Core Canadian Dividend Trust

Annual Report 2014

strathbridge
ASSET MANAGEMENT

Letter to Unitholders

We are pleased to present the 2014 annual report containing the management report of fund performance and the audited financial statements for Core Canadian Dividend Trust (the "Fund").

After a very strong 2013, 2014 was another positive year for most Global equity markets. Many indices reached all-time highs in the third quarter of 2014 as the Global economy continued to improve and corporate earnings were reported better than expected. With the U.S. Federal Reserve ending quantitative easing in October 2014, many Global equity markets corrected in November but rebounded strongly into the end of the year as U.S. payrolls continued to strengthen and third quarter GDP in the U.S. came in well above expectations at 5 percent. For 2014, the S&P/TSX Composite Index generated a total return of 10.6 percent while the S&P 500 Index had a total return of 13.7 percent, outperforming its Canadian counterpart for the fourth year in a row. The Canadian economy showed small signs of improvement during the year but it was not enough to compel the Bank of Canada to tighten rates. After moving higher in 2013 to the start of 2014, interest rates have resumed their descent, falling again to test the 2012 lows. The Canadian dollar started the year around 94 cents versus the U.S. dollar but ended 2014 at 86 cents, its lowest level since the spring of 2009. Most of the decline came in the fourth quarter of 2014 as crude oil weakened significantly during the period, ending the year below US$50 per barrel.

For the year ended December 31, 2014, the annual total return of the Fund, including reinvestment of distributions, was 4.7 percent. The net asset value ("NAV") of the Fund decreased 1.8 percent from $7.30 per unit at December 31, 2013 to $7.17 per unit at December 31, 2014 after cash distributions of $0.47 per unit were paid during the year. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see "The Fund") amounted to $0.02 per unit in 2014 as compared to a net realized gain on options of $0.01 per unit in 2013. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

On January 2, 2015, Strathbridge Asset Management Inc. (the "Manager") announced that unitholders had approved a proposal to change the investment restrictions and investment strategy of the Fund. Please refer to the Recent Developments section for details of the proposal.

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

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

The Fund

The Fund is a closed-end investment trust designed to provide unitholders with a stable stream of monthly distributions targeted to be 6.5 percent per annum on the net asset value ("NAV") of the Fund and to preserve and grow the NAV. The units are listed on the Toronto Stock Exchange ("TSX") under the ticker symbol CDD.UN. To accomplish its objectives the Fund invests in a blue chip portfolio consisting of fifteen high quality, large capitalization, and dividend paying Canadian companies across multiple industry sectors that have an excellent long-term track record of dividend growth and share price appreciation. The Fund will generally invest not less than 4 percent and not more than 10 percent of the NAV in each security comprising the Core Canadian Dividend Portfolio, as well as, up to 15 percent in other securities listed on the TSX.

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

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

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Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2014 of Core Canadian Dividend Trust (the “Fund”). The annual financial statements of the Fund are attached.

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

Investment Objectives and Strategies

The Fund’s investment objectives are to:

(1) provide unitholders with a stable stream of monthly distributions targeted to be 6.5 percent per annum on the net asset value (“NAV”) of the Fund, and

(2) preserve and grow the NAV.

The Fund invests in a blue chip portfolio consisting of fifteen high quality, large capitalization, and dividend paying Canadian companies across multiple industry sectors that have an excellent long-term track record of dividend growth and share price appreciation. The Fund will generally invest not less than 4 percent and not more than 10 percent of the NAV in each security comprising the Core Canadian Dividend Portfolio, as well as, up to 15 percent in other securities listed on the Toronto Stock Exchange (“TSX”).

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Risk

Risks associated with an investment in the securities of the Fund are discussed in the Fund’s 2014 annual information form, which is available on the Fund’s website at www.strathbridge.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the year that materially affected the risks associated with an investment in the securities of the Fund.

Results of Operations

Distributions

For the year ended December 31, 2014, cash distributions of $0.47 per unit were paid to unitholders compared to $0.45 per unit a year ago.

Since the inception of the Fund in November 2006, the Fund has paid total cash distributions of $3.95 per unit.

Revenue and Expenses

The Fund's total revenue was $0.29 per unit for the year ended December 31, 2014, down slightly from $0.30 per unit in the prior year. Overall expenses decreased 8.7 percent from the prior year whereas total expenses per unit increased by $0.04 per unit largely due to a decreased number of units outstanding during the year. The Fund had a net realized and unrealized gain of $0.34 per unit in 2014 as compared to a net realized and unrealized gain of $0.91 per unit in 2013.

Net Asset Value

The net asset value per unit of the Fund decreased 1.8 percent from $7.30 per unit at December 31, 2013 to $7.17 per unit at December 31, 2014. The total net asset value of the Fund decreased $1.4 million, from $7.6 million at December 31, 2013 to $6.2 million at December 31, 2014, reflecting cash distributions of $0.5 million and annual redemptions $1.2 million, partially offset by an increase in net assets attributable to equity holders of $0.3 million in the current year.

Recent Developments

On November 12, 2014, the Board of Advisors approved a proposal to: (i) change the Fund's investment restrictions so that the Fund may (a) purchase securities of an issuer only if such securities are common equity securities of issuers included in the Core Canadian Dividend Portfolio as modified or reconstituted from time to time, or other issuers listed on the TSX which the Manager believes are consistent with the Fund's investment objectives (other than those issuers included in the Core Canadian Dividend Portfolio) provided that after such purchase, no more than an aggregate of 25 percent (previously 15 percent) of the net asset value of the Fund is invested in securities of such other issuers (the Fund generally invests not less than 4 percent and not more than 10 percent of the Fund's assets in the securities of each issuer in the Core Canadian Dividend Portfolio and not more than 10 percent of the Fund's assets in the securities of any one issuer in the portfolio) and (b) invest in public investment funds including exchange traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities in accordance with applicable laws; (ii) enable the Fund to 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; and (iii) enable the Manager to invest the Fund's portfolio entirely in cash or cash equivalents, denominated in Canadian dollars, in its discretion. A joint management information circular was mailed to unitholders of record on November 21, 2014 and a special meeting of unitholders of the Fund was held on December 23, 2014 to consider and vote upon the proposal.

Transition to International Financial Reporting Standards Accounting Policies

The Fund has adopted International Financial Reporting Standards ("IFRS") accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Chartered Professional Accountants of Canada Handbook Section 3855, Financial Instruments - Recognition and Measurement, which is determined by the closing bid price for long positions and by the closing ask price for short positions from the recognized stock exchange on which the securities are listed or principally traded. Under IFRS 13: Fair Value Measurement, the fair value of investments is to be based on a price within the bid-ask spread. It also allows the use of certain pricing conventions such as last traded prices as a practical expedient for fair value measurements within a bid-ask spread. Note 5 to the financial statements for the year ended December 31, 2014 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

Related Party Transactions

Strathbridge Asset Management Inc. ("Strathbridge"), as the Investment Manager of the Fund, manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Strathbridge dated October 27, 2006.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated October 27, 2006. As such, Strathbridge is responsible for providing or arranging for required administrative services to the Fund.

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

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

Independent Review Committee

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

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

Financial Highlights

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

As a result of the adoption of IFRS, for December 31, 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 all other prior years ended December 31, 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	2014	2013	2012	2011	2010
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year(1)	**$ 7.30**	$ 6.80	$ 6.94	$ 7.61	$ 7.39
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.29**	0.30	0.29	0.27	0.26
Total expenses	**(0.29)**	(0.25)	(0.23)	(0.23)	(0.22)
Realized gain (loss) for the period	**1.00**	0.44	(0.27)	0.41	0.20
Unrealized gain (loss) for the period	**(0.66)**	0.47	0.51	(0.65)	0.47
Total Increase (Decrease) from Operations(2)	**0.34**	0.96	0.30	(0.20)	0.71
DISTRIBUTIONS					
Non-taxable distributions	**(0.47)**	(0.45)	(0.44)	(0.47)	(0.48)
Total Annual Distributions(3)	**(0.47)**	(0.45)	(0.44)	(0.47)	(0.48)
Net Assets, as at December 31(1)	**$ 7.17**	$ 7.30	$ 6.79	$ 6.94	$ 7.61

(1) All per unit figures presented in 2014 and 2013 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2014. Net assets per unit for all other prior years were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian GAAP. 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 ended December 31, 2014 and 2013 and for all other prior years at bid prices) and the aggregate value of the liabilities, divided by the number of units then outstanding.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses and is calculated based on the weighted average number of units outstanding during the year. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the year.
(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

Years ended December 31	2014	2013	2012	2011	2010
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value ($millions)(1)	**$ 6.25**	$ 7.56	$ 8.90	$ 11.03	$ 13.96
Number of units outstanding(1)	**871,946**	1,034,646	1,308,579	1,588,084	1,831,294
Management expense ratio ($millions)(2)	**3.84%**	3.44%	3.16%	3.00%	2.64%
Portfolio turnover rate(3)	**159.49%**	126.26%	120.09%	112.69%	164.67%
Trading expense ratio(4)	**0.20%**	0.22%	0.20%	0.23%	0.35%
Net Asset Value per unit(5)	**$ 7.17**	$ 7.30	$ 6.80	$ 6.94	$ 7.63
Closing market price	**$ 6.70**	$ 6.76	$ 6.35	$ 6.32	$ 7.15

(1) This information is provided as at December 31.
(2) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including federal and provincial sales taxes but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2014 includes the special resolution expense. The MER for 2014 excluding the special resolution expense is 3.78%. The MER for 2010 includes the warrant exercise fees. The MER for 2010 excluding the warrant exercise fees is 2.63%.
(3) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.
(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the year.
(5) Net asset value per unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities divided by the number of units then outstanding.

Management Fees

Strathbridge, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.00 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. Strathbridge also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions.

Strathbridge, as the Manager of the Fund, is entitled to fees under the Trust 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 Trust Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

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

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

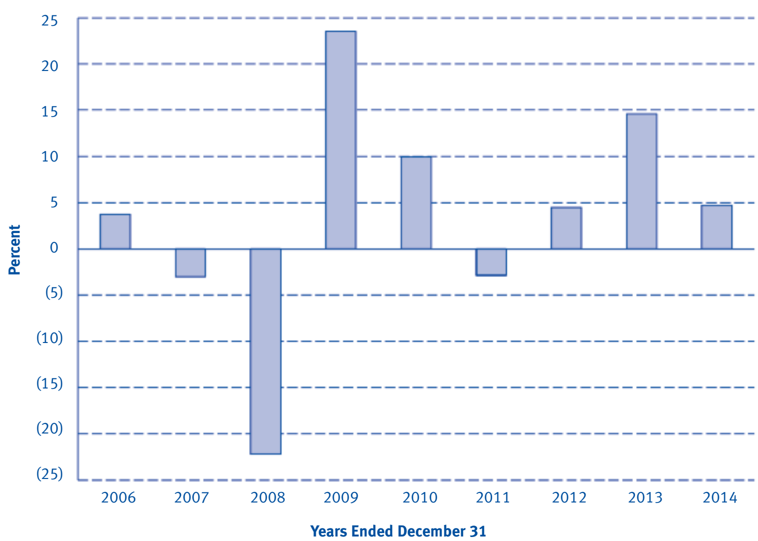
(2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The following bar chart illustrates how the Fund's annual total return varied from year to year for each of the past nine years. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception on November 16, 2006 would have increased or decreased by the end of the fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended December 31, 2014 as compared to the performance of the S&P/TSX 60 Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Since Inception[(1)]
Core Canadian Dividend Trust	**4.72%**	7.83%	6.02%	3.23%
S&P/TSX 60 Index[(2)]	**12.27%**	11.18%	7.30%	5.03%

(1) From date of inception on November 16, 2006
(2) The S&P/TSX 60 Index is a capitalization-weighted index based on 60 highly capitalized stocks for which options are listed.

The equity performance benchmark shown here provides an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed this index; rather, its objectives are to pay out monthly distributions and preserve and grow the net asset value. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to enhance the income generated by the portfolio and reduce volatility.

The Manager believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written. However, in a rising market, the use of options may have the effect of limiting or reducing the total returns of the Fund since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the portfolio.

Portfolio Manager Report

After a very strong 2013, 2014 was another positive year for most Global equity markets with many indices making new all-time highs. The year began with geopolitical tensions between Ukraine and Russia after it was reported Russian troops were occupying Crimea, an autonomous Ukraine republic. Also, the harsh “Polar Vortex” winter experienced in North America held back aggregate demand and resulted in negative GDP growth in the U.S. during the first quarter of 2014. Economic data started to rebound in the second and third quarter of 2014 while Europe’s economy also looked to be improving as indicated by the regional purchasing manager’s indices. Many Global equity markets reached all-time highs in the third quarter of 2014 as the Global economy continued to improve and corporate earnings were reported better than expected. With the U.S. Federal Reserve ending quantitative easing in October 2014, many Global equity markets corrected in November but rebounded strongly into the end of the year as U.S. payrolls continued to strengthen and third quarter GDP in the U.S. came in well above expectations at 5 percent. For 2014, the S&P/TSX Composite Index generated a total return of 10.6 percent while the S&P 500 Index had a total return of 13.7 percent, outperforming its Canadian counterpart for the fourth year in a row. The Canadian economy showed small signs of improvement during the year but it was not enough to compel the Bank of Canada to tighten rates. Interest rates in Canada and Globally have been declining for many years with all-time lows in 2012. After moving higher in 2013 to the start of 2014, interest rates have resumed their descent, falling again to test the 2012 lows. The Canadian dollar started the year around 94 cents versus the U.S. dollar but ended 2014 at 86 cents, its lowest level since the spring of 2009. Most of the decline came in the fourth quarter of 2014 as crude oil weakened significantly during the period, ending the year below US$50 per barrel.

This Fund invests primarily in a universe of fifteen specified stocks, with under or over weights allocations between 4 percent and 10 percent in each security. This core universe is weighted towards the Financials, Utilities and Energy sectors. Financials stocks were steady but relatively weak performers in 2014. Utility stocks fared only slightly better overall. The Energy sector saw much more volatility during the year and it was the best performing sector for the first six months. However, things changed quickly when oil prices collapsed in the latter half of the year. The S&P/TSX Energy Index was down 4.8 percent on an annual total return basis and was the worst performing sector in 2014.

With the market trending higher for much of the year, the Fund minimized cash holdings to maximize market exposure as much as possible. The Fund’s average cash position for 2014 was 2.8 percent.

The best performing names this year were Enbridge Inc. and TransCanada Corp. delivering total returns of 32.3 and 21.9 percent respectively. Thomson Reuters Corp. also performed well again this year with 21.0 percent total return. Teck Resources Limited - Class B and AGF Management Limited - Class B are two of the more volatile holdings in the core portfolio and had negative returns of negative 39.5 and negative 30.2 percent respectively.

Despite the weakness in several core names, the Fund was able to deliver a positive return in 2014. For the year ended December 31, 2014, the Fund’s annual total return, including reinvestment of distributions, was 4.7 percent as compared to total returns of 12.3 percent for the S&P/TSX 60 Index and 7.3 percent for the equal weighting of the fifteen stocks that make up Core Canadian Dividend Portfolio.

Last year we commented on the reduced level of overwriting activity undertaken as a result of historically low volatility levels; these levels fell even further into the first quarter of 2014. As the year progressed, several global events led to an uptick in volatility. However, the persistently low volatility levels and generally up-trending market resulted in even less overwriting than 2013. The average level for the year was 4.5 percent compared to 9.2 percent last year. During 2014, the net realized gain on options attributable to the Strathbridge Selective Overwriting (“SSO”) strategy was $0.02 per unit.

The net asset value of the Fund was $7.17 per unit at December 31, 2014 compared to $7.30 per unit at December 31, 2013 and cash distributions of $0.47 per unit were paid during the year. The Fund’s units, listed on the TSX as CDD.UN, closed on December 31, 2014 at $6.70 per unit, which represents an 6.6 percent discount to the net asset value.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.strathbridge.com.

Asset Mix

December 31, 2014

	% OF NET ASSET VALUE
Financials	48.0 %
Energy	13.3 %
Telecommunication Services	9.6 %
Consumer Discretionary	9.3 %
Utilities	7.1 %
Health Care	4.2 %
Consumer Staples	3.4 %
Industrials	3.3 %
Materials	2.6 %
Cash	1.3 %
Other Assets (Liabilities)	(2.1)%
	100.0 %

Portfolio Holdings

December 31, 2014

	% OF NET ASSET VALUE
BCE Inc.	9.6 %
Manulife Financial Corporation	9.6 %
Thomson Reuters Corp.	9.3 %
Canadian Utilities Ltd.	7.1 %
Enbridge Inc.	6.9 %
TransCanada Corp.	6.4 %
The Toronto-Dominion Bank	6.4 %
Bank of Montreal	6.0 %
Royal Bank of Canada	5.8 %
The Bank of Nova Scotia	5.7 %
Canadian Imperial Bank of Commerce	5.6 %
National Bank of Canada	5.4 %
Valeant Pharmaceuticals International, Inc.	4.2 %
AGF Management Limited - Class B	3.5 %
Loblaw Companies Limited	3.4 %
Russel Metals Inc.	3.3 %
Teck Resources Limited - Class B	2.6 %
Cash	1.3 %

Forward-Looking Statements

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

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

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

Management's Responsibility for Financial Reporting

The accompanying financial statements of Core Canadian Dividend Trust (the "Fund") and all the information in this annual report are the responsibility of the management of Strathbridge Asset Management Inc. (the "Manager"), and have been approved by the Fund's Board of Advisors (the "Board").

The 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 annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements.

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

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

John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 4, 2015

John D. Germain
Director
Strathbridge Asset Management Inc.

To the Unitholders of Core Canadian Dividend Trust

We have audited the accompanying financial statements of Core Canadian Dividend Trust, which comprise the statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013 and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Core Canadian Dividend Trust as at December 31, 2014, December 31, 2013 and January 1, 2013 and its financial performance, its changes in equity and its cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
March 4, 2015
Toronto, Ontario

Statements of Financial Position

As at December 31, 2014, December 31, 2013 and January 1, 2013

	Note	Dec. 31, 2014	Dec. 31, 2013	Jan. 1, 2013
ASSETS				
Financial assets at fair value through profit or loss	3,5	**$ 6,298,429**	$ 9,522,443	$ 10,862,795
Dividends receivable		**24,828**	36,810	50,522
Due from brokers - investments		**1,067,226**	–	–
Cash		**83,451**	53,143	195,806
TOTAL ASSETS		**7,473,934**	9,612,396	11,109,123
LIABILITIES				
Derivative liabilities		**–**	–	34,877
Accrued liabilities		**58,647**	56,165	58,330
Redemptions payable		**1,166,071**	2,000,478	1,900,355
Due to brokers - investments		**–**	–	218,553
TOTAL LIABILITIES		**1,224,718**	2,056,643	2,212,115
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	5	**$ 6,249,216**	$ 7,555,753	$ 8,897,008
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT		**$ 7.1670**	$ 7.3027	$ 6.7990

On behalf of the Manager,
Strathbridge Asset Management Inc.

John P. Mulvihill, Director

John D. Germain, Director

The notes are an integral part of the Financial Statements.

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

	Note	2014	2013
INCOME			
Dividend income		**$ 296,585**	$ 386,190
Net realized gain on investments at fair value through profit or loss	8	**1,013,579**	572,329
Net realized gain on options at fair value through profit or loss	8	**25,722**	9,424
Net change in unrealized gain/loss on investments at fair value through profit or loss	5,8	**(683,958)**	615,517
TOTAL INCOME		**651,928**	1,583,460
EXPENSES			
Management fees	10	**82,787**	100,682
Service fees		**29,519**	36,078
Administrative and other expenses		**60,233**	55,211
Transaction fees	11	**15,328**	19,676
Custodian fees		**27,559**	34,361
Audit fees		**29,177**	26,751
Director fees	10	**20,400**	18,900
Independent review committee fees	10	**6,900**	7,775
Legal fees		**2,389**	4,382
Unitholder reporting costs		**9,176**	9,692
Harmonized sales tax		**15,499**	18,676
Subtotal Expenses		**298,967**	332,184
Special resolution expense	15	**4,371**	–
TOTAL EXPENSES		**303,338**	332,184
INCREASE IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS	5, 12	**$ 348,590**	$ 1,251,276
INCREASE IN NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS PER UNIT	12	**$ 0.3371**	$ 0.9568

Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

	Note	Unit Capital	Deficit	Total
BALANCE AT JANUARY 1, 2013	5	**$ 12,255,977**	**$ (3,358,969)**	**$ 8,897,008**
Increase in Net Assets Attributable to Equity Holders	5	–	1,251,276	1,251,276
Distributions		–	(592,053)	(592,053)
Value for units redeemed		(2,565,620)	565,142	(2,000,478)
BALANCE AT DECEMBER 31, 2013	5	**$ 9,690,357**	**$ (2,134,604)**	**$ 7,555,753**
Increase in Net Assets Attributable to Equity Holders		–	348,590	348,590
Distributions		–	(489,056)	(489,056)
Value for units redeemed		(1,523,827)	357,756	(1,166,071)
BALANCE AT DECEMBER 31, 2014		**$ 8,166,530**	**$ (1,917,314)**	**$ 6,249,216**

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

	Note	2014	2013
CASH, BEGINNING OF YEAR		**$ 53,143**	$ 195,806
Cash Flows Provided by (Used In) Operating Activities			
Increase in Net Assets Attributable to Equity Holders		**348,590**	1,251,276
Adjustments to Reconcile Increase/Decrease in Net Assets Attributable to Equity Holders to Net Cash Provided by (Used in) Operating Activities			
Purchase of investment securities		**(11,845,714)**	(11,424,050)
Proceeds from disposition of investment securities		**15,425,071**	13,926,795
Net realized gain on investments at fair value through profit or loss		**(1,013,579)**	(572,329)
Net realized gain on options at fair value through profit or loss		**(25,722)**	(9,424)
Net change in unrealized gain/loss on investments at fair value through profit or loss	5	**683,958**	(615,517)
(Increase)/decrease in dividends receivable and due from brokers - investments		**(1,055,244)**	13,712
(Decrease)/increase in accrued liabilities and due to brokers - investments		**2,482**	(220,718)
		2,171,252	1,098,469
Cash Flows Provided by (Used In) Financing Activities			
Unitholder distributions		**(489,056)**	(592,053)
Unitholder redemptions		**(2,000,478)**	(1,900,355)
		(2,489,534)	(2,492,408)
Net Increase/(Decrease) in Cash During the Year		**30,308**	(142,663)
CASH, END OF YEAR		**$ 83,451**	$ 53,143
Dividends received		**$ 308,567**	$ 399,902

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at December 31, 2014

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Equity Holders
INVESTMENTS				
Canadian Common Shares				
Consumer Discretionary				
Thomson Reuters Corp.	12,400	$ 485,937	$ 581,188	9.3 %
Consumer Staples				
Loblaw Companies Limited	3,400	186,983	211,378	3.4 %
Energy				
Enbridge Inc.	7,200	360,765	430,128	
TransCanada Corp.	7,000	360,021	399,700	
Total Energy		720,786	829,828	13.3 %
Financials				
AGF Management Limited - Class B	25,500	326,332	216,495	
Bank of Montreal	4,600	348,755	378,028	
Canadian Imperial Bank of Commerce	3,500	343,984	349,440	
Manulife Financial Corporation	27,000	551,357	598,860	
National Bank of Canada	6,800	303,217	336,192	
Royal Bank of Canada	4,500	319,082	361,080	
The Bank of Nova Scotia	5,400	363,570	358,074	
The Toronto-Dominion Bank	7,200	359,366	399,672	
Total Financials		2,915,663	2,997,841	48.0 %
Health Care				
Valeant Pharmaceuticals International, Inc.	1,600	229,781	266,128	4.2 %
Industrials				
Russel Metals Inc.	7,900	231,865	204,610	3.3 %
Materials				
Teck Resources Limited - Class B	10,300	276,360	163,564	2.6 %
Telecommunication Services				
BCE Inc.	11,300	537,126	602,064	9.6 %
Utilities				
Canadian Utilities Ltd.	10,800	415,331	441,828	7.1 %
Total Canadian Common Shares		$ 5,999,832	$ 6,298,429	100.8 %
Adjustment for transaction fees		(3,129)		
TOTAL INVESTMENTS		$ 5,996,703	$ 6,298,429	100.8 %
OTHER NET LIABILITIES			(49,213)	(0.8)%
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS			$ 6,249,216	100.0 %

1. Fund Information

Core Canadian Dividend Trust (the "Fund") is a closed-end investment trust established under the laws of the Province of Ontario on October 27, 2006. The Fund began operations on November 16, 2006. The address of the Fund's registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

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

The Fund is a closed-end investment trust designed to provide unitholders with a stable stream of monthly distributions targeted to be 6.5 percent per annum on the net asset value ("NAV") of the Fund and to preserve and grow the NAV. The units are listed on the Toronto Stock Exchange ("TSX") under the ticker symbol CDD.UN. To accomplish its objectives the Fund invests in a blue chip portfolio consisting of fifteen high quality, large capitalization, and dividend paying Canadian companies across multiple industry sectors that have an excellent long-term track record of dividend growth and share price appreciation. The Fund will generally invest not less than 4 percent and not more than 10 percent of the NAV in each security comprising the Core Canadian Dividend Portfolio, as well as, up to 15 percent in other securities listed on the TSX.

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

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

These financial statements were approved by the Board of Advisors on March 4, 2015.

2. Basis of Presentation and Adoption of International Financial Reporting Standards

The annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

The Fund has adopted IFRS accounting policies for the year beginning January 1, 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these accounting policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

3. Summary of Significant Accounting Policies

Functional and Presentation Currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the "functional currency"). Based on the guidance provided in International Accounting Standard ("IAS") 21, the Manager has determined that the functional currency is Canadian dollars. The financial statements of the Fund are presented in Canadian dollars which is the Fund's presentation currency.

Financial Instruments

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Under IAS 39, the Fund's equity investments are designated at fair value through profit or loss ("FVTPL") at inception and derivative investments are classified as held for trading and measured at FVTPL.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. On adoption of IFRS, the Fund uses the last traded market price as its valuation input for financial assets and liabilities if the last traded price falls within the bid-ask spread. In other circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value for financial reporting purposes.

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques as described in Note 4.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Net realized gain/loss on investments at fair value through profit or loss and net change in unrealized gain/loss on investments at fair value through profit or loss are determined on an average cost basis. Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from:

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

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

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

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

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

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

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

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the net change in unrealized gain/loss on investments at fair value through profit or loss. The premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date.

Interest income is measured using the effective interest method and recorded on a daily basis.

Short-Term Investments

Short-term investments are held for investment purposes and consist primarily of money market instruments with original maturities of 90 days or less.

Units

IAS 32, Financial Instruments: Presentation, requires that if all the criteria under paragraph 16A are met, the units (which are puttable instruments) should be classified as equity but if they do not meet all the conditions, they should be classified as financial liabilities. The Fund's units meet all the criteria outlined in IAS 32 paragraph 16A for classification as equity and therefore have been classified as equity on transition to IFRS.

Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit

The increase/(decrease) in net assets attributable to equity holders per unit is calculated by dividing the increase/(decrease) in net assets attributable to equity holders by the weighted average number of units outstanding during the year. Please refer to Note 12 for the calculation.

Taxation

The Fund is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Fund is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Fund on any net realized capital gains not paid or payable to unitholders is recoverable by the Fund to the extent and in the circumstances provided in the Act.

Given the investment and distribution policies of the Fund and taking into account expenses, the Fund does not expect to bear any appreciable non-refundable income tax.

4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires the Manager to use judgment in applying accounting policies and to make estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

The Manager considers the currency of the primary economic environment in which the Fund operates to be Canadian dollars as this is the currency which in their opinion most faithfully represents the economic effects of underlying transactions, events and conditions. The financial statements of the Fund are presented in Canadian dollars which is the Fund's presentation currency.

In classifying and measuring the financial instruments held by the Fund, the Manager has applied the fair value option for financial assets and liabilities under IAS 39, Financial Instruments: Recognition and Measurement. As a result, the Fund's equity investments have been designated at FVTPL at inception and the derivative investments have been classified as held for trading by nature and valued at FVTPL.

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation models and techniques generally recognized as standard within the investment industry. These valuation methods use observable data as practicable as possible. Observable market data are readily available and supplied by independent sources actively involved in the relevant market. However, areas such as credit risk (both own and counterparty) and its correlations require the Manager to make estimates. Significant changes in assumptions about these factors could adversely affect the reported fair values of financial instruments. Please refer to Note 7 for a further analysis of risks associated with financial instruments.

5. Transition to IFRS

The effect of the Fund's transition to IFRS is summarized as follows:

Transition Elections

Based on the investment strategies of the Fund, equity investments in the portfolio have been designated at FVTPL through the adoption of voluntary exemption upon transition. Equity investments designated at FVTPL at inception were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18 - Investment Companies.

Reconciliation of Net Assets and Comprehensive Income as previously reported under Canadian GAAP to IFRS

Net Assets	Dec. 31, 2013	Jan. 1, 2013
Net Assets as reported under Canadian GAAP	$ 7,552,082	$ 8,883,612
Revaluation of investments at FVTPL	3,671	13,396
Net Assets Attributable to Equity Holders	$ 7,555,753	$ 8,897,008

Comprehensive Income	Dec. 31, 2013
Comprehensive Income reported under Canadian GAAP	$ 1,261,001
Revaluation of investments at FVTPL	(9,725)
Increase in Net Assets Attributable to Equity Holders	$ 1,251,276

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Chartered Professional Accountants of

Canada Handbook Section 3855, Financial Instruments - Recognition and Measurement, which is determined by the closing bid price for long positions and by the closing ask price for short positions from the recognized stock exchange on which the securities are listed or principally traded. If no bid or ask prices are available, the securities are valued at the closing sale price or the Manager may estimate fair value using appropriate and accepted industry valuation techniques including valuation models. Under IFRS 13: Fair Value Measurement, the fair value of investments is to be based on a price within the bid-ask spread. It also allows the use of certain pricing conventions such as last traded prices as a practical expedient for fair value measurements within a bid-ask spread. As a result of the use of last traded prices upon IFRS transition, adjustments were recognized to increase the carrying amount of the Fund's investments by $13,396 as at January 1, 2013 and $3,671 as at December 31, 2013. Another impact of fair value adjustments was to decrease the Fund's increase/(decrease) in net assets attributable to equity holders by $9,725 for the year ended December 31, 2013.

Classification of Units

Under Canadian GAAP, the Fund classified units as equity. Under IFRS, IAS 32, Financial Instruments: Presentation, requires that if all the criteria under paragraph 16A are met, the units (which are puttable instruments) should be classified as equity but if they do not meet all the conditions, they should be classified as financial liabilities. The Fund's units meet all the criteria outlined in IAS 32 paragraph 16A for classification as equity and therefore have been classified as equity on transition to IFRS.

6. Capital Disclosures

IAS 1, Presentation of Financial Statements, requires the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Fund's objectives, policies and processes are described in Note 1, information on the Fund's units is described in Note 9 and the trust indenture does not have any externally imposed capital requirements.

7. Risks Associated with Financial Instruments

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include credit risk, liquidity risk, market risk (including interest rate risk and price risk), concentration risk and capital risk management.

Tables are based on restatements of values of financial instruments at fair value through profit and loss and unrealized gain/(loss) on investments as at December 31, 2013 and January 1, 2013 to comply with IFRS. Note 5 discloses the transition adjustments.

Credit Risk

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

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102. During the periods ended December 31, 2014, December 31, 2013 and January 1, 2013, the counterparties to the Fund's derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor's Ratings Services.

The Fund's derivatives are subject to offsetting, enforceable netting arrangements and similar agreements. The Fund and its counterparty have elected to settle all transactions on a gross basis; however, each party has the option to settle all open contracts on a net basis in the event of default of the other party. All outstanding derivatives have been presented on a gross basis on the Statement of Financial Position as derivative assets or derivative liabilities, as they do not meet the criteria for offsetting in IAS 32 paragraph 42.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due.

Cash is required to fund redemptions. Unitholders must surrender units at least 10 business days prior to the last day of the month and receive payment on or before 15 calendar days following the month end valuation date. Therefore the Fund has a maximum of 21 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

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

As at December 31 2014 Financial Liabilities	On Demand	< 3 months	Total
Accrued liabilities	$ –	$ 58,647	$ 58,647
Redemptions payable	–	1,166,071	1,166,071
	$ –	$ 1,224,718	$ 1,224,718

As at December 31, 2013 Financial Liabilities	On Demand	< 3 months	Total
Accrued liabilities	$ –	$ 56,165	$ 56,165
Redemptions payable	–	2,000,478	2,000,478
	$ –	$ 2,056,643	$ 2,056,643

As at January 1, 2013 Financial Liabilities	On Demand	< 3 months	Total
Accrued liabilities	$ –	$ 58,330	$ 58,330
Due to brokers - investments	–	218,553	218,553
Redemptions payable	–	1,900,355	1,900,355
Derivative liabilities	–	34,877	34,877
	$ –	$ 2,212,115	$ 2,212,115

Market Risk

The Fund's investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The following include sensitivity analyses that show how the net assets attributable to equity holders would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short-term fixed income securities. The Fund has minimal sensitivity to changes in rates since securities are usually held to maturity and are short-term in nature.

(b) Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to price risk arises from its investments in equity securities. Net assets per unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the issuers in the investment universe.

The Fund's price risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options. Approximately 101 percent (December 31, 2013 - 126 percent and January 1, 2013 - 122 percent) of the Fund's net assets attributable to equity holders held at December 31, 2014 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2014, the net assets attributable to equity holders would have increased or decreased by $0.3M (December 31, 2013 - $0.5M and January 1, 2013 - $0.5M) respectively or 5.0 percent (December 31, 2013 - 6.3 percent and January 1, 2013 - 6.1 percent) of the net assets attributable to equity holders with 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:

	Dec. 31, 2014	Dec. 31, 2013	Jan. 1, 2013
Financials	47.6%	57.9%	54.2%
Energy	13.2%	9.4%	14.5%
Telecommunication Services	9.6%	6.7%	4.4%
Consumer Discretionary	9.2%	8.3%	4.2%
Utilities	7.0%	5.3%	7.7%
Health Care	4.2%	–	–
Consumer Staples	3.4%	–	–
Industrials	3.2%	7.9%	6.3%
Materials	2.6%	4.5%	8.7%
	100.0%	100.0%	100.0%

Capital Risk Management

Unitholders whose units are redeemed on the December Valuation Date in each year will be entitled to receive a redemption price per unit equal to the net asset value per unit determined as of such Valuation Date. For unitholders whose units are redeemed on any other Valuation Date, the redemption price per unit will be equal to the lesser of: (i) 95 percent of the Market Price and (ii) 100 percent of the Closing Market Price of the units on the applicable Valuation 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 portfolio.

Fair Value Measurement

The Fund classifies fair value of measurement within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

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

Level 3: Inputs that are based on unobservable market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur. The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013.

As at December 31, 2014	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 6,298,429	$ –	$ –	$ 6,298,429

As at December 31, 2013	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 9,522,443	$ –	$ –	$ 9,522,443

As at January 1, 2013	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 10,862,795	$ –	$ –	$ 10,862,795
Options	–	(34,877)	–	(34,877)
	$ 10,862,795	$ (34,877)	$ –	$ 10,827,918

The carrying values of cash, dividends receivable, interest receivable, due to brokers - investments, accrued liabilities, due from brokers - investments and redemptions payable, and the Fund's obligation for net assets attributable to equity holders approximate their fair values due to their short-term nature.

(a) Equities

The Fund's equity positions are classified as Level 1 as equity securities are actively traded and a reliable quoted price is observable.

(b) Short-Term Investments

Short-term investments are valued at cost plus accrued interest which approximates fair value. The inputs are generally observable and therefore short-term investments have been classified as Level 2.

(c) Derivative Assets and Liabilities

Derivative assets and liabilities consist of option contracts.

Listed options are classified as Level 1 as the security is traded in a recognized exchange and a reliable price is readily observable.

Fair value of over-the-counter options is determined using the Black-Scholes Model with observable market data as inputs. Over-the-counter option contracts, for which the credit risks are determined not to be significant to fair value, have been classified as Level 2.

There were no transfers between Level 1 and Level 2 during 2014 and 2013.

8. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2014, December 31, 2013 and January 1, 2013.

Tables are based on restatements of values of financial instruments at fair value through profit and loss and unrealized gain/(loss) on investments as at December 31, 2013 and January 1, 2013 to comply with IFRS. Note 5 discloses the transition adjustments.

As at December 31, 2014	Financial Instruments at FVTPL		Financial Instruments	
	Designated at Inception	Held for Trading	at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 6,298,429	$ –	$ –	$ 6,298,429
Cash	–	–	83,451	83,451
Dividends receivable	–	–	24,828	24,828
Due from brokers - investments	–	–	1,067,226	1,067,226
	$ 6,298,429	$ –	$ 1,175,505	$ 7,473,934
Liabilities				
Accrued liabilities	$ –	$ –	$ 58,647	$ 58,647
Redemptions payable	–	–	1,166,071	1,166,071
	$ –	$ –	$ 1,224,718	$ 1,224,718

As at December 31, 2013	Financial Instruments at FVTPL		Financial Instruments	
	Designated at Inception	Held for Trading	at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 9,522,443	$ –	$ –	$ 9,522,443
Cash	–	–	53,143	53,143
Dividends receivable	–	–	36,810	36,810
	$ 9,522,443	$ –	$ 89,953	$ 9,612,396
Liabilities				
Accrued liabilities	$ –	$ –	$ 56,165	$ 56,165
Redemptions payable	–	–	2,000,478	2,000,478
	$ –	$ –	$ 2,056,643	$ 2,056,643

As at January 1, 2013	Financial Instruments at FVTPL		Financial Instruments	
	Designated at Inception	Held for Trading	at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 10,862,795	$ –	$ –	$ 10,862,795
Cash	–	–	195,806	195,806
Dividends receivable	–	–	50,522	50,522
	$ 10,862,795	$ –	$ 246,328	$ 11,109,123
Liabilities				
Accrued liabilities	$ –	$ –	$ 58,330	$ 58,330
Due to brokers - investments	–	–	218,553	218,553
Redemptions payable	–	–	1,900,355	1,900,355
Derivative liabilities	–	34,877	–	34,877
	$ –	$ 34,877	$ 2,177,238	$ 2,212,115

The following table presents the net gain/(loss) on financial instruments at FVTPL by category for the year ended December 31, 2014 and 2013.

	Dec. 31, 2014	Dec. 31, 2013
Net Realized Gain/(Loss) on Financial Instruments at FVTPL		
Designated at Inception	$ 1,013,579	$ 572,329
Held for Trading	25,722	9,424
	1,039,301	581,753
Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL		
Designated at Inception	(683,958)	611,094
Held for Trading	–	4,423
	(683,958)	615,517
Net Gain on Financial Instruments at FVTPL	$ 355,343	$ 1,197,270

9. Units

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. All units have equal voting rights and privileges.

The Fund endeavours to make monthly distributions of net income and net realized capital gains to unitholders on the last day of each month at an amount targeted to be 6.5 percent per annum of the net asset value of the Fund.

During the year ended December 31, 2014 and 2013, unit transactions are as follows:

	Dec. 31, 2014	Dec. 31, 2013
Units outstanding, beginning of year	1,034,646	1,308,579
Units redeemed	(162,700)	(273,933)
Units outstanding, end of year	871,946	1,034,646

10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) Management Fees

Strathbridge, as Manager under the terms of the Trust Agreement and as Investment Manager under terms of the Investment Management Agreement, receives fees payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's net asset value, calculated and payable monthly, plus applicable taxes. The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the Custodian and Manager in the ordinary course of business relating to the Fund's operations. Total management fees for the year ended December 31, 2014 were $82,787 (2013 - $100,682).

(b) Board of Advisors' Remuneration

Total remuneration year ended December 31, 2014 were $20,400 (2013 - $18,900).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2014 were $6,900 (2013 - $7,775).

11. Brokerage Commissions and Soft Dollars

The Manager may select brokerages who charge a commission in soft dollars if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received as a percentage of total transaction fees paid during the year ended December 31, 2014 and 2013 is disclosed below:

	Dec. 31, 2014	Dec. 31, 2013
Soft Dollars	$ 5,602	$ 8,613
Percentage of Total Transaction Fees	36.5%	43.8%

12. Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit

The Increase/(Decrease) in Net Assets Attributable to Equity Holders per Unit for the year ended December 31, 2014 and 2013 is calculated as follows:

	Dec. 31, 2014	Dec. 31, 2013
Increase in Net Assets Attributable to Equity Holders	$ 348,590	$ 1,251,276
Weighted Average Number of Units Outstanding during the Year	1,034,200	1,307,828
Increase in Net Assets Attributable to Equity Holders per Unit	$ 0.3371	$ 0.9568

13. Income Taxes

No amount is payable on account of income taxes in 2014 and 2013.

Accumulated non-capital losses of $0.3M (2013 - $0.3M) and capital losses of approximately $4.0M (2013 - $4.8M) are available for utilization against realized gains on sale of investments in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in $M)
2029	$0.2
2031	0.1
Total	$0.3

14. Future Accounting Policy Changes

IFRS 9: Financial Instruments ("IFRS 9"), which is intended to replace IAS 39: Financial Instruments: Recognition and Measurement, sets forth new requirements for financial instrument classification and measurement, impairment and hedge accounting. The mandatory effective date of IFRS 9 has been tentatively set for January 1, 2018. Although entities may still choose to apply IFRS 9 immediately, the Fund has chosen not to early adopt IFRS 9. Based on the Manager's current understanding and analysis of IFRS 9, the transition to IFRS 9 will change the manner in which investments are disclosed with no impact to value.

15. Subsequent Event

On November 12, 2014, the Board of Advisors approved a proposal to: (i) change the Fund's investment restrictions so that the Fund may (a) purchase securities of an issuer only if such securities are common equity securities of issuers included in the Core Canadian Dividend Portfolio as modified or reconstituted from time to time, or other issuers listed on the TSX which the Manager believes are consistent with the Fund's investment objectives (other than those issuers included in the Core Canadian Dividend Portfolio) provided that after such purchase, no more than an aggregate of 25 percent (previously 15 percent) of the net asset value of the Fund is invested in securities of such other issuers (the Fund generally invests not less than 4 percent and not more than 10 percent of the Fund's assets in the securities of each issuer in the Core Canadian Dividend Portfolio and not more than 10 percent of the Fund's assets in the securities of any one issuer in the portfolio) and (b) invest in public investment funds including exchange traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities in accordance with applicable laws; (ii) enable the Fund to 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; and (iii) enable the Manager to invest the Fund's portfolio entirely in cash or cash equivalents, denominated in Canadian dollars, in its discretion. A joint management information circular was mailed to unitholders of record on November 21, 2014 and a special meeting of unitholders of the Fund was held on December 23, 2014 to consider and vote upon the proposal. Pro-rata costs of $4,371 were accrued in relation to this special resolution.

On January 2, 2015, the Manager announced that the proposal was approved by the unitholders to change the investment restrictions and investment strategy of the Fund.

Board of Advisors

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

John D. Germain
Senior Vice-President & Chief Financial Officer
Strathbridge Asset Management Inc.

Michael M. Koerner[1]
Corporate Director

Robert W. Korthals[1]
Corporate Director

Robert G. Bertram[1]
Corporate Director

[1] *Independent Review Committee Member*

Information

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Units Listed:
Toronto Stock Exchange
trading under
CDD.UN

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

Investment Funds Managed by Strathbridge Asset Management Inc.

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