



Top 10 Split Trust

Annual Report 2014

Letter to Securityholders

We are pleased to present the 2014 annual report containing the management report of fund performance and the audited financial statements for Top 10 Split 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 Fund’s annual total return per Combined Unit and per Capital Unit (ticker symbol “TXT.UN”), including reinvestment of distributions, were 8.6 percent and 14.1 percent respectively. The Fund paid cash distributions of \$0.41 per Capital Unit and \$0.78 per Preferred Security during the year. The net asset value per Combined Unit increased 1.6 percent from \$17.52 at December 31, 2013 to \$17.80 at December 31, 2014. The net realized loss on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.02 per Combined Unit in 2014 as compared to a net realized loss on options of \$0.06 per Combined 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 securityholders 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 securityholders for their continued support and encourage securityholders 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 split share trust designed to provide Capital Unit holders with the benefit of any capital appreciation in the value of the portfolio combined with tax-efficient quarterly distributions and to provide holders of the Preferred Securities with fixed cumulative preferential quarterly distributions. These securities are listed on the Toronto Stock Exchange under the ticker symbols TXT.PR.A for the Preferred Securities and TXT.UN for the Capital Units. A Combined Unit of the Fund consists of one Preferred Security and one Capital Unit. To accomplish its objectives, the Fund invests exclusively in shares of the six largest Canadian banks and four largest Canadian life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund’s assets in each company.

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.

TABLE OF CONTENTS

Management Report of Fund Performance

• Investment Objectives and Strategies	2
• Risk	2
• Results of Operations	2
• Recent Developments	3
• Related Party Transactions	3
• Financial Highlights	4
• Past Performance	5
• Summary of Investment Portfolios	8

Management’s Responsibility for Financial Reporting	9
---	---

Independent Auditor’s Report	10
------------------------------------	----

Financial Statements	11
----------------------------	----

Notes to Financial Statements	15
-------------------------------------	----

Board of Advisors	21
-------------------------	----



Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2014 of Top 10 Split 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 for Capital Units are to:

- (1) provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio, and
- (2) pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the net asset value (the “NAV”) of the Capital Units; and

the Fund’s investment objectives for Preferred Securities are to:

- (1) pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the \$12.50 principal amount of a Preferred Security, and
- (2) repay the principal amount of \$12.50 per Preferred Security on the termination date of the Fund on March 31, 2016.

The Fund invests in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

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.

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 \$0.41 per Capital Unit were paid compared to \$0.28 per Capital Unit in 2013. Interest payments of \$0.78 per Preferred Security remained unchanged from the prior year.

Since the reorganization of the Fund in November 2005 when the Fund adopted new objectives and a new investment strategy as the Top 10 Split Trust, the Fund has paid interest of \$7.09 per Preferred Security and cash distributions of \$4.37 per Capital Unit.

Revenue and Expenses

For the year ended December 31, 2014, total revenue was \$0.62 per Unit, up slightly from \$0.61 per Unit in the prior year. Total expenses for 2014 were \$0.39 per Unit compared to \$0.35 per Unit in 2013. Higher management fees and administration costs as well as the non-recurring costs associated with the special meeting held in December 2014 contributed to the increase over the period. The Fund had a net realized and unrealized gain of \$1.25 per Unit in 2014 as compared to a net realized and unrealized gain of \$3.77 per Unit a year ago.

Net Asset Value

The net asset value per Combined Unit of the Fund increased 1.6 percent from \$17.52 at December 31, 2013 to \$17.80 at December 31, 2014. The aggregate net asset value of the Fund decreased \$0.8 million from \$25.3 million at December 31, 2013 to \$24.5 million at

December 31, 2014, reflecting total cash distributions of \$0.6 million and annual redemptions of \$1.2 million, partially offset by an increase in net assets attributable to holders of Capital Units of \$1.0 million.

Recent Developments

On October 17, 2014, the Fund filed a Notice of Intention to make a normal course issuer bid to purchase up to 144,659 Capital Units and 144,659 Preferred Securities representing approximately 10 percent of the public float of 1,446,599 Capital Units and 1,446,599 Preferred Securities, as of September 30, 2014. The Fund may purchase up to 28,931 of each respective class of securities in any 30 day period which is 2 percent of the 1,446,599 securities issued and outstanding of each respective class as at September 30, 2014. The units may be purchased for cancellation from October 22, 2014 to October 21, 2015 through the facilities of the Toronto Stock Exchange or other eligible alternative market and may only be purchased together as a unit at a price per share not exceeding the last net asset value per unit. The Board of Advisors of the Fund believed that such purchases are in the best interest of the Fund and are a desirable use of its available funds. As at December 31, 2014, nil units have been purchased by the Fund.

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 Top 10 Split Financial Portfolio or 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 law; (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 securityholders of record on November 21, 2014 and a special meeting of securityholders 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 January 22, 1997 and amended as of November 30, 2005.

Strathbridge is the Manager of the Fund pursuant to a Trust Agreement made between the Fund and Strathbridge dated January 22, 1997 and amended as of November 30, 2005. 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 Combined Unit presented in the financial statements and the net asset value per Combined Unit calculated weekly are both valued at closing prices. For all other prior years ended December 31, the net assets per Combined Unit presented in the financial statements differs from the net asset value per Combined 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 COMBINED UNIT					
Net Assets, beginning of year ⁽¹⁾	\$ 17.52	\$ 14.55	\$ 13.77	\$ 16.57	\$ 16.86
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	0.62	0.61	0.64	0.61	0.61
Total expenses	(0.39)	(0.35)	(0.31)	(0.42)	(0.31)
Realized gain (loss) for the period	2.62	0.84	(1.16)	0.58	(0.42)
Unrealized gain (loss) for the period	(1.37)	2.93	2.47	(1.83)	0.89
Total Increase (Decrease) from Operations⁽²⁾	1.48	4.03	1.64	(1.06)	0.77
DISTRIBUTIONS					
From net investment income - Preferred Security	(0.78)	(0.78)	(0.78)	(0.78)	(0.78)
Non-taxable distributions - Capital Unit	(0.41)	(0.28)	(0.11)	(0.23)	(0.28)
Total Annual Distributions⁽³⁾	(1.19)	(1.06)	(0.89)	(1.01)	(1.06)
Net Assets, as at December 31⁽¹⁾	\$ 17.80	\$ 17.52	\$ 14.53	\$ 13.77	\$ 16.57

(1) All per Combined 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 Combined 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 Combined 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 securityholders are based on the number of securities 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, excluding the Preferred					
Security liability (\$millions) ⁽¹⁾	\$ 24.51	\$ 25.34	\$ 22.22	\$ 21.61	\$ 38.34
Net Asset Value (\$millions) ⁽¹⁾	\$ 7.30	\$ 7.26	\$ 3.13	\$ 2.02	\$ 9.47
Number of Units outstanding ⁽¹⁾	1,376,799	1,446,599	1,526,948	1,567,325	2,309,243
Management expense ratio ⁽²⁾	2.14%	2.11%	2.12%	2.49%	1.73%
Portfolio turnover rate ⁽³⁾	93.84%	63.41%	73.48%	111.16%	119.38%
Trading expense ratio ⁽⁴⁾	0.08%	0.08%	0.08%	0.13%	0.14%
Net Asset Value per Combined Unit ⁽⁵⁾	\$ 17.80	\$ 17.52	\$ 14.55	\$ 13.79	\$ 16.60
Closing market price - Preferred Security	\$ 12.80	\$ 12.68	\$ 12.64	\$ 12.40	\$ 12.59
Closing market price - Capital Unit	\$ 4.79	\$ 4.42	\$ 1.98	\$ 1.89	\$ 3.57

(1) This information is provided as at December 31. One Combined Unit consists of one Capital Unit and one Preferred Security.

(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, excluding the Preferred Security liability. 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 2.08%. The MER for 2011 includes the special resolution expense. The MER for 2011 excluding the special resolution expense is 1.99%. The MER, including the Preferred Security interest, is 6.54%, 7.04%, 7.66%, 7.33% and 6.49% for 2014, 2013, 2012, 2011 and 2010 respectively.

(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 Combined Unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities, excluding the Preferred Security liability, 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, excluding the Preferred Security liability, 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

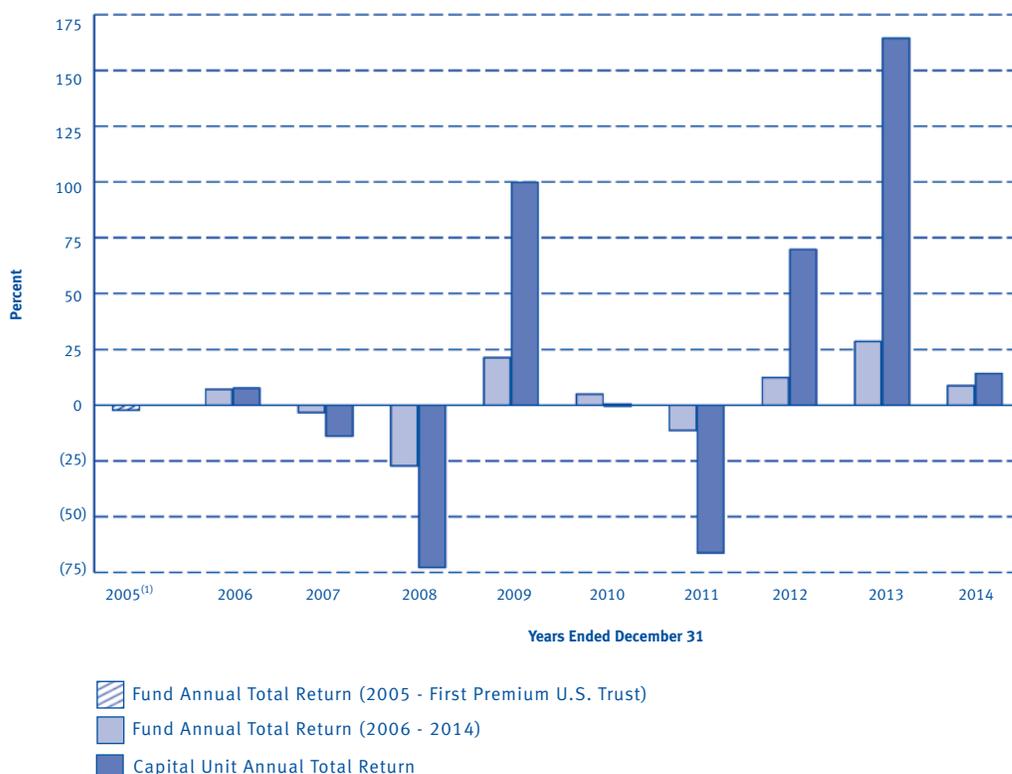
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions and interest payments made by the Fund during these periods shown were reinvested in securities 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 ten years. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of the fiscal year.

Annual Total Return



⁽¹⁾ Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. Since November 30, 2005, the Fund universe was changed to invest in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization. The Fund was invested in cash and cash equivalents pending completion of an offering of additional securities that closed February 15, 2006.

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 Capped Financials Index and S&P 100 Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
Top 10 Split Trust	8.61 %	16.16 %	7.79 %	2.64 %
Top 10 Split Trust - Preferred Security	6.40 %	6.40 %	6.40 %	n/a
Top 10 Split Trust - Capital Unit	14.13 %	72.40 %	11.62 %	(0.26)%
S&P/TSX Capped Financials Index ⁽¹⁾	12.57 %	18.68 %	11.77 %	8.94 %
S&P 100 Index ⁽²⁾	n/a	n/a	n/a	6.76 %

⁽¹⁾ The S&P/TSX Capped Financials Index is a subset of the constituents of the S&P/TSX Composite Index that have been classified according to the Global Industry Classification Standard. The relative weight of any single index constituent is capped at 25 percent.

⁽²⁾ The S&P 100 Index measures the performance of 100 U.S. large-cap companies. The constituents are among the larger and more stable companies in the S&P 500 Index, and must have listed options.

The performance of the Fund in the above table from the period of inception to November 21, 2005 was based on the investment objectives and strategy of the Fund as First Premium U.S. Trust investing in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. On November 21, 2005 unitholders approved a proposal resulting in a change in the investment objectives and strategy of the Fund. Since November 21, 2005 the Fund invests exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

Commencing in 2011, the S&P/TSX Financials Index was superseded by the S&P/TSX Capped Financials Index as the performance benchmark of the Fund. Use of the S&P/TSX Capped Financials Index is deemed to be more appropriate as it excludes Real Estate companies and is therefore more representative of a broad-based index of Canadian Financial companies and more reflective of the portfolio universe of the Fund.

The equity performance benchmarks shown here provide 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 these indices; rather, its objectives are to pay out quarterly distributions and return the original invested amount at the termination date. 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.

For the year ended December 31, 2014, the annual return per Combined Unit and per Capital Unit, including reinvestment of distributions, were 8.6 percent and 14.1 percent respectively. In comparison, the S&P/TSX Capped Financials Index return was 12.6 percent and the S&P/TSX Composite Index return was 10.6 percent. The Capital Units achieved its investment objective of providing quarterly distributions in an amount targeted to be 7.5 percent of the net asset value (the “NAV”). The Preferred Security also achieved its investment objective of providing fixed quarterly cash interest payments equal to 6.25 percent on the \$12.50 principal amount. In aggregate, the Fund paid cash distributions of \$0.41 per Capital Unit and \$0.78 per Preferred Security during the year. While the NAV per Preferred Security remained unchanged at \$12.50, the NAV per Capital Unit increased from \$5.02 at the end of 2013 to \$5.30 at the end of 2014.

For the most part, the portfolio holdings had exceptional gains with a median return of 14.7 percent. The Bank of Montreal and Royal Bank of Canada had the highest annual returns of 20.8 percent and 16.7 percent respectively. The Bank of Nova Scotia and Industrial Alliance, Insurance and Financial Services Inc. lagged the group with returns of 3.7 percent and negative 3.4 percent respectively. With the exception of The Bank of Nova Scotia, the banks led the group in share performance. All our bank holdings had median performance of 15.6 percent versus the insurance holdings median return of 7.7 percent. Some option overwriting activities produced a drag on performance as improvements in the market caused some of our positions to be called away; however, the resulting opportunity cost did not impair the Fund’s ability to meet its distribution obligations.

Sun Life Financial Inc. and Great-West Lifeco Inc. both kept their dividends unchanged over the year. Manulife Financial Corporation and Industrial Alliance Insurance and Financial Services Inc. both increased dividends slightly, by 2.5 cents and 3 cents per share respectively. All of the banks in the portfolio continued to increase dividends in 2014. Bank earnings were higher for all holdings in 2014 versus 2013 and were generally in line with analysts’ forecasts. Comparing reported results of the third quarters of 2014 and 2013, the insurance holdings also improved on prior year’s earnings.

The average call writing exposure over the year was 3.2 percent down from 7.3 percent a year ago. At times, there were no overwritten positions and the largest exposure was 20.4 percent of the portfolio in the first quarter of 2014. Call writing activity tapered throughout the year averaging less than 2 percentage points in the last two quarters and, at year-end, the Fund held no option positions. In addition, the Fund did not purchase any protective puts on the portfolio securities during 2014. The net realized loss on options attributable to Strathbridge Selective Overwriting (“SSO”) strategy amounted to \$0.02 per unit. The average cash position was 2.0 percent for the year.

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	99.3 %
Cash	0.9 %
Other Assets (Liabilities)	(0.2)%
	100.0 %

*The Net Asset Value excludes the Preferred Security liability.

Portfolio Holdings

December 31, 2014

	% OF NET ASSET VALUE*
Sun Life Financial Inc.	11.4 %
Manulife Financial Corporation	11.3 %
Royal Bank of Canada	10.9 %
Great-West Lifeco Inc.	10.2 %
Bank of Montreal	10.1 %
Industrial Alliance Insurance and Financial Services Inc.	9.6 %
Canadian Imperial Bank of Commerce	9.5 %
The Bank of Nova Scotia	8.9 %
The Toronto-Dominion Bank	8.7 %
National Bank of Canada	8.7 %
Cash	0.9 %

*The Net Asset Value excludes the Preferred Security liability.

Forward-Looking Statements

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

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

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

Management’s Responsibility for Financial Reporting

The accompanying financial statements of Top 10 Split 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 Securityholders of Top 10 Split Trust

We have audited the accompanying financial statements of Top 10 Split 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 net assets attributable to holders of Capital Units 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 Top 10 Split Trust as at December 31, 2014, December 31, 2013 and January 1, 2013 and its financial performance, its changes in net assets attributable to holders of Capital Units, 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	\$ 24,346,828	\$ 26,609,083	\$ 21,790,263
Dividends receivable		47,915	51,180	69,243
Due from brokers - investments		1,231,977	–	505,390
Interest receivable		–	–	380
Short-term investments	3	–	–	699,566
Cash		218,118	167,194	269,243
TOTAL ASSETS		25,844,838	26,827,457	23,334,085
LIABILITIES				
Derivative liabilities		–	–	89,775
Redemptions payable		1,242,454	1,407,594	587,530
Accrued liabilities		95,030	77,640	67,722
Due to brokers - investments		–	–	370,226
Preferred securities		17,209,988	18,082,487	19,086,850
TOTAL LIABILITIES		18,547,472	19,567,721	20,202,103
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS	5	\$ 7,297,366	\$ 7,259,736	\$ 3,131,982
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT		\$ 5.3002	\$ 5.0185	\$ 2.0511

On behalf of the Manager,
Strathbridge Asset Management Inc.



John P. Mulvihill, Director



John D. Germain, Director

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013

	Note	2014	2013
INCOME			
Dividend income		\$ 899,523	\$ 923,787
Interest income		–	54
Net realized gain on investments at fair value through profit or loss	8	3,814,086	1,371,167
Net realized loss on options at fair value through profit or loss	8	(23,991)	(95,435)
Net change in unrealized gain/loss on investments at fair value through profit or loss	5,8	(1,984,894)	4,478,906
TOTAL INCOME		2,704,724	6,678,479
EXPENSES			
Management fees	10	285,033	270,977
Service fees		30,096	21,695
Administrative and other expenses		73,520	70,253
Transaction fees	11	20,801	19,092
Custodian fees		25,752	28,085
Audit fees		33,450	31,029
Advisory board fees	10	20,400	18,900
Independent review committee fees	10	6,900	7,775
Legal fees		2,389	3,426
Unitholder reporting costs		14,925	16,006
Harmonized sales tax		41,312	43,905
Subtotal Expenses		554,578	531,143
Special resolution expense	15	15,424	–
TOTAL EXPENSES		570,002	531,143
OPERATING PROFIT		2,134,722	6,147,336
Preferred security interest		(1,130,141)	(1,192,913)
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS	5,12	\$ 1,004,581	\$ 4,954,423
INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT	12	\$ 0.6945	\$ 3.2451

Statements of Changes in Net Assets Attributable to Holders of Capital Units

For the years ended December 31, 2014 and 2013

	Note	2014	2013
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, BEGINNING OF YEAR	5	\$ 7,259,736	\$ 3,131,982
Increase in Net Assets Attributable to Holders of Capital Units		1,004,581	4,954,423
Capital Unit Transactions			
Value for Capital Units redeemed, excluding Preferred Securities		(369,954)	(403,231)
Distributions			
Non-taxable distributions		(596,997)	(423,438)
Changes in Net Assets Attributable to Holders of Capital Units during the Year		37,630	4,127,754
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, END OF YEAR	5	\$ 7,297,366	\$ 7,259,736

Statements of Cash Flows

For the years ended December 31, 2014 and 2013

	Note	2014	2013
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		\$ 167,194	\$ 968,809
Cash Flows Provided by (Used In) Operating Activities			
Operating Profit		2,134,722	6,147,336
Adjustments to Reconcile Increase/Decrease in Net Assets Attributable to Holders of Capital Units to Net Cash Provided by (Used in) Operating Activities			
Purchase of investment securities		(23,883,291)	(15,246,138)
Proceeds from disposition of investment securities		27,950,748	16,092,181
Net realized gain on investments at fair value through profit or loss		(3,814,086)	(1,371,167)
Net realized loss on options at fair value through profit or loss		23,991	95,435
Net change in unrealized gain/loss on investments at fair value through profit or loss (Increase)/decrease in dividends receivable, due from brokers - investments and interest receivable	5	1,984,894	(4,478,906)
(Decrease)/increase in accrued liabilities and due to brokers - investments		(1,228,712)	523,833
		17,390	(360,308)
		1,050,934	(4,745,070)
Cash Flows Provided by (Used In) Financing Activities			
Capital Unit redemptions		(403,231)	(82,817)
Preferred Security redemptions		(1,004,363)	(504,713)
Capital Unit distributions		(596,997)	(423,438)
Preferred Security interest		(1,130,141)	(1,192,913)
		(3,134,732)	(2,203,881)
Net Increase/(Decrease) in Cash During the Year		50,924	(801,615)
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 218,118	\$ 167,194
Dividends received		\$ 902,788	\$ 941,850
Interest received		\$ -	\$ 434

Schedule of Investments

As at December 31, 2014

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Capital Units
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	30,200	\$ 2,225,845	\$ 2,481,836	
Canadian Imperial Bank of Commerce	23,300	2,184,997	2,326,272	
Great-West Lifeco Inc.	74,320	2,211,926	2,496,409	
Industrial Alliance Insurance and Financial Services Inc.	52,800	2,241,881	2,345,904	
Manulife Financial Corporation	125,400	2,362,070	2,781,372	
National Bank of Canada	43,160	1,928,278	2,133,830	
Royal Bank of Canada	33,200	2,398,644	2,663,968	
Sun Life Financial Inc.	66,600	2,342,421	2,791,872	
The Bank of Nova Scotia	33,000	2,031,824	2,188,230	
The Toronto-Dominion Bank	38,500	1,940,405	2,137,135	
Total Financials		21,868,291	24,346,828	99.3 %
Total Canadian Common Shares		\$ 21,868,291	\$ 24,346,828	99.3 %
Adjustment for transaction fees		(11,306)		
TOTAL INVESTMENTS		\$ 21,856,985	\$ 24,346,828	99.3 %
OTHER NET ASSETS			160,526	0.7 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, excluding the Preferred Security liability			\$ 24,507,354	100.0 %

1. Fund Information

Top 10 Split Trust (the “Fund”) was originally established as a closed-end investment trust under the laws of the Province of Ontario on January 22, 1997 under the name First Premium U.S. Income Trust (“FPU”) which began operations on February 4, 1997. On November 21, 2005, unitholders of FPU approved a proposal resulting in a change in the investment objectives and strategy of the Fund. In connection with the approval of the proposal, the Fund changed its name to Top 10 Split Trust to better reflect its new investment strategy and split trust capital structure. 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 split share trust designed to provide Capital Unit holders with the benefit of any capital appreciation in the value of the portfolio combined with tax-efficient quarterly distributions and to provide holders of the Preferred Securities with fixed cumulative preferential quarterly distributions. These securities are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbols TXT.UN for the Capital Units and TXT.PR.A for the Preferred Securities. A Combined Unit of the Fund consists of one Capital Unit and one Preferred Security. To accomplish its objectives, the Fund invests exclusively in shares of the six largest Canadian banks and four largest Canadian life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund’s assets in each company.

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 semi-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 primarily consist of money market instruments with original maturities of 90 days or less.

Capital Units

IAS 32, Financial Instruments: Presentation requires that the Capital Units (which are puttable instruments) be classified as financial liabilities unless all the criteria outlined in IAS 32 paragraph 16A are met. The Fund's Capital Units do not meet all the criteria outlined in IAS 32 paragraph 16A which would require the units to be classified as equity by exception, and therefore, have been reclassified as financial liabilities on transition to IFRS.

Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit

The increase/(decrease) in net assets attributable to holders of Capital Units per Capital Unit is calculated by dividing the increase/(decrease) in net assets attributable to holders of Capital Units by the weighted average number of Capital 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

	Dec. 31, 2013	Jan. 1, 2013
Net Assets		
Net Assets as reported under Canadian GAAP	\$ 7,253,058	\$ 3,106,491
Revaluation of investments at FVTPL	6,678	25,491
Net Assets Attributable to Holders of Capital Units	\$ 7,259,736	\$ 3,131,982

	Dec. 31, 2013
Comprehensive Income	
Comprehensive Income reported under Canadian GAAP	\$ 4,973,236
Revaluation of investments at FVTPL	(18,813)
Increase in Net Assets Attributable to Holders of Capital Units	\$ 4,954,423

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 \$6,678 as at January 1, 2013 and \$25,491 as at December 31, 2013. Another impact of fair value adjustments was to decrease the Fund's increase/(decrease) in net assets attributable to holders of Capital Units by \$18,813 for the year ended December 31, 2013.

Classification of Capital Units

Under Canadian GAAP, the Fund classified the Capital Units as equity. Under IFRS, IAS 32, Financial Instruments: Presentation, requires that the Capital Units (which are puttable instruments) be classified as financial liabilities unless all the criteria outlined in IAS 32 paragraph 16A are met. The Fund's Capital Units do not meet all the criteria outlined in IAS 32 paragraph 16A which would require the Capital Units to be classified as equity by exception, and therefore, have been reclassified as financial liabilities 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 non-compliance. The Fund's objectives, policies and processes are described in Note 1, information on the Fund's Capital 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 analysis below summarizes the credit quality of the Fund's short-term investments as at December 31, 2014, December 31, 2013 and January 1, 2013.

Credit Rating	Percentage of Short-Term Investments		
	Dec. 31, 2014	Dec. 31, 2013	Jan. 1, 2013
A-	-	-	100.0%

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 Capital Units at least 10 business days prior to the last day of the month and receive payment on or before 10 calendar days following the month end valuation date. Therefore the Fund has a maximum of 20 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

	As at December 31 2014		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 95,030	\$ 95,030
Due to brokers - investments	-	1,242,454	1,242,454
Preferred securities	17,209,988	-	17,209,988
	\$ 17,209,988	\$ 1,337,484	\$ 18,547,472

	As at December 31, 2013		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 77,640	\$ 77,640
Redemptions payable	-	1,407,594	1,407,594
Preferred securities	18,082,487	-	18,082,487
	\$ 18,082,487	\$ 1,485,234	\$ 19,567,721

	As at January 1, 2013		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 67,722	\$ 67,722
Due to brokers - investments	-	370,226	370,226
Redemptions payable	-	587,530	587,530
Derivative liabilities	-	89,775	89,775
Preferred securities	19,086,850	-	19,086,850
	\$ 19,086,850	\$ 1,115,253	\$ 20,202,103

The Preferred Securities are direct unsecured debt obligations issued by the Fund that will mature on March 31, 2016. As at such date, the

Fund will repay the principal amount of \$12.50 per Preferred Security on termination of the Fund.

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 holders of Capital Units 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 attributable to holders of Capital Units per Capital 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 companies in the financial services industry.

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 99 percent (December 31, 2013 - 105 percent and January 1, 2013 - 98 percent) of the Fund's net assets attributable to holders of Capital Units, excluding the Preferred Security liability, 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 holders of Capital Units, excluding the Preferred Security liability, would have increased or decreased by \$1.2M (December 31, 2013 - \$1.3M and January 1, 2013 - \$1.1M) respectively or 5.0 percent (December 31, 2013 - 5.2 percent and January 1, 2013 - 4.9 percent) of the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, 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	100.0%	100.0%	100.0%

Capital Risk Management

Capital Units surrendered for retraction (either alone or together with a Preferred Security) at least ten business days prior to the last day of a month (a "Valuation Date") will be retracted on such Valuation date and such security holder will receive payment on or before the tenth business day following such Valuation Date. A holder who concurrently redeems a Capital Unit with a Preferred Security (a "Combined Unit") for retraction on a monthly Valuation Date (other than December) will be entitled to receive an amount equal to 95 percent of the lesser of (i) the net asset value ("NAV") of a Combined Unit (the "Combined Value") less \$0.50 and (ii) the Combined Unit market price. A holder retracting a Capital Unit alone on a monthly Valuation date (other than December) will receive a retraction price per Capital Unit equal to 95 percent of the lesser of (i) the Combined Value less the aggregate cost to purchase a Preferred Security in the market and \$0.50; and (ii) the Capital Unit market price.

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	\$ 24,346,828	\$ -	\$ -	\$ 24,346,828
	As at December 31, 2013			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 26,609,083	\$ -	\$ -	\$ 26,609,083
	As at January 1, 2013			
	Level 1	Level 2	Level 3	Total
Short-Term Investments	\$ -	\$ 699,946	\$ -	\$ 699,946
Canadian Common Shares	21,790,263	-	-	21,790,263
Options	-	(89,775)	-	(89,775)
	\$ 21,790,263	\$ 610,171	\$ -	\$ 22,400,434

The carrying values of cash, dividends receivable, interest receivable, due to brokers - investments, accrued liabilities, due from brokers - investments, redemptions payable, and Preferred Securities, and the Fund's obligation for net assets attributable to holders of Capital Units 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 Amortized Cost	Total
	Financial Instruments at FVTPL			
	Designated at Inception	Held for Trading		
Assets				
Non-derivative financial assets	\$ 24,346,828	\$ -	\$ -	\$ 24,346,828
Cash	-	-	218,118	218,118
Dividends receivable	-	-	47,915	47,915
Due from brokers - investments	-	-	1,231,977	1,231,977
	\$ 24,346,828	\$ -	\$ 1,498,010	\$ 25,844,838
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ 95,030	\$ 95,030
Redemptions payable	-	-	1,242,454	1,242,454
Preferred securities	-	-	17,209,988	17,209,988
	\$ -	\$ -	\$ 18,547,472	\$ 18,547,472

	As at December 31, 2013		Financial Instruments at Amortized Cost	Total
	Financial Instruments at FVTPL			
	Designated at Inception	Held for Trading		
Assets				
Non-derivative financial assets	\$ 26,609,083	\$ -	\$ -	\$ 26,609,083
Cash	-	-	167,194	167,194
Dividends receivable	-	-	51,180	51,180
	\$ 26,609,083	\$ -	\$ 218,374	\$ 26,827,457
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ 77,640	\$ 77,640
Redemptions payable	-	-	1,407,594	1,407,594
Preferred securities	-	-	18,082,487	18,082,487
	\$ -	\$ -	\$ 19,567,721	\$ 19,567,721

	As at January 1, 2013		Financial Instruments at Amortized Cost	Total
	Financial Instruments at FVTPL			
	Designated at Inception	Held for Trading		
Assets				
Non-derivative financial assets	\$ 21,790,263	\$ -	\$ -	\$ 21,790,263
Short-term investments	-	-	699,946	699,946
Cash	-	-	269,243	269,243
Dividends receivable	-	-	69,243	69,243
Due from brokers - investments	-	-	505,390	505,390
	\$ 21,790,263	\$ -	\$ 1,543,822	\$ 23,334,085
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ 67,722	\$ 67,722
Due to brokers - investments	-	-	370,226	370,226
Redemptions payable	-	-	587,530	587,530
Derivative liabilities	-	89,775	-	89,775
Preferred securities	-	-	19,086,850	19,086,850
	\$ -	\$ 89,775	\$ 20,112,328	\$ 20,202,103

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	\$ 3,814,086	\$ 1,371,167
Held for Trading	(23,991)	(95,435)
	3,790,095	1,275,732
Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL		
Designated at Inception	(1,984,894)	4,471,301
Held for Trading	-	7,605
	(1,984,894)	4,478,906
Net Gain on Financial Instruments at FVTPL	\$ 1,805,201	\$ 5,754,638

9. Capital Units

The Fund is authorized to issue an unlimited number of Capital Units and Preferred Securities. The Preferred Securities are direct unsecured debt obligations issued by the Fund that will mature on March 31, 2016. At such date, the Fund will repay the principal amount of \$12.50 per Preferred Security on termination of the Fund.

The Fund will endeavour to make quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum on the Fund's net asset value and to pay holders of Preferred Securities fixed quarterly cash interest payments of 6.25 percent per annum on the \$12.50 principal amount of a Preferred Security.

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

	Dec. 31, 2014	Dec. 31, 2013
Capital Units outstanding, beginning of year	1,446,599	1,526,948
Capital Units redeemed	(69,800)	(80,349)
Capital Units outstanding, end of year	1,376,799	1,446,599

On April 29, 2013, the Fund announced it filed a Notice of Intention to make a normal course issuer bid to purchase up to 152,694 Capital Units and 152,694 Preferred Securities representing approximately 10 percent of the Fund's public float as of April 25, 2013. The normal course issuer bid remained in effect until April 30, 2014 and at such time nil units had been purchased by the Fund.

On October 17, 2014, the Fund has filed a Notice of Intention to make a normal course issuer bid to purchase up to 144,659 Capital Units and 144,659 Preferred Securities representing approximately 10 percent of the public float of 1,446,599 Capital Units and 1,446,599 Preferred Securities, as of September 30, 2014. The Fund may purchase up to 28,931 of each respective class of securities in any 30 day period which

is 2 percent of the 1,446,599 securities issued and outstanding of each respective class as at September 30, 2014. The units may be purchased for cancellation from October 22, 2014 to October 21, 2015 through the facilities of the TSX or other eligible alternative market and may only be purchased together as a unit at a price per share not exceeding the last net asset value per Combined Unit. As at December 31, 2014, nil units have been purchased by the Fund.

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, excluding the Preferred Security liability, 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 \$285,033 (2013 - \$270,977).

(b) Board of Advisors' Remuneration

Total remuneration paid to the external members of the Board of Advisors for the 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 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	\$ 6,655	\$ 10,404
Percentage of Total Transaction Fees	32.0%	54.5%

12. Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit

The Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital 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 Holders of Capital Units	\$ 1,004,581	\$ 4,954,423
Weighted Average Number of Capital Units Outstanding during the Year	1,446,408	1,526,728
Increase in Net Assets Attributable to Holders of Capital Units per Capital Unit	\$ 0.6945	\$ 3.2451

13. Income Taxes

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

Accumulated non-capital losses of approximately \$9.5M (2013 - \$13.3M) and capital losses of approximately \$69.1M (2013 - \$69.1M) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in \$M)
2015	1.2
2026	4.7
2028	1.1
2029	1.4
2030	0.8
2032	0.3
Total	\$9.5

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 Top 10 Split Financial Portfolio or 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 law; (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 securityholders of record on November 21, 2014 and a special meeting of securityholders of the Fund was held on December 23, 2014 to consider and vote upon the proposal. Pro-rata costs of \$15,424 were accrued in relation to this special resolution.

On January 2, 2015, the Manager announced that the proposal was approved by the securityholders 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. Koerner¹
Corporate Director

Robert W. Korthals¹
Corporate Director

Robert G. Bertram¹
Corporate Director

¹Independent Review Committee Member

Information

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Transfer Agent:

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Securities Listed:

Toronto Stock Exchange
trading under
TXT.PR.A/TXT.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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