

2018

DIVIDEND 15 SPLIT CORP. II
ANNUAL REPORT



Dividend 15

This report may contain forward-looking statements about the Company. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Company action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Company currently anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking statements.

DIVIDEND 15 SPLIT CORP. II

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

NOVEMBER 30, 2018

This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2018. 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.dividend15.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.dividend15.com or www.sedar.com.

INVESTMENT OBJECTIVES AND STRATEGIES

The Company invests in a portfolio of dividend yielding common shares which will include each of the 15 Canadian companies listed below:

Bank of Montreal	Royal Bank of Canada
Bank of Nova Scotia	Sun Life Financial Inc.
BCE Inc.	TELUS Corporation
Canadian Imperial Bank of Commerce	Thomson Reuters Corporation
CI Financial Corp.	The Toronto-Dominion Bank
Enbridge Inc.	TransAlta Corporation
Manulife Financial	TransCanada Corporation
National Bank of Canada	

The Company may also invest up to 15% of the net asset value in equity securities of issuers other than the 15 companies 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 of the Preferred shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred share to yield 5.25% per annum on the original issue price; and
2. On or about the termination date of December 1, 2019 (subject to further 5 year extensions thereafter), to pay the holders of the Preferred shares the original issue price of those shares.

Class A shares

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

1. To provide holders of the Class A shares with regular monthly cash dividends targeted to be \$0.10 per Class A share to yield 8.0% per annum on the original issue price. The net asset value per unit must be above the required \$15 per unit threshold in order for monthly dividends to be declared; and
2. On or about the termination date, to pay the holders of Class A shares at least the original issue price of those shares.

RISK

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 25, 2019. In addition, note 5 of the annual 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

The year ended November 30, 2018 was characterized by a myriad of factors which conspired to produce lower Canadian equity markets.

The Bank of Canada raised interest rates 3 times during the fiscal year, and signaled further interest rate increases, which created a significant headwind for equity markets. Simultaneously, the yield curve flattened during the year, putting increasing pressure on net interest margins and investment income for banks and life insurance companies. During the year, extremely low Western Canadian crude oil prices have had an adverse impact on the Canadian economy, resulting in lower exports and national income. A new Canada-United States-Mexico Agreement in October 2018 finally alleviated some of the trade-related market uncertainties experienced earlier in the year; however, ongoing trade tensions between the U.S. and China and growing concerns of a global economic slowdown contributed to a softening of Canadian markets towards the end of the year. Notwithstanding these developments, the Canadian economy posted reasonable economic growth with unemployment levels at a 40-year low.

Against this backdrop, most of the companies in the portfolio were generally flat to down during the year. The core portfolio companies continue to rank among the highest dividend yielding companies in the S&P TSX 60 and most of these companies have exhibited consistent dividend growth, which should continue to make them relatively attractive investments in the current market environment.

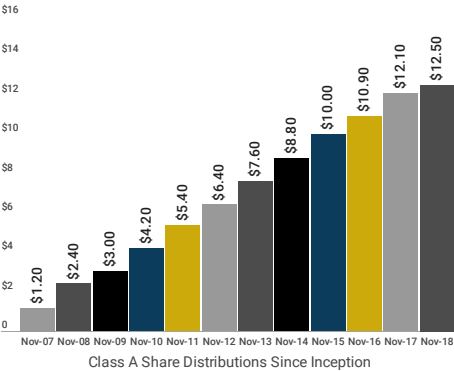
The net assets per unit (consisting of one Preferred share and one Class A share) finished the year at \$14.26 as at November 30, 2018, after the payment of distributions. A combined total of \$0.93 was paid in distributions during the year, bringing total distributions paid per unit to \$18.82 since inception.

Net assets of the Company finished the year at \$234.4 million.

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

Class A shares – Distributions

Class A shareholders are entitled to receive monthly cash dividends initially targeted to be \$0.10 per Class A share to yield 8.0% per annum on the original issue price. The net asset value per unit must be greater than \$15 in order to declare monthly dividends. Total distributions per Class A share during the year amounted to \$0.40.

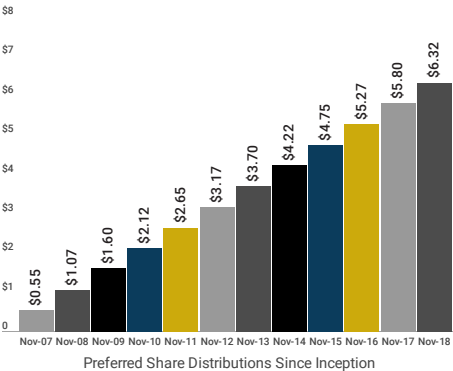


12.50

Cumulative total of distributions paid to Class A share since inception

Preferred shares – Distributions

Preferred shareholders are entitled to fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred share to yield 5.25% per annum on the original issue price. Distributions during the year were at the fixed rate for a total of \$0.5250 per Preferred share.



6.32

Cumulative total of distributions paid to Preferred share since inception

RECENT DEVELOPMENTS

On February 21, 2019, the Company announced the extension of its termination date for a further five year period from December 1, 2019 to December 1, 2024.

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 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

	Years ended November 30				
	2018	2017	2016	2015	2014
Net assets per unit, beginning of the year ⁽¹⁾	15.62	15.66	15.09	17.35	16.62
Increase (decrease) from operations					
Total revenue	0.56	0.54	0.59	0.59	0.54
Total expenses	(0.15)	(0.19)	(0.16)	(0.19)	(0.48)
Realized gains (losses) for the year	0.18	0.35	0.09	0.18	0.45
Unrealized gains (losses) for the year	<u>(1.03)</u>	<u>0.81</u>	<u>1.48</u>	<u>(1.39)</u>	<u>1.10</u>
Total increase (decrease) from operations ⁽²⁾	<u>(0.44)</u>	<u>1.51</u>	<u>2.00</u>	<u>(0.81)</u>	<u>1.61</u>
Distributions ⁽³⁾					
Canadian dividends	<u>(0.93)</u>	<u>(1.73)</u>	<u>(1.43)</u>	<u>(1.73)</u>	<u>(1.73)</u>
Total annual distributions	<u>(0.93)</u>	<u>(1.73)</u>	<u>(1.43)</u>	<u>(1.73)</u>	<u>(1.73)</u>
Net assets per unit at end of year	14.26	15.62	15.66	15.09	17.35
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	<u>4.26</u>	<u>5.62</u>	<u>5.66</u>	<u>5.09</u>	<u>7.35</u>
Net assets per unit at end of year	14.26	15.62	15.66	15.09	17.35

- (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 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.

RATIOS AND SUPPLEMENTAL DATA (BASED ON NET ASSET VALUE)

	┐ 2018	Years ended November 30			┐ 2014
	2017	2016	2015		
Net asset value (millions) ⁽¹⁾	\$234.4	\$256.8	\$221.6	\$213.5	\$198.6
Number of units outstanding	16,434,214	16,434,214	14,144,214	14,144,214	11,444,214
Base Management expense ratio ⁽²⁾	0.98%	1.16%	1.06%	1.19%	2.72%
Management expense ratio including one time secondary offering expenses ⁽³⁾	0.98%	1.82%	1.06%	2.18%	4.62%
Management expense ratio per Class A share ⁽⁴⁾	14.2%	14.25%	13.9%	14.58%	18.59%
Portfolio turnover rate ⁽⁵⁾	5.42%	22.05%	2.92%	9.4%	30.70%
Trading expense ratio ⁽⁶⁾	0.03%	0.04%	0.04%	0.03%	0.08%
Closing market price (TSX): Preferred shares	\$9.96	\$10.08	\$10.10	\$10.05	\$10.13
Closing market price (TSX): Class A shares	\$4.00	\$8.47	\$7.32	\$7.86	\$8.68

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

(2) A separate base management expense ratio has been presented to reflect the normal operating expenses of the Company excluding any one time offering expenses. Management expense ratio is based on total expenses for the stated year and is expressed as an annualized percentage of average net asset value during the year.

(3) Share issue expenses, representing all Agents' fees and other offering expenses are one time expenses connected with any secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net assets per unit of such offerings.

(4) Management expense ratio for Class A shares is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all operating expenses of the Company, all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of net assets applicable only 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.

(5) 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.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net asset value 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 include 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.

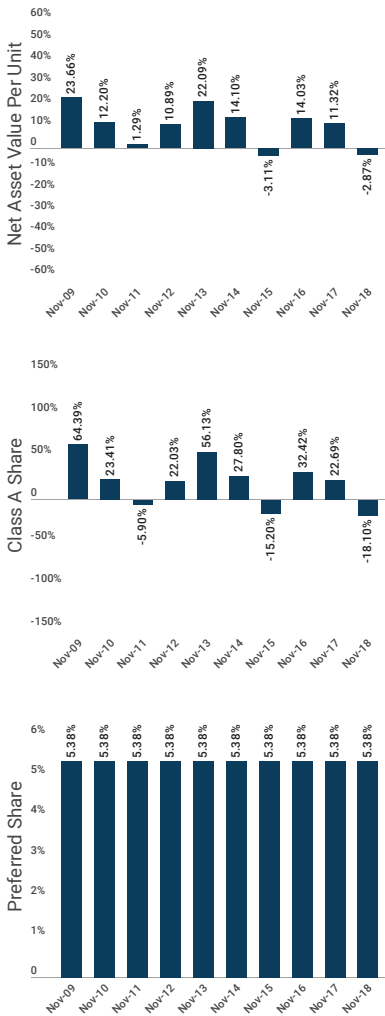
Pursuant to the management agreement, the Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date and an amount equal 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 year since inception 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:

- a) 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;
- b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and
- c) Past performance of the Company does not necessarily indicate how it will perform in the future.



ANNUAL COMPOUND PERFORMANCE

The following table shows the Company's annual compound return for the one, three, five and ten years ended November 30, 2018 and since inception:

	One years	Three years	Five years	Ten years	Since inception
Dividend 15 Split Corp. II - Unit	-2.87%	7.23%	6.39%	10.00%	5.23%
Dividend 15 Split Corp. II - Preferred share	5.38%	5.38%	5.38%	5.38%	5.38%
Dividend 15 Split Corp. II - Class A share	-18.10%	9.99%	7.59%	18.02%	6.27%

MARKET INDICES⁽¹⁾

S&P TSX 60 Index ⁽¹⁾	-1.05%	8.10%	6.57%	8.10%	4.79%
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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

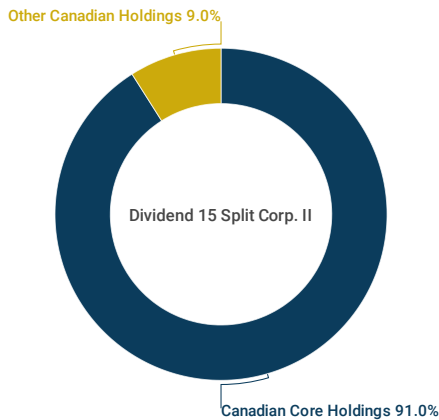
All holdings as at November 30, 2018

Name	Weighting (%)
Toronto-Dominion Bank	7.6
Royal Bank of Canada	7.5
Canadian Imperial Bank of Commerce	7.4
National Bank of Canada	6.8
TransCanada Corporation	6.7
Manulife Financial Corporation	6.3
BCE Inc.	6.1
Bank of Nova Scotia	5.8
Thomson Reuters Corp.	5.7
Sun Life Financial Inc.	5.3
Enbridge Inc.	5.3
TELUS Corporation	5.0
Bank of Montreal	3.9
Suncor Energy Inc.	3.2
CI Financial Corp.	2.4
Loblaw Companies Ltd.	2.1
TransAlta Corporation	1.7
AGF Management Ltd.	1.0
TMX Group Inc.	1.0
Emera Inc.	0.9
Total long positions as a percentage of net assets	91.7
Cash	9.1
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.

PORTFOLIO BREAKDOWN

The following pie chart shows the division of the Company’s holdings between Canadian core and other Canadian investments.



**DIVIDEND 15 SPLIT CORP. II
MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Dividend 15 Split Corp. II (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. 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.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dividend 15 Split Corp. II (the "Company")

We have audited the accompanying financial statements of the Company, which comprise the statements of financial position as at November 30, 2018 and November 30, 2017 and the statements of comprehensive income/(loss), changes in net assets attributable to holders of redeemable Class A shares and cash flow for the years ended November 30, 2018 and November 30, 2017 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2018 and November 30, 2017 and its financial performance and its cash flow for the years ended November 30, 2018 and November 30, 2017 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

February 21, 2019

DIVIDEND 15 SPLIT CORP. II

STATEMENTS OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2018 AND NOVEMBER 30, 2017

	November 30, 2018 (\$)	November 30, 2017 (\$)
ASSETS		
Current Assets		
Investments	214,930,716	237,220,672
Cash	21,336,620	22,012,552
Interest, dividends and other receivables	1,163,842	605,234
Receivable in respect of investments sold	1,033,072	-
Total Assets	<u>238,464,250</u>	<u>259,838,458</u>
LIABILITIES		
Current Liabilities		
Written options	568,969	408,943
Fees and other accounts payable	198,344	303,388
Payable in respect of investments purchased	2,624,685	-
Distributions payable	718,997	2,362,418
Preferred shares (note 6)	164,342,140	164,342,140
Class B shares	1,000	1,000
	<u>168,454,135</u>	<u>167,417,889</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES	70,010,115	92,420,569
Number of units (1 Preferred share and 1 Class A share) outstanding (note 6)	16,434,214	16,434,214
Net assets per unit	\$14.26	\$15.62
Net assets per Preferred share	\$10.00	\$10.00
Net assets per Class A share	\$4.26	\$5.62

Approved on behalf of the Board of Directors



WAYNE FINCH
Director



PETER CRUICKSHANK
Director

The accompanying notes are an integral part of these financial statements.

DIVIDEND 15 SPLIT CORP. II
STATEMENTS OF COMPREHENSIVE INCOME / (Loss)

FOR THE YEARS ENDED NOVEMBER 30

	2018 (\$)	2017 (\$)
INCOME		
Net gain (loss) on investments and derivatives (note 5)		
Net realized gain (loss)	2,904,431	5,692,612
Net change in unrealized appreciation (depreciation)	(16,913,390)	13,320,532
Dividends	9,187,312	8,927,509
Interest	60,164	-
Net gain (loss) on investments and derivatives	(4,761,483)	27,940,653
Other gain (loss)		
Realized gain (loss) on currency	1,758	-
	(4,759,725)	27,940,653
EXPENSES (note 7)		
Management fees	1,823,798	1,947,693
Service fee	35,706	455,673
Audit fees	26,308	28,940
Director's fees	23,584	23,584
Independent Review Committee fees	4,268	4,268
Custodial fees	59,509	62,860
Legal fees	21,043	22,586
Shareholder reporting costs	26,884	25,210
Other operating expenses	121,446	101,455
Harmonized sales tax	227,939	301,214
Transaction costs	78,596	112,140
	2,449,081	3,085,623
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions on Preferred shares	(7,208,806)	24,855,030
Distributions on Preferred shares	(8,627,962)	(8,527,775)
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	(15,836,768)	16,327,255
Increase (decrease) in net assets attributable to holders per redeemable Class A share (note 8)	(0.96)	0.99

The accompanying notes are an integral part of these financial statements.

DIVIDEND 15 SPLIT CORP. II
STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES
FOR THE YEARS ENDED NOVEMBER 30

	2018 (\$)	2017 (\$)
Net Assets attributable to holders of redeemable Class A shares - Beginning of year	92,420,569	80,114,207
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	(15,836,768)	16,327,255
Gross proceeds from issue of Class A shares	-	17,175,000
Agent fees and issue costs on secondary offering	-	(1,703,836)
Net proceeds from issue of Class A shares	-	15,471,164
Distributions on Class A shares		
Canadian dividends	(6,573,686)	(19,492,057)
Change in net assets attributable to holders of redeemable Class A shares	(22,410,454)	12,306,362
Net Assets attributable to holders of redeemable Class A shares - End of year	70,010,115	92,420,569

The accompanying notes are an integral part of these financial statements.

DIVIDEND 15 SPLIT CORP. II

STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED NOVEMBER 30

	2018 (\$)	2017 (\$)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	(15,836,768)	16,327,255
Adjustment for:		
Distributions on Preferred shares	8,627,962	8,527,775
Net realized (gain) loss on investments and derivatives	(2,904,431)	(5,692,612)
Net change in unrealized (appreciation) depreciation of investments and derivatives	16,913,390	(13,320,532)
Purchase of investments, net of option premiums	(9,307,121)	(59,127,061)
Proceeds from sale of investments	19,339,757	52,160,534
(Increase) decrease in interest, dividends and other receivables	(558,608)	(42,922)
Increase (decrease) in fees and other accounts payable	<u>(105,044)</u>	<u>41,678</u>
Net cash flows from (used in) operating activities	<u>16,169,137</u>	<u>(1,125,885)</u>
Cash flows from (used in) financing activities		
Gross proceeds from issuance of Class A and Preferred shares	-	40,075,000
Agent's fees and issue costs in connection with secondary offering	-	(1,703,836)
Distributions on Class A shares	(8,217,107)	(19,263,057)
Distributions on Preferred shares	<u>(8,627,962)</u>	<u>(8,427,588)</u>
Net cash flows from (used in) financing activities	<u>(16,845,069)</u>	<u>10,680,519</u>
Net increase (decrease) in cash	(675,932)	9,554,634
Cash at beginning of the year	<u>22,012,552</u>	<u>12,457,918</u>
Cash at end of the year	<u>21,336,620</u>	<u>22,012,552</u>
Dividends received*, net of withholding taxes	8,628,704	8,884,587
Interest received*	60,164	-

* Included as part of Cash Flows from Operating Activities.

The accompanying notes are an integral part of these financial statements.

DIVIDEND 15 SPLIT CORP. II
SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT NOVEMBER 30, 2018

No. of shares (contracts)	Description	Average Cost (\$) (Premiums received)	Fair Value (\$)
Canadian Common Equities			
15 Core Holdings			
92,833	Bank of Montreal	7,871,466	9,202,535
189,450	Bank of Nova Scotia	13,078,663	13,697,235
253,058	BCE Inc.	12,529,089	14,411,653
155,000	Canadian Imperial Bank of Commerce	15,154,827	17,282,500
283,056	CI Financial Corp.	8,751,068	5,695,087
282,900	Enbridge Inc.	13,032,792	12,351,414
674,500	Manulife Financial Corporation	15,222,396	14,818,765
262,200	National Bank of Canada	11,767,058	15,889,320
179,371	Royal Bank of Canada	14,178,261	17,474,323
254,100	Sun Life Financial Inc.	10,527,606	12,450,900
243,434	TELUS Corporation	9,223,543	11,609,367
199,998	Thomson Reuters Corp.	9,451,479	13,425,843
243,000	Toronto-Dominion Bank	12,654,231	17,875,080
545,500	TransAlta Corporation	7,198,739	3,883,960
287,450	TransCanada Corporation	16,020,756	15,651,653
Total Core Portfolio Equities (91.3%)		176,661,974	195,719,635
Other Canadian Common Equities			
486,700	AGF Management Ltd.	6,257,335	2,433,500
47,900	Emera Inc.	2,199,183	2,136,340
80,000	Loblaw Companies Ltd.	3,994,131	4,903,200
174,800	Suncor Energy Inc.	7,257,493	7,488,432
28,523	TMX Group Inc.	1,806,673	2,249,609
Total Other Canadian Common Equities (9.0%)		21,514,815	19,211,081
Total Canadian Common Equities (100.3%)		198,176,789	214,930,716

The accompanying notes are an integral part of these financial statements.

DIVIDEND 15 SPLIT CORP. II

SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT NOVEMBER 30, 2018

No. of shares (contracts)	Description	Average Cost (\$) (Premiums received)	Fair Value (\$)
Call Options written (100 shares per contract)			
Canadian call options written			
(200)	Bank of Montreal @105 December 2018	(8,000)	(1,600)
(215)	Bank of Nova Scotia @ \$73 December 2018	(8,815)	(12,900)
(150)	Bank of Nova Scotia @ \$74 December 2018	(6,150)	(4,500)
(300)	BCE Inc. @ \$56 January 2019	(13,500)	(38,850)
(320)	CI Financial Corp. @ \$21 December 2018	(4,800)	(5,600)
(450)	Canadian Imperial Bank of Commerce @ \$120 December 2018	(46,200)	(2,475)
(150)	Emera Inc. @ \$46 January 2019	(7,050)	(5,625)
(400)	Enbridge Inc. @ \$46 January 2019	(23,200)	(16,000)
(250)	Loblaw Companies Ltd. @ \$60 December 2018	(14,752)	(43,250)
(200)	Manulife Financial Corporation @ \$23 January 2019	(6,000)	(5,600)
(200)	Manulife Financial Corporation @ \$23 December 2018	(6,800)	(1,800)
(300)	Manulife Financial Corporation @ \$24 December 2018	(8,100)	(750)
(330)	National Bank of Canada @ \$62 January 2019	(23,100)	(23,100)
(300)	Royal Bank of Canada @ \$98 January 2019	(47,100)	(56,700)
(125)	Royal Bank of Canada @ \$99.50 December 2018	(8,313)	(5,875)
(335)	Sun Life Financial Inc. @ \$53 December 2018	(17,421)	(838)
(150)	Suncor Energy Inc. @ \$46 January 2019	(10,200)	(8,025)
(400)	Telus Corporation @ \$48 January 2019	(13,200)	(23,200)
(400)	Thomson Reuters Corp. @ \$64 December 2018	(35,600)	(126,000)
(300)	Toronto-Dominion Bank @ \$74 December 2018	(32,400)	(24,750)
(200)	Toronto-Dominion Bank @ \$75 January 2019	(15,000)	(17,300)
(950)	TransAlta Corporation @ \$8 December 2018	(16,150)	(731)
(350)	TransCanada Corporation @ \$52 December 2018	(50,088)	(93,100)
(450)	TransCanada Corporation @ \$54 December 2018	(24,750)	(50,400)
Total Canadian call options written (-0.3%)		(446,689)	(568,969)
		<u>197,730,100</u>	<u>214,361,747</u>
Less adjustments for transaction costs		(135,474)	
Total Investments (100.0%)		<u>197,594,626</u>	<u>214,361,747</u>

The accompanying notes are an integral part of these financial statements.

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

1. Incorporation

Dividend 15 Split Corp. II (the “Company”) is a mutual fund corporation established under the laws of the Province of Ontario on September 28, 2006 that began investment operations on November 16, 2006. The manager and the investment manager of the Company is Quadravest Capital Management Inc. (“Quadravest” or “Manager”). The termination date of the Company is December 1, 2019 and may be extended thereafter at the Company’s discretion for additional terms of five years each. Shareholders would be provided with a special retraction right in connection with any such extension. The Company’s principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests in an actively managed portfolio of common shares comprised primarily of 15 core large capitalization dividend yielding Canadian companies. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

2. Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVTPL”).

These financial statements were approved by the Board of Directors of the Company on February 13, 2019.

3. Summary of significant accounting policies

The following is a summary of the significant accounting policies followed by the Company.

Investments and financial instruments

The Company recognizes financial instruments at fair value upon initial recognition.

The Company’s investments are designated at fair value through profit and loss (“FVTPL”) and derivatives (including options) are held for trading and also carried at FVTPL.

The Company recognizes regular purchases and sales of financial instruments on the trade date, which is the date on which it commits to purchase or sell the instrument. Transaction costs, such as brokerage commissions, related to financial assets classified or designated as at FVTPL are expensed as incurred and transaction costs related to financial instruments not at FVTPL are included in the carrying amounts thereof. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially all the risks and rewards of ownership of the asset. Dividends are recognized as income on the ex-dividend date. Realized gains and losses and unrealized appreciation and depreciation are determined on an average cost basis. The cost of investments is determined using the average cost method.

Written option premiums received by the Company are, so long as the options are outstanding, reflected as a liability, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration or exercise of the option are included in net realized gain (loss) on investments and derivatives in the Statements of Comprehensive Income/(Loss).

The Preferred shares rank prior to the Class A and Class B shares and are thus not subordinate to all other classes of puttable instruments and therefore, the shares have been classified as

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

financial liabilities. These shares are carried at amortized cost. Amortization of premiums or discounts on the issuance of Preferred shares is included in gain (loss) on remeasurement of Preferred shares in the Statements of Comprehensive Income/(Loss).

The Class B shares are subordinate to the Preferred shares but rank prior to the Class A shares and are thus not subordinate to all other classes of puttable instruments and therefore, the shares have been classified as financial liabilities. These shares are carried at amortized cost.

The Class A shares may be retracted monthly, annually, or on the termination date of the Company. As a result, the shares contain multiple contractual obligations, and therefore, have been presented as financial liabilities at the annual redemption amount.

Financial assets and liabilities other than investments, derivatives, and Class A shares are recognized initially at the amount expected to be received or paid less, when material, a discount to reduce them to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method less a provision for impairment, if any. Due to their short-term nature, the fair values of these financial assets and liabilities approximate their carrying amounts.

The net asset value of the Company is determined in accordance with requirements of law, including National Instrument 81-106, Investment Fund Continuous Disclosure, and is used to process shareholder transactions. For financial reporting purposes, net assets of the Company is determined as 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 ("Net Assets of the Company").

Valuation of investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded shares and options) are based on the last traded prices at the close of trading on the reporting date. The Company uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs. Refer to note 5 for further information about the Company's fair value measurements.

Cash

Cash consists of cash on hand.

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

Translation of foreign currencies

The Company's functional and presentation currency is Canadian dollars. The fair value of investments and other assets and liabilities in foreign currencies are translated into the Company's functional currency at the rates of exchange prevailing at each measurement date. Purchases and sales of investments, income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions.

Management fees, administration fees and performance fees

Management fees and administration fees are accrued by the Company over time, as services are rendered by QuadraVest. At each measurement date, the Company recognizes an expense and financial liability based on the amount, if any, of performance fees expected to be paid based on the net asset value of the Company. Refer to note 7 for further information about the calculation of management, administration fees and performance fees, if any, of the Company.

Increase (decrease) in Net Assets Attributable to Holders per Redeemable Class A share

Increase (decrease) in net assets attributable to holders per redeemable Class A share is based on the increase or decrease in net assets attributable to holders of redeemable Class A shares divided by the weighted average number of such shares outstanding during the year. Refer to note 8 for the calculation.

Taxation

The Company qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act") and it is subject to income tax in each taxation year on the amount of its net income for the taxation year, including net realized taxable capital gains, if any, at the rate applicable to mutual fund corporations. The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable on a formula basis when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes.

All of the Company's expenses including management fees, administration fees and operating expenses will be taken into account in determining its overall tax liability.

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a Part IV tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its shareholders on a basis of \$1.15 for every \$3 of dividends paid. Any such tax paid is reported as an amount receivable until recovered through the payment to shareholders of dividends out of net investment income. All tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders, while the Company qualifies as a mutual fund corporation. As a result of the capital gains refund mechanism and Part IV tax refunds, the Company recovers any Canadian income taxes paid in respect of its capital gains and taxable Canadian dividends. As a result, the Company has determined that it is in substance not taxable. Consequently, the tax benefit of capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as deferred income tax assets or liabilities.

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
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The Company has estimated accumulated non capital losses for tax purposes of \$22,692,218 (November 30, 2017-\$23,148,007) that are available to lower taxable income in future years if required and expire after the scheduled termination date of the Company on December 1, 2019. The Company also has estimated accumulated capital losses for tax purposes of \$5,596,897 (November 30, 2017-\$5,596,897) which may be used to lower future capital gains if required.

4. Critical Accounting Estimates and Judgments

The preparation of these financial statements include estimates and assumptions by management based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, income and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared. The Company's most significant estimates involve the measurement of investments and derivatives at fair value as described in note 5. The following discusses the most significant accounting judgments that the Company has made in preparing the financial statements:

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Company, the Manager is required to make significant judgments about whether or not the business of the Company is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement (IAS 39). The most significant judgments made include the determination that certain financial instruments are held-for-trading, and that the fair value option can be applied to investments in financial assets which are not.

5. Management of Risk of Financial Instruments

The Company classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs that are unobservable for the asset or liability.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2018 and November 30, 2017:

Financial assets and liabilities at fair value as at November 30, 2018				
	Level 1	Level 2	Level 3	Total
Equities	\$214,930,716	-	-	\$214,930,716
Options	(\$568,969)	-	-	(\$568,969)
	<u>\$214,361,747</u>	<u>-</u>	<u>-</u>	<u>\$214,361,747</u>

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

	Financial assets and liabilities at fair value as at November 30, 2017			
	Level 1	Level 2	Level 3	Total
Equities	\$237,220,672	-	-	\$237,220,672
Options	(\$408,943)	-	-	(\$408,943)
	<u>\$236,811,729</u>	<u>-</u>	<u>-</u>	<u>\$236,811,729</u>

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the years ended November 30, 2018 and 2017. The Company's net gain (loss) on financial instruments that are held for trading and those designated at FVTPL are as follows:*

	2018	2017
Realized gain (loss) on derivatives held for trading	\$299,551	\$798,582
Realized gain (loss) on investments designated at FVTPL	\$2,604,880	\$4,894,030
Net change in unrealized appreciation (depreciation) on investments	(\$16,959,849)	\$12,955,902
Net change in unrealized appreciation (depreciation) on derivatives	\$46,459	\$364,630
Dividends	\$9,187,312	\$8,927,509
Interest	\$60,164	-
	<u>(\$4,761,483)</u>	<u>\$27,940,653</u>

* The Company employs an active and integrated strategy of writing call options on the underlying equity holdings in the portfolio. The requirement to measure and attribute gains separately to either derivatives or the underlying equities may not reflect the relative contributions and benefits from implementing this strategy. As an example, written call options that are subsequently repurchased and/or rolled as part of the active covered call writing program would have had the effect of lowering reported gains from derivatives (which would have otherwise occurred had the written call option been exercised or expired), while achieving other gains to the portfolio that would have been measured and attributed to the underlying equity holdings.

The Company's investment activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Any sensitivity analysis presented below may differ from actual results and the difference could be material.

Market Price Risk

All securities investments present a risk of loss of capital. The 15 core holdings in the portfolio were selected because of their long term history of above average market price appreciation and dividend growth. These portfolio companies were selected from the S&P/TSX 60 index and are among the largest companies in Canada.

The market price risk is affected by three main components: price risk, interest rate risk and foreign currency movements.

Price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk).

DIVIDEND 15 SPLIT CORP. II

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

The Manager manages market price risk by limiting investment in any one portfolio company to no more than 10% of the net asset value of the Company at the time of purchase.

In addition, the supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during years in which a particular portfolio company has a covered call option written against that position.

The Company is exposed to other price risk from its investment in equity securities and written options. As at November 30, 2018, had the prices on the respective stock exchanges for these equity securities increased by 10%, with all other variables held constant, Net Assets of the Company would have increased by \$18,993,000 (November 30, 2017–\$21,472,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, Net Assets of the Company would have decreased by \$20,980,000 (November 30, 2017–\$23,331,000).

Interest rate risk

The majority of the Company's financial assets and liabilities are non interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant.

Currency risk

All portfolio holdings and other Net Assets of the Company are denominated in Canadian dollars and therefore there is no currency risk (consistent with previous year).

Other risks

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All of the Company's transactions are in listed securities and options and are settled and paid for using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment (consistent with previous year). Payment is made on purchase once the securities have been received by the broker. Credit risk of cash is considered low as it is held at a AA-rated Canadian bank (consistent with prior year).

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company is exposed to liquidity risk primarily through its monthly and annual retractions of Class A shares and Preferred shares. The Company receives adequate notice for all retraction requests. The Company's portfolio is invested in highly liquid large capitalization investments that trade on the Toronto Stock Exchange ("TSX") (consistent with previous year). All Class A shares and Preferred shares outstanding are redeemable on a monthly and annual basis but are scheduled to be redeemed upon termination of the Company. All other financial liabilities are payable within three months from the end of the year.

Concentration risk

The Company's 15 core holdings are concentrated in the S&P/TSX 60 index and as such will be exposed to some of the specific factors that affect this index (consistent with previous year). An individual portfolio holding may represent no more than 10% of the net asset value of the Company at the time of purchase.

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NOTES TO THE FINANCIAL STATEMENTS
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The Company's investment portfolio is concentrated in the following segments as at:

	November 30, 2018	November 30, 2017
Canadian Core Common Equities	83.5%	83.0%
Other Canadian Equities	8.2%	9.4%
Call Options written	-0.2%	-0.2%
Other Assets less Liabilities (excluding Preferred shares)	8.5%	7.8%
	<u>100%</u>	<u>100%</u>

6. Redeemable Units

Preferred shares

The Company is authorized to issue an unlimited number of Preferred shares.

<u>Preferred share transactions</u>	November 30, 2018	November 30, 2017
Beginning of year	16,434,214	14,144,214
Issued during the year	-	2,290,000
End of year	<u>16,434,214</u>	<u>16,434,214</u>

Preferred shares are entitled to cumulative monthly cash dividends of \$0.04375 per Preferred share. All Preferred shares outstanding on the termination date will be redeemed by the Company on that date. The Preferred shares have been presented as liabilities in the financial statements.

Preferred shares trade under the symbol "DF.PR.A" on the TSX. Preferred shares trading price on the TSX was \$9.96 as at November 30, 2018 (November 30, 2017-\$10.08). Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Preferred share and a Class A share (together, a "unit") in the month of August in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last day of August. Preferred shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a recirculation agreement, the Company may, but is not obligated to, require the recirculation agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction. Gains or losses from the redemption of shares, if any, are recorded in gain (loss) on redemptions on the Statements of Comprehensive Income/ (Loss).

The Preferred shares rank in priority to the Class A shares and Class B shares with respect to the payment of dividends. Preferred shares rank in priority to the Class A shares upon termination of the Company.

The Company issued 2,290,000 Preferred shares on January 4, 2017 at \$10 per Preferred share pursuant to a secondary offering. Gross proceeds of \$22,900,000 were received from the sale of Preferred shares.

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

Class A shares and Class B shares

Authorized

An unlimited number of Class A shares

1,000 Class B shares

<u>Class A share transactions</u>	November 30, 2018	November 30, 2017
Beginning of year	16,434,214	14,144,214
Issued during the year	-	2,290,000
End of year	<u>16,434,214</u>	<u>16,434,214</u>

Class A shares were originally issued at \$15 per share. Class A share distributions are targeted at \$0.10 per month per share. The net asset value per unit must remain above the required \$15 per unit threshold for distributions to be declared. All Class A shares outstanding on the termination date will be redeemed by the Company on that date.

Class A shares trade under the symbol “DF” on the TSX. Class A shares trading price on the TSX was \$4.00 as at November 30, 2018 (November 30, 2017-\$8.47). Class A shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Class A share and a Preferred share (together, a “unit”) in the month of August in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last day of August. Class A shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a recirculation agreement, the Company may, but is not obligated to, require the recirculation agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction. Gains or losses from the redemption of shares, if any, are recorded in gain (loss) on redemptions on the Statements of Comprehensive Income/(Loss).

The Preferred shares rank in priority to the Class A shares with respect to the payment of dividends. Upon the termination of the Company, Class A shareholders will receive an amount equal to the net asset value per unit less \$10 (the redemption value of the Preferred shares).

The Company issued 2,290,000 Class A shares at \$7.50 per share for gross proceeds of \$17,175,000 in connection with a secondary offering completed on January 4, 2017. Net proceeds were \$15,471,164 after deducting agent’s fees and filing fees of \$1,703,836.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of \$1.00 per share. Class B shareholders are entitled to one vote per share. On November 16, 2007, the Company issued 1,000 Class B shares to Dividend 15 Split Corp. II Holding Trust for cash consideration of \$1,000.

7. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, including, but not limited to, ongoing custodian, transfer agent, legal and audit expenses.

Pursuant to the administration agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate of 0.10% 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% of the net asset value attributable to Class A shares 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.

DIVIDEND 15 SPLIT CORP. II
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

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.

Total management fees of \$1,823,798 (November 30, 2017-\$1,947,693) incurred during the year include the administration fee and base management fee. As at November 30, 2018, \$143,787 (November 30, 2017-\$158,495) was payable to the Manager with respect to management and administrative fees. No performance fees were paid in 2018 or 2017.

The brokerage commissions paid during the year by the Company for its portfolio transactions were \$78,596 (November 30, 2017-\$112,140).

8. Increase (decrease) in net assets attributable to holders per redeemable Class A share

The increase (decrease) in net assets attributable to holders per redeemable unit for the years ended November 30, 2018 and 2017 is calculated as follows:

	2018	2017
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	(\$15,836,768)	\$16,327,255
Weighted average Class A shares outstanding	16,434,214	16,434,214
Increase (decrease) in net assets attributable to holders per redeemable Class A share	(\$0.96)	\$0.99

9. Distributions

Distributions per share were as follows:

	November 30, 2018	November 30, 2017
Preferred shares	\$0.5250	\$0.5250
Class A shares	\$0.40	\$1.20

10. Capital Management

The Company considers its capital to consist of Class A, Class B and Preferred shares.

The Company's objectives in managing its capital are:

- to provide holders of Preferred shares with fixed cumulative preferential monthly cash dividends in an amount of \$0.04375 per Preferred share to yield 5.25% per annum on the original issue price and to return the original issue price to their holders on the termination date; and
- to provide holders of Class A shares with regular monthly cash distribution targeted to be \$0.10 per Class A share to yield 8.0% on the original issue price and return the original issue price to their holders on the termination date. The net asset value per unit must be above the required \$15 per unit in order for monthly dividends to be declared.

In order to manage its capital structure, the Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

DIVIDEND 15 SPLIT CORP. II
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11. Accounting Standards, Interpretations and Amendments to Existing Standards Not Yet Effective

IFRS 9, Financial Instruments, addresses the classification, measurement and recognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for the Company on December 1, 2018. On adoption of IFRS 9 the Company's investment portfolio will continue to be classified as fair value through profit or loss since the Company manages its portfolio on a fair value basis and fair value is used to assess its performance and to make investment decisions. Other financial assets and liabilities will continue to be measured at amortized cost. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

12. Reconciliation of net asset value per Class A share to net assets attributable to holders per redeemable Class A share

As at November 30, 2018 and November 30, 2017, there were no differences between net asset value per Class A share used for transactional purposes and assets attributable to holders per redeemable Class A share for financial reporting purposes.

13. Subsequent event

On February 21, 2019, the Company announced the extension of its termination date for a further five year period from December 1, 2019 to December 1, 2024.

QUADRAVEST CAPITAL MANAGEMENT INC.

Quadravest Capital Management Inc. was formed in 1997 and is focused on the creation and management of enhanced yield products for retail investors. The investment strategy combines fundamental based equity investing with covered call writing. Guided by four key principles, Quadravest sets attainable investment objectives that allow the team to stay focused on a long-term investment strategy.

The four principles – innovation in financial products, discipline in investment management, solid results for investors, and excellence in client service – form the foundation of Quadravest. Each member of the firm’s tight-knit team is committed to upholding these principles, ensuring a coherence and dedication that is unique to the Company.

Quadravest has raised over \$2.5 billion in initial public offerings.

BOARD OF DIRECTORS

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

Peter Cruickshank,
Managing Director,
Quadravest Capital Management Inc.

Laura Johnson,
Managing Director
and Portfolio Manager,
Quadravest Capital Management Inc.

William Thornhill,
President,
William C. Thornhill Consulting Inc.

Michael W. Sharp,
Retired Partner, Blake, Cassels & Graydon LLP

John Steep,
President, S. Factor Consulting Inc.

CORPORATE DETAILS

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Transfer Agent

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