Mulvihill Structured Products

Mulvihill

Hybrid Income Funds

Semi-Annual Report 2010

Top 10 Canadian Financial Trust

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Message to Unitholders

We are pleased to present the semi-annual financial results of Top 10 Canadian Financial 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 reorganized in 2005 with the objectives to:

(1) provide Unitholders of the Fund with a stable stream of quarterly cash distributions in an amount targeted to be 7.5 percent of Net Asset Value (“NAV”) per unit; and

(2) return, at a minimum, the NAV per unit as of the special resolution date (approximately $15.00) to Unitholders upon termination of the Fund on December 31, 2010.

To accomplish these objectives the Fund will invest exclusively in shares of the six largest Canadian Banks and four largest life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund's assets in each company. 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 4.69 percent. Distributions amounting to $0.41 per unit were paid during the six-month period. The net asset value decreased from $10.92 per unit as at December 31, 2009 to $10.02 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	2005
Total Fund Return	(4.69)%	22.16%	(27.34)%	(3.31)%	9.47%	0.05%
Distribution Paid (target of 7.5 percent per annum of Net Asset Value of the Fund)	$ 0.41	$ 0.76	$ 0.93	$ 1.17	$ 1.19	$ 0.78
Ending Net Asset Value per Unit (initial issue price was $15.00 per unit)	$ 10.02	$ 10.92	$ 9.61	$ 14.31	$ 15.96	$ 15.73

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 Top 10 Canadian Financial Trust (formerly Digital World 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.

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	94%
Cash and Short-Term Investments	6%
	100%

Portfolio Holdings

June 30, 2010

	% of Net Asset Value
Industrial Alliance Insurance and Financial Services Inc.	12%
The Bank of Nova Scotia	12%
Royal Bank of Canada	12%
The Toronto-Dominion Bank	12%
Canadian Imperial Bank of Commerce	11%
Sun Life Financial Inc.	7%
Bank of Montreal	7%
Great-West Lifeco Inc.	7%
Manulife Financial Corporation	7%
National Bank of Canada	7%
Cash and Short-Term Investments	6%
	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 $48.8 million or $10.02 per unit (see Note 2 to the financial statements) compared to $10.92 per unit on December 31, 2009. The Fund's units, listed on the Toronto Stock Exchange as TCT.UN, closed on June 30, 2010, at $9.75 per unit, representing a 2.7 percent discount to the net asset value.

Distributions amounting to $0.41 per unit were made to unitholders during the first six months of the year, which resulted in a total return, including reinvestment of distributions, of negative 4.7 percent for the period. The S&P/TSX Financials Index total return for the same period was negative 2.5 percent, which performed in line with the broader S&P/TSX Composite Index that also declined 2.5 percent. Only four of the ten Financial Services companies experienced positive returns during the period with Industrial Alliance Insurance and Financial Services Inc. reporting the strongest return of 9.9 percent while Manulife Financial Corporation generated the weakest return of negative 19.0 percent.

We have begun to redeploy the cash position held at the end of 2009 as our confidence in future earnings has improved. Volatility was subdued for most of the period as North American equity markets rallied to new highs towards the end of April, but has since picked up considerably as equity markets have corrected as the pace of economic recovery is still in question. Due to the increase in volatility, the Fund is taking advantage by increasing our call option-writing program on selected holdings as 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.

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 for the past five years.

The information for the years 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.

	Six months ended June 30, 2010
NET ASSETS PER UNIT	
Net Assets, beginning of period (based on bid prices)(1)	**$ 10.90**
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	**0.23**
Total expenses	**(0.12)**
Realized gain (loss) for the period	**(0.61)**
Unrealized gain (loss) for the period	**0.06**
Total Increase (Decrease) from Operations(2)	**(0.44)**
DISTRIBUTIONS	
Non-taxable distributions	**(0.41)**
Total Distributions(3)	**(0.41)**
Net Assets, end of period (based on bid prices)(1)	**$ 10.02**

(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 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. The change to the use of bid prices is due to accounting standards set out by the Canadian Institute of Chartered Accountants adopted January 1, 2007 relating to Financial Instruments.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), net of withholding taxes and foreign exchange gains (losses), less expenses and is calculated based on the weighted average number of units outstanding

	Six months ended June 30, 2010
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value ($millions)	**$ 48.80**
Number of units outstanding	**4,868,886**
Management expense ratio(1)	**2.11%(5)**
Portfolio turnover rate(2)	**72.34%**
Trading expense ratio(3)	**0.22%(5)**
Net Asset Value per unit(6)	**$ 10.02**
Closing market price(4)	**$ 9.75**

(1) Management expense ratio ("MER") is the ratio of all fees and expenses, including goods and services taxes, but excluding transaction fees charged to the Fund to the average net asset value. The MER for 2010 includes the warrant exercise fees. The MER for 2010 excluding the warrant exercise fees is 1.89%. The MER for 2009 includes the warrant offering costs. The MER for 2009 excluding the warrant offering costs is 1.78%. The MER for 2005 includes the special resolution expense. The MER for 2005 excluding the special resolution expense is 1.83%.

(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 Data per Unit table is from the Fund's 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.

Years ended December 31				
2009	2008	2007	2006	2005
$ 9.58	$ 14.28	$ 15.95(5)	$ 15.73(4)	$ 3.48
0.40	0.46	0.49	0.45	0.40
(0.22)	(0.21)	(0.26)	(0.26)	(0.29)
(1.88)	(0.89)	0.85	0.94	(0.32)
3.75	(3.13)	(1.57)	0.28	2.75
2.05	**(3.77)**	**(0.49)**	**1.41**	**2.54**
(0.76)	(0.93)	(1.17)	(1.19)	(0.78)
(0.76)	**(0.93)**	**(1.17)**	**(1.19)**	**(0.78)**
$ 10.90	**$ 9.58**	**$ 14.28**	**$ 15.96**	**$ 15.73(4)**

during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

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

(4) As at August 2, 2005, the Fund amended its investment strategy and changed its name to Mulvihill Top 10 Canadian Financial Fund and consolidated the units on a 5 to 1 basis.

(5) Net Assets per unit has been adjusted for the Transition Adjustment.

Years ended December 31				
2009	2008	2007	2006	2005
$ 53.48	$ 59.60	$ 107.65	$ 145.77	$ 157.84
4,896,746	6,201,992	7,524,019	9,131,373	10,035,145
2.06%	1.67%	1.64%	1.69%	1.88%
70.70%	19.72%	75.28%	135.44%	221.14%
0.13%	0.06%	0.07%	0.10%	0.41%
$ 10.92	$ 9.61	$ 14.31	$ 15.96	$ 15.73(4)
$ 10.87	$ 9.00	$ 14.00	$ 15.55	$ 17.00

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) As at August 2, 2005, the Fund amended its investment strategy and changed its name to Mulvihill Top 10 Canadian Financial Fund and consolidated the units on a 5 to 1 basis.

(5) Annualized.

(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 the 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 for required administrative services to the Fund.

Recent Developments

The Canadian banks and life insurance companies continued to demonstrate improving fundamentals and profitability trends in the first half of 2010. Although the Canadian banks fiscal second quarter operating earnings came in less than expected, they were still up 12 percent year-over-year due the strong retail banking and wealth management earnings along with lower loan loss provisions. This was offset somewhat by a decline in wholesale earnings on lower trading revenues. Meanwhile, the Canadian life insurance companies first quarter earnings came in better than expected due to strong equity markets and reserve releases.

The outlook for earnings growth and profitability is clearer for the Canadian banks than it is for the life insurance companies due to bank earnings having less sensitivity to equity markets and interest rates than the life insurers. Although potential credit risks and higher regulatory capital requirements are a headwind facing both industries over the next year, they should still be able to generate high profitability and capital on improving fundamentals, good expense control and leverage to an economic recovery. We continue to have an overweight position in the banks over the life insurance companies as the earnings visibility is much clearer for the banks over the next twelve months.

Due to the uncertain environment currently surrounding the economy and financial markets, the Canadian banks and life insurance companies are likely to maintain their strong capital ratios to deal with unforeseen events rather than make large acquisitions or return capital to shareholders in the form of increased dividends and share repurchases.

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 $10.59 prior to June 15, 2010. During the period, 674,440 warrants were exercised for net proceeds of $7,020,921.

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.

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,

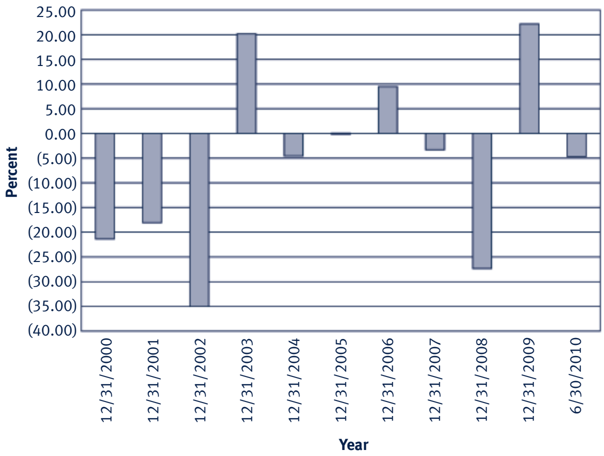
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(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 how the Fund's total return for each of the past ten years and for the six month period ended June 30, 2010 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2000 would have increased or decreased by the end of that 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 February 15, 2000 amended as of August 2, 2005.

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 February 15, 2000 amended as of August 2, 2005, 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 Top 10 Canadian Financial Fund (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	Sheila S. Szela
Director	Director
Mulvihill Fund Services Inc.	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 - $50,783,920; 2009 - $63,272,352)	$ 45,659,517	$ 57,865,874
Short-term investments at fair value (cost - $2,923,433; 2009 - $5,050,999)	2,923,433	5,050,999
Cash	240,992	23,662
Interest receivable	109,162	2,999
Dividends receivable	597	197,599
Subscriptions receivable	–	75,602
Due from brokers - investments	–	2,590,604
TOTAL ASSETS	48,933,701	65,807,339
LIABILITIES		
Accrued liabilities	134,296	261,882
Redemptions payable	–	12,165,295
TOTAL LIABILITIES	134,296	12,427,177
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	$ 48,799,405	$ 53,380,162
Number of Units Outstanding	4,868,886	4,896,746
Net Assets per Unit	$ 10.0227	$ 10.9011

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2010	2009
REVENUE		
Dividends	$ 1,159,328	$ 1,078,640
Interest	4,610	92,921
TOTAL REVENUE	1,163,938	1,171,561
EXPENSES		
Management fees	292,771	319,913
Service fees	77,125	87,514
Administrative and other expenses	53,318	48,431
Transaction fees	60,599	21,932
Custodian fees	16,745	15,001
Audit fees	13,546	12,867
Advisory board fees	10,445	10,445
Independent review committee fees	3,173	3,437
Legal fees	3,943	3,122
Unitholder reporting costs	23,143	21,795
Goods and services tax	18,821	20,858
TOTAL EXPENSES	573,629	565,315
Net Investment Income	590,309	606,246
Net loss on sale of investments	(2,926,339)	(12,295,523)
Net gain (loss) on sale of derivatives	(104,444)	1,159,273
Net Loss on Sale of Investments	(3,030,783)	(11,136,250)
Net change in unrealized depreciation of investments	282,075	17,375,634
Net Gain (Loss) on Investments	(2,748,708)	6,239,384
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ (2,158,399)	$ 6,845,630
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 4,955,578; 2009 - 6,155,806)	$ (0.4355)	$ 1.1121

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2010	2009
NET ASSETS, BEGINNING OF PERIOD	$ 53,380,162	$ 59,444,532
Net Increase (Decrease) in Net Assets from Operations	(2,158,399)	6,845,630
Unit Transactions		
Proceeds from issuance of units, net of warrant exercise fees	7,020,921	–
Amount paid for units redeemed	(7,453,199)	(1,431,436)
	(432,278)	(1,431,436)
Distributions to Unitholders		
Non-taxable distributions	(1,990,080)	(2,088,627)
Changes in Net Assets during the Period	(4,580,757)	3,325,567
NET ASSETS, END OF PERIOD	$ 48,799,405	$ 62,770,099

Statements of Net Loss on Sale of Investments

For the six months ended June 30 (Unaudited)

	2010	2009
Proceeds from Sale of Investments	$ 45,998,443	$ 15,566,908
Cost of Investments Sold		
Cost of investments, beginning of period	63,272,352	68,824,582
Cost of investments purchased	36,540,794	8,290,846
	99,813,146	77,115,428
Cost of Investments, End of Period	(50,783,920)	(50,412,270)
	49,029,226	26,703,158
NET LOSS ON SALE OF INVESTMENTS	$ (3,030,783)	$ (11,136,250)

Statement of Investments

June 30, 2010 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, 0.35%				
- August 5, 2010	2,925,000	$ 2,923,433	$ 2,923,433	100.0%
Accrued Interest			597	0.0%
TOTAL SHORT-TERM INVESTMENTS		$ 2,923,433	$ 2,924,030	100.0%
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	59,400	$ 3,447,612	$ 3,429,756	
Canadian Imperial Bank				
of Commerce	83,000	6,189,934	5,489,620	
Great-West Lifeco Inc.	140,000	4,108,521	3,368,400	
Industrial Alliance Insurance				
and Financial Services Inc.	172,500	5,839,500	6,020,250	
Manulife Financial Corporation	213,000	5,490,224	3,290,850	
National Bank of Canada	59,600	3,496,603	3,245,220	
Royal Bank of Canada	111,750	6,144,740	5,665,725	
Sun Life Financial Inc.	128,500	4,706,567	3,592,860	
The Bank of Nova Scotia	119,900	5,844,933	5,879,896	
The Toronto-Dominion Bank	82,050	5,559,985	5,659,809	
Total Financials		50,828,619	45,642,386	100.0%
Total Canadian Common Shares		$ 50,828,619	$ 45,642,386	100.0%

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	(150)	$ (21,900)	$ **(6,850)**	
Bank of Montreal - July 2010 @ $58	(150)	(19,800)	**(19,922)**	
Canadian Imperial Bank of Commerce - July 2010 @ $68	(200)	(36,300)	**(25,693)**	
Canadian Imperial Bank of Commerce - August 2010 @ $67	(200)	(41,200)	**(36,571)**	
Great-West Lifeco Inc. - July 2010 @ $24	(350)	(22,400)	**(20,986)**	
Manulife Financial Corporation - August 2010 @ $16	(530)	(25,440)	**(25,510)**	
National Bank of Canada - July 2010 @ $57	(150)	(18,450)	**(2,579)**	
National Bank of Canada - August 2010 @ $55	(150)	(23,400)	**(11,560)**	
Royal Bank of Canada - July 2010 @ $51	(280)	(32,144)	**(35,064)**	
Royal Bank of Canada - August 2010 @ $51	(280)	(34,440)	**(35,409)**	
Sun Life Financial Inc. - July 2010 @ $30	(320)	(26,880)	**(7,379)**	
Sun Life Financial Inc. - July 2010 @ $28	(320)	(32,000)	**(25,208)**	
The Bank of Nova Scotia - July 2010 @ $49	(600)	(50,850)	**(73,713)**	
The Toronto-Dominion Bank - July 2010 @ $69	(200)	(29,000)	**(31,758)**	
The Toronto-Dominion Bank - August 2010 @ $70	(200)	(32,300)	**(29,869)**	
Total Written Covered Call Options		**(446,504)**	**(388,071)**	**(0.9)%**
Purchased Put Options				
(100 shares per contract)				
iShares CDN S&P/TSX Capped Financials Index Fund - August 2010 @ $21	5,445	435,630	405,202	0.9 %
TOTAL OPTIONS		$ (10,874)	$ 17,131	0.0 %
Adjustment for transaction costs		(33,825)		
TOTAL INVESTMENTS		$ 50,783,920	$ 45,659,517	100.0 %

1. Basis of Presentation

The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting principles ("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)	**$ 10.02**	$ 10.92

3. Warrants

The Fund issued 6,001,492 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 $10.59 prior to 5:00 p.m. on June 15, 2010 (the "Expiry Date"). Warrants were exercisable commencing December 24, 2009. Warrants not exercised by the Expiry Date were considered void and of no value. During the period, 674,440 warrants were exercised for gross proceeds of $7,142,320.

Upon exercise of a warrant, the Fund paid a fee of $0.18 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 $121,399.

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 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	$ –	$ 2,924,030	$ –	**$ 2,924,030**
Canadian Common Shares	45,642,386	–	–	**$ 45,642,386**
Options	–	17,131	–	**$ 17,131**
Total Investments	**$ 45,642,386**	**$ 2,941,161**	**$ –**	**$ 48,583,547**

Other Price Risk

Approximately 94 percent (December 31, 2009 - 109 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 $4.6M (December 31, 2009 - $5.8M) respectively or 9.4 percent (December 31, 2009 - 10.9 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+

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
Government of Canada Treasury Bills	AAA	100%
Total		**100%**

Notes to Financial Statements

June 30, 2010

The following are the credit ratings 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
Bankers' Acceptances	A-1	56%
Government of Canada Treasury Bills	AAA	44%
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 469,702 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 94,020 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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SPLIT SHARES

MCM Split Share Corp.
Premium Income Corporation
S Split Corp.
Top 10 Split Trust
World Financial Split Corp.

PRINCIPAL PROTECTED FUNDS

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

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