
Top 10 Split Trust
Semi-Annual Report 2021

Letter to Securityholders

We are pleased to present the 2021 semi-annual report containing the management report of fund performance and the unaudited financial statements for Top 10 Split Trust (the “Fund”).

The first half of 2021 was marked by continued strength in North American equity markets which closed at or near all-time highs on expectations the rollout of vaccines around the world will lead to strong global GDP growth and corporate earnings into 2022. Central banks remained committed to a policy of monetary easing in spite of stronger economic growth and inflation numbers while governments continue to pass significant stimulus packages despite substantial deficits.

During the six months ended June 30, 2021, the Fund paid cash distributions of \$0.13 per Capital Unit and \$0.39 per Preferred Security. The net asset value per Combined Unit increased 17.3 percent from \$13.92 at December 31, 2020 to \$16.33 at June 30, 2021. The total return of the Fund per Combined Unit, including the reinvestment of distributions, was 21.1 percent for the period. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see “The Fund”) amounted to \$0.02 per Combined Unit as compared to a net realized gain on options of \$0.32 per Combined Unit a year ago. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all securityholders for their continued support and encourage securityholders to review the detailed information contained within the semi-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.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 in a portfolio of securities consisting of common equity securities of the six largest Canadian banks and the four largest Canadian life insurance companies. The Fund may also invest in public investment funds including exchange-traded funds and other Strathbridge Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Strathbridge Funds) that provide exposure to such securities.

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.

Top 10 Split Trust

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2021 of Top 10 Split Trust (the “Fund”). The unaudited semi-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, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@strathbridge.com, 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.

Results of Operations

Distributions

For the six months ended June 30, 2021, cash distributions of \$0.13 per Capital Unit were paid compared to \$0.05 per Capital Unit a year ago. Interest payments of \$0.39 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 cash distributions of \$6.03 per Capital Unit and interest of \$12.17 per Preferred Security.

Revenue and Expenses

For the six months ended June 30, 2021, the Fund’s total revenue was \$0.31 per Combined Unit down from \$0.33 per Combined Unit in the prior year. Total expenses were \$0.26 per Combined Unit up from \$0.21 per Combined Unit in the prior year. Commencing in 2021, the Fund set up accruals for major expenses which resulted in increased per Combined Unit expenses compared to the prior period. The Fund had a net realized and unrealized gain of \$3.10 per Combined Unit in the first half of 2021 as compared to a net realized and unrealized loss of \$3.91 per Combined Unit a year earlier.

Net Asset Value

The net asset value per Combined Unit of the Fund increased 17.3 percent from \$13.92 at December 31, 2020 to \$16.33 at June 30, 2021. The aggregate net asset value of the Fund decreased \$4.4 million, from \$14.3 million at December 31, 2020 to \$9.9 million at June 30, 2021, reflecting an increase in net assets attributable to holders of Capital Units of \$2.3 million, Capital Unit distributions of \$0.1 million and special redemptions of \$6.6 million.

Management Report of Fund Performance

Recent Developments

On March 23, 2021, the Fund announced a partial redemption of its Preferred Securities in order to maintain an equal number of Preferred Securities and Capital Units outstanding. The partial redemption of the Preferred Securities was made in connection with the automatic five-year extension of the term of the Fund to March 31, 2026. Pursuant to the special retraction right granted to securityholders in connection with the extension of Fund, 195,982 Preferred Securities and 418,542 Capital Units were redeemed with a total retraction of \$3,827,071. In order to maintain an equal number of Preferred Securities and Capital Units, the Fund redeemed an aggregate of 222,560 Preferred Securities on a pro rata basis from all holders of record of Preferred Securities on March 31, 2021 with a total redemption of \$2,782,000.

Related Party Transactions

Strathbridge Asset Management Inc. (“Strathbridge”), as the Investment Manager of the Fund, manages the 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 period, 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 Michael M. Koerner, Robert G. Bertram and R. Peter Gillin.

Top 10 Split Trust

Management Report of 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.

Information for the period ended June 30, 2021 is derived from the Fund's unaudited semi-annual financial statements.

	Six months ended June 30, 2021
NET ASSETS PER COMBINED UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 13.92
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.31
Total expenses	(0.26)
Realized gain (loss) for the period	1.75
Unrealized gain (loss) for the period	1.35
Total Increase (Decrease) from Operations⁽²⁾	3.15
DISTRIBUTIONS	
From net investment income – Preferred Security	(0.39)
Non-taxable distributions – Capital Unit	(0.13)
Total Distributions⁽³⁾	(0.52)
Net Assets, end of period⁽¹⁾	\$ 16.33

(1) All per Combined Unit figures are derived from the Fund's unaudited financial statements for the six months ended June 30, 2021 and audited financial statements for the years ended December 31. Net assets per Combined Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities divided by the number of units then outstanding.

	Six months ended June 30, 2021
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding Preferred Security liability (\$millions)	\$ 9.89
Net Asset Value (\$millions)	\$ 2.32
Number of Combined Units outstanding	605,894
Management expense ratio ⁽¹⁾	3.29% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	26.20%
Trading expense ratio ⁽³⁾	0.07% ⁽⁴⁾
Net Asset Value per Combined Unit ⁽⁵⁾	\$ 16.33
Closing market price – Preferred Security	\$ 12.90 ⁽⁶⁾
Closing market price – Capital Unit	\$ 3.40 ⁽⁷⁾

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER, including Preferred Security interest payments, is 8.19%, 8.81%, 7.51%, 7.10%, 7.01% and 7.29% for 2021, 2020, 2019, 2018, 2017 and 2016 respectively.

Management Report of Fund Performance

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

		Years ended December 31				
		2020	2019	2018	2017	2016
	\$	16.24	\$ 14.40	\$ 17.58	\$ 17.30	\$ 15.85
		0.65	0.62	0.61	0.62	0.63
		(0.38)	(0.42)	(0.41)	(0.44)	(0.39)
		(1.18)	0.27	0.68	1.61	0.23
		(0.56)	2.38	(2.98)	(0.38)	1.92
		(1.47)	2.85	(2.10)	1.41	2.39
		(0.78)	(0.78)	(0.78)	(0.78)	(0.78)
		(0.08)	(0.23)	(0.30)	(0.34)	(0.25)
		(0.86)	(1.01)	(1.08)	(1.12)	(1.03)
	\$	13.92	\$ 16.24	\$ 14.40	\$ 17.58	\$ 17.30

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the 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.

		Years Ended October 31				
		2020	2019	2018	2017	2016
	\$	14.26	\$ 16.75	\$ 16.02	\$ 19.56	\$ 19.84
	\$	1.45	\$ 3.86	\$ 2.12	\$ 5.65	\$ 5.50
		1,024,436	1,031,459	1,112,436	1,112,436	1,146,869
		2.71%	2.51%	2.35%	2.45%	2.32%
		102.84%	92.46%	61.63%	105.34%	145.80%
		0.22%	0.16%	0.14%	0.12%	0.14%
	\$	13.92	\$ 16.24	\$ 14.40	\$ 17.58	\$ 17.30
	\$	12.11	\$ 12.34	\$ 12.51	\$ 12.65	\$ 12.60
	\$	1.51	\$ 3.63	\$ 2.60	\$ 4.45	\$ 4.19

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

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

(4) Annualized.

(5) 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 divided by the number of units then outstanding.

(6) The last date with an executed trade was June 30, 2021.

(7) The last date with an executed trade was June 28, 2021.

Management Report of Fund Performance

Management Fees

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

Strathbridge, as the Manager of the Fund, is entitled to fees under the Trust Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Trust Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

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

- (1) information shown assumes that all distributions and interest payments made by the Fund during these periods 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 total return varied from year to year for each of the past ten years and for the six months ended June 30, 2021. 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 or June 30, 2021 for the six months ended.

Total Return



Management Report of Fund Performance

Portfolio Manager Report

The first half of 2021 was marked by continued strength in North American equity markets which closed at or near all-time highs on expectations that rollout of vaccines around the world will lead to strong global GDP growth and corporate earnings into 2022. Central banks remained committed to a policy of monetary easing despite stronger economic growth and inflation numbers. Governments continue to pass significant stimulus packages despite substantial deficits.

The semi-annual return ending June 30, 2021 for the Combined Unit, including reinvestment of distributions, was 21.1 percent. In aggregate, the Fund paid cash distributions of \$0.13 per Capital Unit and \$0.39 per Preferred Security during the first half of the year. At June 30, 2021, the net asset value ("NAV") per Preferred Security was \$12.50 and the NAV per Capital Unit increased by \$2.41 from December 31, 2020 to \$3.83.

The individual portfolio holdings had an average return of 23.8 percent over the first half. Our bank holdings outperformed the insurance holdings with an average return of 27.3 percent versus the average for the insurers of 18.4 percent. The top performer was the Bank of Montreal with a half year total return of 34.0 percent. The laggard was Manulife Financial Corporation with a half year total return of 10.1 percent.

The gross dividend yield on the Fund holdings was 2.5 percent. Bank gross dividend yield was 3.7 and the insurance company gross dividend yield was 3.9 percent. The five-year EPS growth rate at the end of the first half averaged 6.7 percent for the holdings. This compares with a five-year growth rate of 7.9 percent as June 2021.

The Fund held short call option positions throughout the period. The short call positions ranged from zero to 8.4 percent with the average of 2.1 percent over the period. The Fund did not hold long call or put positions over the first half of the year. The average cash position over the first half of 2021 was 5.3 percent. The net realized gain on options attributable to Strathbridge Selective Overwriting ("SSO") strategy amounted to \$0.02 per Combined Unit.

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Management Report of Fund Performance

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

June 30, 2021

	% of Net Asset Value*
Financials	99.6 %
Cash	0.7 %
Other Assets (Liabilities)	(0.3)%
	100.0 %

*The Net Asset Value excludes the Preferred Security liability.

Portfolio Holdings

June 30, 2021

	% of Net Asset Value*
Bank of Montreal	12.2 %
Canadian Imperial Bank of Commerce	11.6 %
National Bank of Canada	11.4 %
Great-West Lifeco Inc.	10.4 %
Royal Bank of Canada	10.0 %
The Toronto-Dominion Bank	9.9 %
iA Financial Corporation Inc.	9.6 %
The Bank of Nova Scotia	9.2 %
Sun Life Financial Inc.	7.9 %
Manulife Financial Corporation	7.4 %
Cash	0.7 %

*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 condensed financial statements of Top 10 Split Trust (the “Fund”) and all the information in this semi-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 condensed 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 semi-annual report is consistent with the condensed 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, 2020.

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 matters, 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.



John D. Germain
Director
Strathbridge Asset Management Inc.

August 6, 2021

Notice to Securityholders

The accompanying unaudited Condensed Financial Statements for the six months ended June 30, 2021 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed Financial Statements

Statements of Financial Position

As at June 30, 2021 (Unaudited) and December 31, 2020 (Audited)

	Note	June 30, 2021	Dec. 31, 2020
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 9,851,813	\$ 14,248,840
Dividends receivable		20,488	32,498
Cash		68,006	134,633
TOTAL ASSETS		9,940,307	14,415,971
LIABILITIES			
Accrued liabilities		36,300	46,970
Accrued management fees	4	8,956	13,390
Derivative liabilities	2	940	–
Redemptions payable		–	97,745
Preferred securities	3	7,573,675	12,805,449
TOTAL LIABILITIES		7,619,871	12,963,554
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS		\$ 2,320,436	\$ 1,452,417
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT		\$ 3.8298	\$ 1.4178

The notes are an integral part of the Condensed Financial Statements.

Top 10 Split Trust

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended June 30 (Unaudited)

	Note	2021	2020
INCOME			
Dividend income		\$ 260,663	\$ 343,196
Interest income		–	727
Net realized gain/(loss) on investments at fair value through profit or loss		1,466,939	(1,294,809)
Net realized gain on options at fair value through profit or loss		12,697	334,058
Net change in unrealized gain/(loss) on investments at fair value through profit or loss		1,139,112	(3,068,817)
TOTAL INCOME/(LOSS), NET		2,879,411	(3,685,645)
EXPENSES			
Management fees	4	69,016	74,822
Service fees		5,452	–
Administrative and other expenses		58,486	48,499
Transaction fees		4,871	18,885
Custodian fees	5	19,929	20,002
Audit fees		17,271	16,406
Advisory board fees	4	10,940	10,200
Independent review committee fees	4	4,504	4,167
Legal fees		5,729	1,250
Securityholder reporting costs		5,867	6,311
Harmonized sales tax		17,033	14,194
TOTAL EXPENSES		219,098	214,736
OPERATING PROFIT/(LOSS)		2,660,313	(3,900,381)
Preferred security interest	3	(318,420)	(402,909)
Reduction in Value of Preferred Securities	3	–	497,058
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS	6	\$ 2,341,893	\$ (3,806,232)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS PER CAPITAL UNIT	6	\$ 2.7669	\$ (3.6901)

The notes are an integral part of the Condensed Financial Statements.

Condensed Financial Statements

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

Six months ended June 30 (Unaudited)

	2021	2020
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, BEGINNING OF YEAR	\$ 1,452,417	\$ 3,857,093
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units	2,341,893	(3,806,232)
Capital Unit Transactions		
Value for Capital Units redeemed, excluding Preferred Securities	(1,377,297)	-
Distributions		
Non-taxable distributions	(96,577)	(50,861)
Changes in Net Assets Attributable to Holders of Capital Units during the Period	868,019	(3,857,093)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS, END OF PERIOD	\$ 2,320,436	\$ -

The notes are an integral part of the Condensed Financial Statements.

Statements of Cash Flows

Six months ended June 30 (Unaudited)

	2021	2020
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 134,633	\$ 547,402
Cash Flows Provided By (Used In) Operating Activities		
Operating Profit/(Loss)	2,660,313	(3,900,381)
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	(1,466,939)	1,294,809
Net realized gain on options at fair value through profit or loss	(12,697)	(334,058)
Net change in unrealized (gain)/loss on investments at fair value through profit or loss	(1,139,112)	3,068,817
Decrease in dividends receivable	12,010	892
Increase/(decrease) in accrued liabilities, accrued management fees and due to brokers – investments	(15,104)	104,104
Purchase of investment securities	(3,250,248)	(5,637,298)
Proceeds from disposition of investment securities	10,266,963	8,283,733
	4,394,873	6,780,999
Cash Flows Used In Financing Activities		
Capital Unit redemptions	(1,387,254)	(302,813)
Preferred Security redemptions	(5,319,562)	(1,012,213)
Capital Unit distributions	(96,577)	(50,861)
Preferred Security interest	(318,420)	(402,909)
	(7,121,813)	(1,768,796)
Net Increase/(Decrease) in Cash During the Period	(66,627)	1,111,822
CASH, END OF PERIOD	\$ 68,006	\$ 1,659,224
Dividends received	\$ 272,673	\$ 344,088
Interest received	\$ -	\$ 727

The notes are an integral part of the Condensed Financial Statements.

Top 10 Split Trust

Schedule of Investments

As at June 30, 2021 (Unaudited)

	Number of Shares/ (Contracts)	Average Cost/ (Proceeds)	Fair Value	% of Net Assets Attributable to Holders of Capital Units and Preferred Securities
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	9,500	\$ 842,797	\$ 1,207,070	
Canadian Imperial Bank of Commerce	8,100	836,269	1,142,991	
Great-West Lifeco Inc.	27,800	885,144	1,023,596	
iA Financial Corporation Inc.	14,000	802,063	944,860	
Manulife Financial Corporation	30,200	682,855	736,880	
National Bank of Canada	12,200	855,655	1,131,794	
Royal Bank of Canada	7,900	817,040	992,161	
Sun Life Financial Inc.	12,200	674,036	779,824	
The Bank of Nova Scotia	11,300	747,213	911,006	
The Toronto-Dominion Bank	11,300	807,186	981,631	
Total Financials		7,950,258	9,851,813	99.6%
Total Canadian Common Shares		\$ 7,950,258	\$ 9,851,813	99.6%
Options				
Written Covered Call Options				
(100 shares per contract)				
iA Financial Corporation Inc. – July 2021 @ \$70	(47)	\$ (5,781)	\$ (940)	
Total Options		\$ (5,781)	\$ (940)	0.0%
Adjustment for transaction costs		(5,869)		
TOTAL INVESTMENTS		\$ 7,938,608	\$ 9,850,873	99.6%
OTHER NET ASSETS			43,238	0.4%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CAPITAL UNITS AND PREFERRED SECURITIES			\$ 9,894,111	100.0%

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

1. Basis of Presentation

The condensed semi-annual financial statements for Top 10 Split Trust (the “Fund”) have been prepared in compliance with International Financial Reporting Standards (“IFRS”), specifically the International Accounting Standard (“IAS”) 34 Interim Financial Reporting. However, not all disclosures required by IFRS for annual financial statements have been presented and, accordingly, these condensed semi-annual financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2020.

These condensed semi-annual financial statements follow the same accounting policies and method of application as the most recent audited financial statements for the year ended December 31, 2020.

These condensed financial statements were approved by the Board of Advisors on August 6, 2021.

2. Risks Associated with Financial Instruments

The various types of risks associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended December 31, 2020.

Credit Risk

As at June 30, 2021 and December 31, 2020, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

Liquidity Risk

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

	As at June 30, 2021 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ –	\$ 36,300	\$ 36,300
Accrued management fees	–	8,956	8,956
Derivative liabilities	–	940	940
Preferred securities	7,573,675	–	7,573,675
Capital Units	2,320,436	–	2,320,436
	\$ 9,894,111	\$ 46,196	\$ 9,940,307

	As at December 31, 2020 Financial Liabilities		
	On Demand	< 3 months	Total
Redemptions payable	\$ –	\$ 97,745	\$ 97,745
Accrued liabilities	–	46,970	46,970
Accrued management fees	–	13,390	13,390
Preferred securities	12,805,449	–	12,805,449
Capital Units	1,452,417	–	1,452,417
	\$ 14,257,866	\$ 158,105	\$ 14,415,971

Top 10 Split Trust

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

Market Risk

(a) Price Risk

Approximately 100 percent (December 31, 2020 – 100 percent) of the Fund's net assets attributable to holders of Capital Units, excluding the Preferred Security liability, held at June 30, 2021 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2021, the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, would have increased or decreased by \$0.5 million (December 31, 2020 – \$0.7 million) respectively or 5.0 percent (December 31, 2020 – 5.0 percent) of the net assets attributable to holders of Capital Units, excluding the Preferred Security liability, 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:

	June 30, 2021	June 30, 2020
Financials	100.0%	100.0%

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2021 and December 31, 2020.

	As at June 30, 2021			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 9,851,813	\$ –	\$ –	\$ 9,851,813
Options	(940)	–	–	(940)
	\$ 9,850,873	\$ –	\$ –	\$ 9,850,873

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 14,248,840	\$ –	\$ –	\$ 14,248,840

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended June 30, 2021 and during the year ended December 31, 2020.

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

3. Capital Units and Preferred Securities

In the second quarter of 2020, the Fund experienced market declines in its equity portfolio. In June 2020, the Fund suspended distributions to the Capital Units. The Preferred Securities are direct unsecured debt obligations issued by the Fund with fixed quarterly cash payments of 6.25 percent per annum on the \$12.50 principal amount and a maturity date of March 31, 2021. As at June 30, 2020, the value of a Preferred Security was \$12.02 below the \$12.50 principal amount. As a result, the principal amount of the Preferred Securities was reduced by \$497,058 and is reflected in the Statement of Financial Position and the Statement of Comprehensive Income.

For the six months ended June 30, 2021, cash distributions paid to Capital Unit Holders were \$96,577 (June 30, 2020 – \$50,861) representing a payment of \$0.13 (June 30, 2020 – \$0.05) per Capital Unit and interest payments paid to Preferred Securities were \$318,420 (June 30, 2020 – \$402,909) representing \$0.39 (June 30, 2020 – \$0.39) per Preferred Security.

During the six months ended June 30, 2021, 418,542 (June 30, 2020 – nil) of each Capital Units and Preferred Securities were redeemed with a total retraction value of \$6,609,071 (June 30, 2020 – nil).

During the six months ended June 30, 2021 and year ended December 31, 2020, securityholder transactions are as follows:

	June 30, 2021	Dec. 31, 2020
Capital Units outstanding, beginning of year	1,024,436	1,031,459
Capital Units redeemed	(418,542)	(7,023)
Capital Units outstanding, end of period	605,894	1,024,436
Preferred Securities outstanding, beginning of year	1,024,436	1,031,459
Preferred Securities redeemed	(418,542)	(7,023)
Preferred Securities outstanding, end of year	605,894	1,024,436

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended June 30, 2021 were \$69,016 (June 30, 2020 – \$74,822) of which \$8,956 (June 30, 2020 – \$11,188) was unpaid.

(b) Advisory Board Fees

Total advisory board fees paid to the external members of the Board of Advisors for the six months ended June 30, 2021 were \$10,940 (June 30, 2020 – \$10,200).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended June 30, 2021 were \$4,504 (June 30, 2020 – \$4,167).

Top 10 Split Trust

Notes to Condensed Financial Statements

June 30, 2021 (Unaudited)

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended June 30, 2021 and 2020 is disclosed below:

	June 30, 2021	June 30, 2020
Soft Dollars	\$ 2,796	\$ 10,784
Percentage of Total Transaction Fees	57.4%	57.1%

6. 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 six months ended June 30, 2021 and 2020 is calculated as follows:

	June 30, 2021	June 30, 2020
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units	\$ 2,341,893	\$ (3,806,232)
Weighted Average Number of Capital Units Outstanding during the Period	846,382	1,031,459
Increase/(Decrease) in Net Assets Attributable to Holders of Capital Units per Capital Unit	\$ 2.7669	\$ (3.6901)

Investment Funds Managed by
Strathbridge Asset Management Inc.

MUTUAL FUNDS

Mulvihill Premium Yield Fund

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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