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Hybrid Income Funds

Semi-Annual Report 2010

Core Canadian Dividend Trust

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Message to Unitholders

We are pleased to present the semi-annual financial results of Core Canadian Dividend Trust (the “Fund”).

The following is intended to provide you with the financial highlights of the Fund and we hope you will read the more detailed information contained within the report.

The Fund was launched in 2006 with the objectives 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 per unit.

To accomplish these objectives the Fund invests its assets primarily in dividend-paying shares listed on the TSX. The Fund will generally invest not less than 4 percent and not more than 10 percent of the NAV in each of fifteen securities in the portfolio universe, as well as, up to 15 percent in other securities listed on the TSX. Accordingly, the distributions paid out by the Fund are funded from the dividend income earned on the portfolio, realized capital gains from the sale of securities and option premiums from the sale of covered call options. During the six month period ended June 30, 2010, the Fund’s total return was negative 1.27 percent. Distributions amounting to $0.24 per unit were paid during the six-month period. The net asset value decreased from $7.40 per unit as at December 31, 2009 to $7.07 per unit as at June 30, 2010.

The longer-term financial highlights of the Fund are as follows:

		Years ended December 31			
	June 30, 2010	2009	2008	2007	2006
Total Fund Return	(1.27)%	23.51%	(22.22)%	(2.98)%	3.75%
Distribution Paid (target of 6.50 percent per annum on the Net Asset Value of the Fund)	$ 0.244460	$ 0.433290	$ 0.527003	$ 0.616378	$ 0.051000
Ending Net Asset Value per Unit (initial issue price was $10.00 per unit)	$ 7.07	$ 7.40	$ 6.39	$ 8.79	$ 9.67

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

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the six months ended June 30, 2010 of Core Canadian Dividend Trust (the "Fund"). The June 30, 2010 unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com. You can also get a copy of the annual financial statements at your request and at no cost by using one of these methods.

Management Report on Fund Performance

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on our website at www.mulvihill.com.

Asset Mix

June 30, 2010

	% of Net Asset Value
Financials	43%
Energy	21%
Materials	13%
Consumer Discretionary	8%
Utilities	4%
Telecommunication Services	4%
Industrials	4%
Cash and Short-Term Investments	3%
	100%

Portfolio Holdings

June 30, 2010

	% of Net Asset Value
TransCanada Corp.	8%
Thomson Reuters Corporation	8%
The Toronto-Dominion Bank	7%
The Bank of Nova Scotia	7%
Canadian Imperial Bank of Commerce	7%
Royal Bank of Canada	7%
Teck Resources Limited - Cl B	7%
Semafo Inc.	6%
EnCana Corporation	5%
Canadian Utilities Ltd.	4%
Enbridge Inc.	4%
BCE Inc.	4%
Bank of Montreal	4%
Crew Energy Inc.	4%
Russel Metals Inc.	4%
National Bank of Canada	4%
AGF Management Ltd. - Cl B	4%
Manulife Financial Corporation	3%
Cash and Short-Term Investments	3%
	100%

Management Report on Fund Performance

Results of Operations

For the six-month period ended June 30, 2010, the net asset value of the Fund for pricing purposes based on closing prices was $7.07 per unit (see Note 2 to the financial statements) compared to $7.40 per unit at December 31, 2009. The Fund's units listed on the Toronto Stock Exchange as CDD.UN, closed on June 30, 2010 at $6.80 per unit representing a 3.8 percent discount to the net asset value.

Distributions totalling $0.24 per unit were paid to unitholders during the first six months of the year which resulted in a total return, including reinvestment of distributions, of negative 1.3 percent during this period. The S&P/TSX 60 Index total return for the same period was negative 3.3 percent. The equity rally which had slowed by the end of 2009, peaked in April 2010 and began to correct. As a result, most sectors saw negative returns during the first half. A notable exception was the Health Care sector driven by Biovail Corporation which agreed to merge with a California-based company in late June. Biovail Corporation was the best performing stock in the Index, up over 40 percent during this period. Two other sectors saw small gains: Telecommunication Services and Consumer Discretionary. The gains in these sectors were also stock-specific, namely, TELUS Corporation and Magna International Inc.. None of these stocks are in the Fund's core basket. Otherwise, stocks were broadly lower during this period.

We have begun to redeploy the cash position held at the end of 2009 as our confidence in future earnings has improved, however, the pace of economic recovery is still in question.

With stock prices leveling out and volatility remaining elevated, we are taking advantage by increasing our call option-writing program on selected holdings compared to the fourth quarter of 2009.

For more detailed information on the investment returns, please see the Annual Total Return bar chart on page 8.

Core Canadian Dividend Trust

Management Report on Fund Performance

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from its inception on November 16, 2006.

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

Information for the period ended June 30, 2010 is derived from the Fund's unaudited semi-annual financial statements.

NET ASSETS PER UNIT
Net Assets, beginning of period (based on bid prices)[(1)]
INCREASE (DECREASE) FROM OPERATIONS
Total revenue
Total expenses
Realized gain (loss) for the period
Unrealized gain (loss) for the period
Total Increase (Decrease) from Operations[(2)]
DISTRIBUTIONS
Non-taxable distributions
Total Distributions[(3)]
Net Assets, end of period (based on bid prices)[(1)]

(1) Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities of the Fund on that date and including the valuation of securities at bid prices divided by the number of units then outstanding. For years prior to 2007, securities were valued at closing prices.
(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 period. The schedule is not intended to total to the

RATIOS/SUPPLEMENTAL DATA
Net Asset Value ($millions)
Number of units outstanding
Management expense ratio[(1)]
Portfolio turnover rate[(2)]
Trading expense ratio[(3)]
Net Asset Value per unit[(6)]
Closing market price

(1) Management expense ratio ("MER") is the ratio of all fees and expenses, including goods and services taxes, and excluding transaction fees charged to the Fund to the average net asset value. The MER for 2010 includes the warrant exercise fees. The MER excluding the warrant exercise fees is 2.74%. The MER for 2009 includes the warrant offering costs. The MER for 2009 excluding the warrant offering costs is 2.42%.
(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by

Management Report on Fund Performance

For June 30, 2010, December 31, 2009, December 31, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Funds financial statements and calculated using bid prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices. All other calculations for the purposes of this Management Report on Fund Performance are made using Net Asset Value.

	Six months ended June 30, 2010	Periods ended December 31 2009	2008	2007	2006[4]
	$ 7.39	$ 6.38	$ 8.77	$ 9.66	$ 9.38[5]
	0.13	0.23	0.27	0.29	0.05
	(0.12)	(0.24)	(0.18)	(0.19)	(0.03)
	0.19	(1.15)	(0.57)	0.28	–
	(0.27)	2.60	(1.38)	(0.66)	0.32
	(0.07)	**1.44**	**(1.86)**	**(0.28)**	**0.34**
	(0.24)	(0.43)	(0.53)	(0.62)	(0.05)
	(0.24)	**(0.43)**	**(0.53)**	**(0.62)**	**(0.05)**
	$ 7.07	**$ 7.39**	**$ 6.38**	**$ 8.77**	**$ 9.66**

ending net assets as calculations are based on the weighted average number of units outstanding during the period.

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

(4) For the period from inception on November 16, 2006 to December 31, 2006.

(5) Net of agent fees and initial issue costs.

	Six months ended June 30, 2010	Periods ended December 31 2009	2008	2007	2006[5]
	$ 16.64	$ 17.29	$ 18.84	$ 37.33	$ 57.93
	2,352,644	2,335,451	2,949,146	4,248,271	6,000,000
	2.76%[4]	3.21%	2.08%	1.95%	1.86%[4]
	88.86%	117.23%	75.04%	59.91%	1.82%
	0.49%[4]	0.36%	0.15%	0.10%	0.87%[4]
	$ 7.07	$ 7.40	$ 6.39	$ 8.79	$ 9.67
	$ 6.80	$ 6.98	$ 5.25	$ 8.05	$ 9.95

virtue of option exercises, when compared to a conventional equity mutual fund.

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

(4) Annualized.

(5) For the period from inception on November 16, 2006 to December 31, 2006.

(6) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities of the Fund on that date and including the valuation of securities at closing prices divided by the number of units then outstanding.

Management Report on Fund Performance

Management Fees

Mulvihill Capital Management Inc. (“MCM”) 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. MCM also makes all decisions as to the purchase and sale of securities in the Fund’s portfolio and the execution of all portfolio and other transactions.

Mulvihill Fund Services Inc. 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 required administrative services to the Fund.

Recent Developments

The core basket of this Fund is forty-five percent exposed to Financials. All Canadian banks suffered a meaningful pullback during the second quarter of 2010. The net returns for the first half were mixed. Bank of Montreal and The Toronto-Dominion Bank saw single-digit positive returns, while the other big banks were all down for the first half.

Non-bank financials such as, AGF Management Ltd. were also weaker; down 13.3 percent during this period. Our holding in this name remains at the low end of the required range.

Our top two core holdings were Thomson Reuters Corporation and BCE Inc., up 14.0 percent and 10.1 percent respectively. Our worst performer was Manulife Financial Corporation (“MFC”), down 19.0 percent during the period. After retracing about half the price correction of 2008 during the middle of 2009, MFC has been trending lower since that time. MFC is in our core basket and we continue to hold the weight at the low end of the allowable range.

The broad indices continued their trend higher from the first quarter but appear to have peaked in the second quarter. Volatility generally fell during this rally, but has seen renewed action during the second quarter as the market stalled to digest mixed economic data. We are selectively taking advantage of this volatility with our overwriting strategies. Our general level of overwriting has increased since the fourth quarter of 2009.

The Fund issued warrants to unitholders of record outstanding at the close of business on November 19, 2009. Each warrant entitled the unitholder thereof to acquire one unit upon payment of $7.11 prior to June 15, 2010. During the period, 17,193 warrants were exercised for net proceeds of $120,179.

The governments of Ontario have taken steps to harmonize their provincial sales taxes with the federal goods and services tax effective July 1, 2010. Implementation of the proposed changes will increase the amount of taxes paid by the Fund on its expenses, including but not limited to management fees, and therefore increase the management expense ratio.

Management Report on Fund Performance

Future Accounting Policy Changes

The Manager has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants for changeover to International Financial Reporting Standards ("IFRS").

The changeover plan was prepared to address the requirements and includes disclosures of the qualitative and quantitative impact, if any, of the changeover to IFRS in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. However, the Accounting Standards Board is proposing that Canadian investment companies have the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2012. The Manager is currently assessing the impact of this announcement on the Fund and its plans for adopting IFRS. Accordingly, the Fund will adopt IFRS for either its fiscal period beginning January 1, 2011 or 2012, and will issue its initial financial statements in accordance with IFRS, including comparative information, for either the interim period ending June 30, 2011 or 2012.

The key elements of the changeover plan deal with the requirements for financial reporting, net asset value per unit calculations, systems and processes, and training. The plan also sets out the timeline for implementation of the changes and the required technical training or support required for a smooth transition.

As at June 30, 2010, some anticipated changes to financial reporting include:

- Compliance with the full body of IFRS without industry specific exemptions. Unlike Canadian Generally Accepted Accounting Principles ("Canadian GAAP") where investment fund accounting was based upon guidance in Accounting Guideline 18 – Investment Companies ("AcG 18");
- Implementation of cash flow statements;
- Presentation of comparative information; and,
- Additional financial statement note disclosures on the recognition and classification of financial instruments.

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

Implementation of the changeover plan is progressing as scheduled. The Manager will continue to monitor ongoing changes to IFRS and adjust their changeover plan accordingly.

Management Report on Fund Performance

Past Performance

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

(1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,

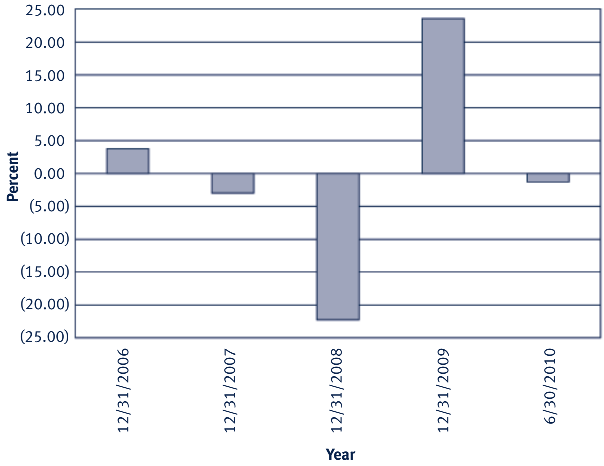
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The bar chart below illustrates the Fund's total return for each of the past four years and for the six month period ended June 30, 2010. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2006 would have increased or decreased by the end of the fiscal year, or June 30, 2010 for the six months then ended.

Annual Total Return



Related Party Transactions

Mulvihill Capital Management Inc. ("MCM") 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 MCM and Mulvihill Fund Services Inc. ("Mulvihill") dated October 27, 2006.

Mulvihill is the Manager of the Fund pursuant to a Trust Agreement made between Mulvihill and RBC Dexia Investor Services Trust (the "Trustee") as successor to The Royal Trust Company dated October 27, 2006, and as such, is responsible for providing or arranging for required administrative services to the Fund. Mulvihill is a wholly-owned subsidiary of MCM. These parties are paid the fees described under the Management Fees section of this report.

Mulvihill and MCM plan to amalgamate. The continuing company will be named Mulvihill Capital Management Inc. Such change is expected to occur on or after September 1, 2010. Fees currently paid to each entity will be paid to Mulvihill Capital Management Inc. from and after the effective date of the amalgamation.

Independent Review Committee

On September 19, 2006, the Canadian Securities Administrators approved the final version of National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107"). NI 81-107 requires all publicly offered investment funds to establish an independent review committee ("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.

In accordance with NI 81-107, the IRC became operational on November 1, 2007. Members of the IRC are Robert W. Korthals, Michael M. Koerner and Robert G. Bertram.

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 semi-annual report are the responsibility of the management of Mulvihill Fund Services Inc. (the "Manager") and have been approved by the Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-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 for the year ended December 31, 2009.

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 external auditors 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 external auditors' report. Deloitte & Touche LLP , the Fund's independent auditors, has full and unrestricted access to the Board.

John P. Mulvihill Director Mulvihill Fund Services Inc.	Sheila S. Szela Director Mulvihill Fund Services Inc.

August 2010

Notice to Unitholders

The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

Financial Statements

Statements of Net Assets

June 30, 2010 (Unaudited) and December 31, 2009 (Audited)

	2010	2009
ASSETS		
Investments at fair value (cost - $17,072,605; 2009 - $19,789,655)	**$ 16,072,764**	$ 19,414,832
Short-term investments at fair value (cost - $324,789; 2009 - $1,909,045)	**324,789**	1,909,045
Cash	**221,681**	8,864
Interest receivable	**195**	338
Dividends receivable	**58,761**	61,792
Due from brokers - investments	**–**	581,903
TOTAL ASSETS	**16,678,190**	**21,976,774**
LIABILITIES		
Accrued liabilities	**50,271**	182,242
Redemptions payable	**–**	4,543,061
TOTAL LIABILITIES	**50,271**	**4,725,303**
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	**$ 16,627,919**	**$ 17,251,471**
Number of Units Outstanding	**2,352,644**	**2,335,451**
Net Assets per Unit	**$ 7.0678**	**$ 7.3868**

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2010	2009
REVENUE		
Dividends	$ 299,207	$ 313,015
Interest	1,070	30,402
TOTAL REVENUE	300,277	343,417
EXPENSES		
Management fees	94,823	102,211
Service fees	33,972	37,004
Administrative and other expenses	42,305	36,222
Transaction fees	42,955	13,816
Custodian fees	17,854	13,365
Audit fees	11,443	10,745
Advisory board fees	10,445	10,445
Independent review committee fees	3,173	3,437
Legal fees	3,943	3,121
Unitholder reporting costs	14,639	19,039
Goods and services tax	8,341	9,374
TOTAL EXPENSES	283,893	258,779
Net Investment Income	16,384	84,638
Net gain (loss) on sale of investments	487,984	(3,429,542)
Net gain (loss) on sale of derivatives	(50,027)	367,566
Net Gain (Loss) on Sale of Investments	437,957	(3,061,976)
Net change in unrealized depreciation of investments	(625,018)	4,758,488
Net Gain (Loss) on Investments	(187,061)	1,696,512
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ (170,677)	$ 1,781,150
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 2,343,044; 2009 - 2,949,146)	$ (0.0728)	$ 0.6040

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2010	2009
NET ASSETS, BEGINNING OF PERIOD	$ 17,251,471	$ 18,806,600
Net Increase (Decrease) in Net Assets from Operations	(170,677)	1,781,150
Unit Transactions		
Proceeds from issuance of units, net of warrant exercise fees	120,179	–
Distributions to Unitholders		
Non-taxable distributions	(573,054)	(594,577)
Changes in Net Assets during the Period	(623,552)	1,186,573
NET ASSETS, END OF PERIOD	$ 16,627,919	$ 19,993,173

Statements of Net Gain (Loss) on Sale of Investments

For the six months ended June 30 (Unaudited)

	2010	2009
Proceeds from Sale of Investments	$ 18,013,004	$ 7,286,791
Cost of Investments Sold		
Cost of investments, beginning of period	19,789,655	22,254,621
Cost of investments purchased	14,857,997	4,373,084
	34,647,652	26,627,705
Cost of Investments, End of Period	(17,072,605)	(16,278,938)
	17,575,047	10,348,767
NET GAIN (LOSS) ON SALE OF INVESTMENTS	$ 437,957	$ (3,061,976)

Statement of Investments

June 30, 2010 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Bankers' Acceptances				
National Bank of Canada, 0.45% - July 5, 2010	325,000	$ 324,789	$ 324,789	99.9%
Accrued Interest			195	0.1%
TOTAL SHORT-TERM INVESTMENTS		$ 324,789	$ 324,984	100.0%
INVESTMENTS				
Canadian Common Shares				
Consumer Discretionary				
Thomson Reuters Corporation	32,800	$ 1,183,120	$ 1,249,680	7.8%
Energy				
Crew Energy Inc.	44,800	777,975	673,792	
Enbridge Inc.	14,700	631,853	728,826	
EnCana Corporation	26,600	931,266	857,584	
TransCanada Corp.	36,200	1,298,919	1,289,082	
Total Energy		3,640,013	3,549,284	22.1%
Financials				
AGF Management Ltd. - Cl B	41,200	949,888	589,572	
Bank of Montreal	11,800	684,426	681,332	
Canadian Imperial Bank of Commerce	17,500	1,274,882	1,157,450	
Manulife Financial Corporation	37,500	1,065,718	579,375	
National Bank of Canada	11,700	699,610	637,065	
Royal Bank of Canada	22,400	1,203,027	1,135,680	
The Bank of Nova Scotia	23,830	1,155,642	1,168,623	
The Toronto-Dominion Bank	18,000	1,159,380	1,241,640	
Total Financials		8,192,573	7,190,737	44.7%
Industrials				
Russel Metals Inc.	36,400	813,655	655,928	4.1%
Materials				
Semafo Inc.	122,500	711,836	986,125	
Teck Resources Limited - Cl B	34,600	1,290,054	1,089,208	
Total Materials		2,001,890	2,075,333	12.9%
Telecommunication Services				
BCE Inc.	22,200	632,923	689,532	4.3%
Utilities				
Canadian Utilities Ltd.	16,300	701,300	736,108	4.6%
Total Canadian Common Shares		$ 17,165,474	$ 16,146,602	100.5%

Financial Statements

Statement of Investments (continued)

June 30, 2010 (Unaudited)

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
OPTIONS				
Written Covered Call Options (100 shares per contract)				
Bank of Montreal - July 2010 @ $61	(30)	$ (4,380)	$ **(1,370)**	
Bank of Montreal - July 2010 @ $58	(30)	(3,960)	**(3,984)**	
Canadian Imperial Bank of Commerce - August 2010 @ $67	(88)	(18,128)	**(16,091)**	
EnCana Corporation - July 2010 @ $34	(66)	(4,026)	**(1,650)**	
EnCana Corporation - August 2010 @ $32	(67)	(12,820)	**(12,161)**	
Manulife Financial Corporation - August 2010 @ $16	(94)	(4,512)	**(4,524)**	
National Bank of Canada - July 2010 @ $57	(30)	(3,690)	**(516)**	
National Bank of Canada - August 2010 @ $55	(30)	(4,680)	**(2,312)**	
Royal Bank of Canada - July 2010 @ $51	(56)	(6,429)	**(7,013)**	
Royal Bank of Canada - August 2010 @ $51	(56)	(6,888)	**(7,081)**	
Russel Metals Inc. - July 2010 @ $18	(182)	(10,738)	**(12,043)**	
Teck Resources Limited - Cl B - July 2010 @ $32	(86)	(12,556)	**(11,223)**	
Teck Resources Limited - Cl B - August 2010 @ $32	(260)	(62,920)	**(60,060)**	
The Bank of Nova Scotia - July 2010 @ $49	(120)	(10,170)	**(14,743)**	
The Toronto-Dominion Bank - August 2010 @ $70	(90)	(14,535)	**(13,441)**	
Thomson Reuters Corporation - August 2010 @ $38	(164)	(21,484)	**(23,206)**	
TransCanada Corp. - August 2010 @ $36	(182)	(13,468)	**(14,105)**	
Total Written Covered Call Options		**(215,384)**	**(205,523)**	**(1.3)%**
Purchased Put Options (100 shares per contract)				
iShares CDN S&P/TSX Capped Energy Index Fund - August 2010 @ $17	517	$ 37,699	$ **34,897**	
iShares CDN S&P/TSX Capped Financials Index Fund - August 2010 @ $21	860	68,790	**64,059**	
Russel Metals Inc. - July 2010 @ $18	91	7,553	**7,754**	
Teck Resources Limited - Cl B - August 2010 @ $32	90	24,030	**24,975**	
Total Purchased Put Options		**138,072**	**131,685**	**0.8 %**
TOTAL OPTIONS		**$ (77,312)**	**$ (73,838)**	**(0.5)%**
Adjustment for transaction fees		**(15,557)**		
TOTAL INVESTMENTS		**$ 17,072,605**	**$ 16,072,764**	**100.0 %**

Notes to Financial Statements

June 30, 2010

1. Basis of Presentation

The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting princples ("GAAP"). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2009.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2009.

2. Net Asset Value

The Net Asset Value of the Fund is calculated using the fair value of investments using the close or last trade price ("Net Asset Value"). The Net Assets per unit for financial reporting purposes and Net Asset Value per unit for pricing purposes will not be the same due to the use of different valuation techniques. The Net Asset Value per unit is as follows:

	June 30, 2010	Dec. 31, 2009
Net Asset Value (for pricing purposes)	**$ 7.07**	$ 7.40

3. Warrants

The Fund issued 2,949,146 warrants to unitholders of record outstanding at the close of business on November 19, 2009. Unitholders received warrants on a basis of one warrant for each unit held November 19, 2010. Each warrant entitled the unitholder thereof to acquire one unit upon payment of $7.11 prior to 5:00 p.m. on June 15, 2010 (the "Expiry Date"). Warrants were exercisable commencing December 7, 2009. Warrants not exercised by the Expiry Date were considered void and of no value. During the period, 17,193 warrants were exercised for gross proceeds of $122,242.

Upon exercise of a warrant, the Fund paid a fee of $0.12 per warrant to the dealer whose client had exercised the warrant. Such fees were paid by the Fund out of the assets attributable to the units. During the period, warrant exercise fees paid amounted to $2,063.

Notes to Financial Statements

June 30, 2010

No amount is required to be included in computing the income of a unitholder as a consequence of acquiring warrants under the offering, provided that the income of the Fund for its taxation year ended 2009 did not exceed the cash distributions from the Fund for 2009. However, unitholders are required to reduce the adjusted cost base of their units by the aggregate fair market value of all the warrants acquired under the offering. To the extent that the adjusted cost base of a unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain recognized by the unitholder and the unitholder's adjusted cost base of the unit will be increased by the amount of such deemed capital gain.

4. Financial Instruments and Risk Management

The various types of risks associated with financial instruments and the related risk management practices employed by the Fund are described in Note 11 of the annual financial statements for the year ended December 31, 2009.

The following is a summary of the three-tier hierarchy of inputs used as of June 30, 2010 in valuing the Fund's investments and derivatives carried at fair value:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Short-Term Investments	$ –	$ 324,984	$ –	**$ 324,984**
Canadian Common Shares	16,146,602	–	–	**$ 16,146,602**
Options	(62,533)	(11,305)	–	**$ (73,838)**
Total Investments	**$ 16,084,069**	**$ 313,679**	**$ –**	**$ 16,397,748**

Other Price Risk

Approximately 97 percent (December 31, 2009 - 113 percent) of the Fund's net assets held at June 30, 2010 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2010, the net assets of the Fund would have increased or decreased by $1.6M (December 31, 2009 - $1.9M) respectively or 9.7 percent (December 31, 2009 - 11.3 percent) of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

Credit Risk

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the period, based on Standard & Poor's credit ratings as of June 30, 2010:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the prior year, based on Standard & Poor's credit ratings as of December 31, 2009:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

Notes to Financial Statements

June 30, 2010

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of June 30, 2010:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Bankers' Acceptances	A-1	100%
Total		**100%**

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2009:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Government of Canada Treasury Bills	AAA	100%
Total		**100%**

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short-term.

5. Future Accounting Policy Changes

The Fund is currently required to adopt Financial Reporting Standards ("IFRS") for the years beginning on January 1, 2011. The IFRS compliant financial statements will be on a comparative basis. However, the Accounting Standards Board is proposing that Canadian investment companies have the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2012. The Manager is currently assessing the impact of this announcement on the Fund and its plans for adopting IFRS. Accordingly, the Fund will adopt IFRS for either its fiscal period beginning January 1, 2011 or 2012, and will issue its initial financial statements in accordance with IFRS, including comparative information, for either the interim period ending June 30, 2011 or 2012.

6. Normal Course Issuer Bid

In June 2010, the Toronto Stock Exchange accepted a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 235,205 or 10 percent of its public float as determined in accordance with the rules of the Toronto Stock Exchange. The Fund may not purchase more than 47,041 of its units (representing approximately 2 percent of the Fund's issued and outstanding units as of May 31, 2010) in any 30-day period under the bid. The purchases would be made in the open market through facilities of the Toronto Stock Exchange. The normal course issuer bid will remain in effect until the earlier of June 9, 2011, the termination of the bid by the Fund or the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2010, nil units have been purchased by the Fund.

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World Financial Split Corp.

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Government Strip Bond Trust
Mulvihill Pro-AMS RSP Split Share Corp.
Pro-AMS U.S. Trust

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Notes

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