Big 8 SPLIT Inc.

Semi-Annual Report to Shareholders

June 15, 2014

Notice: The unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not reviewed these financial statements.

REPORT TO SHAREHOLDERS

I am pleased to report on the financial results of Big 8 Split Inc. (the "Company") for the six months ended June 15, 2014. These Semi-Annual Financial Statements should be read in conjunction with the Interim Management Report on Fund Performance and the Company's audited Annual Financial Statements for the year ended December 15, 2013.

2013 Capital Reorganization

On December 13, 2013, the Company issued 1,719,382 Class D Preferred Shares and 1,719,382 Class D Capital Shares pursuant to a final prospectus dated December 5, 2013, for consideration of $19,219,013 and $21,492,364, respectively. Subsequently, the net proceeds of which were used to fund the purchase of additional common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Great-West Lifeco Inc., Manulife Financial Corporation and Sun Life Financial Inc. (the "Portfolio Shares"), and to fund the redemption of the Class B Preferred Shares, Class C Preferred Shares, and Class A Capital Shares of the Company.

As a result of the Company's redemption on December 13, 2013, 585,093 Class B Preferred Shares, 651,155 Class C Preferred Shares, and 1,236,248 Class A Capital Shares were redeemed for a total consideration of $48,257,848. The redemption has been accounted for as a reduction of the Class B Preferred issued capital in the amount of $7,021,116, Class C Preferred issued capital in the amount of $7,813,860 and a reduction of the Class A Capital shareholders' equity in the amount of $33,356,000 net of allocated earnings of $16,900,577. The Class B Preferred Shares and Class C Preferred Shares were redeemed for a cash consideration of $12.00 per Class B Preferred Share and Class C Capital Share, and the Class A Capital Shares were redeemed for consideration of $27.0359 per Class A Capital Share. Holders of Class A Capital Shares were redeemed in cash, or if they had previously elected, Portfolio Shares together with cash equal to the holder's pro rata share of the other net assets of the Company. Class A Capital Shareholders were also offered the opportunity to continue their investment in the Company by acquiring Class D Capital Shares in satisfaction of the redemption value of their Class A Capital Shares. As a result, holders of 423,725 Class A Capital Shares received Class D Shares in exchange for their Class A Capital Shares based on an exchange ratio of 2.1629 Class D Capital Shares for each Class A Capital Share tendered.

2014 Financial Performance

The Company's Statements of Income and Retained Earnings (Deficit) is presented for the six months ended June 15, 2014. As a result of the 2013 Capital Reorganization as at December 15, 2013, the Statements of Income and Retained Earnings (Deficit) and per Unit amounts for the six months ended June 15, 2013 are not considered comparable and are presented for informational purposes only.

Net investment income - For the six months ended June 15, 2014, the Company's net investment income, prior to dividends paid to Preferred Shareholders and unrealized change in the investment portfolio, was $0.3364 per Unit compared to $0.5886 per Unit a year ago. On a dollar basis, the Company's net investment income was $578,430 compared to $727,686 a year ago.

Revenue per Unit for the six months ended June 15, 2014 was $0.4070, as compared to $0.7161 a year ago. Operating expenses per Unit were $0.0705 compared to $0.1275 a year ago.

Preferred Share dividend - Holders of Class D Preferred Shares are entitled to receive quarterly fixed cumulative dividends equal to $0.1125 per Class D Preferred Share. For the six months ended June 15, 2014, the Company declared and paid dividends of $386,861 or $0.2250 per Class D Preferred Share (June 15, 2013 - $245,739 or $0.4200 per Class B Preferred Share and $224,648 or $0.3450 per Class C Preferred Share)

Capital Share dividend - For the six months ended June 15, 2014, the Company declared and paid dividends of $176,237 or $0.1025 per Class D Capital Share (June 15, 2014 - $287,428 or $0.2325 per Class A Capital Share).

Net Asset Value - The Net Asset Value per Class D Capital Share as at June 15, 2014 was $12.65 compared to $11.00 as at December 15, 2013 reflecting an increase of 15% over the past six months primarily due to appreciation in the market value of the Company's investment holding in its Portfolio Shares. The total fair value of the Company's investment portfolio as at June 15, 2014 was $38,655,442 (December 15, 2013 - $33,861,503).

Subsequent Events

On June 24, 2014 TD Sponsored Companies Inc. ("TDSCI") entered into an agreement with Timbercreek Asset Management Ltd. ("Timbercreek") pursuant to which Timbercreek will acquire the rights to administer and manage TD Split Inc., 5Banc Split Inc. and Big 8 Split Inc.

The closing of the transaction is subject to customary closing conditions including obtaining requisite shareholder, stock exchange and regulatory approvals. It is anticipated that an information circular will be prepared for late July 2014, with the shareholder vote expected to occur in August 2014. Subject to obtaining the appropriate approvals, the transaction is expected to close in September 2014.

This report, along with the accompanying financial statements of the Company, is respectfully submitted to you on behalf of the Board of Directors of Big 8 Split Inc.

Toronto, Canada,
July 23, 2014

Cameron Goodnough
President and Chief Executive Officer

Big 8 SPLIT Inc.

STATEMENTS OF NET ASSETS

(Unaudited)

		As at		
		June 15 2014		December 15 2013
Assets				
Cash	$	219,869	$	21,650,540
Investment portfolio, at fair value		38,655,442		33,861,503
Dividends receivable		118,404		120,347
		38,993,715		55,632,390
Liabilities				
Payable for portfolio purchase *(note 5)*		-		18,966,975
Accrued liabilities *(note 5)*		48,503		86,026
Share issue costs payable *(note 5)*		-		468,000
Class D Preferred Shares *(note 3)*		17,193,820		17,193,820
		17,242,323		36,714,821
	$	21,751,392	$	18,917,569
Capital Shareholders' Equity				
Class D Capital and Class E Shares *(note 3)*	$	19,276,658	$	19,219,113
Retained earnings (deficit)		2,474,734		(301,544)
	$	21,751,392	$	18,917,569
Number of Units Outstanding *(note 3)*		1,719,382		1,719,382
Unit Value* *(note 2)*	$	22.65	$	21.00
Redemption Value per Class D Preferred Share *(note 3)*		(10.00)		(10.00)
Net Asset Value per Class D Capital Share	$	12.65	$	11.00

See accompanying notes to financial statements.

* A Unit consists of one Class D Capital Share and one Class D Preferred Share.

STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)

(Unaudited)

For the Six Months Ended June 15,		2014		2013
Revenue				
Dividends	$	699,718	$	885,271
		699,718		885,271
Expenses				
Management fees *(note 5)*		53,082		58,366
Shareholder reporting costs *(note 2)*		23,404		47,741
Audit and tax services fees		19,241		20,012
Directors' fees		14,250		18,750
Independent Review Committee fees		3,000		4,500
Custodial fees		6,000		5,887
Transaction costs *(notes 2 and 5)*		424		-
Legal fees		514		604
Other fees *(note 2)*		1,373		1,725
		121,288		157,585
Net investment income before the undernoted:		578,430		727,686
Dividends paid on Class B Preferred Shares *(note 3)*		-		(245,739)
Dividends paid on Class C Preferred Shares *(note 3)*		-		(224,648)
Dividends paid on Class D Preferred Shares *(note 3)*		(386,861)		-
Change in unrealized appreciation of investment portfolio		2,760,946		1,330,194
Net investment income and appreciation available to Capital Shareholders	$	2,952,515	$	1,587,493
Retained earnings (deficit), beginning of the period	$	(301,544)	$	8,404,449
Net investment income and appreciation available to Capital Shareholders		2,952,515		1,587,493
Dividends paid on Class A Capital Shares *(note 3)*		-		(287,428)
Dividends paid on Class D Capital Shares *(note 3)*		(176,237)		-
Retained earnings, end of the period	$	2,474,734	$	9,704,514
<u>Dividends</u>				
Preferred Share Class B	$	-	$	0.4200
Preferred Share Class C	$	-	$	0.3450
Preferred Share Class D	$	0.2250	$	-
Capital Share Class A	$	-	$	0.2325
Capital Share Class D	$	0.1025	$	-
<u>Net investment income and appreciation per Capital Shareholder</u>				
Capital Shares Class A	$	-	$	1.2841
Capital Shares Class D	$	1.7172	$	-

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

(Unaudited)

For the Six Months Ended June 15,	2014	2013
Cash flows from operating activities		
Net investment income	$ 2,952,515	$ 1,587,493
Adjustments to determine net cash flows from operating activities		
Change in unrealized appreciation of investment portfolio	(2,760,946)	(1,330,194)
Purchase of investment portfolio	(2,032,993)	-
Dividends paid on Class B Preferred Shares	-	245,739
Dividends paid on Class C Preferred Shares	-	224,648
Dividends paid on Class D Preferred Shares	386,861	-
Change in dividends receivable	1,943	23,458
Change in accrued liabilities	(19,472,498)	(32,095)
Net cash flows from operating activities	(20,925,118)	719,049
Cash flows used in financing activities		
Related share issue costs	57,545	-
Dividends paid on Class A Capital Shares	-	(287,428)
Dividends paid on Class D Capital Shares	(176,237)	-
Dividends paid on Class B Preferred Shares	-	(245,739)
Dividends paid on Class C Preferred Shares	-	(224,648)
Dividends paid on Class D Preferred Shares	(386,861)	-
Net cash used in financing activities	(505,553)	(757,815)
Net increase (decrease) in cash during the period	(21,430,671)	(38,766)
Cash, beginning of the period	21,650,540	165,292
Cash, end of the period	$ 219,869	$ 126,526

See accompanying notes to financial statements.

Big 8 SPLIT Inc.

STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

For the Six Months Ended June 15,	2014	2013
Net assets, beginning of the period	$ 18,917,569	$ 24,958,971
Capital transactions		
Share issue costs	57,545	-
Proceeds from issuance of Class D Capital Shares	57,545	-
Dividends paid on Class A Capital Shares	-	(287,428)
Dividends paid on Class D Capital Shares	(176,237)	-
	(118,692)	(287,428)
Investment transactions		
Cost of investment portfolio, beginning of the period	(28,988,442)	(31,646,937)
Purchase of investment portfolio	(2,032,993)	-
Cost of investment portfolio, end of the period	31,021,435	31,646,937
Cost of investments disposed of during the period	-	-
Change in unrealized appreciation of investment portfolio	2,760,946	1,330,194
	2,760,946	1,330,194
Income transactions		
Net investment income prior to Preferred Share dividends	578,430	727,686
Dividends paid on Class B Preferred Shares	-	(245,739)
Dividends paid on Class C Preferred Shares	-	(224,648)
Dividends paid on Class D Preferred Shares	(386,861)	-
Net investment income	191,569	257,299
Change in net assets during the period	2,833,823	1,300,065
Net assets, end of the period	$ 21,751,392	$ 26,259,036

See accompanying notes to financial statements.

STATEMENTS OF NET ASSET VALUES

(Unaudited)

As at	Net Asset Value Per Unit	Redemption Value Per Class D Preferred Share	Net Asset Value Per Class D Capital Share *	Number of Units Outstanding
June 15, 2014	$22.65	$10.00	$12.65	1,719,382
December 15, 2013	$21.00	$10.00	$11.00	1,719,382

See accompanying notes to financial statements.

* The Net Asset Values per Class D Capital Share shown above are based on net asset values per the financial statements as at the close of the 15th of the month, less the redemption value of the Class D Preferred Shares and paid-up capital on the Class E Shares divided by the number of outstanding Class D Capital Shares.

SPLIT Inc.

STATEMENTS OF INVESTMENTS

(Unaudited)

Number of Common Shares	Company	Fair Value of Portfolio Shares	Cost	Unrealized (Depreciation) / Appreciation	% of Portfolio at Fair Value
As at June 15, 2014					
65,499	Bank of Montreal	$ 5,023,773	$ 3,832,735	$ 1,191,038	13.00
71,348	The Bank of Nova Scotia	5,030,034	3,634,126	1,395,908	13.01
50,496	Canadian Imperial Bank of Commerce	4,901,647	3,858,070	1,043,577	12.68
65,768	Royal Bank of Canada	4,947,726	3,599,814	1,347,912	12.80
94,146 *	The Toronto-Dominion Bank	5,099,889	3,279,271	1,820,618	13.19
141,839	Great-West Lifeco Inc.	4,164,393	4,032,908	131,485	10.77
228,414	Manulife Financial Corporation	4,677,919	4,522,578	155,341	12.10
125,262	Sun Life Financial Inc.	4,810,061	4,261,933	548,128	12.45
		$ 38,655,442	$ 31,021,435	$ 7,634,007	100.00
As at December 15, 2013					
65,499	Bank of Montreal	$ 4,489,956	$ 3,832,735	$ 657,221	13.26
71,348	The Bank of Nova Scotia	4,488,503	3,634,126	854,377	13.26
50,496	Canadian Imperial Bank of Commerce	4,492,629	3,858,070	634,559	13.27
65,768	Royal Bank of Canada	4,487,351	3,599,814	887,537	13.24
25,854	The Toronto-Dominion Bank	2,445,271	1,246,278	1,198,993	7.22
141,839	Great-West Lifeco Inc.	4,489,204	4,032,908	456,296	13.26
228,414	Manulife Financial Corporation	4,479,199	4,522,578	(43,379)	13.23
125,262	Sun Life Financial Inc.	4,489,390	4,261,933	227,457	13.26
		$ 33,861,503	$ 28,988,442	$ 4,873,061	100.00

In accordance with Regulations under the Securities Act of Ontario, a statement of portfolio transactions (unaudited) for the six months ended June 15, 2014 will be provided without charge upon request to the Company.

See accompanying notes to financial statements.

* Reflects a 2-for-1 stock split effective February 3, 2014.

NOTES TO THE SEMI-ANNUAL FINANCIAL STATEMENTS
(Unaudited)

1. CORPORATE ACTIVITIES

Big 8 Split Inc. (the "Company") incorporated under the laws of the Province of Ontario on June 26, 2003, is a closed-end investment fund corporation whose principal business is to invest in a portfolio of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Toronto-Dominion Bank, Great-West Lifeco Inc., Manulife Financial Corporation and Sun Life Financial Inc. (the "Portfolio Shares"). The Company's principal business offices are located at 66 Wellington Street West, 9th Floor, Toronto-Dominion Bank Tower, Toronto, Ontario, M5K 1A2.

On November 21, 2008, the holders of Capital Shares approved a share capital reorganization (the "Reorganization") extending the term of their investment in the Company after the final redemption date of December 15, 2008 for an additional five years to December 15, 2013. In connection with the reorganization, the Class A Preferred Shares (BIG.PR.A) were redeemed and 1,204,980 Class B Preferred Shares (BIG.PR.B) were issued for a total value of $14,459,760.

On December 15, 2009, the Company paid a Share Dividend of 0.6 Capital Shares ("Capital Share Dividend") to each Capital Share that was outstanding, after accounting for the Special Annual Retraction (the "Re-leveraging"), resulting in an additional 640,203 Capital Shares being issued to Capital Shareholders. In addition, through a public offering, the Company subsequently issued 1,165,203 new Class C Preferred Shares and an additional 525,000 Capital Shares, netting proceeds of $23,082,889 which were used to acquire additional Portfolio Shares. The issue of Class C Preferred Shares and Capital Shares, along with the Capital Share Dividend, ensured that total Class B Preferred Shares and Class C Preferred Shares outstanding equaled the total Capital Shares outstanding.

On January 8, 2010, pursuant to the over-allotment option available from the Re-leveraging, the Company issued an additional 23,500 Class C Preferred Shares Capital Shares, netting proceeds of $715,340. The net proceeds were used to acquire additional Portfolio Shares.

As a result of the Company's redemption on December 13, 2013, 585,093 Class B Preferred Shares, 651,155 Class C Preferred Shares, and 1,236,248 Class A Capital Shares were redeemed for a total consideration of $48,257,848. The redemption has been accounted for as a reduction of the Class B Preferred issued capital in the amount of $7,021,116, Class C Preferred issued capital in the amount of $7,813,860 and a reduction of the Class A Capital shareholders' equity in the amount of $33,356,000 net of allocated earnings of $16,900,577. The Class B Preferred Shares and Class C Preferred Shares were redeemed for a cash consideration of $12.00 per Class B Preferred Share and Class C Capital Share, and the Class A Capital Shares were redeemed for consideration of $27.0359 per Class A Capital Share. Holders of Class A Capital Shares were redeemed in cash, or if they had previously elected, Portfolio Shares together with a cash amount equal to the holder's pro rata share of the other net assets of the Company. Class A Capital Shareholders were also offered the opportunity to continue their investment in the Company by acquiring Class D Capital Shares in satisfaction of the redemption price of their Class A Capital Shares. As a result, holders of 423,725 Class A Capital Shares received Class D Shares in exchange for their Class A Capital Shares based on an exchange ratio of 2.1629 Class D Capital Shares for each Class A Capital Share tendered.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Semi-Annual Financial Statements and accounting principles followed by the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as the Company's Annual Report to Shareholders for the year ended December 15, 2013. Under GAAP, additional disclosures are required in the annual financial statements and accordingly, these Semi-Annual Financial Statements should be read in conjunction with the audited Financial Statements for the year ended December 15, 2013 and the accompanying notes. Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year.

Going Concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company's management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim financial statements continue to be prepared on the going concern basis.

The significant accounting policies and practices followed by the Company are as follows:

Unit value

"Unit Value" is defined as the amount that would be received by the Company on the disposition of that number of Portfolio Shares represented by the Unit's pro rata share of each of the Portfolio Shares, less brokerage fees, commissions and all other transaction costs relating to such sale plus (minus) the pro rata share of the amount by which the value of the other assets of the Company exceeds (is less than) the liabilities (including any extraordinary liabilities) of the Company as at the relevant Valuation Date and the redemption value of the Class E Shares, all as determined by the Board of Directors. A "Unit" consists of one Preferred Share and one Capital Share.

If it is not possible to sell the Portfolio Shares due to the cessation or suspension of trading of Portfolio Shares on the stock exchanges or markets on which Portfolio Shares are normally traded, the Company will sell such Portfolio Shares as soon as possible following the resumption of trading of Portfolio Shares and the proceeds therefrom will be paid within five business days following such sale.

Net asset value per unit

Under Section 3855, the Company is required to prepare its financial statements by recording its Portfolio Securities at fair value based on the last bid price. In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation of the net asset value using the closing price on the Toronto Stock Exchange ("TSX") ("Pricing NAV") and the net asset value calculated in accordance with Section 3855 ("GAAP NAV") of the Company is required disclosure in the notes to the financial statements.

The reconciliation of the Company's Pricing NAV to GAAP NAV as at June 15, 2014 is presented in the following table:

	Number of Units	NAV/Unit	Total
Pricing NAV (Closing price)	1,719,382	$ 22.66	$ 38,963,532
Bid-offer spread adjustment	1,719,382	$ (0.01)	$ (18,320)
GAAP NAV (Last bid price)	1,719,382	$ 22.65	$ 38,945,212

The reconciliation of the Company's Pricing NAV to GAAP NAV as at December 15, 2013 is presented in the following table:

	Number of Units	NAV/Unit	Total
Pricing NAV (Closing price)	1,719,382	$ 21.02	$ 36,144,441
Bid-offer spread adjustment	1,719,382	$ (0.02)	$ (33,052)
GAAP NAV (Last bid price)	1,719,382	$ 21.00	$ 36,111,389

Financial Instruments

Financial instruments are accounted, presented and disclosed in accordance with Section 3855 – Financial Instruments. The Company's financial assets include cash and the investment portfolio. The Company's financial liabilities include accrued liabilities, and the Class D Preferred Shares.

Cash
Cash consists of cash held in bank accounts. Cash is carried at fair value.

Investments
Investments consist of Portfolio Shares and are carried at fair value.

a) Valuation of investments:
The Company's investments in common stock are held for trading and are carried at fair value. The fair value of the investment portfolio is determined using the last bid prices on the TSX. Changes in fair value are recorded in "Change in unrealized appreciation of investment portfolio" in the Statements of Income and Retained Earnings (deficit). Investment transactions are recorded on a trade date basis.

b) Transaction costs:
Transaction costs for the purchase and sale of investments are expensed and are included in "Transaction costs" in the Statements of Income and Retained Earnings (deficit). Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or a liability, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Liabilities and Equity

Preferred Shares
The Company's issued and outstanding Preferred Shares are classified as other liabilities and are initially recorded at fair value. Preferred Shares are subsequently carried at amortized cost.

Accrued Liabilities
Accrued liabilities include fees payable that are recorded on an accrual basis over the term of the service provided.

Capital and Class E Shares
The Company's issued and outstanding Capital and Class E Shares are recorded at the proceeds received, net of direct issue costs.

Revenue Recognition

Dividend Income
Revenue is primarily dividend income. Dividend income is recorded on the ex-dividend date.

Shareholder Reporting Costs
Shareholder costs are recorded on an accrual basis and include costs incurred for TSX listing fees, filing fees, transfer agent, printing and mailing fees, rating agency fees, and administration costs.

Other Fees
Other fees are booked on an accrual basis and include costs incurred for banking charges and miscellaneous expenses.

Foreign currency translation

The Company's functional currency is the Canadian dollar, which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company's presentation currency is also the Canadian dollar.

The offsetting of financial instruments

Financial assets and liabilities are offset, with the net amount presented in the Statement of Net Assets, only if the Company currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In all other situations they are presented gross. Based on these criteria, the Company does not have any financial assets and financial liabilities presented on a net basis.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with Canadian GAAP requires management to exercise judgment in the process of applying accounting policies and requires management to make estimates and assumptions that affect the amounts reported in those financial statements and accompanying notes. Changes in these judgments or estimates could have a significant impact on the Company's financial statements.

Future changes in accounting policies

The Canadian Institute of Chartered Accountants Accounting Standards Board requires all Canadian publicly accountable enterprises which are investment companies to adopt International Financial Reporting Standards ("IFRS") for the years beginning on or after January 1, 2014. This was extended from January 1, 2011 as a result of the delay to the International Accounting Standards Board standards with relation to investment companies. The Company will adopt IFRS for the fiscal year 2015 starting December 16, 2014. The fiscal 2015 financial statements will include comparative 2014 financial results under IFRS. The objective of the change is to move towards the use of a single set of world-wide accounting standards, thereby facilitating and improving global capital flow, as well as improving financial reporting and transparency.

It has been determined that the implementation of IFRS will not have a material impact on the financial statements and related disclosures.

3. SHARE CAPITAL AND SHARE ISSUE COSTS

a) Authorized, Issued and Outstanding

The Company's authorized share capital consists of an unlimited number of Class D preferred shares ("the Preferred Shares"), an unlimited number of Class D capital shares (the "Capital Shares"), an unlimited number of Class E voting shares (the "Class E Shares") and an unlimited number of Class A, B, and C preferred shares and Class A, B, and C capital shares, issuable in series.

A summary of the Company's share capital and related share issue costs is as follows:

	Number of Units	Class E Shares	Class A Capital Shares	Class D Capital Shares	Issue Costs	Total Capital & Class E Shares	Class A Preferred Shares	Class B Preferred Shares	Class C Preferred Shares	Class D Preferred Shares
Outstanding on August 28, 2003…..	-	$ 100	$ -	$ -	$ -	$ 100	$ -	$ -	$ -	$ -
Issued on September 3, 2003……..	4,500,000	-	103,140,000	-	(10,299,880)	92,840,120	112,500,000	-	-	-
Retractions during fiscal year 2004..	(1,697,200)	-	(38,899,824)	-	3,884,657	(35,015,167)	(42,430,000)	-	-	-
Retractions during fiscal year 2005..	(272,531)	-	(6,246,411)	-	623,786	(5,622,625)	(6,813,275)	-	-	-
Retractions during fiscal year 2006..	(171,275)	-	(3,925,623)	-	392,025	(3,533,598)	(4,281,875)	-	-	-
Retractions during fiscal year 2007..	(101,680)	-	(2,330,506)	-	232,732	(2,097,774)	(2,542,000)	-	-	-
Retractions during fiscal year 2008..	(1,052,334)	-	(24,119,495)	-	2,408,648	(21,710,847)	(26,308,350)	-	-	-
Reorganization during 2008……….	-	-	-	-	-	-	(30,124,500)	-	-	-
Issued on December 15, 2008…….	-	-	-	-	(1,843,471)	(1,843,471)	-	14,459,760	-	-
Outstanding on December 15, 2008	1,204,980	100	$27,618,141	$ -	$ (4,601,503)	$23,016,738	$ -	$14,459,760	$ -	$ -
Retractions during fiscal year 2009..	(137,975)	-	(3,162,389)	-	526,891	(2,635,498)	-	(1,655,700)	-	-
Issued on December 15, 2009…….	1,165,203	-	10,500,000	-	(1,312,983)	9,187,017	-	-	13,982,436	-
Issued on January 8, 2010…………	23,500	-	470,000	-	(17,260)	452,740	-	-	282,000	-
Retractions during fiscal year 2010..	(411,530)	-	(5,959,879)	-	486,425	(5,473,454)	-	(2,330,292)	(2,608,068)	-
Retractions during fiscal year 2011..	(368,040)	-	(5,880,463)	-	981,565	(4,898,898)	-	(2,090,232)	(2,326,248)	-
Retractions during fiscal year 2012..	(239,890)	-	(3,832,910)	-	639,787	(3,193,123)	-	(1,362,420)	(1,516,260)	-
Redemptions during fiscal year 201	(1,236,248)	-	(19,752,500)	-	3,297,078	(16,455,422)	-	(7,021,116)	(7,813,860)	-
Outstanding on December 13, 2013	-	100	$ -	$ -	$ -	$ 100	$ -	$ -	$ -	$ -
Issued on December 13, 2013…….	1,719,382	-	-	21,492,364	(2,273,351)	19,219,013	-	-	-	17,193,820
Outstanding on December 15, 2013	1,719,382	$ 100	$ -	$21,492,364	$ (2,273,351)	$19,219,113	$ -	$ -	$ -	$17,193,820
Retractions during fiscal year 2014..	-	-	-	-	57,545	57,545	-	-	-	-
Outstanding on June 15, 2014…….	1,719,382	$ 100	$ -	$21,492,364	$ (2,215,806)	$19,276,658	$ -	$ -	$ -	$17,193,820

Issue costs incurred in connection with the organization of the Company are reduced on a pro rata basis with any future retractions. During fiscal 2013, issue costs of $2,273,351 were accrued in connection with the issuance of the Class D Preferred Shares and Class D Capital Shares. During fiscal 2014, issue costs were reduced by $57,545 due to over-accrual. These costs have been charged against share capital and will be reduced on a pro rata basis with any future retractions.

The Company will ensure that one Class D Preferred Share will be issued and outstanding for each Class D Capital Share issued and outstanding and that it will be in compliance with the provisions in the articles attaching to the Class D Preferred Shares and Class D Capital Shares. Consequently, any retractions of Class D Preferred Shares or Class D Capital Shares will require the Company to make an aggregate retraction payment for the Class D Preferred Shares and Class D Capital Shares so retracted based on the Unit Value *(note 2)*.

For the purposes of the Income Tax Act (Canada) and any other similar provincial and territorial tax legislation, the dividends paid on Preferred Shares and Capital Shares are designated as “eligible dividends”. Unless stated otherwise, all dividends (and deemed dividends) paid hereafter are designated as “eligible dividends” for the purposes of such legislation.

b) Managing Capital

The Company's capital is comprised of its Preferred Shares and Capital Shares. The Company seeks to maximize the value of its capital through the holding of the Portfolio Shares. The Company does not intend to actively trade its investment portfolio. The Company will distribute its earnings according to the terms of the Preferred Shares and Capital Shares, and redeem its capital funded by the sale of securities as needed.

4. INCOME TAXES

The Company qualifies and intends to continue to qualify as a “mutual fund corporation” under the Income Tax Act (Canada) throughout each subsequent taxation year in which any Preferred Shares or Capital Shares remain outstanding. As a result thereof and after deduction of issue costs in computing taxable income, the Company does not anticipate that it will be subject to any material non-refundable income tax liability.

5. RELATED PARTY INFORMATION

The Company engaged TD Securities Inc. ("TDSI"), a direct, wholly-owned subsidiary of The Toronto-Dominion Bank, and other agents to offer for sale to the public the Class A Preferred Shares and the Capital Shares pursuant to a prospectus dated August 28, 2003. TDSI acted as the promoter of the Company. Total compensation received by TDSI and agents of related parties to TDSI was $2,284,317 upon the issue of the Class A Preferred Shares and Capital Shares. The Company has also engaged TDSI and other syndicate members to offer for sale to the public the Class B Preferred Shares pursuant to a prospectus dated December 5, 2008. TDSI acted as the promoter of the Company. Total compensation received by TDSI and its agents of related parties to TDSI was $682,787 upon the issue of the Class B Preferred Shares. As part of the Re-leveraging, the Company engaged TDSI and other agents as syndicate members to offer for issue 1,165,203 Class C Preferred Shares and an additional 525,000 Capital Shares pursuant to the prospectus dated December 8, 2009. TDSI acted as co-lead on the offering. Total compensation received by TDSI and its agents of related parties to TDSI was $204,254. Pursuant to the prospectus dated December 5, 2013, the Company has also engaged TDSI acting as promoter of the Company, along with other syndicate members, to offer for sale to the public the Class D Preferred Shares and Class D Capital Shares. Total compensation received by TDSI and agents of related parties to TDSI was $1,805,351 upon the issue of the Class D Preferred Shares and Class D Capital Shares. The agent's fees and interest are included in the share issue costs.

The initial purchase of the Portfolio Shares was made pursuant to a credit agreement between the Company and TDSI, under which the Company borrowed the amount necessary to purchase the Portfolio Shares, and the Portfolio Shares were pledged as security for the amount borrowed. The amount borrowed has been repaid and the Company paid interest of $124,599. The agent's fees and interest are included in the share issue costs. The Company also paid commissions of $177,062 to TDSI for the initial purchase of the Portfolio Shares. For the year ended December 15, 2013, the commission paid to TDSI on the purchase of Portfolio Shares as part of the reorganization amounted to $9,677. These trades were made in accordance with current standing instructions that are in place to deal with such conflict of interest matters and are reviewed by the Independent Review Committee. The agent's fees and interest are included in the share issue costs.

For the six months ended June 15, 2014, the Company paid $343 (June 15, 2013 – nil) to TDSI for the additional purchase of the Portfolio Shares.

As of December 15, 2008, TD Sponsored Companies Inc. ("TDSCI"), a wholly-owned subsidiary of TDSI, assumed the role of Administrator of the Company and administers the ongoing operations pursuant to the Administration Agreement dated December 15, 2008. Beginning December 16, 2008, in consideration for the services provided by TDSCI as Administrator, the Company pays a monthly fee of 1/12 of 0.25% of the market value of the Portfolio Shares. The total management fee paid to TDSCI for the six months ended June 15, 2014 was $53,082 (June 15, 2013 - $58,366). Accrued liabilities include an amount of $9,047 (June 15, 2013 - $9,816) due to TDSCI. The Administration Agreement has a term expiring upon the redemption or retraction of all Preferred Shares and Capital Shares.

In addition, all of the issued and outstanding Class E Shares of the Company are owned by Big 8 Split Trust, a trust established for the benefit of the holders from time to time of the Preferred Shares and the Capital Shares. The Class E Shares have been lodged in escrow with Computershare Trust Company of Canada pursuant to an agreement dated as of August 27, 2003 between the Big 8 Split Trust, Computershare Trust Company of Canada and the Company and will not be disposed of or dealt with in any manner until all the Preferred Shares and Capital Shares have been retracted or redeemed, without the express consent, order or direction in writing of the Ontario Securities Commission.

6. SUBSEQUENT EVENTS

On June 24, 2014 TD Sponsored Companies Inc. ("TDSCI") entered into an agreement with Timbercreek Asset Management Ltd. ("Timbercreek") pursuant to which Timbercreek will acquire the rights to administer and manage TD Split Inc., 5Banc Split Inc. and Big 8 Split Inc.

The closing of the transaction is subject to customary closing conditions including obtaining requisite shareholder, stock exchange and regulatory approvals. It is anticipated that an information circular will be prepared for late July 2014, with the shareholder vote expected to occur in August 2014. Subject to obtaining the appropriate approvals, the transaction is expected to close in September 2014.

7. RISK MANAGEMENT

Market Risk

The value of the Preferred Shares may vary and the Capital Shares will vary according to the price of the Portfolio Shares. The value of the Portfolio Shares will be influenced by factors that are not within the control of the Company, including the financial performance of the issuers of the underlying Portfolio Shares, interest rates and other financial market conditions. Accordingly, the value of Preferred Shares and Capital Shares will vary from time to time. If the prices of the Portfolio Shares as at June 15, 2014 increased or decreased by 5%, all other variables held constant, the Net Asset Value per Unit would have increased or decreased, respectively, by $1.12. In practice, the actual trading results may differ materially from this sensitivity analysis.

Interest Rate Risk

It is anticipated that the market value of the Preferred Shares and the Capital Shares will, at any given time, be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the value of the Preferred Shares and the Capital Shares. The Company is also exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates on its cash.

Credit Risk

The Company maintains all of its cash either with its custodian or in a bank account with The Toronto-Dominion Bank. All the transactions in the listed securities are settled and paid for upon delivery using approved brokers. The only credit risk the Company is exposed to is counterparty credit risk, which is the risk a counterparty to a financial transaction entered into with the Company will fail to discharge its obligation or commitment in accordance with the terms and conditions of the contract or agreement. The Company's main counterparty credit risk exposure is considered to be in relation to the sale of securities. The risk of default is considered minimal as all such transactions are executed through a clearing house, thus delivery of securities sold is only made once the Company has received payment. As at June 15, 2014, the Company had no significant counterparty credit risk exposure.

Currency Risk

The assets and liabilities are held in the functional currency of the Company which is the Canadian dollar. The Company is not exposed to significant foreign currency risk except to the extent the business of the issuers of the underlying Portfolio Shares is subject to foreign currency fluctuations.

Liquidity Risk

The Company invests its assets in investments that are traded in an active market and can normally be readily disposed of. There can be no assurance that an adequate market for the underlying Portfolio Shares will exist at all times, or that the prices at which the underlying Portfolio Shares trade accurately reflect their true net asset values. Low trading volumes of the underlying Portfolio Shares will make it difficult to liquidate holdings quickly.

CORPORATE INFORMATION

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Cameron Goodnough
President, Chief Executive Officer and Director

Robert Linklater
Chief Financial Officer, Secretary and Director

Clive H. Coombs (1) (2)
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Louise Morwick (1) (2)
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Custodian

RBC Investor Services
Toronto, Ontario

Stock Exchange Listing

Toronto Stock Exchange (TSX)

Symbols

Class D Capital Shares – BIG.D
Class D Preferred Shares – BIG.pr.D

(1) *Audit Committee Member*
(2) *Independent Review Committee Member*

BIG 8 SPLIT INC.

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