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**CANADIAN BANC CORP.**  
**SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

**MAY 31, 2025**

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This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2025. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at [www.canadianbanc.com](http://www.canadianbanc.com) or by writing to the Company at Investor Relations, 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2.

These reports are available to view and download at [www.canadianbanc.com](http://www.canadianbanc.com) or [www.sedarplus.com](http://www.sedarplus.com).

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## **INVESTMENT OBJECTIVES AND STRATEGIES**

Canadian Banc Corp. invests primarily in a portfolio of common shares which will include each of the following Canadian chartered banks:

Bank of Montreal	National Bank of Canada
Bank of Nova Scotia	Royal Bank of Canada
Canadian Imperial Bank of Commerce	Toronto-Dominion Bank

The Company may also invest up to 20% of the net asset value in equity securities of Canadian or foreign financial services corporations other than the core holdings listed above. In order to supplement the dividends received on the portfolio and to reduce risk, the Company will from time to time write covered call options in respect of some or all of the common shares in the portfolio.

The Company offers two types of shares:

### **Preferred shares**

The investment objectives with respect to the Preferred shares are as follows:

1. Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the \$10 repayment value; and
2. On the termination date of December 1, 2028 (subject to further 5 year extensions thereafter), to pay holders the \$10 repayment value of those shares.

## **Class A shares**

The investment objectives with respect to the Class A shares are as follows:

1. To provide holders of Class A shares with monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month and to pay the original issue price of those shares on the termination of the Company. The net asset value per unit must remain above the required \$15 per unit threshold for monthly distributions to be declared; and
2. On the termination date, to pay holders the original issue price (\$15) of those shares.

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## **RISK**

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 24, 2025. In addition, note 5 of the financial statements (“Management of Risk of Financial Instruments”) contains disclosure on specific types of risks related to the financial investments held by the Company.

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## **RESULTS OF OPERATIONS**

North American equity markets delivered mixed performance over the six-month period ended May 31, 2025, with Canadian markets buoyed by certain sectors and monetary policy and U.S. markets facing headwinds from evolving inflation data, cautious monetary policy, and intensifying trade-related uncertainty.

In Canada, equity markets saw modest gains, largely propelled by the energy sector’s robust performance, benefiting from recovering global demand and stable commodity prices. During this period, the Bank of Canada extended its rate-cutting cycle, bringing the overnight rate down from 3.75% in November 2024 to 2.75% by March 2025, where it has been maintained since. These cuts were in response to moderating inflation and persistent economic softness, particularly evident in subdued consumer demand and business investment, alongside the significant uncertainty surrounding U.S. trade tariffs and their potential impact on the Canadian economy.

In the U.S., the Federal Reserve, having commenced a rate-cutting cycle in the fall of 2024, implemented a further 25 basis point reduction in December 2024, establishing the federal funds rate at a range of 4.25% to 4.50%. The Federal Reserve subsequently maintained this range through May 2025. This decision to pause permitted an assessment of recent policy impacts and the evolving trade policy landscape. Notwithstanding moderate economic growth and a robust labour market, inflationary pressures persisted, and the Federal Reserve recognized elevated risks of simultaneous increases in unemployment and inflation attributable to trade tensions.

A significant factor for the Canadian and U.S. economies was the escalation of global trade policy tensions. New tariffs implemented since January 2025 impacted the outlook for merchandise trade, fostering a cautious investment environment and raising concerns about cross-border commerce. Equity markets, particularly in the U.S., experienced notable and at times significant volatility during the period, predominantly driven by U.S. trade policy and its implications for economic growth and inflation.

The net assets per unit finished the period at \$21.87 as at May 31, 2025. A combined total of \$1.20 was paid in distributions during the period to Class A shareholders and Preferred shareholders, bringing total distributions paid since inception to \$34.97 per unit.

On May 29, 2025, the Company announced a normal course issuer bid (the “NCIB”) to purchase its Preferred shares and Class A shares through the facilities of the TSX and/or alternative Canadian trading systems.

During the period ended May 31, 2025, there were no Preferred shares or Class A shares purchased for cancellation.

During the period ended May 31, 2025, 3,483,600 Preferred shares were sold through an at-the-market equity program (“ATM Program”) at an average selling price of \$10.35 per Preferred share.

Gross proceeds, net proceeds and commissions on the Preferred share sales were, \$36,048,699, \$35,567,648 and \$481,051, respectively.

During the period ended May 31, 2025, 3,806,400 Class A shares were sold through the ATM Program at an average selling price of \$11.35 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were, \$43,219,215, \$42,789,217 and \$429,998, respectively.

As at May 31, 2025, net assets of the Company were \$829.2 million.

The covered call writing program continued to provide additional income and supplemented the dividend income earned in the portfolio.

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## **RECENT DEVELOPMENTS**

Escalating global military tensions and continued uncertainty in global trade relations may contribute to market volatility and could impact the Company's investment portfolio.

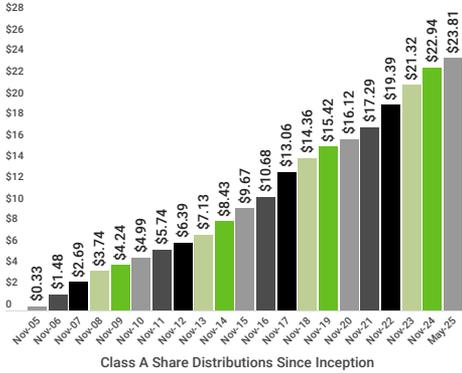
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## **RELATED PARTY TRANSACTIONS**

Quadravest Capital Management Inc. ("Quadravest") as investment manager and Manager earns fees from the Company as described below in the Management Fees section.

## Class A shares - Distributions

Total distributions per Class A share during the period amounted to \$0.8658.



**23.81**

Cumulative total of distributions paid to Class A share since inception

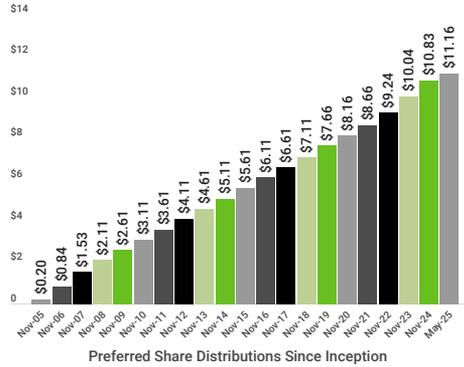


**1.12**

Special distributions paid since inception

## Preferred shares - Distributions

Total distributions per Preferred share during the period amounted to \$0.3329.



**11.16**

Cumulative total of distributions paid to Preferred share since inception

## FINANCIAL HIGHLIGHTS

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance for the past five years. This information is derived from the Company's semi-annual financial statements and previous audited annual financial statements. The information in the following table is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net assets per unit.

### The Company's net assets per unit

	May 31, 2025	Years ended November 30				
		2024	2023	2022	2021	2020
Net assets per unit, beginning of period <sup>(1)</sup>	22.39	18.75	21.37	23.11	19.01	21.36
Increase (decrease) from operations						
Total revenue	0.41	0.83	0.84	0.79	0.81	0.84
Total expenses	(0.12)	(0.23)	(0.23)	(0.28)	(0.33)	(0.24)
Realized gains for the period	0.20	0.50	0.03	0.16	0.28	(0.32)
Unrealized gains (losses) for the period	<u>0.27</u>	<u>4.92</u>	<u>(1.24)</u>	<u>(0.43)</u>	<u>5.05</u>	<u>(1.52)</u>
Total increase (decrease) from operations <sup>(2)</sup>	<u>0.76</u>	<u>6.02</u>	<u>(0.60)</u>	<u>0.24</u>	<u>5.81</u>	<u>(1.24)</u>
Distributions <sup>(3)</sup>						
Canadian dividends	(1.20)	(2.42)	(2.69)	(2.53)	(1.40)	(1.21)
Capital gains dividends	-	-	(0.03)	(0.15)	(0.27)	-
Total distributions	<u>(1.20)</u>	<u>(2.42)</u>	<u>(2.72)</u>	<u>(2.68)</u>	<u>(1.67)</u>	<u>(1.21)</u>
Net assets per unit at end of period	21.87	22.39	18.75	21.37	23.11	19.01
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	<u>11.87</u>	<u>12.39</u>	<u>8.75</u>	<u>11.37</u>	<u>13.11</u>	<u>9.01</u>
Net assets per unit at end of period	<u>21.87</u>	<u>22.39</u>	<u>18.75</u>	<u>21.37</u>	<u>23.11</u>	<u>19.01</u>

(1) Net assets per unit is the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Preferred shares and net assets attributable to holders of redeemable Class A shares, at the valuation date, divided by the number of units then outstanding.

(2) Total increase (decrease) from operations is before the payment of Preferred and Class A share distributions and other income (charges) related to Preferred shares and is calculated based on the weighted average number of units outstanding during the period.

(3) Distributions on the Preferred shares and Class A shares are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution in the period and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended May 31, it is based on the actual characterization for the most recently completed annual period and will be updated at year end).

## RATIOS AND SUPPLEMENTAL DATA

	May 31, 2025	2024	Years ended November 30			2020
			2023	2022	2021	
Net asset value (millions) <sup>(1)</sup>	\$829.2	\$766.8	\$601.7	\$345.4	\$235.9	\$203.1
Number of units outstanding <sup>(2)</sup>	37,907,836	34,251,209	32,088,590	16,168,419	10,207,582	10,679,482
Base Management expense ratio <sup>(3)</sup>	1.05%	1.04%	1.07%	1.16%	1.39%	1.28%
Management expense ratio including one time secondary offering expenses <sup>(4)</sup>	1.17%	1.42%	3.30%	2.60%	1.45%	1.28%
Management expense ratio per Class A share <sup>(5)</sup>	7.86%	10.55%	15.59%	9.61%	6.74%	9.42%
Portfolio turnover rate <sup>(6)</sup>	3.09%	16.47%	1.99%	6.11%	9.11%	14.5%
Trading expense ratio <sup>(7)</sup>	0.02%	0.02%	0.03%	0.04%	0.05%	0.06%
Closing market price (TSX): Preferred shares	\$10.37	\$10.42	\$9.84	\$10.06	\$10.70	\$10.31
Closing market price (TSX): Class A shares	\$11.71	\$12.00	\$9.78	\$13.40	\$13.20	\$8.67

(1) This information is provided as at May 31 or November 30.

(2) At times when there is an unequal number of Preferred shares and Class A shares outstanding, a notional unit amount will be determined as the quotient of the total net asset value of the Company and the sum of the net asset value per share attributable to Preferred shares and Class A shares.

(3) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, withholding tax, distributions on Preferred shares and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the period.

(4) Share issue expenses including all agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per unit of such offerings.

(5) Management expense ratio per Class A share is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all ongoing operating expenses of the Company (excluding commissions and other portfolio transaction costs and withholding tax), all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of the average net asset value attributable to the Class A shares during the period. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.

(6) The Company's portfolio turnover rate indicates how actively Quadravest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average net asset value of the Company during the period.

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## MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadrainvest is entitled to a base management fee payable in arrears at an annual rate equal to 0.65% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month end valuation date. In addition, Quadrainvest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Pursuant to the management agreement, Quadrainvest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.20% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date.

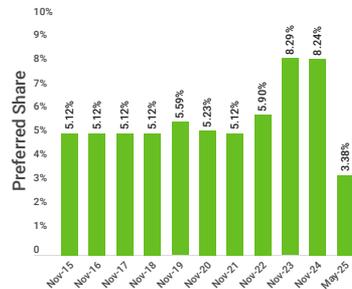
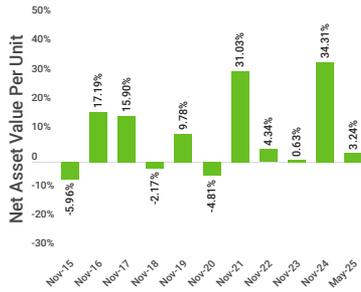
The base management fee was used by Quadrainvest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Company which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

## PAST PERFORMANCE

### Year-by-Year Returns

The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, a Preferred share or a Class A share would have increased or decreased during the applicable year. In respect to the charts displayed below, please note the following:

- The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable additional securities of the Company;
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and
- Past performance of the Company does not necessarily indicate how it will perform in the future.



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**SUMMARY OF INVESTMENT PORTFOLIO**  
All holdings as at May 31, 2025

<b>Name</b>	<b>Weighting (%)</b>
Toronto-Dominion Bank	16.4
Royal Bank of Canada	15.4
Canadian Imperial Bank of Commerce	12.1
National Bank of Canada	11.2
Bank of Montreal	9.2
Bank of Nova Scotia	8.6
Goldman Sachs Group Inc.	4.3
J.P. Morgan Chase & Co.	4.1
Bank of America	3.9
Citigroup Inc.	3.2
Morgan Stanley	2.2
<b>Total long positions as a percentage of net assets</b>	<b>90.6</b>
Cash	10.5
Other net assets (liabilities)	-1.1
	100.0

The summary of investment portfolio may change due to ongoing portfolio transactions of the Company. Updates are available quarterly.

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**CANADIAN BANC CORP.**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Canadian Banc Corp. (the "Company") have been prepared by Quadravest Capital Management Inc. (the "Manager" of the Company) and approved by the Board of Directors of the Company. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The material accounting policy information applicable to the Company is described in note 3 to the financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these interim financial statements.



**WAYNE FINCH**

Chief Executive Officer, President and Director  
Quadravest Capital Management Inc.



**SILVIA GOMES**

Chief Financial Officer  
Quadravest Capital Management Inc.