
World Financial Split Corp.

Annual Report 2022



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 Mulvihill Capital 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 Mulvihill
Director
Mulvihill Capital Management Inc.
March 3, 2023



John D. Germain
Director
Mulvihill Capital Management Inc.

To the Shareholders of World Financial Split Corp. (the “Fund”)

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to holders of Class A shares and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management Report of Fund Performance; and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Francesco Quatrala.

Deloitte LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Ontario

March 27, 2023

Statements of Financial Position

As at December 31

	Note	2022	2021
ASSETS			
Financial assets at fair value through profit or loss	6	\$ 10,090,848	\$ 12,339,407
Derivative assets	6	—	48,025
Dividends receivable		16,854	19,574
Cash		174,865	213,216
TOTAL ASSETS		10,282,567	12,620,222
LIABILITIES			
Accrued liabilities		76,599	77,294
Derivative liabilities	6	22,669	69,876
Accrued management fees	8	9,342	11,039
Redeemable Preferred shares		9,121,020	9,276,340
Class J shares		100	100
TOTAL LIABILITIES		9,229,730	9,434,649
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 1,052,837	\$ 3,185,573
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		\$ 1.1543	\$ 3.4341

On behalf of the Manager,
Mulvihill Capital Management Inc.



John Mulvihill, Director



Robert G. Bertram, Director

Statements of Comprehensive Income

Years ended December 31

	Note	2022	2021
INCOME			
Dividend income		\$ 318,814	\$ 358,711
Interest income		4,746	—
Net realized gain/(loss) on investments at fair value through profit or loss		(474,045)	1,610,854
Net realized gain on options at fair value through profit or loss		278,378	336,065
Net realized loss on forward exchange contracts at fair value through profit or loss		(210,704)	(20,780)
Net change in unrealized gain/(loss) on investments at fair value through profit or loss		(1,140,951)	563,952
TOTAL INCOME/(LOSS), NET		(1,223,762)	2,848,802
EXPENSES			
Management fees	8	115,102	134,081
Service fees		6,644	9,009
Administrative and other expenses		97,171	118,716
Transaction fees	9	17,580	37,766
Custodian fees		39,575	37,448
Audit fees		37,936	38,039
Director fees	8	19,378	19,200
Independent review committee fees	8	12,981	11,867
Legal fees		4,713	1,157
Shareholder reporting costs		13,124	13,323
Harmonized sales tax		29,762	31,803
Withholding taxes		13,737	30,008
TOTAL EXPENSES		407,703	482,417
OPERATING PROFIT/(LOSS)		(1,631,465)	2,366,385
Preferred share distributions	7	(482,931)	(509,098)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	10	\$ (2,114,396)	\$ 1,857,287
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	10	\$ (2.2972)	\$ 1.9096

The notes are an integral part of the Financial Statements.

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

Years ended December 31

	2022	2021
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	\$ 3,185,573	\$ 1,571,345
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	(2,114,396)	1,857,287
Class A Share Capital Transactions		
Value for Class A shares redeemed	(18,340)	(243,059)
Changes in Net Assets Attributable to Holders of Class A Shares during the Year	(2,132,736)	1,614,228
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF YEAR	\$ 1,052,837	\$ 3,185,573

Statements of Cash Flows

Years ended December 31

	2022	2021
CASH, BEGINNING OF YEAR	\$ 213,216	\$ 110,167
Cash Flows Provided By (Used In) Operating Activities		
Operating Profit/(Loss)	(1,631,465)	2,366,385
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	474,045	(1,610,854)
Net realized gain on options at fair value through profit or loss	(278,378)	(336,065)
Net realized loss on foreign exchange contracts at fair value through profit and loss	210,704	20,780
Net change in unrealized (gain)/loss on investments at fair value through profit or loss	1,140,951	(563,952)
Net change in unrealized gain on foreign cash	(688)	(18,269)
(Increase)/decrease in dividends receivable	2,720	(5,027)
Increase/(decrease) in accrued management fees and accrued liabilities	(2,392)	26,701
Purchase of investment securities	(14,741,182)	(28,120,919)
Proceeds from disposition of investment securities	15,443,925	29,937,956
	2,249,705	(669,649)
Cash Flows Provided By (Used In) Financing Activities		
Preferred share distributions	(482,931)	(509,098)
Preferred share redemptions	(155,320)	(841,530)
Class A share redemptions	(18,340)	(243,059)
	(656,591)	(1,593,687)
Net Increase/(Decrease) in Cash during the Year	(38,351)	103,049
CASH, END OF YEAR	\$ 174,865	\$ 213,216
Dividends received, net of withholding taxes	\$ 307,797	\$ 323,676
Interest received	\$ 4,746	\$ —

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at December 31, 2022

	Number of Shares	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	3,200	\$ 404,211	\$ 392,512	
Brookfield Asset Management Ltd.	2,000	92,291	77,540	
Brookfield Corporation	8,000	418,826	340,640	
Manulife Financial Corporation	12,000	290,139	289,800	
Canadian Imperial Bank of Commerce	3,300	211,233	180,741	
Fairfax Financial Holdings Limited	600	386,708	481,242	
Intact Financial Corporation	1,800	359,045	350,838	
National Bank of Canada	5,100	496,810	465,273	
Royal Bank of Canada	4,400	574,255	560,120	
The Bank of Nova Scotia	6,400	543,737	424,576	
The Toronto-Dominion Bank	6,400	576,577	561,088	
Total Financials		4,353,832	4,124,370	40.6 %
Total Canadian Common Shares		\$ 4,353,832	\$ 4,124,370	40.6 %
Non-North American Common Shares				
Financials				
Chubb Limited	1,100	\$ 277,479	\$ 328,794	
UBS Group AG	26,100	583,552	660,254	
Total Financials		861,031	989,048	9.7 %
Total Non-North American Common Shares		\$ 861,031	\$ 989,048	9.7 %
United States Common Shares				
Financials				
The Allstate Corporation	1,700	\$ 294,814	\$ 312,345	
Berkshire Hathaway Inc.	1,400	511,429	585,965	
BlackRock Inc.	400	372,687	384,066	
The Charles Schwab Corporation	4,000	390,979	451,255	
CME Group Inc.	1,000	275,369	227,850	
JPMorgan Chase & Co.	1,900	334,378	345,230	
Marsh & McLennan Companies, Inc.	1,900	411,713	426,015	
MetLife Inc.	4,000	349,575	392,233	
Morgan Stanley	5,000	567,666	575,994	
The PNC Financial Services Group, Inc.	1,800	399,548	385,204	
State Street Corporation	2,000	214,489	210,208	
The Progressive Corporation	1,000	148,486	175,752	
Total Financials		\$ 4,271,133	\$ 4,472,117	44.0 %
Real Estate				
Prologis, Inc.	2,100	\$ 330,749	\$ 320,763	3.2 %
Total United States Common Shares		\$ 4,601,882	\$ 4,792,880	47.1 %
Exchange-Traded Funds				
Premium Income Corporation – Preferred Share	14,240	\$ 202,969	\$ 184,550	1.8 %
Forward Exchange Contracts				
Sold USD \$2,200,000, Bought CAD \$2,970,462 @0.74063 – March 15, 2023			\$ (8,523)	
Total Forward Exchange Contracts			\$ (8,523)	(0.1)%

Schedule of Investments

As at December 31, 2022

	Number of Contracts	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
Options				
Written Covered Call Options (100 shares per contract)				
PNC Financial Services Group Inc. – January 2023 @ \$155	(18)	\$ (15,412)	\$ (14,146)	
Total Written Covered Call Options		(15,412)	(14,146)	(0.1)%
Total Options		\$ (15,412)	\$ (14,146)	(0.1)%
Adjustment for transaction fees		(3,697)		
TOTAL INVESTMENTS		\$10,000,605	\$10,068,179	99.0 %
OTHER NET ASSETS			105,778	1.0 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, CLASS J SHARES AND REDEEMABLE PREFERRED SHARES			\$ 10,173,957	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 28, 2018, the Fund announced the automatic extension of the maturity date of the Class A and Preferred shares of the Fund for an additional seven year period to June 30, 2025. The address of the Fund’s registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

On January 1, 2022, Strathbridge Asset Management Inc. announced a name change back to Mulvihill Capital Management Inc. (“Mulvihill”). Mulvihill 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 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.

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 Mulvihill Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Mulvihill Funds) that provide exposure to such securities.

The Fund employs an active covered call strategy 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 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 3, 2023.

2. Basis of Presentation

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

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”). The functional currency is the Canadian dollar, which is also the Fund’s presentation currency.

Financial Instruments

IFRS 9 Financial Instruments (“IFRS 9”) requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Classification

Financial Assets

The Fund classifies its investments in equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) has not been taken.

Consequently, these financial assets are mandatorily measured at FVTPL.

Held for Trading

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and liabilities measured at amortized cost may include cash, dividends receivable, due from brokers – investments, due to brokers – investments, accrued liabilities, accrued management fees, redemptions payable, Redeemable Preferred shares, Class J shares and the Fund’s obligation for net assets attributable to holders of Class A shares.

IFRS 9 requires the expected credit loss model (“ECL”) as the impairment model for financial assets carried at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short-term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material.

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.

December 31, 2022 and 2021

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,
- (i) 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
- (i) 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.

Class A and Class J Shares

IAS 32, Financial Instruments: Presentation (“IAS 32”) requires that the Class A and Class J shares (which are puttable instruments) be classified as financial liabilities unless certain criteria are met. The Fund’s Class A and Class J shares do not meet the criteria 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 10 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 38 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 7 Statement of Cash Flows

IAS 7 Statement of Cash Flows (“IAS 7”) requires disclosures related to changes in liabilities arising from financing activities for annual periods beginning on or after January 1, 2017. Class A shares issued by the Fund are classified as financial liabilities in accordance with IAS 32, as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32 for financial reporting purposes.

A reconciliation between the opening and closing balances of the Class A shares of the Fund is presented in the Statement of Changes in Net Assets Attributable to Holders of Class A Shares, including changes from cash flows and non-cash changes. Further, a reconciliation between the opening and closing balances of the Redeemable Preferred shares of the Fund is presented below, including changes from cash flows and non-cash changes.

	Jan. 1, 2022	Cash Changes Cash Redemptions	Non-cash changes	Dec. 31, 2022
Redeemable Preferred Shares (Note 7)	\$ 9,276,340	(155,320)	–	\$ 9,121,020

	Jan. 1, 2021	Cash Changes Cash Redemptions	Non-cash changes	Dec. 31, 2021
Redeemable Preferred Shares (Note 7)	\$ 10,117,870	(841,530)	–	\$ 9,276,340

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.

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.

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 wherever 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 7 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 measures credit risk and lifetime ECLs related to the receivables using historical analysis and forward-looking information in determining the ECL.

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, 2022 and 2021, 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 shares 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, 2022		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 76,599	\$ 76,599
Derivative liabilities	-	22,669	22,669
Accrued management fees	-	9,342	9,342
Redeemable Preferred shares	9,121,020	-	9,121,020
Class J shares	100	-	100
Class A shares	1,052,837	-	1,052,837
	\$ 10,173,957	\$ 108,610	\$ 10,282,567

	As at December 31, 2021		
	Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 77,294	\$ 77,294
Derivative liabilities	-	69,876	69,876
Accrued management fees	-	11,039	11,039
Redeemable Preferred shares	9,276,340	-	9,276,340
Class J shares	100	-	100
Class A shares	3,185,573	-	3,185,573
	\$ 12,462,013	\$ 158,209	\$ 12,620,222

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.

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 the majority of its foreign currency exposure.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 and 2021 in Canadian dollar terms, and the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to Class A shares and Redeemable Preferred 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.

December 31, 2022 and 2021

As at December 31, 2022 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	
\$ (2,952,191)	\$ 5,781,928	\$ 2,829,737	\$ (147,610)	\$ 289,096	\$ 141,487	
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares						
	(29)%	57%	28%	(2)%	3%	1%

As at December 31, 2021 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	
\$ (4,189,849)	\$ 8,125,196	\$ 3,935,347	\$ (209,492)	\$ 406,260	\$ 196,768	
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares						
	(34)%	65%	31%	(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 99 percent (2021 – 99 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at December 31, 2022 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2022, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$0.5 million (2021 – \$0.6 million) respectively or 5.0 percent (2021 – 5.0 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 within 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, 2022	Dec. 31, 2021
United States	47.5%	53.1%
Canada	42.7%	33.7%
Rest of World	9.8%	13.2%
	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 that 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, 2022 and 2021.

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 4,124,370	\$ -	\$ -	\$ 4,124,370
Non-North American Common Shares	989,048	-	-	989,048
United States Common Shares	4,792,880	-	-	4,792,880
Exchange-Traded Funds	184,550	-	-	184,550
Forward Exchange Contracts	-	(8,523)	-	(8,523)
Options	(14,146)	-	-	(14,146)
	\$10,076,702	\$ (8,523)	\$ -	\$10,068,179

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 3,502,907	\$ -	\$ -	\$ 3,502,907
Non-North American Common Shares	1,630,141	-	-	1,630,141
United States Common Shares	6,547,127	-	-	6,547,127
Exchange-Traded Funds	659,232	-	-	659,232
Forward Exchange Contracts	-	42,541	-	42,541
Options	(64,392)	-	-	(64,392)
	\$ 12,275,015	\$ 42,541	\$ -	\$ 12,317,556

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 2022 and 2021.

The carrying values of cash, dividends receivable, accrued liabilities, accrued management fees, Redeemable Preferred shares, Class J shares and the Fund's obligation for net assets attributable to 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 as 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.

7. 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 because the net asset value per Unit is less than \$15.00.

For the year ended December 31, 2022, cash distributions paid to Preferred shareholders were \$482,931 (2021 – \$509,098) representing a payment of \$0.53 (2021 – \$0.53) per Preferred share.

During the year ended December 31, 2022, 15,532 (2021 – 84,153) Units were redeemed with a total retraction value of \$173,660 (2021 – \$1,084,589).

During the years ended December 31, 2022 and 2021, share transactions are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Redeemable Preferred Shares		
Shares outstanding, beginning of year	927,634	1,011,787
Shares redeemed	(15,532)	(84,153)
Shares outstanding, end of year	912,102	927,634
Class A Shares		
Shares outstanding, beginning of year	927,634	1,011,787
Shares redeemed	(15,532)	(84,153)
Shares outstanding, end of year	912,102	927,634
Class J Shares		
Shares outstanding, beginning and end of year	100	100

8. 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

Mulvihill, 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, 2022 were \$115,102 (2021 – \$134,081) of which \$9,342 (2021 – \$11,039) was paid subsequent to year-end.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the year ended December 31, 2022 were \$19,378 (2021 – \$19,200).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2022 were \$12,981 (2021 – \$11,867).

(d) Investment in other Mulvihill Funds

The Fund may invest in units of other funds managed by the Manager. The Fund's ownership interest in Premium Income Corporation – Preferred Share was 0.4 percent as at December 31, 2022 (2021 – Premium Income Corporation – Class A was 0.7 percent).

9. 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

World Financial Split Corp.

Annual Report 2022



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 Mulvihill Capital 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 Mulvihill
Director
Mulvihill Capital Management Inc.
March 3, 2023



John D. Germain
Director
Mulvihill Capital Management Inc.

To the Shareholders of World Financial Split Corp. (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to holders of Class A shares and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management Report of Fund Performance; and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Francesco Quatrala.

Deloitte LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Ontario

March 27, 2023

Statements of Financial Position

As at December 31

	Note	2022	2021
ASSETS			
Financial assets at fair value through profit or loss	6	\$ 10,090,848	\$ 12,339,407
Derivative assets	6	—	48,025
Dividends receivable		16,854	19,574
Cash		174,865	213,216
TOTAL ASSETS		10,282,567	12,620,222
LIABILITIES			
Accrued liabilities		76,599	77,294
Derivative liabilities	6	22,669	69,876
Accrued management fees	8	9,342	11,039
Redeemable Preferred shares		9,121,020	9,276,340
Class J shares		100	100
TOTAL LIABILITIES		9,229,730	9,434,649
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 1,052,837	\$ 3,185,573
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		\$ 1.1543	\$ 3.4341

On behalf of the Manager,
Mulvihill Capital Management Inc.



John Mulvihill, Director



Robert G. Bertram, Director

Statements of Comprehensive Income

Years ended December 31

	Note	2022	2021
INCOME			
Dividend income		\$ 318,814	\$ 358,711
Interest income		4,746	—
Net realized gain/(loss) on investments at fair value through profit or loss		(474,045)	1,610,854
Net realized gain on options at fair value through profit or loss		278,378	336,065
Net realized loss on forward exchange contracts at fair value through profit or loss		(210,704)	(20,780)
Net change in unrealized gain/(loss) on investments at fair value through profit or loss		(1,140,951)	563,952
TOTAL INCOME/(LOSS), NET		(1,223,762)	2,848,802
EXPENSES			
Management fees	8	115,102	134,081
Service fees		6,644	9,009
Administrative and other expenses		97,171	118,716
Transaction fees	9	17,580	37,766
Custodian fees		39,575	37,448
Audit fees		37,936	38,039
Director fees	8	19,378	19,200
Independent review committee fees	8	12,981	11,867
Legal fees		4,713	1,157
Shareholder reporting costs		13,124	13,323
Harmonized sales tax		29,762	31,803
Withholding taxes		13,737	30,008
TOTAL EXPENSES		407,703	482,417
OPERATING PROFIT/(LOSS)		(1,631,465)	2,366,385
Preferred share distributions	7	(482,931)	(509,098)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	10	\$ (2,114,396)	\$ 1,857,287
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	10	\$ (2.2972)	\$ 1.9096

The notes are an integral part of the Financial Statements.

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

Years ended December 31

	2022	2021
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF YEAR	\$ 3,185,573	\$ 1,571,345
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	(2,114,396)	1,857,287
Class A Share Capital Transactions		
Value for Class A shares redeemed	(18,340)	(243,059)
Changes in Net Assets Attributable to Holders of Class A Shares during the Year	(2,132,736)	1,614,228
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF YEAR	\$ 1,052,837	\$ 3,185,573

Statements of Cash Flows

Years ended December 31

	2022	2021
CASH, BEGINNING OF YEAR	\$ 213,216	\$ 110,167
Cash Flows Provided By (Used In) Operating Activities		
Operating Profit/(Loss)	(1,631,465)	2,366,385
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	474,045	(1,610,854)
Net realized gain on options at fair value through profit or loss	(278,378)	(336,065)
Net realized loss on foreign exchange contracts at fair value through profit and loss	210,704	20,780
Net change in unrealized (gain)/loss on investments at fair value through profit or loss	1,140,951	(563,952)
Net change in unrealized gain on foreign cash	(688)	(18,269)
(Increase)/decrease in dividends receivable	2,720	(5,027)
Increase/(decrease) in accrued management fees and accrued liabilities	(2,392)	26,701
Purchase of investment securities	(14,741,182)	(28,120,919)
Proceeds from disposition of investment securities	15,443,925	29,937,956
	2,249,705	(669,649)
Cash Flows Provided By (Used In) Financing Activities		
Preferred share distributions	(482,931)	(509,098)
Preferred share redemptions	(155,320)	(841,530)
Class A share redemptions	(18,340)	(243,059)
	(656,591)	(1,593,687)
Net Increase/(Decrease) in Cash during the Year	(38,351)	103,049
CASH, END OF YEAR	\$ 174,865	\$ 213,216
Dividends received, net of withholding taxes	\$ 307,797	\$ 323,676
Interest received	\$ 4,746	\$ —

The notes are an integral part of the Financial Statements.

Schedule of Investments

As at December 31, 2022

	Number of Shares	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	3,200	\$ 404,211	\$ 392,512	
Brookfield Asset Management Ltd.	2,000	92,291	77,540	
Brookfield Corporation	8,000	418,826	340,640	
Manulife Financial Corporation	12,000	290,139	289,800	
Canadian Imperial Bank of Commerce	3,300	211,233	180,741	
Fairfax Financial Holdings Limited	600	386,708	481,242	
Intact Financial Corporation	1,800	359,045	350,838	
National Bank of Canada	5,100	496,810	465,273	
Royal Bank of Canada	4,400	574,255	560,120	
The Bank of Nova Scotia	6,400	543,737	424,576	
The Toronto-Dominion Bank	6,400	576,577	561,088	
Total Financials		4,353,832	4,124,370	40.6 %
Total Canadian Common Shares		\$ 4,353,832	\$ 4,124,370	40.6 %
Non-North American Common Shares				
Financials				
Chubb Limited	1,100	\$ 277,479	\$ 328,794	
UBS Group AG	26,100	583,552	660,254	
Total Financials		861,031	989,048	9.7 %
Total Non-North American Common Shares		\$ 861,031	\$ 989,048	9.7 %
United States Common Shares				
Financials				
The Allstate Corporation	1,700	\$ 294,814	\$ 312,345	
Berkshire Hathaway Inc.	1,400	511,429	585,965	
BlackRock Inc.	400	372,687	384,066	
The Charles Schwab Corporation	4,000	390,979	451,255	
CME Group Inc.	1,000	275,369	227,850	
JPMorgan Chase & Co.	1,900	334,378	345,230	
Marsh & McLennan Companies, Inc.	1,900	411,713	426,015	
MetLife Inc.	4,000	349,575	392,233	
Morgan Stanley	5,000	567,666	575,994	
The PNC Financial Services Group, Inc.	1,800	399,548	385,204	
State Street Corporation	2,000	214,489	210,208	
The Progressive Corporation	1,000	148,486	175,752	
Total Financials		\$ 4,271,133	\$ 4,472,117	44.0 %
Real Estate				
Prologis, Inc.	2,100	\$ 330,749	\$ 320,763	3.2 %
Total United States Common Shares		\$ 4,601,882	\$ 4,792,880	47.1 %
Exchange-Traded Funds				
Premium Income Corporation – Preferred Share	14,240	\$ 202,969	\$ 184,550	1.8 %
Forward Exchange Contracts				
Sold USD \$2,200,000, Bought CAD \$2,970,462 @0.74063 – March 15, 2023			\$ (8,523)	
Total Forward Exchange Contracts			\$ (8,523)	(0.1)%

Schedule of Investments

As at December 31, 2022

	Number of Contracts	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
Options				
Written Covered Call Options (100 shares per contract)				
PNC Financial Services Group Inc. – January 2023 @ \$155	(18)	\$ (15,412)	\$ (14,146)	
Total Written Covered Call Options		(15,412)	(14,146)	(0.1)%
Total Options		\$ (15,412)	\$ (14,146)	(0.1)%
Adjustment for transaction fees		(3,697)		
TOTAL INVESTMENTS		\$10,000,605	\$10,068,179	99.0 %
OTHER NET ASSETS			105,778	1.0 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, CLASS J SHARES AND REDEEMABLE PREFERRED SHARES			\$ 10,173,957	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 28, 2018, the Fund announced the automatic extension of the maturity date of the Class A and Preferred shares of the Fund for an additional seven year period to June 30, 2025. The address of the Fund’s registered office is 121 King Street West, Suite 2600, Toronto, Ontario.

On January 1, 2022, Strathbridge Asset Management Inc. announced a name change back to Mulvihill Capital Management Inc. (“Mulvihill”). Mulvihill 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 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.

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 Mulvihill Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Mulvihill Funds) that provide exposure to such securities.

The Fund employs an active covered call strategy 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 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 3, 2023.

2. Basis of Presentation

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

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”). The functional currency is the Canadian dollar, which is also the Fund’s presentation currency.

Financial Instruments

IFRS 9 Financial Instruments (“IFRS 9”) requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Classification

Financial Assets

The Fund classifies its investments in equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) has not been taken.

Consequently, these financial assets are mandatorily measured at FVTPL.

Held for Trading

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and liabilities measured at amortized cost may include cash, dividends receivable, due from brokers – investments, due to brokers – investments, accrued liabilities, accrued management fees, redemptions payable, Redeemable Preferred shares, Class J shares and the Fund’s obligation for net assets attributable to holders of Class A shares.

IFRS 9 requires the expected credit loss model (“ECL”) as the impairment model for financial assets carried at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short-term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material.

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.

December 31, 2022 and 2021

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,
- (i) 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
- (i) 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.

Class A and Class J Shares

IAS 32, Financial Instruments: Presentation (“IAS 32”) requires that the Class A and Class J shares (which are puttable instruments) be classified as financial liabilities unless certain criteria are met. The Fund’s Class A and Class J shares do not meet the criteria 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 10 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 38 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 7 Statement of Cash Flows

IAS 7 Statement of Cash Flows (“IAS 7”) requires disclosures related to changes in liabilities arising from financing activities for annual periods beginning on or after January 1, 2017. Class A shares issued by the Fund are classified as financial liabilities in accordance with IAS 32, as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32 for financial reporting purposes.

A reconciliation between the opening and closing balances of the Class A shares of the Fund is presented in the Statement of Changes in Net Assets Attributable to Holders of Class A Shares, including changes from cash flows and non-cash changes. Further, a reconciliation between the opening and closing balances of the Redeemable Preferred shares of the Fund is presented below, including changes from cash flows and non-cash changes.

	Jan. 1, 2022	Cash Changes Cash Redemptions	Non-cash changes	Dec. 31, 2022
Redeemable Preferred Shares (Note 7)	\$ 9,276,340	(155,320)	–	\$ 9,121,020

	Jan. 1, 2021	Cash Changes Cash Redemptions	Non-cash changes	Dec. 31, 2021
Redeemable Preferred Shares (Note 7)	\$ 10,117,870	(841,530)	–	\$ 9,276,340

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.

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.

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 wherever 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 7 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 measures credit risk and lifetime ECLs related to the receivables using historical analysis and forward-looking information in determining the ECL.

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, 2022 and 2021, 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 shares 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, 2022 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 76,599	\$ 76,599
Derivative liabilities	-	22,669	22,669
Accrued management fees	-	9,342	9,342
Redeemable Preferred shares	9,121,020	-	9,121,020
Class J shares	100	-	100
Class A shares	1,052,837	-	1,052,837
	\$ 10,173,957	\$ 108,610	\$ 10,282,567

	As at December 31, 2021 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued liabilities	\$ -	\$ 77,294	\$ 77,294
Derivative liabilities	-	69,876	69,876
Accrued management fees	-	11,039	11,039
Redeemable Preferred shares	9,276,340	-	9,276,340
Class J shares	100	-	100
Class A shares	3,185,573	-	3,185,573
	\$ 12,462,013	\$ 158,209	\$ 12,620,222

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.

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 the majority of its foreign currency exposure.

The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 and 2021 in Canadian dollar terms, and the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to Class A shares and Redeemable Preferred 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.

December 31, 2022 and 2021

As at December 31, 2022 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	
\$ (2,952,191)	\$ 5,781,928	\$ 2,829,737	\$ (147,610)	\$ 289,096	\$ 141,487	
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares						
	(29)%	57%	28%	(2)%	3%	1%

As at December 31, 2021 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	
\$ (4,189,849)	\$ 8,125,196	\$ 3,935,347	\$ (209,492)	\$ 406,260	\$ 196,768	
% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares						
	(34)%	65%	31%	(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 99 percent (2021 – 99 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at December 31, 2022 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2022, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$0.5 million (2021 – \$0.6 million) respectively or 5.0 percent (2021 – 5.0 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 within 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, 2022	Dec. 31, 2021
United States	47.5%	53.1%
Canada	42.7%	33.7%
Rest of World	9.8%	13.2%
	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 that 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, 2022 and 2021.

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 4,124,370	\$ -	\$ -	\$ 4,124,370
Non-North American Common Shares	989,048	-	-	989,048
United States Common Shares	4,792,880	-	-	4,792,880
Exchange-Traded Funds	184,550	-	-	184,550
Forward Exchange Contracts	-	(8,523)	-	(8,523)
Options	(14,146)	-	-	(14,146)
	\$10,076,702	\$ (8,523)	\$ -	\$10,068,179

	As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 3,502,907	\$ -	\$ -	\$ 3,502,907
Non-North American Common Shares	1,630,141	-	-	1,630,141
United States Common Shares	6,547,127	-	-	6,547,127
Exchange-Traded Funds	659,232	-	-	659,232
Forward Exchange Contracts	-	42,541	-	42,541
Options	(64,392)	-	-	(64,392)
	\$ 12,275,015	\$ 42,541	\$ -	\$ 12,317,556

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 2022 and 2021.

The carrying values of cash, dividends receivable, accrued liabilities, accrued management fees, Redeemable Preferred shares, Class J shares and the Fund's obligation for net assets attributable to 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 as 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.

7. 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 because the net asset value per Unit is less than \$15.00.

For the year ended December 31, 2022, cash distributions paid to Preferred shareholders were \$482,931 (2021 – \$509,098) representing a payment of \$0.53 (2021 – \$0.53) per Preferred share.

During the year ended December 31, 2022, 15,532 (2021 – 84,153) Units were redeemed with a total retraction value of \$173,660 (2021 – \$1,084,589).

During the years ended December 31, 2022 and 2021, share transactions are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Redeemable Preferred Shares		
Shares outstanding, beginning of year	927,634	1,011,787
Shares redeemed	(15,532)	(84,153)
Shares outstanding, end of year	912,102	927,634
Class A Shares		
Shares outstanding, beginning of year	927,634	1,011,787
Shares redeemed	(15,532)	(84,153)
Shares outstanding, end of year	912,102	927,634
Class J Shares		
Shares outstanding, beginning and end of year	100	100

8. 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

Mulvihill, 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, 2022 were \$115,102 (2021 – \$134,081) of which \$9,342 (2021 – \$11,039) was paid subsequent to year-end.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the year ended December 31, 2022 were \$19,378 (2021 – \$19,200).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2022 were \$12,981 (2021 – \$11,867).

(d) Investment in other Mulvihill Funds

The Fund may invest in units of other funds managed by the Manager. The Fund's ownership interest in Premium Income Corporation – Preferred Share was 0.4 percent as at December 31, 2022 (2021 – Premium Income Corporation – Class A was 0.7 percent).

9. 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

December 31, 2022 and 2021

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, 2022 and 2021 is disclosed below:

	Dec. 31, 2022	Dec. 31, 2021
Soft Dollars	\$ 8,859	\$ 19,105
Percentage of Total Transaction Fees	50.4%	50.6%

10. 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, 2022 and 2021 is calculated as follows:

	Dec. 31, 2022	Dec. 31, 2021
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	\$ (2,114,396)	\$ 1,857,287
Weighted Average Number of Class A Shares Outstanding during the Year	920,423	972,592
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	\$ (2.2972)	\$ 1.9096

11. Income Taxes

No amount is payable on account of income taxes in 2022 and 2021.

Accumulated non-capital losses of approximately \$0.5 million (2021 – \$0.5 million) and accumulated capital losses of approximately \$116.7 million (2021 – \$116.3 million) are available for utilization against net investments income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount (in \$millions)
2038	\$ 0.0
2039	0.2
2040	0.2
2041	0.1
Total	\$ 0.5

12. Future Accounting Policy Changes

In February 2021, the IASB issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to provide a definition of “accounting estimates”. The changes are intended to clarify the distinction between a change in an accounting estimate and a change in an accounting policy. The amendments, which become effective for annual periods beginning on or after January 1, 2023, are not expected to have a significant impact on the Fund.

December 31, 2022 and 2021

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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, Mulvihill Capital 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@mulvihill.com) and website (www.mulvihill.com) to respond to inquiries from shareholders.