
PRIME DIVIDEND CORP.
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
NOVEMBER 30, 2021

This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2021. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The 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.prime dividend.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.prime dividend.com or www.sedar.com.

INVESTMENT OBJECTIVES AND STRATEGIES

The Company invests primarily in a portfolio of common shares which will include each of the following Canadian dividend paying companies:

Banks	Life Insurance Companies
Bank of Montreal	Great-West Lifeco Inc.
Bank of Nova Scotia	Manulife Financial Corporation
Canadian Imperial Bank of Commerce	Sun Life Financial Inc.
National Bank of Canada	
Royal Bank of Canada	
Toronto-Dominion Bank	

Investment Management Companies	Utilities & Other
AGF Management Limited	BCE Inc.
CI Financial Corp.	Power Corporation of Canada
IGM Financial Inc.	TC Energy Corp.
	TMX Group Inc.
	TransAlta Corporation

The Company may also invest up to 20% of the net asset value in equity securities of issuers in the financial services or utilities sectors in Canada or the United States 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. To provide holders with a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 2.35%, with a minimum annual rate of 5% and a maximum rate of 8% based on the \$10 repayment value of the Preferred shares; and
2. On or about the termination date of December 1, 2023 (subject to further 5 year extensions thereafter) to pay holders the \$10 repayment value.

Class A shares

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

1. To provide holders with monthly cash distributions targeted to be at a rate of 10% annualized based on the volume weighted average market price of the Class A shares for the last 5 trading days of the preceeding month. 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.

RISK

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2022. 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.

RESULTS OF OPERATIONS

North American equity markets continued to advance during the year ended November 30, 2021, driven by record fiscal and monetary stimulus programs, mass vaccination campaigns and progress in the reopening of economies.

The acceleration of the mass vaccination programs in Canada earlier in the year prompted market participants to anticipate a broader economic recovery and a return to a more normalized living and economic environment sooner than previously expected. The Canadian government continued to support this recovery through record spending including support payments to large parts of the population and businesses.

The Bank of Canada remained committed to a very accommodative monetary policy during the year indicating that it would maintain interest rates at or near historic lows until well into 2022. With inflation reaching its highest level in decades due to supply chain bottlenecks, surging energy prices and pent-up demand, the Bank of Canada indicated that it would continue to monitor inflation expectations and labour costs to ensure that what it had characterized as temporary forces driving up prices do not become permanent.

The increase in inflation triggered an increase in longer-term interest rates which improved the outlook for net interest margins for Canadian banks held in the portfolio. In addition, commodity price increases during the year, including a sharp rise in the price of oil, provided a very favourable backdrop for the Canadian equity markets.

North American equity markets finished the fiscal year with concerns over the potential impact of the new Omicron variant of Covid-19.

Overall, the companies held in the portfolio appreciated significantly during the year.

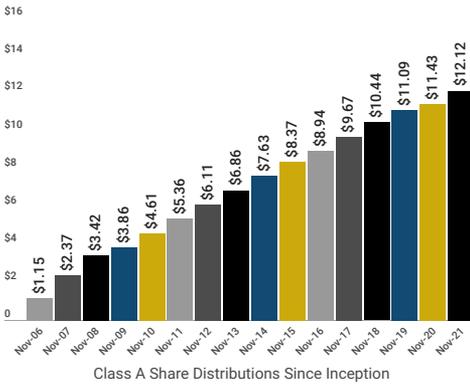
The net assets per unit (consisting of one Preferred share and one Class A share) finished at \$17.96 as at November 30, 2021, after the payment of \$1.19 in combined distributions to both classes of shares. A combined total of \$20.72 has been paid in distributions since inception.

Net assets of the Company finished the year at \$15.3 million.

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

Class A shares - Distributions

Monthly cash distributions are targeted to be at a rate of 10% annualized based on the volume weighted average market price of the Class A shares for the last 5 trading days of the preceding month. The net asset value per unit must remain above the required \$15 per unit threshold for monthly distributions to be paid. Total distributions per Class A share during the year amounted to \$0.6909.

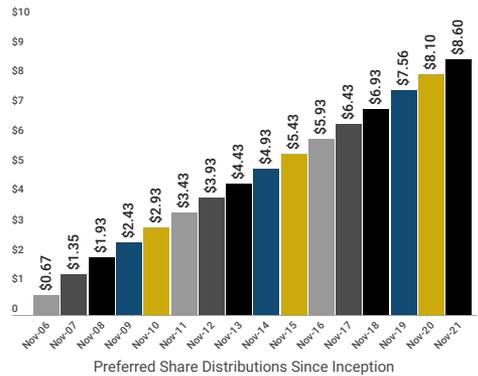


12.12

Cumulative total of distributions paid to Class A share since inception

Preferred shares - Distributions

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 2.35%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the \$10 repayment value. Total distributions during the year amounted to \$0.50 per Preferred share.



8.60

Cumulative total of distributions paid to Preferred share since inception

RECENT DEVELOPMENTS

Financial markets and equity markets in particular have experienced significant volatility in response to the Covid-19 pandemic. The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as the situation evolves.

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.

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 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

	Years ended November 30				
	Prior to Class A share consolidation ⁽⁴⁾				
	2021	2020	2019 ⁽⁴⁾	2018	2017
Net assets per unit, beginning of year ⁽¹⁾	15.59	17.42	15.22 ⁽⁵⁾	17.75	17.15
Increase (decrease) from operations					
Total revenue	0.70	0.70	0.68	0.67	0.66
Total expenses	(0.45)	(0.41)	(0.41)	(0.38)	(0.36)
Realized gains (losses) for the year	0.42	0.51	0.35	0.25	0.90
Unrealized gains (losses) for the year	2.98	(1.78)	1.63	(1.81)	0.65
Total increase (decrease) from operations ⁽²⁾	3.65	(0.98)	2.25	(1.27)	1.85
Distributions ⁽³⁾					
Canadian dividends	(1.19)	(0.88)	(1.28)	(1.26)	(1.24)
Total annual distributions	(1.19)	(0.88)	(1.28)	(1.26)	(1.24)
Net assets per unit at end of year	17.96	15.59	17.42	15.22	17.75
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	7.96	5.59	7.42	5.22	7.75
Net assets per unit at end of year	17.96	15.59	17.42	15.22	17.75

- (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 is calculated based on the weighted average number of units outstanding during the year.
- (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 year and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.
- (4) As a result of the consolidation of Class A shares on a 0.8083023968 for 1 basis after the payment of special retractions on December 17, 2018 in connection with the extension of the termination date of the Company, amounts for the year ended November 30, 2019 and subsequent years are not comparable to prior years.
- (5) The net assets per unit, beginning of the year is based on net assets per Class A share of \$5.22 prior to giving effect to the consolidation of the Class A shares on a 0.8083023968 for 1 basis in December 2018. The net assets per Class A share at the beginning of the year, after giving effect to the subsequent consolidation, was \$6.46.

RATIOS AND SUPPLEMENTAL DATA (BASED ON NET ASSET VALUE)

	2021	Years ended November 30			2017
	2020	2019	2018	2017	
Net asset value (millions) ⁽¹⁾	\$15.3	\$14.6	\$16.5	\$18.2	\$21.2
Number of units outstanding	854,254	939,154	944,954	1,193,260	1,193,260
Base Management expense ratio ⁽²⁾	2.50%	2.57%	2.44%	2.28%	2.03%
Management expense ratio per Class A share ⁽³⁾	12.51%	17.91%	15.52%	13.52%	11.53%
Portfolio turnover rate ⁽⁴⁾	9.32%	17.0%	7.8%	0.0%	11.5%
Trading expense ratio ⁽⁵⁾	0.08%	0.09%	0.05%	0.02%	0.04%
Closing market price (TSX): Preferred shares	\$10.26	\$10.05	\$10.62	\$10.10	\$10.30
Closing market price (TSX): Class A shares	\$8.94	\$5.75	\$7.50	\$6.14	\$8.02

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

(2) 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 year, excluding commissions and other portfolio transaction costs, 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 year.

(3) 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), 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 year. 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.

(4) 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 year. 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 year, the greater the trading costs payable by the Company in the year and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

(5) 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 year.

MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadravest 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, Quadravest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Pursuant to the management agreement, Quadravest 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 and an amount equal to the service fee payable to dealers on the Class A shares at a rate of 0.50% per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Class A shares in respect of each month in such calendar quarter.

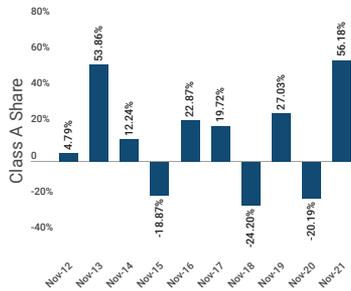
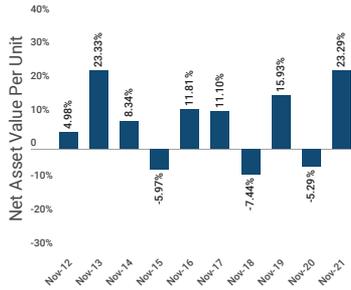
The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required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

PAST PERFORMANCE

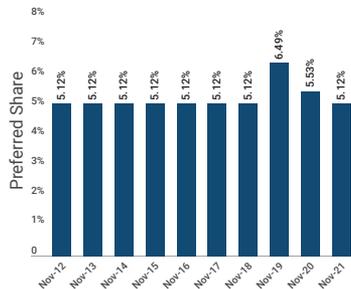
Year-by-Year Returns

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 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.



- The returns per unit and per Class A share for the year ended November 30, 2019 reflect the consolidation of Class A shares on December 21, 2018.
- The returns per unit, per Class A share and per Preferred share for the year ended November 30, 2020 have been revised to -5.29%, -20.19% and 5.53%, respectively from -5.30%, -20.20% and 5.52%, respectively.



ANNUAL COMPOUND PERFORMANCE

The following table shows the Company's annual compound return for the one, three, five and ten years ended November 30, 2021 and since inception:

	One year	Three years	Five years	Ten years	Since inception
Prime Dividend Corp. - Unit	23.29%	10.61%	6.83%	7.45%	5.06%
Prime Dividend Corp. - Preferred share	5.12%	5.71%	5.47%	5.29%	5.49%
Prime Dividend Corp. - Class A share	56.18%	16.47%	7.47%	9.97%	4.71%

MARKET INDICES⁽¹⁾

S&P TSX 60 Index	25.55%	14.60%	10.44%	9.35%	7.62%
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- (1) As a result of the Company being limited to a specific universe of stocks and that a covered call writing program is implemented to generate additional income, the investment profile of the Company is quite unique and any comparisons with any other external market indices may not be appropriate.

SUMMARY OF INVESTMENT PORTFOLIO

All holdings as at November 30, 2021

Name	Weighting (%)
National Bank of Canada	9.5
Toronto-Dominion Bank	9.2
BCE Inc.	7.1
TMX Group Inc.	7.0
Sun Life Financial Inc.	6.3
Canadian Imperial Bank of Commerce	6.0
TC Energy Corp.	5.9
Bank of Nova Scotia	5.7
Royal Bank of Canada	5.7
Power Corporation of Canada	5.6
Manulife Financial Corporation	5.4
CI Financial Corp.	5.4
Bank of Montreal	5.3
TransAlta Corporation	4.2
IGM Financial Inc.	3.7
Great-West Lifeco Inc.	3.6
AGF Management Ltd.	3.2
Total long positions as a percentage of net assets	98.8
Cash	2.0
Other net assets (liabilities)	-0.8
	100.0

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

**PRIME DIVIDEND CORP.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Prime Dividend 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 financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies applicable to the Company are 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 financial statements.

The Manager with the approval of the Board of Directors of the Company has appointed PricewaterhouseCoopers LLP as the external auditor of the Company. They have audited the financial statements of the Company in accordance with Canadian generally accepted auditing standards to enable them to express to shareholders their opinion on the financial statements. The auditor has full and unrestricted access to the Audit Committee to discuss its findings.



WAYNE FINCH

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



SILVIA GOMES

Chief Financial Officer
Quadravest Capital Management Inc.