World Financial Split Corp.

Annual Report 2016

strathbridge
ASSET MANAGEMENT

Letter to Shareholders

We are pleased to present the 2016 annual report containing the management report of fund performance and the audited financial statements for World Financial Split Corp (the "Fund").

After getting off to the worst start since 2009, 2016 ended up being a robust year for most investors with some indices hitting all-time highs. The S&P/TSX Composite Index in Canada was one of the strongest performing markets generating a total return of 21.1 percent, primarily led by strength in the Materials and Energy sectors. In the U.S., the broad market S&P 500 Index rose 11.9 percent while the technology centric NASDAQ Index had a total return of 9.0 percent. Despite various events throughout the year that caused uncertainty for investors, such as the China growth scare at the beginning of 2016, "Brexit" where Great Britain voted in favour to leave the European Union and the election of Donald Trump as President in the U.S., markets quickly stabilized and resumed their uptrend on the anticipation of stronger GDP growth due to more supportive fiscal policies. 2017 is expected to provide continued uncertainty with elections in both France and Germany potentially impacting the state of the European Union, while North Korea continues to test its nuclear and missile capabilities escalating tensions with South Korea and China.

For the year ended December 31, 2016, the Fund's annual total return per Unit and per Class A share (ticker symbol "WFS"), including reinvestment of distributions, were 7.1 percent and 11.0 percent respectively. During the year, the Fund paid cash distributions of $0.53 per Preferred share though no distributions were paid on the Class A shares in accordance with the terms of the prospectus as the net asset value per Unit was less than $15.00. The net asset value increased 2.8 percent from $13.37 per Unit at December 31, 2015 to $13.74 per Unit at December 31, 2016. The net realized gain on options attributable to Strathbridge Selective Overwriting strategy (see "The Fund") amounted to $0.31 per Unit as compared to a net realized gain on options of $0.08 per Unit in 2015. 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 shareholders for their continued support and encourage shareholders to review the detailed information contained within the annual report.

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

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with fixed cumulative preferential quarterly distributions and the Class A shareholders with attractive quarterly distributions and the return of the original issue price on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols WFS.PR.A for the Preferred shares and WFS for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share.

To accomplish its objectives, the Fund invests in a portfolio which includes common equity securities selected from the ten largest financial services or real estate companies by market capitalization in each of Canada, the United States and the Rest of the World (the "Portfolio Universe"). The issuers of securities in the Portfolio Universe, other than Canadian issuers, must have a minimum credit rating of "A" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency. In addition, up to 25 percent of the net asset value of the Fund may be invested in common equity securities of financial services or real estate companies not included in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least US$10 billion and for non-Canadian issuers, a minimum credit rating of "A-" from Standard & Poor's Rating Services or a comparable rating from an equivalent rating agency. The Fund may also invest in public investment funds including exchange-traded funds or 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 Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

TABLE OF CONTENTS

Management Report of Fund Performance

This annual management report of fund performance contains the financial highlights for the year ended December 31, 2016 of World Financial Split Corp. (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, 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.

Investment Objectives and Strategies

The Fund’s investment objectives are to:

(1) provide holders of Preferred shares with fixed cumulative preferential quarterly cash distributions in the amount of $0.131250 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum,

(2) provide holders of Class A shares with regular quarterly cash distributions targeted to be 8.0 percent per annum, and

(3) return the original issue price to holders of both Preferred shares and Class A shares at the time of redemption of such shares on the termination date.

The Fund suspended payment of distributions to holders of Class A shares effective December 2008 in accordance with terms of the prospectus which states: “No distribution will be paid to the Class A shares if: (i) the distributions payable on the Preferred shares are in arrears; or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than $15.00”.

To achieve its objectives, the Fund invests in a portfolio which includes common equity securities selected from the ten largest financial services or real estate companies by market capitalization in each of Canada, the United States and the Rest of the World (the “Portfolio Universe”). The issuers of securities in the Portfolio Universe, other than Canadian issuers, must have a minimum credit rating of “A” from Standard & Poor’s Rating Services or a comparable rating from an equivalent rating agency. In addition, up to 25 percent of the net asset value of the Fund may be invested in common equity securities of financial services or real estate companies not included in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least US$10 billion and for non-Canadian issuers, a minimum credit rating of “A-” from Standard & Poor’s Rating Services or a comparable rating from an equivalent rating agency. The Fund may also invest in public investment funds including exchange-traded funds or 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 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 2016 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, 2016, cash distributions of $0.53 per Preferred share were paid to Preferred Shareholders which were unchanged from the prior year. Distributions to Class A shareholders remained suspended in accordance with the terms of the prospectus which states: “No distribution will be paid to the Class A shares if: (i) the distributions payable on the Preferred shares are in arrears; or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than $15.00”.

Since the inception of the Fund in February 2004, the Fund has paid total cash distributions of $6.76 per Preferred share and $5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue for the year ended December 31, 2016 was $0.37 per Unit, up from $0.36 per Unit from the prior year. Total expenses in 2016 were $0.34 per Unit, down from $0.37 per Unit last year. The reduction in expenses was mainly due to lower management and transaction fees associated with decreased trading activities. The Fund had a net realized and unrealized gain of $0.80 per Unit in 2016 as compared to a net realized and unrealized gain of $0.05 per Unit a year ago.

Net Asset Value

The net asset value per Unit of the Fund increased 2.8 percent from $13.37 per Unit at December 31, 2015 to $13.74 per Unit at December 31, 2016. The aggregate net asset value of the Fund decreased $0.3 million, from $29.2 million at December 31, 2015 to $28.9 million at December 31, 2016, reflecting Unit redemptions of $1.0 million, partially offset by an increase in net assets attributable to holders of Class A shares of $0.7 million.

Recent Developments

There were no recent developments pertaining to the Fund during the year ended December 31, 2016.

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 27, 2004 and amended as of November 6, 2009.

Strathbridge is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Strathbridge dated January 27, 2004. 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 International Financial Reporting Standards ("IFRS"), for December 31, 2016, 2015, 2014 and 2013, the net assets per Unit presented in the financial statements and the net asset value per Unit calculated weekly are both valued at closing prices. For the year ended December 31, 2012, the net assets per Unit presented in the financial statements differs from the net asset value per Unit calculated weekly, primarily as a result of investments being valued at bid prices for financial statements purposes and at closing prices for weekly net asset value purposes.

Years ended December 31	**2016**	2015	2014	2013	2012
NET ASSETS PER UNIT					
Net Assets, beginning of year[1]	**$ 13.37**	$ 13.92	$ 12.94	$ 11.02	$ 9.92
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.37**	0.36	0.33	0.28	0.30
Total expenses	**(0.34)**	(0.37)	(0.33)	(0.32)	(0.25)
Realized gain (loss) for the period	**(0.63)**	1.25	1.64	2.24	(0.66)
Unrealized gain (loss) for the period	**1.43**	(1.20)	(0.17)	0.18	2.12
Total Increase (Decrease) from Operations[2]	**0.83**	0.04	1.47	2.38	1.51
DISTRIBUTIONS					
Preferred Share					
Non-taxable distributions	**(0.53)**	(0.53)	(0.53)	(0.53)	(0.53)
Total Annual Distributions[3]	**(0.53)**	(0.53)	(0.53)	(0.53)	(0.53)
Net Assets, end of year[1]	**$ 13.74**	$ 13.37	$ 13.92	$ 12.94	$ 11.02

(1) All per Unit figures presented in 2016, 2015, 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 years ended December 31, 2016, 2015 and 2014. Net assets per Unit for the year ended December 31, 2012 were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian generally accepted accounting principles. Net assets per Unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the periods beginning on or after January 1, 2013 and for 2012 at bid prices) and the aggregate value of the liabilities, excluding the Redeemable Preferred share liability, 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, excluding Preferred share distributions, 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 shareholders are based on the number of shares outstanding on the record date for each distribution.

Financial Highlights

Years ended December 31	2016	2015	2014	2013	2012
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value, excluding the Redeemable Preferred Share liability ($millions)(1)	**$ 28.92**	$ 29.24	$ 32.78	$ 32.78	$ 31.17
Net Asset Value ($millions)(1)	**$ 7.87**	$ 7.37	$ 9.24	$ 7.46	$ 2.90
Number of Units outstanding(1)	**2,105,115**	2,186,907	2,354,556	2,532,599	2,827,248
Management expense ratio(2)	**2.27%**	2.19%	2.20%	2.14%	1.88%
Portfolio turnover rate(3)	**307.48%**	259.37%	245.31%	240.89%	253.71%
Trading expense ratio(4)	**0.43%**	0.46%	0.32%	0.55%	0.46%
Net Asset Value per Unit(5)	**$ 13.74**	$ 13.37	$ 13.92	$ 12.94	$ 11.02
Closing market price - Preferred	**$ 10.00**	$ 9.90	$ 9.85	$ 9.76	$ 9.10
Closing market price - Class A	**$ 3.76**	$ 3.05	$ 3.45	$ 2.70	$ 1.24

(1) This information is provided as at December 31. One Unit consists of one Class A share and one Preferred share.

(2) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax and withholding taxes but excluding transaction fees, income taxes and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2015 and 2014 includes the special resolution expense. The MER for 2015 and 2014 excluding the special resolution expense is 2.18% and 2.14% respectively. The MER, including Preferred share distributions, is 6.44%, 5.91%, 6.19%, 6.36% and 6.87%, for 2016, 2015, 2014, 2013 and 2012 respectively. The MER for 2015, 2014 and 2013 includes withholding taxes. The MER for 2016, 2015, 2014 and 2013, excluding withholding taxes, is 2.09%, 2.01%, 2.06% and 2.01% 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 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 Redeemable Preferred share 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 of the Fund, excluding the Redeemable Preferred Share liability, 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 Management 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 Management Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

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

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

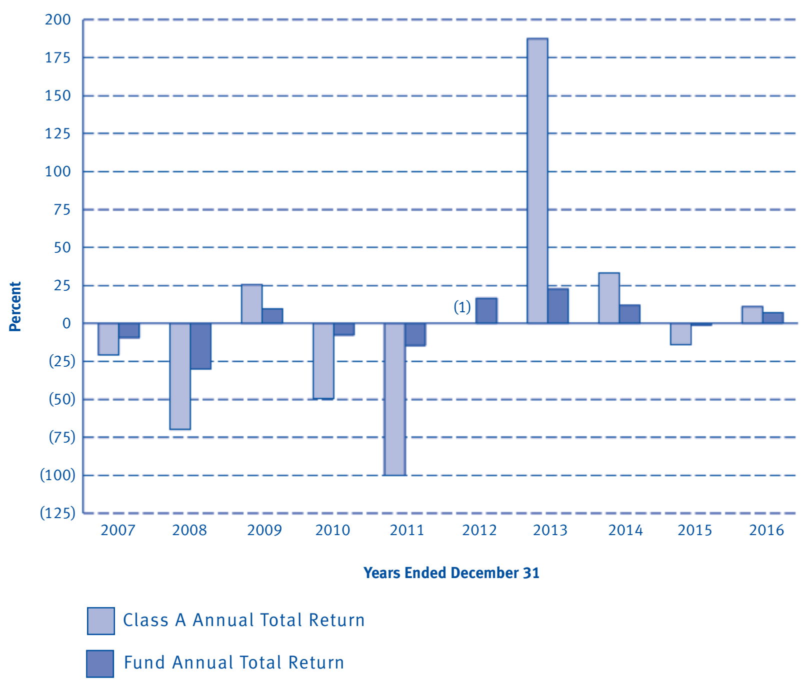
(2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The following bar chart illustrates how the Fund's annual total return varied from year to year for each of the past 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) The Class A annual total return was infinite as the net asset value per Class A share increased from nil at December 31, 2011 to $1.02 at December 31, 2012.

Annual Compound Returns

The following table shows the Fund's historical annual compound return (net of expenses) for the periods ended December 31, 2016 as compared to the performance of the MSCI World/Finance Index.

(In Canadian Dollars unless otherwise noted)	One Year	Three Years	Five Years	Ten Years
World Financial Split Corp.	**7.13 %**	6.13 %	11.34 %	(0.63)%
World Financial Split Corp. - Preferred Share	**5.35 %**	5.35 %	5.51 %	5.36 %
World Financial Split Corp. - Class A	**11.00 %**	8.30 %	721.45 %	(14.47)%
MSCI World/Finance Index[(1)]	**10.12 %**	13.18 %	20.37 %	0.74 %
MSCI World/Finance Index[(1)] (US$)	**13.18 %**	4.45 %	13.67 %	(0.81)%

[(1)] The MSCI World/Finance Index is a capitalization-weighted index that monitors the performance of financial stocks from around the world.

The equity performance benchmark shown here provides an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed this index; rather, its objectives are to pay out 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 getting off to the worst start since 2009, 2016 ended up being a robust year for most investors with some indices hitting all-time highs. The S&P/TSX Composite Index in Canada was one of the strongest performing markets generating a total return of 21.1 percent, primarily led by strength in the Materials and Energy sectors. In the U.S., the broad market S&P 500 Index rose 11.9 percent while the technology centric NASDAQ Index had a total return of 9.0 percent. Despite various events throughout the year that caused uncertainty for investors, such as the China growth scare at the beginning of 2016, "Brexit" where Great Britain voted in favour to leave the European Union and the election of Donald Trump as President in the U.S., markets quickly stabilized and resumed their uptrend on the anticipation of stronger GDP growth due to more supportive fiscal policies. The Bank of Canada stayed on hold in 2016 by maintaining the overnight lending rate at 0.50 percent, while the U.S. Federal Reserve went ahead last December with its highly telegraphed 25 basis point increase in the Federal Funds Target Rate to now sit at 0.75 percent. Despite diverging monetary policies, the Canadian dollar rose by 2.8 percent to end the year at US$0.74 per Canadian dollar with most of the strength attributed to stronger oil prices as West Texas Intermediate ("WTI") Cushing Crude Oil spot price rose 45 percent to end the year at US$53.72 per barrel.

The net asset value of the Fund was $13.74 per Unit as at December 31, 2016 compared to $13.37 per Unit as at December 31, 2015. Preferred shareholders received cash distributions of $0.53 per share during the year while the distributions for the Class A shares remained suspended in accordance with the terms of the prospectus as the net asset value per Unit was less than $15.00. The Fund's Preferred shares, listed on the Toronto Stock Exchange ("TSX") as WFS.PR.A, closed on December 30, 2016 at $10.00 per share, which equals the net asset value. The Fund's Class A shares, listed on the TSX as WFS, closed on December 30, 2016 at $3.76 per share, representing a $0.02 premium to the net asset value.

For the year ended December 31, 2016, the Fund's annual total return per Unit and per Class A share, including reinvestment of distributions, were 7.1 percent and 11.0 percent respectively. The best performing stock within the portfolio was The Bank of Nova Scotia with a total return of 39.4 percent. Meanwhile, Mitsubishi UFJ Financial Group, Inc. was the weakest performing stock which had a total return of negative 28.2 percent while being held by the Fund.

Volatility levels for global financial services companies within the portfolio, although up from 2015, continued to remain at the lower end of their historical range. The covered call writing activity was opportunistic over the year while taking advantage of signals generated by the Strathbridge Selective Overwriting ("SSO") strategy. During the year, the net realized gain on options attributable to the SSO strategy was $0.31 per Unit compared to a net realized gain on options of $0.08 per Unit in 2015. The Fund ended 2016 with none of the portfolio subject to covered calls. The ending cash position was 4.2 percent as compared to 4.0 percent from a year ago. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the year and ended the year with approximately 50 percent of the U.S. dollar exposure hedged.

The Fund's portfolio ended 2016 with a regional asset mix of 25 percent invested Canada, 48 percent in the United States and 27 percent in the Rest of the World. The Fund maintained its overweight exposure to U.S. Financials as this region continues to lead the global economic recovery.

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, 2016

	% OF NET ASSET VALUE*
United States	46.7 %
International	26.0 %
Canada	23.7 %
Cash	4.2 %
Other Assets (Liabilities)	(0.6)%
	100.0 %

*The Net Asset Value excludes the Redeemable Preferred Share liability.

Portfolio Holdings

December 31, 2016

	% OF NET ASSET VALUE*
Sun Life Financial Inc.	6.1 %
Sumitomo Mitsui Financial Group, Inc. ADR	5.8 %
Banco Santander, S.A.	5.4 %
Northern Trust Corporation	5.4 %
The Charles Schwab Corporation	5.4 %
ING Groep N.V	5.4 %
U.S. Bancorp	5.2 %
Wells Fargo & Company	5.1 %
The Bank of New York Mellon Corporation	4.4 %
JPMorgan Chase & Co.	4.4 %
Manulife Financial Corporation	4.4 %
Berkshire Hathaway Inc.	4.3 %
Cash	4.2 %
The Bank of Nova Scotia	4.2 %
The PNC Financial Services Group, Inc.	3.7 %
National Bank of Canada	3.6 %
Bank of Montreal	3.3 %
American International Group, Inc.	3.3 %
iShares Trust - iShares U.S. Broker-Dealers & Securities Exchanges	3.3 %
HSBC Holdings plc	3.3 %
China Life Insurance Co. Ltd. ADR	3.1 %
AEGON N.V.	3.0 %
Lincoln National Corporation	2.2 %
The Toronto-Dominion Bank	2.1 %

*The Net Asset Value excludes the Redeemable Preferred Share 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 World Financial Split Corp. (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 Directors (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 Audit Committee 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 Audit Committee and the Board.

John P. Mulvihill
Director
Strathbridge Asset Management Inc.
March 6, 2017

John D. Germain
Director
Strathbridge Asset Management Inc.

To the Shareholders of World Financial Split Corp.

We have audited the accompanying financial statements of World Financial Split Corp., which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, and the statements of comprehensive income, statements of changes in net assets attributable to holders of Class A shares and statements of cash flows for the years then ended, 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 World Financial Split Corp. as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 6, 2017
Toronto, Ontario

Statements of Financial Position

As at December 31

	Note	2016	2015
ASSETS			
Financial assets at fair value through profit or loss	3,6	**$ 27,874,567**	$ 28,536,065
Derivative assets	3,6	**15,154**	–
Dividends receivable		**48,124**	44,317
Cash		**1,226,739**	1,155,682
TOTAL ASSETS		**29,164,584**	29,736,064
LIABILITIES			
Derivative liabilities	3,6	**164,055**	408,458
Accrued liabilities		**48,911**	61,974
Accrued management fees	9	**26,984**	27,351
Redeemable Preferred shares		**21,051,150**	21,869,070
Class J shares		**100**	100
TOTAL LIABILITIES		**21,291,200**	22,366,953
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		**$ 7,873,384**	$ 7,369,111
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		**$ 3.7402**	$ 3.3697

On behalf of the Manager,
Strathbridge Asset Management Inc.

John P. Mulvihill, Director

Robert W. Korthals, Director

The notes are an integral part of the Financial Statements.

Statements of Comprehensive Income

For the years ended December 31

	Note	2016	2015
INCOME			
Dividend income		$ 802,279	$ 809,674
Net realized gain/(loss) on investments at fair value through profit or loss	7	(2,089,211)	4,487,237
Net realized gain on options at fair value through profit or loss	7	678,886	197,877
Net realized gain/(loss) on foreign exchange contracts at fair value through profit or loss	7	46,213	(1,843,529)
Net change in unrealized gain/loss on investments at fair value through profit or loss	7	3,077,995	(2,741,274)
TOTAL INCOME		2,516,162	909,985
EXPENSES			
Management fees	9	297,887	349,520
Service fees		21,762	33,501
Administrative and other expenses		76,540	85,076
Transaction fees	10	116,470	146,328
Custodian fees		43,529	44,299
Audit fees		36,380	35,980
Director fees	9	19,500	18,900
Independent review committee fees	9	6,898	6,918
Legal fees		6,405	3,266
Shareholder reporting costs		14,550	15,762
Harmonized sales tax		42,018	49,123
Withholding taxes	3	46,065	56,878
Subtotal Expenses		728,004	845,551
Special resolution expense		–	1,862
TOTAL EXPENSES		728,004	847,413
OPERATING PROFIT		1,788,158	62,572
Preferred share distributions		(1,126,656)	(1,192,134)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	11	$ 661,502	$ (1,129,562)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	11	$ 0.3078	$ (0.4962)

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

For the years ended December 31

	2016	2015
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	**$ 7,369,111**	$ 9,236,362
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	**661,502**	(1,129,562)
Class A Share Capital Transactions		
Value for Class A shares redeemed	**(157,229)**	(737,689)
Changes in Net Assets Attributable to Holders of Class A Shares during the Year	**504,273**	(1,867,251)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF YEAR	**$ 7,873,384**	$ 7,369,111

Statements of Cash Flows

For the years ended December 31

	2016	2015
CASH, BEGINNING OF YEAR	**$ 1,155,682**	$ 422,434
Cash Flows Provided by (Used In) Operating Activities		
Operating Profit	**1,788,158**	62,572
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	**2,089,211**	(4,487,237)
Net realized gain on options at fair value through profit or loss	**(678,886)**	(197,877)
Net realized (gain)/loss on foreign exchange contracts at fair value through profit or loss	**(46,213)**	1,843,529
Net change in unrealized gain/loss on investments at fair value through profit or loss	**(3,077,995)**	2,741,274
Net change in unrealized gain/loss on foreign cash	**2,003**	420
(Increase)/decrease in dividends receivable	**(3,807)**	23,987
Decrease in accrued liabilities and accrued management fees	**(13,430)**	(26,246)
Purchase of investment securities	**(76,521,305)**	(78,719,853)
Proceeds from disposition of investment securities	**78,635,126**	83,098,992
	384,704	4,276,989
Cash Flows Used In Financing Activities		
Preferred share distributions	**(1,126,656)**	(1,192,134)
Preferred share redemptions	**(817,920)**	(1,676,490)
Class A share redemptions	**(157,229)**	(737,689)
	(2,101,805)	(3,606,313)
Net Increase in Cash during the Year	**71,057**	733,248
CASH, END OF YEAR	**$ 1,226,739**	$ 1,155,682
Dividends received, net of withholding taxes	**$ 752,407**	$ 776,783

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at December 31, 2016

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	10,000	$ 966,960	$ 965,700	
Manulife Financial Corporation	53,100	1,022,040	1,269,621	
National Bank of Canada	19,000	1,013,679	1,036,070	
Sun Life Financial Inc.	34,400	1,559,618	1,773,320	
The Bank of Nova Scotia	16,400	1,000,785	1,226,064	
The Toronto-Dominion Bank	9,000	509,179	595,980	
Total Financials		6,072,261	6,866,755	23.7 %
Total Canadian Common Shares		$ 6,072,261	$ 6,866,755	23.7 %
Non-North American Common Shares				
Financials				
AEGON N.V.	118,500	$ 835,951	$ 878,802	
Banco Santander, S.A	225,000	1,451,099	1,563,003	
China Life Insurance Co. Ltd. ADR	51,800	828,803	894,038	
HSBC Holdings plc	17,600	807,714	948,353	
ING Groep N.V.	81,900	1,261,371	1,548,640	
Sumitomo Mitsui Financial Group, Inc. ADR	163,400	1,402,228	1,674,144	
Total Financials		6,587,166	7,506,980	26.0 %
Total Non-North American Common Shares		$ 6,587,166	$ 7,506,980	26.0 %
United States Common Shares				
Financials				
American International Group, Inc.	11,000	$ 878,651	$ 963,429	
Berkshire Hathaway Inc.	5,700	1,167,409	1,245,824	
JPMorgan Chase & Co.	11,000	967,331	1,272,919	
Lincoln National Corporation	7,000	451,304	622,103	
Northern Trust Corporation	13,000	1,222,622	1,552,476	
The Bank of New York Mellon Corporation	20,100	1,160,643	1,277,140	
The Charles Schwab Corporation	29,300	1,149,950	1,550,895	
The PNC Financial Services Group, Inc.	6,800	803,414	1,066,581	
U.S. Bancorp	21,800	1,259,173	1,501,805	
Wells Fargo & Company	20,100	1,342,499	1,485,505	
Total Financials		10,402,996	12,538,677	43.4 %
Total United States Common Shares		$ 10,402,996	$ 12,538,677	43.4 %
Exchange-Traded Funds				
iShares Trust - iShares U.S. Broker-Dealers & Securities Exchanges	14,500	$ 766,589	$ 962,155	
Total Exchange-Traded Funds		$ 766,589	$ 962,155	3.3 %
Forward Exchange Contracts				
Sold USD $9,700,000, Bought CAD $12,853,858 @ 0.75464 - January 11, 2017			$ (152,273)	
Bought USD $5,100,000, Sold CAD $6,823,137 @ 0.74746 - January 11, 2017			15,154	
Sold USD $3,600,000, Bought CAD $4,814,370 @ 0.74776 - January 25, 2017			(11,782)	
Total Forward Exchange Contracts			$ (148,901)	(0.5)%
Adjustment for transaction fees		(24,462)		
TOTAL INVESTMENTS		$ 23,804,550	$ 27,725,666	95.9 %
OTHER NET ASSETS			1,198,868	4.1 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES			$ 28,924,534	100.0 %

1. Corporate Information

World Financial Split Corp. (the “Fund”) is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 2003. The Fund began operations on February 17, 2004. On May 31, 2011, holders of Class A shares and Redeemable Preferred shares approved a proposal to extend the term of the Fund for seven years to June 30, 2018 from its scheduled termination date of June 30, 2011, and for automatic successive seven year terms thereafter. 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 corporation designed to provide Preferred shareholders with fixed cumulative preferential quarterly distributions and the Class A shareholders with attractive quarterly distributions and the return of the original issue price on the termination date of the Fund. The shares are listed on the Toronto Stock Exchange under the ticker symbols WFS.PR.A for the Preferred shares and WFS for the Class A shares. A Unit of the Fund consists of one Preferred share and one Class A share.

On January 2, 2015, the Manager announced shareholder approval of a proposal to change the investment restrictions and the investment strategy of the Fund. During 2015, costs of $1,862 were incurred in relation to this special resolution.

In accordance with the new investment mandate, the Fund invests in a portfolio which includes common equity securities selected from the ten largest financial services or real estate companies by market capitalization in each of Canada, the United States and the Rest of the World (the “Portfolio Universe”). The issuers of securities in the Portfolio Universe, other than Canadian issuers, must have a minimum credit rating of “A” from Standard & Poor’s Rating Services or a comparable rating from an equivalent rating agency. In addition, up to 25 percent of the net asset value of the Fund may be invested in common equity securities of financial services or real estate companies not included in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least US$10 billion and for non-Canadian issuers, a minimum credit rating of “A-” from Standard & Poor’s Rating Services or a comparable rating from an equivalent rating agency. The Fund may also invest in public investment funds including exchange-traded funds or 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.

These financial statements were approved by the Board of Directors on March 6, 2017.

2. Basis of Presentation

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

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”). Despite investments and related income being primarily in U.S. currency, the Manager has determined that the Canadian dollar is the functional currency as the Fund incurs its expenses, measures its performance and issues and redeems shares in 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 except for the fair valuation of certain financial instruments. 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. 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.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) on short-term investments are reflected as interest income (loss). Realized gains (losses) relating to forward exchange contracts are included in net realized gain/(loss) on forward exchange contracts at fair value through profit or loss. Other foreign exchange gains (losses) are recorded as realized or unrealized gain/(loss) on investments at fair value through profit or loss, as appropriate.

Short-Term Investments

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

Class A and Class J Shares

IAS 32, Financial Instruments: Presentation requires that the Class A and Class J shares (which are puttable instruments) be classified as financial liabilities unless all the criteria outlined in IAS 32 paragraph 16A are met. The Fund's Class A and Class J shares do not meet the definition of IAS 32 paragraph 16A to be classified as equity.

Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share is calculated by dividing the increase/(decrease) in net assets attributable to holders of Class A shares by the weighted average number of Class A shares outstanding during the year. Please refer to Note 11 for the calculation.

Taxation

The Fund is a "mutual fund corporation" as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses.

The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

The Fund currently incurs withholding taxes imposed by certain foreign countries on investment income. Such foreign income is recorded gross of withholding taxes, and the withholding taxes are presented as an expense item in the Statement of Comprehensive Income.

IAS 1 Disclosure Initiative

The Fund has applied amendments to IAS 1 Disclosure Initiative for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and disaggregating information for disclosure purposes. In addition, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the Fund's financial position and financial performance.

The application of these amendments has not resulted in any impact on the financial performance or the financial position of the Fund.

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 as 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. The fair value option was used as: (i) fair value is readily available via market quotation; (ii) it eliminates or significantly reduces an accounting mismatch; and (iii) financial instruments designated at FVTPL is part of an investment portfolio managed on a fair value basis. 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 6 for a further analysis of risks associated with financial instruments.

5. Capital Disclosures

IAS 1, Presentation of Financial Statements ("IAS 1"), requires the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Fund's objectives, policies and processes are described in Note 1, information on the Fund's shares is described in Note 8 and the Fund does not have any externally imposed capital requirements.

6. 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 the Fund invests. The most important risks include credit risk, liquidity risk, market risk (including currency risk, interest rate risk, and price risk), concentration risk and capital risk management.

Credit Risk

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

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102. During the years ended December 31, 2016 and 2015, 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 derivative instruments 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. Shareholders must surrender 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.

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

As at December 31, 2016 Financial Liabilities	On Demand	‹ 3 months	Total
Derivative liabilities	$ –	$ 164,055	$ 164,055
Accrued liabilities	–	48,911	48,911
Accrued management fees	–	26,984	26,984
Redeemable Preferred shares	21,051,150	–	21,051,150
Class J shares	100	–	100
	$ 21,051,250	$ 239,950	$ 21,291,200

As at December 31, 2015 Financial Liabilities	On Demand	‹ 3 months	Total
Derivative liabilities	$ –	$ 408,458	$ 408,458
Accrued liabilities	–	61,974	61,974
Accrued management fees	–	27,351	27,351
Redeemable Preferred shares	21,869,070	–	21,869,070
Class J shares	100	–	100
	$ 21,869,170	$ 497,783	$ 22,366,953

Redeemable Preferred Shares are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash flows, as holders of these instruments typically retain them for a longer period or to the Termination Date of June 30, 2018.

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 Class A shares 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) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The portfolio includes securities and options denominated in foreign currencies. The net asset value of the Fund and the value of the dividends and option premiums received by the Fund will be affected by fluctuations in the value of the foreign currencies relative to the Canadian dollar. The Fund uses forward exchange contracts, from time to time, to actively hedge all or part of the majority of its foreign currency exposure.

The table below indicates the foreign currencies to which the Fund had significant exposure to as at December 31, 2016 and 2015 in Canadian terms, and the notional amounts of foreign exchange forward contracts. The table also illustrates the potential impact on the net assets attributable to Class A shares if the Canadian dollar had strengthened or weakened by 5 percent in relation to each of the other currencies, with all other variables held constant.

As at December 31, 2016
U.S. Currency Exposure

				Impact on Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
	$(10,033,602)	$ 21,007,812	$ 10,974,210	$ (501,680)	$ 1,050,391	$ 548,711
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares	(35)%	73%	38%	(2)%	4%	2%

As at December 31, 2015
U.S. Currency Exposure

	Monetary	Non-Monetary	Total	Impact on Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares Monetary	Non-Monetary	Total
	$ (8,960,826)	$ 19,475,325	$ 10,514,499	$ (448,041)	$ 973,766	$ 525,725
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares	(31)%	67%	36%	(2)%	3%	1%

(b) 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.

(c) 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 or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to price risk arises from its investments in equity securities. Net assets per Unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the companies in the global 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 96 percent (2015 - 98 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at December 31, 2016 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2016, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by $1.4 million (2015 - $1.4 million) respectively or 4.8 percent (2015 - 4.9 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

The Manager believes that a portfolio that is subject to covered call option writing or purchased put options should provide a degree of protection against falling share prices in a downward trending market.

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, 2016	Dec. 31, 2015
United States	48.5%	59.7%
Rest of the World	26.9%	8.7%
Canada	24.6%	31.6%
	100.0%	100.0%

Capital Risk Management

Class A shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Class A shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the net asset value ("NAV") per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Preferred share in the market for cancellation; and (b) the difference between (i) the Unit Market Price (as defined below) and (ii) the cost to the Fund of purchasing a Preferred share in the market for cancellation. The cost of the purchase of a Preferred share will include the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund such purchase. If the NAV per Unit is less than $10.00 the retraction price of a Class A share will be nil. Class A shares also have an annual retraction right under which a shareholder may concurrently retract one Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per Unit.

The "Unit Market Price" means the sum of the Class A Market Price and the Preferred Market Price.

The "Class A Market Price" means the weighted average trading price of the Class A shares, on the stock exchange on which the Class A shares are listed, for the 10 trading days immediately preceding the applicable valuation date.

The "Preferred Market Price" means the weighted average trading price of the Preferred shares, on the stock exchange on which the Preferred shares are listed, for the 10 trading days immediately preceding the applicable valuation date.

Redeemable Preferred shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Preferred shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96 percent of the lesser of: (a) the difference between (i) the NAV per Unit on the applicable valuation date and (ii) the cost to the Fund of purchasing a Class A share in the market for cancellation; and (b) the lesser of (i) the Unit Market Price less the cost to the Fund of purchasing a Class A share in the market for cancellation and (ii) $10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A share. Redeemable Preferred shares also have an annual retraction right under which a shareholder may concurrently retract one Redeemable Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the NAV per Unit.

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, 2016 and 2015.

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 6,866,755	$ –	$ –	$ 6,866,755
Non-North American Common Shares	7,506,980	–	–	7,506,980
United States Common Shares	12,538,677	–	–	12,538,677
Exchange-Traded Funds	962,155	–	–	962,155
Forward Exchange Contracts	–	(148,901)	–	(148,901)
	$ 27,874,567	$ (148,901)	$ –	$ 27,725,666

As at December 31, 2015	Level 1	Level 2	Level 3	Total
Canadian Common Shares	$ 9,022,462	$ –	$ –	$ 9,022,462
Non-North American Common Shares	2,482,374	–	–	2,482,374
United States Common Shares	16,547,911	–	–	16,547,911
Exchange-Traded Funds	483,318	–	–	483,318
Forward Exchange Contracts	–	(362,723)	–	(362,723)
Options	(38,278)	(7,457)	–	(45,735)
	$ 28,497,787	$ (370,180)	$ –	$ 28,127,607

The carrying values of cash, dividends receivable, accrued liabilities, accrued management fees, Redeemable Preferred shares and the Fund's obligation for net assets attributable to holders of Class A shares 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 observable and therefore short-term investments are classified as Level 2.

(c) Derivative Assets and Liabilities

Derivative assets and liabilities consist of forward exchange contracts and 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. Forward exchange contracts are valued on the gain or loss that would be realized if, on the valuation date, the position in the forward exchange contract, as the case may be, was to be closed out. Over-the-counter option and forward exchange 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 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during 2016 and 2015.

7. Financial Instruments by Category

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2016 and 2015.

As at December 31, 2016	Financial Instruments at FVTPL Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 27,874,567	$ –	$ –	$ 27,874,567
Derivative assets	–	15,154	–	15,154
Dividends receivable	–	–	48,124	48,124
Cash	–	–	1,226,739	1,226,739
	$ 27,874,567	$ 15,154	$ 1,274,863	$ 29,164,584
Liabilities				
Derivative liabilities	$ –	$ 164,055	$ –	$ 164,055
Accrued liabilities	–	–	48,911	48,911
Accrued management fees	–	–	26,984	26,984
Redeemable Preferred shares	–	–	21,051,150	21,051,150
Class J shares	–	–	100	100
	$ –	$ 164,055	$ 21,127,145	$ 21,291,200

As at December 31, 2015	Financial Instruments at FVTPL Designated at Inception	Financial Instruments at FVTPL Held for Trading	Financial Instruments at Amortized Cost	Total
Assets				
Non-derivative financial assets	$ 28,536,065	$ –	$ –	$ 28,536,065
Dividends receivable	–	–	44,317	44,317
Cash	–	–	1,155,682	1,155,682
	$ 28,536,065	$ –	$ 1,199,999	$ 29,736,064
Liabilities				
Derivative liabilities	$ –	$ 408,458	$ –	$ 408,458
Accrued liabilities	–	–	61,974	61,974
Accrued management fees	–	–	27,351	27,351
Redeemable Preferred shares	–	–	21,869,070	21,869,070
Class J shares	–	–	100	100
	$ –	$ 408,458	$ 21,958,495	$ 22,366,953

The following table presents the net gain on financial instruments at FVTPL by category for the years ended December 31, 2016 and 2015.

	Dec. 31, 2016	Dec. 31, 2015
Net Realized Gain/(Loss) on Financial Instruments at FVTPL		
Designated at Inception	$(2,089,211)	$ 4,487,237
Held for Trading	725,099	(1,645,652)
	(1,364,112)	2,841,585
Net Change in Unrealized Gain/Loss on Financial Instruments at FVTPL		
Designated at Inception	2,849,427	(2,411,001)
Held for Trading	228,568	(330,273)
	3,077,995	(2,741,274)
Net Gain on Financial Instruments at FVTPL	$1,713,883	$ 100,311

8. Shares

The Fund is authorized to issue an unlimited number of Preferred shares, Class A shares and 100 Class J shares. Together, a Preferred share and a Class A share constitute a Unit.

Preferred shares pay fixed cumulative preferential quarterly cash distributions in the amount of $0.13125 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum. Class A shares have a targeted distribution of $0.30 per quarter resulting in an 8.0 percent yield on the original issue price of $15.00. Distributions on the Class A shares have been suspended in accordance with the prospectus as the net asset value per Unit is less than $15.00.

For the year ended December 31, 2016, cash distributions paid to Preferred shareholders were $1,126,656 (2015 - $1,192,134) representing a payment of $0.53 (2015 - $0.53) per Preferred share.

During the year ended December 31, 2016, 81,792 (2015 - 167,649) Units were redeemed with a total retraction value of $975,149 (2015 - $2,414,179).

During the years ended December 31, 2016 and 2015, share transactions are as follows:

	Dec. 31, 2016	Dec. 31, 2015
Redeemable Preferred Shares		
Shares outstanding, beginning of year	2,186,907	2,354,556
Shares redeemed	(81,792)	(167,649)
Shares outstanding, end of year	2,105,115	2,186,907
Class A Shares		
Shares outstanding, beginning of year	2,186,907	2,354,556
Shares redeemed	(81,792)	(167,649)
Shares outstanding, end of year	2,105,115	2,186,907
Class J Shares		
Shares outstanding, beginning and end of year	100	100

9. 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 Management 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 Redeemable Preferred Share liability, and 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, 2016 were $297,887 (2015 - $349,520).

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the year ended December 31, 2016 were $19,500 (2015 - $18,900).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2016 were $6,898 (2015 - $6,918).

10. 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 years ended December 31, 2016 and 2015 is disclosed below:

	Dec. 31, 2016	Dec. 31, 2015
Soft Dollars	$ 54,766	$ 71,323
Percentage of Total Transaction Fees	47.0%	48.7%

11. Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the years ended December 31, 2016 and 2015 is calculated as follows:

	Dec. 31, 2016	Dec. 31, 2015
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	$ 661,502	$ (1,129,562)
Weighted Average Number of Class A Shares Outstanding during the Year	2,148,916	2,276,473
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	$ 0.3078	$ (0.4962)

12. Income Taxes

No amount is payable on account of income taxes in 2016 or 2015.

Accumulated non-capital losses of approximately $0.7 million (2015 - $0.9 million) and accumulated capital losses of approximately $120.8 million (2015 - $119.5 million) are available for utilization against realized gains on sale of investments in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in $millions)
2033	$0.3
2034	0.4
Total	$0.7

13. Future Accounting Policy Changes

In July 2014, the International Accounting Standards Board ("IASB") finalized the reform of financial instruments accounting and issued IFRS 9: Financial Instruments ("IFRS 9") (as revised in 2014), which contains the requirements for: a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement in its entirety upon its effective date. The new standard, which becomes effective for annual periods beginning on or after January 1, 2018, is not expected to have a significant impact on the Fund.

Statement of Corporate Governance Practices

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Strathbridge Asset Management Inc. (the "Manager" or the "Investment Manager"), administers, either directly or indirectly through third party service organizations, every function associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

The Board consists of five directors, three of whom are independent of the Manager. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has an Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Manager. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the independent auditor, and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the independent auditor to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, has established a best practices governance procedure.

The Fund maintains an Investor Relations line (toll free: 1-800-725-7172 or email: info@strathbridge.com) and website (www.strathbridge.com) to respond to inquiries from shareholders.

Board of Directors

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

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

Michael M. Koerner[1,2]
Corporate Director

Robert W. Korthals[1,2]
Corporate Director

Robert G. Bertram[1,2]
Corporate Director

[1] Audit Committee Member
[2] Independent Review Committee Member

Information

Independent Auditor:
Deloitte LLP
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 200
Toronto, Ontario
M5H 0A9

Transfer Agent:
Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario
M5J 2Y1

Shares Listed:
Toronto Stock Exchange
trading under
WFS.PR.A/WFS

Custodian:
RBC Investor Services Trust
RBC Centre
155 Wellington Street West, 2nd Floor
Toronto, Ontario
M5V 3L3

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)
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)

Head Office:

Strathbridge Asset Management Inc.
121 King Street West, Suite 2600
P.O. Box 113
Toronto, Ontario
M5H 3T9

Tel: 416-681-3966
Toll Free: 1-800-725-7172
Fax: 416-681-3901
Email: info@strathbridge.com

Contact your broker directly for address changes.

M