
World Financial Split Corp.

Semi-Annual Report 2021

Management Report of Fund Performance

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This semi-annual management report of fund performance contains the financial highlights for the six months ended June 30, 2021 of World Financial Split Corp. (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 paid to Preferred shareholders were \$0.26 per share, 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 \$9.12 per Preferred share and \$5.54 per Class A share.

Revenue and Expenses

The Fund's total revenue was \$0.18 per Unit for the six months ended June 30, 2021, up from \$0.16 per Unit from last year. Total expenses were \$0.25 per Unit, up from \$0.21 per Unit from a year ago. Commencing in 2021, the Fund set up accruals for major expenses which resulted in increased per Unit expenses compared to the prior period. The Fund had a net realized and unrealized gain of \$1.67 per Unit in the first half of 2021 as compared to a net realized and unrealized loss of \$2.78 per Unit a year earlier.

Net Asset Value

The net asset value increased 11.6 percent from \$11.55 per Unit at December 31, 2020 to \$12.89 per Unit at June 30, 2021. The aggregate net asset value of the Fund increased \$0.3 million, from \$11.7 million at December 31, 2020 to \$12.0 million at June 30, 2021, reflecting an increase in net assets attributable to holders of Class A shares of \$1.4 million and annual (both Class A and Preferred shares) redemptions of \$1.1 million.

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Recent Developments

There were no recent developments pertaining to the Fund during the six months ended June 30, 2021.

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 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 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.

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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 UNIT		
Net Assets, beginning of period⁽¹⁾	\$	11.55
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.18
Total expenses		(0.25)
Realized gain (loss) for the period		1.32
Unrealized gain (loss) for the period		0.35
Total Increase (Decrease) from Operations⁽²⁾		1.60
DISTRIBUTIONS		
Preferred Share		
Non-taxable distributions		(0.26)
Total Distributions⁽³⁾		(0.26)
Net Assets, end of period⁽¹⁾	\$	12.89

(1) All per 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 Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

	Six months ended June 30, 2021	
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$	11.96
Net Asset Value (\$millions)	\$	2.68
Number of Units outstanding		927,634⁽⁴⁾
Management expense ratio ⁽¹⁾		3.69%⁽⁴⁾
Portfolio turnover rate ⁽²⁾		132.97%
Trading expense ratio ⁽³⁾		0.32%⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$	12.89
Closing market price – Preferred	\$	9.85⁽⁶⁾
Closing market price – Class A	\$	2.76⁽⁷⁾

(1) 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 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, including Preferred share distributions, is 7.89%, 7.66%, 6.79%, 5.98%, 6.00% and 6.44% for 2021, 2020, 2019, 2018, 2017 and 2016, respectively. The MER for 2021, 2020, 2019, 2018, 2017 and 2016, excluding withholding taxes, is 3.47%, 2.87%, 2.65%, 2.21%, 2.07% and 2.09% respectively.

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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
	\$	13.50	\$ 12.72	\$ 14.85	\$ 13.74	\$ 13.37
		0.36	0.37	0.37	0.49	0.37
		(0.39)	(0.42)	(0.41)	(0.38)	(0.34)
		(1.36)	0.22	0.20	2.20	(0.63)
		(0.24)	1.14	(1.75)	(0.69)	1.43
		(1.63)	1.31	(1.59)	1.62	0.83
		(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
		(0.53)	(0.53)	(0.53)	(0.53)	(0.53)
	\$	11.55	\$ 13.50	\$ 12.72	\$ 14.85	\$ 13.74

(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 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 shareholders are based on the number of shares outstanding on the record date for each distribution.

		Years ended December 31				
		2020	2019	2018	2017	2016
	\$	11.69	\$ 15.08	\$ 15.10	\$ 30.60	\$ 28.92
	\$	1.57	\$ 3.91	\$ 3.23	\$ 9.99	\$ 7.87
		1,011,787	1,117,014	1,187,743	2,060,607	2,105,115
		3.06%	2.81%	2.38%	2.29%	2.27%
		192.10%	201.05%	213.51%	259.88%	307.48%
		0.37%	0.41%	0.44%	0.39%	0.43%
	\$	11.55	\$ 13.50	\$ 12.72	\$ 14.85	\$ 13.74
	\$	9.50	\$ 10.05	\$ 9.58	\$ 10.23	\$ 10.00
	\$	1.75	\$ 3.08	\$ 2.07	\$ 4.30	\$ 3.76

(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 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.

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

(7) The last date with an executed trade was June 29, 2021.

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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 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

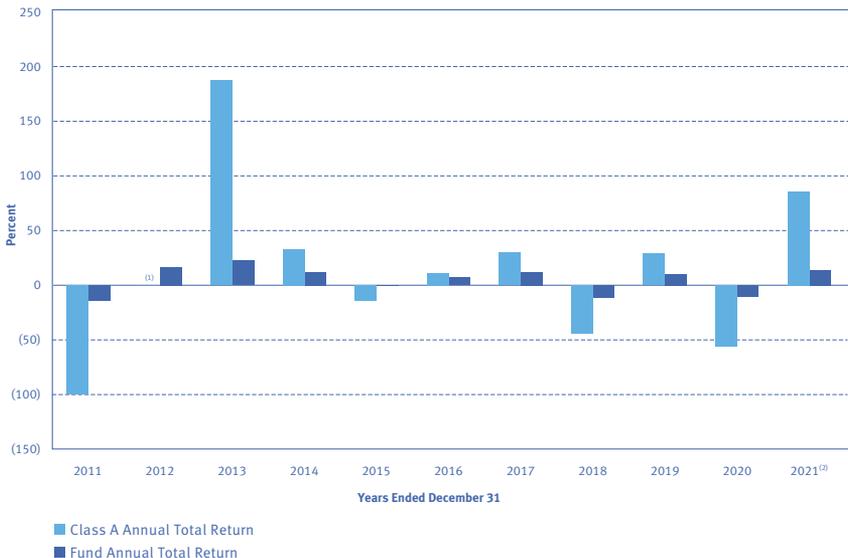
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- 1) information shown assumes that all distributions 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 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



⁽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.
⁽²⁾ For six months ended June 30, 2021.

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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 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.

For the six months ended June 30, 2021, the net asset value (“NAV”) of the Fund was \$12.89 per Unit compared to \$11.55 per Unit at December 31, 2020. Preferred shareholders received cash distributions of \$0.26 per share during the period, while the distribution for the Class A share remains 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 as WFS.PR.A, closed on June 30, 2021 with a mid-price of \$9.92 per share, while the Class A shares, listed as WFS, closed at a mid-price of \$2.85 per share. When combined, the closing prices represent a 0.9 percent discount to the NAV per Unit.

The Fund’s total return per Unit and per Class A share, including reinvestment of distributions, for the six months ended June 30, 2021 was 13.9 percent and 86.0 percent respectively. The best performing stock within the portfolio was Bank of Montreal, up 34.0 percent during the period. At the other end of the spectrum, The Progressive Corporation, was the worst performing stock in the portfolio, down 9.3 percent while held in the Fund.

Volatility levels for Global Financial Services companies declined during the first half of the year as the stock prices moved higher. However, volatility remained elevated relative to historical levels. As a result, the covered call writing activity was lower in the first half with an average of 11.6 percent of the portfolio subject to covered calls compared to 22.8 percent for the same period last year. The U.S. dollar exposure was actively hedged back into Canadian dollars throughout the period and ended June with approximately 50 percent of the U.S. dollar exposure hedged.

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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*
United States	62.2 %
Canada	25.2 %
International	21.2 %
Cash	0.9 %
Other Assets (Liabilities)	(9.5)%
	100.0 %

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

Top 25 Holdings

June 30, 2021

	% of Net Asset Value*
U.S. Bancorp	7.4 %
Bank of America Corporation	6.5 %
Bank of Montreal	6.5 %
JPMorgan Chase & Co.	6.4 %
Berkshire Hathaway Inc.	6.3 %
BlackRock, Inc.	5.9 %
The Charles Schwab Corporation	5.7 %
Banco Bilbao Vizcaya Argentaria SA	5.3 %
Canadian Imperial Bank of Commerce	5.3 %
Prologis, Inc.	4.3 %
Westpac Banking Corporation	4.3 %
Prudential Financial, Inc.	4.3 %
Cboe Global Markets, Inc.	4.2 %
HSBC Holdings plc	4.2 %
The Toronto-Dominion Bank	4.1 %
National Bank of Canada	3.9 %
First Republic Bank	3.9 %
Banco Santander, S.A.	3.8 %
CME Group Inc.	3.8 %
UBS Group AG	3.6 %
Brookfield Asset Management Inc.	3.6 %
Northern Trust Corporation	3.5 %
Top 10 Split Trust – Preferred	1.8 %
Cash	0.9 %
Brookfield Asset Management Reinsurance Partners Ltd.	0.0 %

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

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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.