
PRIME DIVIDEND CORP.
SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

MAY 31, 2025

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.primedividend.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.primedividend.com or www.sedarplus.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 the termination date of December 1, 2028 (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 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.

RESULTS OF OPERATIONS

North American equity markets delivered mixed performance over the six-month period ended May 31, 2025.

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.

One key factor influencing the Canadian economy 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 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.

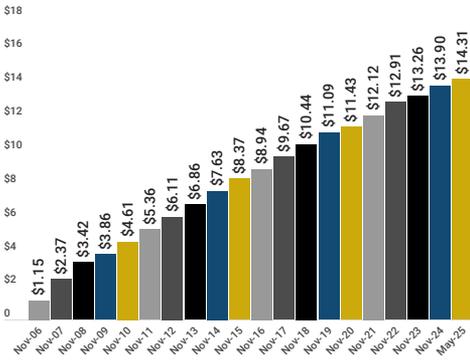
The net assets per unit finished the period at \$19.72 as at May 31, 2025. A combined total of \$0.79 was paid in distributions during the period to Class A shareholders and Preferred shareholders, bringing total distributions paid since inception to \$25.51 per unit.

As at May 31, 2025, net assets of the Company were \$11.2 million.

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

Class A shares - Distributions

Total distributions per Class A share during the period amounted to \$0.4101.



Class A Share Distributions Since Inception

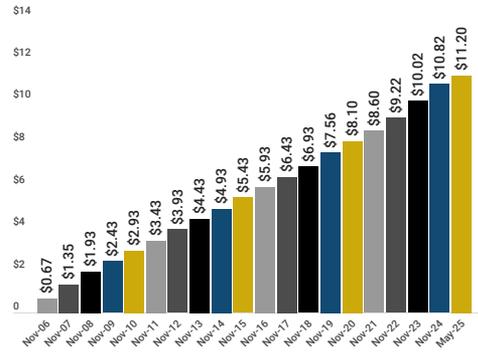


14.31

Cumulative total of distributions paid to Class A share since inception

Preferred shares - Distributions

Total distributions per Preferred share during the period amounted to \$0.3754.



Preferred Share Distributions Since Inception



11.20

Cumulative total of distributions paid to Preferred share since inception

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.

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 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	2024	Years ended November 30			
			Prior to 2023 Class A share consolidation ⁽⁴⁾			
			2023	2022	2021	2020
Net assets per unit, beginning of period ⁽¹⁾	19.92	14.37 ⁽⁵⁾	15.70	17.96	15.59	17.42
Increase (decrease) from operations						
Total revenue	0.39	0.82	0.74	0.74	0.70	0.70
Total expenses	(0.28)	(0.79)	(0.39)	(0.44)	(0.45)	(0.41)
Realized gains (losses) for the period	0.28	1.85	0.44	0.28	0.42	0.51
Unrealized gains (losses) for the period	0.16	3.45	(0.98)	(1.43)	2.98	(1.78)
Total increase (decrease) from operations ⁽²⁾	<u>0.55</u>	<u>5.33</u>	<u>(0.19)</u>	<u>(0.85)</u>	<u>3.65</u>	<u>(0.98)</u>
Distributions ⁽³⁾						
Canadian dividends	<u>(0.79)</u>	<u>(1.44)</u>	<u>(1.15)</u>	<u>(1.41)</u>	<u>(1.19)</u>	<u>(0.88)</u>
Total distributions	<u>(0.79)</u>	<u>(1.44)</u>	<u>(1.15)</u>	<u>(1.41)</u>	<u>(1.19)</u>	<u>(0.88)</u>
Net assets per unit at end of period	19.72	19.92	14.37	15.70	17.96	15.59
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	9.72	9.92	4.37	5.70	7.96	5.59
Net assets per unit at end of period	<u>19.72</u>	<u>19.92</u>	<u>14.37</u>	<u>15.70</u>	<u>17.96</u>	<u>15.59</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 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 period end).
- (4) As a result of the consolidation of Class A shares on a 0.727325294 for 1 basis after the payment of special retractions in December 2023 in connection with the extension of the termination date of the Company, amounts for the period ended November 30, 2024 and subsequent years are not comparable to prior years.
- (5) The net assets per unit, beginning of the period is based on net assets per Class A share of \$4.37 prior to giving effect to the consolidation of the Class A shares on a 0.727325294 for 1 basis in December 2023. The net assets per Class A share at the beginning of the period, after giving effect to the subsequent consolidation, was \$6.01.

RATIOS AND SUPPLEMENTAL DATA

	May 31, 2025	2024	Years ended November 30			2020
			2023	2022	2021	
Net asset value (millions) ⁽¹⁾	\$11.2	\$11.8	\$12.3	\$13.4	\$15.3	\$14.6
Number of units outstanding	565,719	590,319	854,254	854,254	854,254	939,154
Base Management expense ratio ⁽²⁾	2.82%	4.42%	2.55%	2.56%	2.50%	2.57%
Management expense ratio per Class A share ⁽³⁾	13.83%	20.93%	23.60%	15.43%	12.51%	17.91%
Portfolio turnover rate ⁽⁴⁾	1.08%	3.76%	3.52%	1.93%	9.32%	17.0%
Trading expense ratio ⁽⁵⁾	0.04%	0.08%	0.03%	0.06%	0.08%	0.09%
Closing market price (TSX): Preferred shares	\$10.75	\$10.63	\$10.07	\$10.34	\$10.26	\$10.05
Closing market price (TSX): Class A shares	\$8.29	\$8.66	\$3.74	\$6.30	\$8.94	\$5.75

(1) This information is provided as at May 31 or 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 period, 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 period.

(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 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.

(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 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.

(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 period.

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.

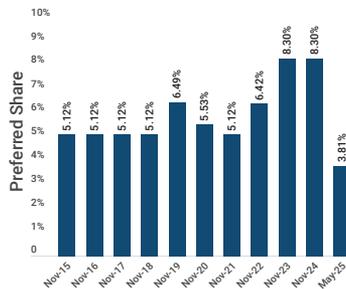
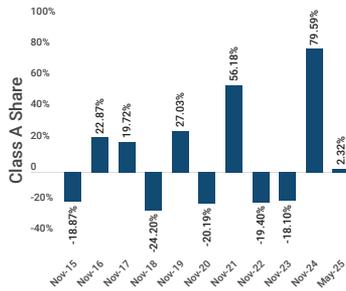
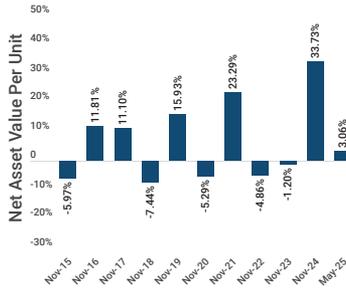
The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required 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.



(1) 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.

(2) The returns per unit and per Class A share for the year ended November 30, 2024, reflect the consolidation of Class A shares on December 22, 2023.

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

Name	Weighting (%)
TMX Group Inc.	9.4
Manulife Financial Corporation	7.7
National Bank of Canada	7.3
Power Corporation of Canada	7.1
CI Financial Corp.	6.6
Royal Bank of Canada	6.2
Bank of Montreal	5.7
AGF Management Ltd.	5.6
Bank of Nova Scotia	5.6
TC Energy Corp.	5.3
Canadian Imperial Bank of Commerce	5.3
Sun Life Financial Inc.	4.8
IGM Financial Inc.	4.5
Great-West Lifeco Inc.	4.4
Toronto-Dominion Bank	4.3
TransAlta Corporation	3.5
BCE Inc.	2.7
South Bow Corp.	0.5
Total long positions as a percentage of net assets	96.5
Cash	4.7
Other net assets (liabilities)	-1.2
	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 interim 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 interim financial statements and the other sections of the semi-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.