units for their consideration on the basis that it achieves a fair and reasonable result for the Fund.

**DATED** at Toronto, Ontario as of the 29<sup>th</sup> day of October, 2010.

BY ORDER OF THE BOARD OF DIRECTORS



JOHN P. MULVIHILL

Chairman and President

Note: Reference should be made to the accompanying management information circular for details of the above matters. If you are unable to be present in person at the Meeting, it is requested that you complete and sign the enclosed form of proxy or voting instruction form and return it in the enclosed prepaid envelope provided for that purpose. Voting instruction forms sent by Broadridge Financial Solutions, Inc. may be completed by telephone or through the internet at [www.proxyvote.com](http://www.proxyvote.com).

## THE FUND

Top 10 Canadian Financial Trust (the “Fund”), is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement (the “Trust Agreement”) dated as of February 15, 2000, as amended from time to time, between Mulvihill Capital Management Inc. (“MCM”) (as successor by amalgamation on September 1, 2010 of Mulvihill Fund Services Inc. and MCM), as manager, and RBC Dexia Investor Services Trust (the “Trustee”), as trustee. The Fund’s outstanding units (the “Units”) are listed on the Toronto Stock Exchange (the “TSX”) under the symbol TCT.UN. MCM is the manager and the investment manager of the Fund. The principal office of each of the Fund and MCM is located at 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9.

For further information relating to the Fund, see “Appendix II – Additional Information Regarding Management of the Fund”.

The Fund invests in a portfolio (the “Financial Portfolio”) consisting of securities of: (a) the six largest Canadian banks and (b) the four largest Canadian life insurance companies. The companies in the Financial Portfolio are Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Toronto-Dominion Bank, Great-West Lifeco Inc., Industrial Alliance Insurance and Financial Services Inc., Manulife Financial Corporation and Sun Life Financial Inc. The Fund generally invests not less than 5% and not more than 15% of the Fund’s assets in each of the companies in the Financial Portfolio. MCM actively manages the Financial Portfolio. To generate additional returns above the dividend income earned on the Financial Portfolio, the Fund may write covered call options in respect of all or a part of the securities in the Financial Portfolio from time to time. The Fund may also hold a portion of its assets in cash equivalents, which may be used to provide cover in respect of the writing of cash covered put options in respect of securities in which the Fund is permitted to invest.

On February 23, 2000, the Fund completed its initial public offering of 7,500,000 Units at a price of \$15.00 per Unit. On March 16, 2000, the Fund completed an additional offering of 80,000 Units at a price of \$15.00 per Unit pursuant to the exercise of an over-allotment option granted to the Fund’s agents in connection with the Fund’s initial public offering. The Trust Agreement, as amended August 2, 2005, provided for an extension of the original termination date from December 31, 2009 to December 31, 2010. On October 18, 2005, the Fund completed a follow-on offering of 9,000,000 Units at a price of \$16.10 per Unit. On October 28, 2005, the Fund completed an additional offering of 400,000 Units at a price of \$16.10 per Unit pursuant to the exercise of an over-allotment option granted to the Fund’s agents in connection with the follow-on offering described above. On November 19, 2009, the Fund completed an offering of Warrants to holders of its Units (“Unitholders”). The Fund issued 6,001,492 Warrants to subscribe for and purchase an aggregate of approximately 6,001,492 Units. Each Warrant entitled the holder thereof to acquire one Unit upon payment of the subscription price of \$10.59 between December 24, 2009 and June 15, 2010. As of October 29, 2010, there were 4,868,886 Units outstanding.

Between August 2, 2005 and September 30, 2010, the Fund paid Unitholders a total of \$5.22 per Unit in regular distributions. As of October 21, 2010, the net asset value (“NAV”) of the Fund was \$10.39 per Unit.

The termination date of the Fund is December 31, 2010. The Fund proposes to extend the termination date to allow Unitholders to maintain their investment in the Fund beyond such date for an indefinite period, subject to MCM’s right to terminate the Fund in certain circumstances described below. Such extension of the Fund will better position the Fund to achieve its investment objectives, thereby benefitting Unitholders who wish to continue their investment in the Fund.



## DETAILS OF THE PROPOSAL

Unitholders are being asked to pass the Special Resolution in the form attached hereto as Appendix I to approve the following amendments to the Trust Agreement.

### **Extension**

The Trust Agreement currently provides that the Fund will terminate on December 31, 2010. Unitholders are being asked to extend the term of the Fund beyond such date for an indefinite period. The Fund proposes to extend the termination date so that it may continue to provide Unitholders with the opportunity to participate in the performance of the Fund's Financial Portfolio and thereby benefit from tax-efficient, quarterly cash distributions.

The Fund will not have a fixed termination date but may be terminated upon not less than 90 days' written notice to Mulvihill Capital Management Inc. ("MCM"), as manager of the Fund, from the Trustee with the approval of Unitholders by a two-thirds majority vote passed at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.

MCM, as manager of the Fund, may, in its discretion, terminate the Fund without the approval of Unitholders if, in its opinion after consulting with the Fund's Advisory Board (defined herein), the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of Unitholders to terminate the Fund. In such circumstances, MCM would also consider merging the Fund with another MCM fund pursuant to a "Permitted Merger" as discussed below.

### **Redemption Privileges**

#### ***Special Redemption Right***

To preserve the rights that were originally provided to Unitholders, the Fund proposes to amend the terms of Units to permit Unitholders to redeem Units (the "Special Redemption Right") on December 31, 2010 (the "Special Redemption Date") for proceeds equal to the amount Unitholders would have received had the December 31, 2010 termination date not been extended.

Redemption payments for Units tendered pursuant to the Special Redemption Right will be made no later than 15 business days after the Special Redemption Date, provided that such Units have been surrendered for redemption on or prior to 5:00 p.m. (Toronto time) on December 15, 2010. Units will be irrevocably surrendered for such redemption upon delivery of written notice to CDS Clearing and Depository Services Inc. ("CDS") through a participant in CDS (a "CDS Participant").

The redemption price per Unit payable to a Unitholder under the Special Redemption Right will be equal to NAV per Unit on the Special Redemption Date. Any declared and unpaid distributions payable on or before the Special Redemption Date in respect of Units tendered for redemption on the Special Redemption Date will also be paid on the redemption payment date.

Going forward, the December 31 annual redemption right will continue to be available to Unitholders who wish to redeem their Units annually for a price based on 100% of NAV per Unit.

#### ***Monthly Redemption Privileges***

Currently, Units may be surrendered at any time for redemption, but will be redeemed only on the monthly Valuation Date (defined below). Units surrendered for redemption by a Unitholder at least five business days prior to the last day of a month (a "Valuation Date") will be redeemed on such Valuation

Date and the Unitholder will receive payment on or before the fifteenth day following such Valuation Date. Such Unitholder will be entitled to receive a redemption price per Unit equal to the NAV per Unit determined as of such Valuation Date, less the lesser of: (i) 4% of the NAV per Unit as of the Valuation Date; and (ii) \$0.60.

If the proposal is approved by Unitholders, the monthly redemption prices for the Units will be changed and Unitholders whose Units are redeemed on a Valuation Date will be entitled to receive a redemption price per Unit equal to the lesser of:

- (a) 95% of the Market Price. For such purposes, “Market Price” means the weighted average trading price of the Units on the principal stock exchange on which the Units are listed for the ten trading days immediately preceding the applicable Redemption Date; and
- (b) 100% of the Closing Market Price of the Units on the applicable Redemption Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including but not limited to, costs incurred in liquidating securities held in the Fund’s Financial Portfolio. For such purposes, the “Closing Market Price” means the closing price of the Units on the principal stock exchange on which the Units are listed or, if there was no trade on the relevant date, the average of the last bid and the last asking prices of the Units on the principal stock exchange on which the Units are listed.

Any declared and unpaid distributions payable on or before a Valuation Date in respect of Units tendered for redemption on such Valuation Date will also be paid on the redemption payment date.

#### **Termination of the Fund in the Future**

With the elimination of the termination date, MCM is proposing to change the Trust Agreement to permit the termination of the Fund in certain circumstances as described below.

The Fund will be terminated at any time (the date on which such time occurs being the “Termination Date”) upon not less than 90 days’ written notice to MCM, with the approval of a two-thirds majority of Unitholders, such approval to have been received at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.

MCM, as the Fund’s manager, may, in its discretion, terminate the Fund without the approval of Unitholders if, in the opinion of MCM after consulting with the Advisory Board, the NAV of the Fund has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Fund and it would be in the best interests of the Unitholders to terminate the Fund. In such circumstances, MCM will provide at least 30 and no more than 60 days’ notice to Unitholders of the Termination Date and will issue a press release at least ten days in advance thereof.

Immediately prior to the Termination Date, MCM will, to the extent possible, convert the assets of the Fund to cash and MCM shall, after paying or making adequate provision for all of the Fund’s liabilities, distribute the net assets of the Fund to Unitholders on a pro rata basis as soon as practicable after the Termination Date.

#### **Permitted Mergers**

MCM is also proposing to amend the Fund’s Trust Agreement to permit the Fund to merge into another MCM fund in the future on the basis described below.

The Fund may, without Unitholder approval, enter into a merger or other similar transaction which has the effect of combining the funds or their assets (a “Permitted Merger”) with any other investment fund or funds managed or advised by MCM that have investment objectives and investment strategies that are similar to the Fund’s, subject to:

- (a) approval of the merger by the Fund’s independent review committee;
- (b) written notice to Unitholders at least 60 days before the effective date of the merger; and
- (c) a special redemption right allowing Unitholders to exit at 100% of NAV per Unit if they so choose.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

A Permitted Merger will allow the Fund to merge into a similar fund without having to obtain Unitholder approval and thereby increase trading liquidity for the Units and lower the overall management expense ratio for the benefit of Unitholders.

Currently, the only MCM fund with which the Fund could merge under these provisions is Top 10 Split Trust (“TXT”). TXT is a public fund and its investment portfolio is the same as the Fund’s. Although MCM has no intention to merge the Fund into TXT at this time, it may determine to do so in the future. Information relating to TXT may be found in its annual information form dated March 30, 2010, all of which is incorporated by reference herein.

#### **RECOMMENDATION OF THE BOARD OF DIRECTORS**

The Board of Directors has reviewed the Special Resolution, has determined that the proposed changes to the Trust Agreement are in the best interests of the Fund and its Unitholders and unanimously recommends that Unitholders vote in favour of the Special Resolution.

In arriving at this determination, consideration was given to the following factors:

- (i) Unitholders will continue to benefit from participation in the performance of the Fund thereby receiving, quarterly cash distributions from a high-quality investment portfolio consisting principally of common shares of the six largest Canadian banks and the four largest Canadian life insurance companies;
- (ii) Unitholders will have a Special Redemption Right that will allow such holders to redeem their Units at a redemption price determined on the same basis as the redemption price that would have been available to them had the extension not been effected; and
- (iii) the extension of the Fund and the other amendments to the Trust Agreement will not result in a disposition of Units. Any capital gains tax liability that would have otherwise been realized on the termination of the Fund or any capital loss will be deferred until such time as the Units are either sold or redeemed by a Unitholder.

As required by NI 81-107, MCM has presented the Special Resolution to the independent review committee of the Fund for a recommendation. The independent review committee has reviewed the Special Resolution and recommended that the Special Resolution be put to Unitholders for their consideration on the basis that the proposed extension of the Fund achieves a fair and reasonable result for the Fund.

## **EXPENSES OF THE PROPOSAL**

Whether or not the Special Resolution is approved, all costs associated with the extension of the Fund will be borne by the Fund and therefore, in effect, by the holders of Units. These costs (not including the fees discussed below) are estimated to be \$70,000.

If the extension is approved and implemented, a solicitation fee will be paid to properly designated soliciting brokers equal to 1.50% of the NAV of the Units that are voted in favour of the Special Resolution and not redeemed on the Special Redemption Date.

If the extension is completed, all costs of the extension, consisting primarily of the fees described above, will be borne by the holders of Units that remain outstanding. Assuming that (a) 30% of the Units are voted at the Meeting and are voted in favour of the Special Resolution, (b) all Units remain outstanding after the extension, and (c) NAV remains constant, the estimated cost per Unit outstanding will be \$0.02.

## **TERMINATION OF THE PROPOSAL**

The Special Resolution may, at any time before or after the holding of the Meeting (but prior to the entering into of an amendment to the Trust Agreement giving effect to the Special Resolution), be terminated by MCM without further notice to, or action on the part of, Unitholders if MCM determines in its sole judgment that it would be inadvisable for the Fund to proceed.

## **INTERESTS OF MANAGEMENT AND OTHERS IN THE PROPOSAL**

MCM is the manager and investment manager of the Fund. MCM receives a fee from the Fund as described in “Appendix II – Additional Information Regarding Management of the Fund”.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Fund, the following is a summary of the principal Canadian federal income tax considerations relating to the Special Resolution that are generally applicable to holders of Units who are individuals (other than trusts) and who, at all relevant times, for purposes of the *Income Tax Act* (Canada) (the “Tax Act”), are resident or are deemed to be resident in Canada, hold their Units as capital property and deal at arm’s length with and are not affiliated with the Fund. Generally, Units will be considered to be capital property to a holder provided the holder has not acquired or does not hold the Units in the course of carrying on a business or as part of an adventure or concern in the nature of trade. Certain holders whose Units might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such Units (and all other Canadian securities owned by the holder) to be capital property. Holders of Units considering making such an election should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “Regulations”), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel’s understanding of the current administrative policies and assessing practices of Canada Revenue Agency (“CRA”) published in writing prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not anticipate any changes in the relevant laws, whether by judicial, governmental or legislative action or decision, nor any changes in the administrative policies or assessing practices of CRA, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein. This summary also relies on advice from the Fund relating to certain factual matters.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder of Units, and no representations with respect to the income tax consequences to any particular holder of Units are made. Accordingly, holders of Units should consult their own tax advisors for advice with respect to the tax consequences to them of the extension.**

The Fund currently meets and expects to continue to meet certain minimum requirements in respect of the public distribution of its Units, including after the implementation of the Special Resolution, if approved. The changes set forth in the Special Resolution, as described in Appendix I of the Circular, will not affect the status of the Fund as a “mutual fund trust” under the Tax Act.

The changes set forth in the Special Resolution, as described in Appendix I of the Circular, will not constitute a disposition of Units if the Special Resolution is approved and implemented.

### **VOTING SECURITIES AND PRINCIPAL UNITHOLDERS**

As of October 29, 2010, there were 4,868,886 Units outstanding.

As of October 29, 2010, to the knowledge of the directors and officers of the Fund, no person owned of record more than 10% of the outstanding Units of the Fund other than CDS & Co., the nominee of CDS, which holds all of the Units as registered owner for various brokers and other persons on behalf of their clients and others. The names of the beneficial owners of such Units are not known to the Fund.

### **GENERAL PROXY INFORMATION**

#### **Management Information Circular**

This Circular is furnished in connection with the solicitation of proxies by management of the Fund to be used at the Meeting for the purposes set out in the Notice of Special Meeting of Unitholders (the “Notice”) accompanying this Circular or at any adjournment thereof. The Meeting will be held on December 3, 2010 at 8:30 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario. Solicitation of proxies will be by mail, and may be supplemented by telephone or other personal contact by representatives or agents of the Fund.

#### **Proxy Information, Record Date, Voting Rights and Quorum**

To be used at the Meeting, a proxy must be deposited with Computershare Investor Services Inc. (“Computershare”) by delivery to its principal offices in Toronto at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department at any time up to 5:00 p.m. (Toronto time) on December 1, 2010 or with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or the day of any adjournment of the Meeting.

Only Unitholders of record at the close of business on November 2, 2010 will be entitled to receive notice of the Meeting and to vote in respect of the matters to be voted at the Meeting or any adjournment thereof, including the Special Resolution.

With respect to each matter properly before the Meeting, a Unitholder shall be entitled to one vote for each Unit registered in the name of such Unitholder. In order to become effective, the Special Resolution must be approved by 66 $\frac{2}{3}$ % of holders of Units.

Pursuant to the Trust Agreement, a quorum at the Meeting will consist of Unitholders present in person or represented by proxy holding not less than 10% of the outstanding Units (not including Units held by a Related Trust unless such Units are entitled to be voted at such meeting of Unitholders). If the quorum requirement is not satisfied within one-half hour of the scheduled time for the Meeting, then the

Meeting will be adjourned by the Chair of the Meeting to such day being not less than 10 days later. If adjourned, the Meeting will be rescheduled to 9:00 a.m. (Toronto time) on December 13, 2010. At the adjourned Meeting, the business of the Meeting will be transacted by those holders of Units present in person or represented by proxy.

### **Appointment of Proxy Holders**

Unitholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a Unitholder, you should complete, execute and return the enclosed proxy form. By completing and returning the enclosed proxy form, you can participate in the Meeting through the person or persons named on the form. Please indicate the way you wish to vote and your vote will be cast accordingly. **If you do not indicate a preference, the units represented by the enclosed proxy form, if the same is executed in favour of the management appointees named in the proxy form and deposited as provided in the Notice, will be voted in favour of all matters identified in the Notice.**

### **Discretionary Authority of Proxies**

The proxy form confers discretionary authority upon the management appointees named therein with respect to such matters, including, without limitation, amendment or variation to the Special Resolution, as, though not specifically set forth in the Notice, may properly come before the Meeting. Management does not know of any such matter which may be presented for consideration at the Meeting. However, if such a matter is presented, the proxy will be voted on the matter in accordance with the best judgment of the management appointees named in the proxy form.

On any ballot that may be called for at the Meeting, all Units in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the Unitholder signing the proxy form. If no such specification is made, the Units will be voted in favour of all matters identified in the Notice.

### **Alternate Proxy**

**A Unitholder has the right to appoint a person to represent them at the Meeting other than the management appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided or by completing another proxy form. Proxy forms that appoint persons other than the management appointees whose names are printed on the form should be submitted to the Fund and the person so appointed should be notified. A person acting as proxy need not be a Unitholder.**

On any ballot that may be called for at the Meeting, all Units in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the Unitholder signing the proxy form. If the Unitholder specifies a choice with respect to any matter to be acted upon, the Units will be voted accordingly. If no such specification is made, the Units may be voted in accordance with the best judgement of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the matters set forth in the Notice and with respect to any other matters that may properly come before the Meeting, and will vote on such amendments and other matters in accordance with the best judgment of the person named in the proxy form.

### **Revocation of Proxies**

If the accompanying form of proxy is executed and returned, the proxy may nevertheless be revoked by an instrument in writing executed by the Unitholder or his or her attorney authorized in writing, as well as in any other manner permitted by law. Any such instrument revoking a proxy must either be deposited (a) at the principal offices of Computershare at 100 University Avenue, 9th Floor,

Toronto, Ontario, M5J 2Y1, Attention: Proxy Department no later than 5:00 p.m. (Toronto time) on the day before the day of the Meeting or (b) with the Chair of the Meeting on the day of the Meeting or any adjournment thereof. If the instrument of revocation is deposited with the Chair on the day of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to that proxy.

### **Solicitation of Proxies**

In addition to solicitation by mail, officers and directors of MCM may, without additional compensation, solicit proxies personally or by telephone.

### **Advice to Beneficial Holders of Units**

The information set forth in this section is of significant importance to beneficial holders of Units (“Beneficial Holders”). All of the Units are held in book-entry form in the name of CDS & Co., the nominee of CDS, and not in the name of Beneficial Holders. Beneficial Holders should note that only proxies deposited by Unitholders whose names appear on the records of the Fund as the registered holders of Units can be recognized and acted upon at the Meeting. Units held by brokers, dealers or their nominees through CDS & Co. can only be voted upon the instructions of the Beneficial Holder. Without specific instructions, CDS & Co. and brokers, dealers and their nominees are prohibited from voting Units for their clients. The Fund does not know for whose benefit the Units registered in the name of CDS & Co. are held. Therefore, Beneficial Holders cannot be recognized at the Meeting for purposes of voting their Units in person or by way of proxy unless they comply with the procedures described below.

Applicable regulatory policy requires brokers, dealers and other intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Units are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Holder by its intermediary is identical to that provided to registered Unitholders. However, its purpose is limited to instructing the registered Unitholders how to vote on behalf of the Beneficial Holders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically prepares a voting instruction form that it mails to the Beneficial Holders and asks Beneficial Holders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Units to be represented at the Meeting. **A Beneficial Holder receiving a voting instruction form cannot use that form to vote Units directly at the Meeting. Rather, the voting instruction form must be returned to Broadridge well in advance of the Meeting to have the Units voted.**

**If you are a Beneficial Holder and wish to vote in person at the Meeting, please contact your broker, dealer or other intermediary well in advance of the Meeting to determine how you can do so. Voting instruction forms sent by Broadridge may be completed by telephone or through the internet at [www.proxyvote.com](http://www.proxyvote.com).**

If you are a holder of Units and wish to continue your investment in the Fund, you should submit a voting instruction form in favour of the Special Resolution well in advance of the 5:00 p.m. (Toronto time) deadline on December 1, 2010 for the deposit of proxies.

### **FORWARD-LOOKING STATEMENTS**

Certain statements in this Circular are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund and MCM. Forward-looking statements are not historical facts but

reflect the current expectations of the Fund or MCM regarding future results or events. Such forward-looking statements reflect the Fund's and MCM's current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading "Risk Factors" in the annual information form of the Fund dated March 30, 2010 (the "Annual Information Form"). Although the forward-looking statements contained in this Circular are based upon assumptions that the Fund and MCM believe to be reasonable, neither the Fund nor MCM can assure investors that actual results will be consistent with these forward-looking statements. The forward-looking statements contained herein were prepared for the purpose of providing Unitholders with information about the Fund and may not be appropriate for other purposes. Neither the Fund nor MCM assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information relating to the Units, the Fund and the risks associated with an investment therein are described in the Annual Information Form, which is specifically incorporated by reference into, and forms an integral part of, this Circular. Information relating to TXT is described in its annual information form dated March 30, 2010 which is also specifically incorporated by reference into and forms an integral part of this Circular. Any statement contained herein or in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Circular to the extent that a statement contained herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular. Information on any website maintained by the Fund or MCM does not constitute a part of this Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The Annual Information Forms are available on SEDAR at [www.sedar.com](http://www.sedar.com). Upon request, MCM will promptly provide a copy of the Annual Information Forms free of charge to Unitholders of the Fund. See "Additional Information".

### **ADDITIONAL INFORMATION**

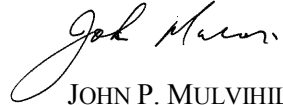
Financial information about the Fund is available in the Fund's comparative financial statements and management report of fund performance for its most recently completed financial year. These documents and other information about the Fund are available on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of these documents will be promptly provided by MCM free of charge upon request. To make such a request, call toll-free at 1-800-725-7172, write to Investor Relations, Mulvihill Capital Management Inc., 121 King Street West, Standard Life Centre, Suite 2600, Toronto, Ontario, M5H 3T9, e-mail [info@mulvihill.com](mailto:info@mulvihill.com) or visit the Fund's website at [www.mulvihill.com](http://www.mulvihill.com).



**Approval by the Board of Directors**

The Board of Directors of MCM has approved the contents and the sending of this Circular to Unitholders.

**DATED** as of the 29<sup>th</sup> day of October, 2010.



JOHN P. MULVIHILL  
Chairman and President

**APPENDIX I  
SPECIAL RESOLUTION**

Capitalized terms used but not defined in this Appendix shall have the meanings attributed to them in the trust agreement, as amended (the “Trust Agreement”) between Mulvihill Capital Management Inc. (“MCM”) (as successor by amalgamation to Mulvihill Fund Services Inc.) and RBC Dexia Investor Services Trust (the “Trustee”) of Top 10 Canadian Financial Trust (the “Trust”).

**BE IT RESOLVED THAT:**

1. The Trust Agreement is hereby amended as follows:

(a) Section 17.1 of the Trust Agreement is hereby deleted and substituted with the following:

“The Trust will be terminated at any time (the date on which such time occurs being the “Termination Date”) upon not less than 90 days’ written notice to the Manager from the Trustee, with the approval of a two-thirds majority of Unitholders, such approval to have been received at a duly convened meeting of Unitholders called for the purpose of considering such termination, provided that Unitholders holding at least 10% of the Units outstanding on the record date of the meeting vote in favour of such termination.

The Manager, may, in its discretion, terminate the Trust, without the approval of Unitholders if, in the opinion of the Manager after consulting with the advisory board of the Trust, the Net Asset Value of the Trust has been reduced as a result of redemptions or otherwise such that it is no longer economically feasible to continue the Trust and it would be in the best interests of the Unitholders to terminate the Trust. In such circumstances, the Manager will provide at least 30 and no more than 60 days’ notice to Unitholders of the Termination Date and will issue a press release at least ten days in advance thereof.

(b) The first paragraph of Section 5.2 of the Trust Agreement is hereby deleted and substituted with the following:

“Unitholders whose Units are redeemed on the December Valuation Date in a year (commencing with the December 2000 Valuation Date) will be entitled to receive a redemption price per Unit equal to the Net Asset Value Per Unit determined as of such Valuation Date. Unitholders whose Units are redeemed on any other Valuation Date will be entitled to receive a redemption price per Unit equal to the lesser of:

(i) 95% of the Market Price. For such purposes, “Market Price” means the weighted average trading price of the Units on the principal stock exchange on which the Units are listed for the ten trading days immediately preceding the applicable Redemption Date; and

(ii) 100% of the Closing Market Price of the Units on the applicable Redemption Date, minus an amount equal to the aggregate of all brokerage fees, commissions and other costs incurred by the Fund in connection with such payment, including but not limited to, costs incurred in liquidating securities held in the Fund’s Financial Portfolio. For such purposes, the “Closing Market Price” means the closing price of the Units on the principal stock exchange on which the Units are listed or, if there was no trade on the relevant date, the average of the last bid and

the last asking prices of the Units on the principal stock exchange on which the Units are listed.”;

- (c) Article 5 of the Trust Agreement is hereby amended by adding the following Section 5.5:

“Each holder of Units shall be entitled, subject to and upon compliance with the provisions hereof, to surrender Units for redemption by the Trust (the “Special Redemption Right”) on December 31, 2010 (the “Special Redemption Date”) at any time prior to 5:00 p.m. (Toronto time) on December 15, 2010 (the “Cut-off Time”).

Redemption payments for Units so tendered for redemption will be made no later than 15 business days after the Special Redemption Date, provided that such Units have been surrendered for redemption prior to the Cut-off Time. Units will be irrevocably surrendered for such redemption upon delivery of written notice to CDS Clearing and Depository Services Inc. (“CDS”) through a participant in CDS (a “CDS Participant”).

The redemption price per Unit payable to a holder of Units under the Special Redemption Right will be equal to NAV per Unit on the Special Redemption Date. Any declared and unpaid distributions payable on or before the Special Redemption Date in respect of Units tendered for redemption on the Special Redemption Date will also be paid on the redemption payment date.”; and

- (d) Article 16 of the Trust Agreement is hereby amended by adding the following Section 16.5:

“The Trust may merge, amalgamate, reorganize or enter into a merger, acquisition, arrangement or other transaction (a “Permitted Merger”) with any other investment fund managed or advised by the Manager which has investment objectives and strategies similar to those of the Trust without Unitholder approval. In connection therewith, the Manager may cause the Trust to take any actions the Manager deems appropriate to effect such transaction and shall provide at least 60 days prior written notice of such merger to Unitholders. In connection therewith, Unitholders shall have a special redemption right similar to the Special Redemption Right set forth in Section 5.5 with such changes as the Manager considers appropriate. Without limiting the generality of the foregoing, notwithstanding the provisions of Articles 3 and 5, the Trust may issue Units (at NAV per Unit) in exchange for the property of a merging fund on such basis as the Manager deems appropriate in the circumstances and may sell any property of the Trust in exchange for cash and/or other securities (including units of such other fund managed or advised by the Manager), as the Manager may determine.”.

2. MCM, as manager of the Fund (“Manager”), and the Trustee are hereby authorized and directed to take such action and to execute and deliver all such documentation as may be necessary or desirable for the implementation of this Special Resolution.
3. Notwithstanding the provisions hereof, the board of directors of MCM may revoke this Special Resolution at any time prior to its implementation without further approval of the Unitholders of the Fund.

**APPENDIX II**  
**ADDITIONAL INFORMATION REGARDING**  
**MANAGEMENT OF THE FUND**

Capitalized terms used but not defined in this Appendix shall have the meanings attributed to them in the accompanying management information circular of Top 10 Canadian Financial Trust.

**The Manager and Investment Manager**

Pursuant to the Trust Agreement, MCM (as successor by amalgamation on September 1, 2010 of Mulvihill Fund Services Inc. and MCM) is the manager of the Fund. Pursuant to the investment management agreement (“Investment Management Agreement”) dated February 15, 2000 as amended on August 2, 2005, MCM (as successor by amalgamation on September 1, 2010 as described above) is also the Fund’s investment manager. MCM is controlled by John P. Mulvihill.

The services provided by MCM as manager of the Fund include, without limitation: authorizing the payment of operating expenses incurred on behalf of the Fund; preparing financial statements and financial and accounting information as required by the Fund; ensuring that Unitholders are provided with financial statements and other reports as are required by applicable law from time to time; ensuring that the Fund complies with regulatory requirements and applicable stock exchange listing requirements; preparing the Fund’s reports to Unitholders and the Canadian securities regulatory authorities; providing the Trustee with information and reports necessary for it to fulfill its fiduciary responsibilities; determining the amount of distributions to be made by the Fund; and negotiating contractual agreements with third-party providers of services, including registrars, transfer agents, auditors and printers.

The services provided by MCM as investment manager of the Fund include managing the Fund in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to the Investment Management Agreement.

The name and municipality of residence of each of the directors and officers of MCM and their respective position held with MCM are as follows:

<b><u>Name and Municipality of Residence</u></b>	<b><u>Office or Position with the Manager</u></b>
John P. Mulvihill Toronto, Ontario	Chairman, President, Chief Executive Officer, Secretary and Director
David E. Roode Toronto, Ontario	President, Fund Services
John Germain Toronto, Ontario	Senior Vice-President
Supriya Kapoor Toronto, Ontario	Vice-President
Peggy Shiu Toronto, Ontario	Vice-President
Jack Way Toronto, Ontario	Vice-President

Each of the foregoing individuals has held his or her current office or has held a similar office with MCM or an affiliate during the five years preceding the date hereof, other than David E. Roode. In May 2010, Mr. Roode joined MCM from the Brompton Group where he had been since 2002, most recently as Senior Vice-President of Brompton Funds since 2005.

MCM is entitled to fees for its services of 1.10% per annum of net asset value, plus applicable taxes, and will be reimbursed for all reasonable costs and expenses incurred by MCM on behalf of the Fund. In addition, MCM and each of its directors, officers, employees and agents will be indemnified by the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against MCM or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from MCM's wilful misconduct, bad faith, negligence or breach of its obligations under the Trust Agreement.

MCM may resign upon 60 days' notice to Unitholders and the Fund. If Mulvihill resigns it may appoint its successor, but its successor must be approved by Unitholders unless it is an affiliate of MCM. If MCM is in material default of its obligations under the Trust Agreement and such default has not been cured within 30 days after notice of the same has been given to MCM, the Fund shall give notice thereof to Unitholders and the Unitholders may remove MCM and appoint a successor manager.





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