Dividend 15 Split Corp. II

2019 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.

This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2019. 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
Bank of Nova Scotia
BCE Inc.
Canadian Imperial Bank of Commerce
CI Financial Corp.
Enbridge Inc.
Manulife Financial
National Bank of Canada
Royal Bank of Canada
Sun Life Financial Inc.
TC Energy Corp.
TELUS Corporation
Thomson Reuters Corporation
The Toronto-Dominion Bank
TransAlta Corporation

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 $10 repayment amount (effective December 1, 2019, $0.04792 per Preferred share to yield 5.75%); and
2. On or about the termination date of December 1, 2024 (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. 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, 2020. 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

North American equity markets rallied significantly from the multi-year low reached on December 24, 2018 as both the U.S Federal Reserve and the Bank of Canada reversed direction in January 2019 and implemented an accommodative monetary policy throughout the remainder of the year. After a three-year period of increasing interest rates, the U.S. Federal Reserve cut interest rates three times during the year and added significant monetary stimulus during the final months of the year. The Bank of Canada also signaled its more dovish stance by keeping interest rates steady throughout the year. This overall monetary policy background acted as a catalyst to propel equity valuations higher. In addition, market participants generally expected that global trade tensions, including the U.S./China trade negotiations, would improve. Economic growth in both Canada and the United States was underpinned by healthy labour markets, strong consumer spending and stable housing markets.

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 low interest rate environment.

The net assets per unit (consisting of one Preferred share and one Class A share) finished the year at $15.29 as at November 30, 2019, after the payment of distributions. A combined total of $1.03 was paid in distributions during the year, bringing total distributions paid per unit to $19.85 since inception.

On February 21, 2019, the Company announced the extension of the termination date of the Company for a further five year period from December 1, 2019 to December 1, 2024. In connection with the extension of the termination date of the Company, a special retraction right was offered allowing existing shareholders to tender one or both classes of shares and receive a retraction price based on the November 30, 2019 net asset value of $15.29 per unit ($10.00 per Preferred share and $5.29 per Class A share).

In connection with the extension, the Company also amended the dividend entitlement of the Preferred shares, effective December 1, 2019, to pay a fixed monthly dividend at an annual rate equivalent to 5.75% (currently 5.25% per annum) based on the $10 repayment value.

The termination date of the Company 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.

Net assets of the Company finished the year at $247.8 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. 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 $0.50.

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 $10 repayment amount (effective December 1, 2019, $0.04792 per Preferred share to yield 5.75%). Distributions during the year were at the fixed rate for a total of $0.5250 per Preferred share.

Class A Share Distributions Since Inception

Preferred Share Distributions Since Inception

13.00

Cumulative total of distributions paid to Class A share since inception

6.85

Cumulative total of distributions paid to Preferred share since inception

Recent Developments

Pursuant to the special retraction right in connection with the extension of the termination date of the Company, the Company redeemed 2,237,865 Class A shares and 2,237,865 Preferred shares and made retraction payments of $11,838,306 and $22,374,949, respectively, to each class of shares on December 16, 2019.

In connection with the extension, the Company also amended the dividend entitlement of the Preferred shares, effective December 1, 2019, to pay a fixed monthly dividend at an annual rate equivalent to 5.75% based on the $10 repayment value (currently 5.25% per annum).

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				
	2019	**2018**	**2017**	**2016**	**2015**
Net assets per unit, beginning of the year[1]	14.26	15.62	15.66	15.09	17.35
Increase (decrease) from operations					
Total revenue	0.56	0.56	0.54	0.59	0.59
Total expenses	(0.15)	(0.15)	(0.19)	(0.16)	(0.19)
Realized gains (losses) for the year	0.35	0.18	0.35	0.09	0.18
Unrealized gains (losses) for the year	1.29	(1.03)	0.81	1.48	(1.39)
Total increase (decrease) from operations[2]	2.05	(0.44)	1.51	2.00	(0.81)
Distributions[3]					
Canadian dividends	(1.03)	(0.93)	(1.73)	(1.43)	(1.73)
Total annual distributions	(1.03)	(0.93)	(1.73)	(1.43)	(1.73)
Net assets per unit at end of year	15.29	14.26	15.62	15.66	15.09
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	5.29	4.26	5.62	5.66	5.09
Net assets per unit at end of year	15.29	14.26	15.62	15.66	15.09

(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)

	Years ended November 30				
	2019	2018	2017	2016	2015
Net asset value (millions)[1]	$247.8	$234.4	$256.8	$221.6	$213.5
Number of units outstanding	16,207,114	16,434,214	16,434,214	14,144,214	14,144,214
Base Management expense ratio[2]	0.99%	0.98%	1.16%	1.06%	1.19%
Management expense ratio including one time secondary offering expenses[3]	0.99%	0.98%	1.82%	1.06%	2.18%
Management expense ratio per Class A share[4]	14.2%	14.2%	14.25%	13.9%	14.58%
Portfolio turnover rate[5]	7.41%	5.42%	22.05%	2.92%	9.4%
Trading expense ratio[6]	0.04%	0.03%	0.04%	0.04%	0.03%
Closing market price (TSX): Preferred shares	$10.13	$9.96	$10.08	$10.10	$10.05
Closing market price (TSX): Class A shares	$5.14	$4.00	$8.47	$7.32	$7.86

(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 asset value 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 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, 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, 2019 and since inception:

	One years	Three years	Five years	Ten years	Since inception
Dividend 15 Split Corp. II - Unit	14.84%	7.48%	6.53%	9.19%	5.93%
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	36.95%	11.23%	9.09%	15.89%	8.36%
Market indices[1]					
S&P TSX 60 Index	15.23%	7.95%	6.60%	7.25%	5.56%

(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, 2019

Name	Weighting (%)
TC Energy Corp.	7.8
National Bank of Canada	7.5
Canadian Imperial Bank of Commerce	7.2
Manulife Financial Corporation	6.7
Toronto-Dominion Bank	6.6
Enbridge Inc.	6.5
BCE Inc.	6.2
Bank of Nova Scotia	5.7
Royal Bank of Canada	5.6
Sun Life Financial Inc.	5.1
Thomson Reuters Corp.	5.0
TELUS Corporation	4.4
Bank of Montreal	3.8
Suncor Energy Inc.	2.9
CI Financial Corp.	2.1
TransAlta Corporation	1.9
Emera Inc.	1.8
Loblaw Companies Ltd.	1.6
TMX Group Inc.	1.2
AGF Management Ltd.	1.2
Total long positions as a percentage of net assets	**90.8**
Cash	9.7
Other net assets (liabilities)	-0.5
	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)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at November 30, 2019 and 2018;
- the statements of comprehensive income/(loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable class A shares for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of the Company. The other information comprises the Annual Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the annual report.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joseph Pinizzotto.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 19, 2020

Dividend 15 Split Corp. II
Statements of Financial Position
As at November 30, 2019 and November 30, 2018

	November 30, 2019 ($)	November 30, 2018 ($)
ASSETS		
Current Assets		
Investments	225,347,310	214,930,716
Cash	23,954,448	21,336,620
Interest, dividends and other receivables	601,825	1,163,842
Receivable in respect of investments sold	757,302	1,033,072
Total Assets	**250,660,885**	**238,464,250**
LIABILITIES		
Current Liabilities		
Written options	207,954	568,969
Fees and other accounts payable	320,323	198,344
Payable in respect of investments purchased	-	2,624,685
Distributions payable	2,329,773	718,997
Preferred shares (note 1 and note 6)	162,071,140	164,342,140
Class B shares	1,000	1,000
	164,930,190	**168,454,135**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES (note 1)	**85,730,695**	**70,010,115**
Number of units (1 Preferred share and 1 Class A share) outstanding (note 6)	16,207,114	16,434,214
Net assets per unit	$15.29	$14.26
Net assets per Preferred share	$10.00	$10.00
Net assets per Class A share	$5.29	$4.26

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

	2019 ($)	2018 ($)
INCOME		
Net gain (loss) on investments and derivatives (note 5)		
Net realized gain (loss)	5,699,182	2,904,431
Net change in unrealized appreciation (depreciation)	21,094,634	(16,913,390)
Dividends	9,014,396	9,187,312
Interest for distribution purposes	213,106	60,164
Net gain (loss) on investments and derivatives	**36,021,318**	**(4,761,483)**
Other gain (loss)		
Realized gain (loss) on currency	4,267	1,758
	36,025,585	**(4,759,725)**
EXPENSES (note 7)		
Management fees	1,821,516	1,823,798
Service fee	73,700	35,706
Audit fees	26,713	26,308
Director's fees	23,584	23,584
Independent Review Committee fees	4,268	4,268
Custodial fees	61,324	59,509
Legal fees	22,889	21,043
Shareholder reporting costs	23,577	26,884
Other operating expenses	103,176	121,446
Harmonized sales tax	234,107	227,93
Transaction costs	86,565	78,596
	2,481,419	**2,449,081**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions on Preferred shares	**33,544,166**	**(7,208,806)**
Distributions on Preferred shares	(8,598,155)	(8,627,962)
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	**24,946,011**	**(15,836,768)**
Increase (decrease) in net assets attributable to holders per redeemable Class A share (note 8)	**1.52**	**(0.96)**

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

	2019 ($)	2018 ($)
Net Assets attributable to holders of redeemable Class A shares - Beginning of year	**70,010,115**	**92,420,569**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	24,946,011	(15,836,768)
Class A share redemptions	(1,076,454)	-
Distributions on Class A shares		
Canadian dividends	(8,148,977)	(6,573,686)
Change in net assets attributable to holders of redeemable Class A shares	**15,720,580**	**(22,410,454)**
Net Assets attributable to holders of redeemable Class A shares - End of year	**85,730,695**	**70,010,115**

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

	2019 ($)	2018 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	24,946,011	(15,836,768)
Adjustment for:		
Distributions on Preferred shares	8,598,155	8,627,962
Net realized (gain) loss on investments and derivatives	(5,699,182)	(2,904,431)
Net change in unrealized (appreciation) depreciation of investments and derivatives	(21,094,634)	16,913,390
Purchase of investments, net of option premiums	(18,559,199)	(9,307,121)
Proceeds from sale of investments	32,226,491	19,339,757
(Increase) decrease in interest, dividends and other receivables	562,017	(558,608)
Increase (decrease) in fees and other accounts payable	121,979	(105,044)
Net cash flows from (used in) operating activities	21,101,638	16,169,137
Cash flows from (used in) financing activities		
Amount paid on redemption of Class A shares and Preferred shares	(3,347,454)	-
Distributions on Class A shares	(6,528,265)	(8,217,107)
Distributions on Preferred shares	(8,608,091)	(8,627,962)
Net cash flows from (used in) financing activities	(18,483,810)	(16,845,069)
Net increase (decrease) in cash	2,617,828	(675,932)
Cash at beginning of the year	21,336,620	22,012,552
Cash at end of the year	**23,954,448**	**21,336,620**
Dividends received*	9,576,413	8,628,704
Interest received*	213,106	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, 2019

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	9,489,389
189,450	Bank of Nova Scotia	13,078,663	14,197,383
239,658	BCE Inc.	12,691,490	15,323,733
155,000	Canadian Imperial Bank of Commerce	15,154,827	17,896,300
251,056	CI Financial Corp.	7,761,743	5,252,092
317,900	Enbridge Inc.	14,927,860	15,990,370
634,500	Manulife Financial Corporation	14,398,524	16,579,485
262,200	National Bank of Canada	11,767,058	18,655,530
128,371	Royal Bank of Canada	10,632,760	13,957,779
206,600	Sun Life Financial Inc.	8,769,709	12,522,026
287,450	TC Energy Corp.	16,020,756	19,316,640
218,534	TELUS Corporation	8,428,103	10,959,480
133,997	Thomson Reuters Corp.	6,332,423	12,445,641
213,000	Toronto-Dominion Bank	11,091,980	16,313,670
534,400	TransAlta Corporation	6,788,675	4,788,224
	Total Core Portfolio Equities (90.5%)	**165,716,037**	**203,687,742**
	Other Canadian Common Equities		
486,700	AGF Management Ltd.	6,257,335	3,037,008
80,500	Emera Inc.	3,852,108	4,396,910
55,000	Loblaw Companies Ltd.	2,745,965	3,938,000
174,800	Suncor Energy Inc.	7,257,493	7,241,964
28,523	TMX Group Inc.	1,806,673	3,045,686
	Total Other Canadian Common Equities (9.6%)	**21,919,574**	**21,659,568**
	Total Canadian Common Equities (100.1%)	**187,635,611**	**225,347,310**

Dividend 15 Split Corp. II
Schedule of Portfolio Investments
As at November 30, 2019

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Call Options written (100 shares per contract)		
	Canadian call options written		
(75)	Bank of Montreal @ $100 December 2019	(5,400)	(21,263)
(150)	Bank of Montreal @ $101 December 2019	(17,850)	(30,225)
(230)	Bank of Nova Scotia @ $76 January 2020	(9,660)	(8,395)
(200)	BCE Inc. @ $65 December 2019	(5,800)	(3,400)
(200)	Canadian Imperial Bank of Commerce @ $115 December 2019	(16,400)	(32,400)
(300)	Enbridge Inc. @ $52 January 2020	(11,700)	(6,300)
(300)	Enbridge Inc. @ $52 December 2019	(6,600)	(1,950)
(600)	Manulife Financial Corporation@ $26.50 January 2020	(21,600)	(16,500)
(250)	National Bank of Canada @ $70 December 2019	(20,000)	(36,500)
(375)	Royal Bank of Canada @ $110 December 2019	(26,700)	(17,625)
(300)	Sun Life Financial Inc. @ $62 January 2020	(17,100)	(12,450)
(450)	TC Energy Corporation @ $70 December 2019	(25,650)	(5,850)
(250)	TELUS Corporation @ $51 December 2019	(4,000)	(1,500)
(300)	Toronto-Dominion Bank @ $78 January 2020	(16,500)	(13,500)
(1)	TransAlta Corporation @ $8 December 2019	(17)	(96)
	Total Canadian call options written (-0.1%)	**(204,977)**	**(207,954)**
		187,430,634	**225,139,356**
	Less adjustments for transaction costs	(128,661)	
	Total Investments (100.0%)	**187,301,973**	**225,139,356**

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 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.

On February 21, 2019, the Company announced the extension of the termination date of the Company for a further five year period from December 1, 2019 to December 1, 2024. In connection with the extension of the termination date of the Company, a special retraction right was offered allowing existing shareholders to tender one or both classes of shares and receive a retraction price based on the November 30, 2019 net asset value of $15.29 per unit ($10.00 per Preferred share and $5.29 per Class A share).

Pursuant to the special retraction right, the Company redeemed 2,237,865 Class A shares and 2,237,865 Preferred shares and made retraction payments of $11,838,306 and $22,374,949, respectively, on December 16, 2019. The subsequent retraction payment amounts are included as part of the net assets attributable holders of Class A shares and Preferred share amounts as at November 30, 2019.

In connection with the extension, the Company also amended the dividend entitlement of the Preferred shares, effective December 1, 2019, to pay a fixed monthly dividend at an annual rate equivalent to 5.75% based on the $10 repayment value (currently 5.25% per annum).

The termination date of the Company 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.

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 19, 2020.

3. Summary of significant accounting policies

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

Transition to IFRS 9, Financial Instruments

Effective December 1, 2018, the Company retrospectively adopted IFRS 9, Financial Instruments ("IFRS 9"). The new standard requires financial instruments to be either carried at amortized cost or at fair value with changes in fair value recognized in profit and loss ("FVTPL") or in other comprehensive income ("FVOCI"), based on the Company's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Upon transition to IFRS 9, the Company's financial assets and financial liabilities previously designated at FVTPL at inception or classified as held for trading under

IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") continue to be classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for the Company's financial assets and financial liabilities upon transition to IFRS 9.

Investments and financial instruments

The Company classifies its investments, including derivatives, based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as FVOCI. Consequently, all investments, including derivatives are measured at FVTPL.

The Company's obligations for net assets attributable to holders of redeemable Class A shares are presented at the annual redemption amount, which approximates their fair value. All other financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost, which approximates fair value.

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 and financial liabilities 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 financial liabilities. These shares are carried at amortized cost. Amortization of premiums or discounts on the issuance of Preferred shares is included 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.

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 is comprised of demand deposits with a financial institution.

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.

The Company has estimated accumulated non capital losses for tax purposes of $23,580,212 (November 30, 2018-$22,692,218) 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, 2024. The Company also has estimated accumulated capital losses for tax purposes of $5,596,897 (November 30, 2018-$5,596,897) which may be used to lower future capital gains if required and which do not expire.

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.

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, 2019 and November 30, 2018:

	Financial assets and liabilities at fair value as at November 30, 2019			
	Level 1	Level 2	Level 3	Total
Equities	$225,347,310	-	-	$225,347,310
Options	($207,954)	-	-	($207,954)
	$225,139,356	**-**	**-**	**$225,139,356**

	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)
	$214,361,747	**-**	**-**	**$214,361,747**

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, 2019 and 2018.

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).

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, 2019, 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 $20,425,000 (November 30, 2018–$18,993,000). 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 $22,330,000 (November 30, 2018–$20,980,000).

Interest rate risk

Interest rate risk is the risk that the fair value of interest bearing investments will fluctuate due to changes in market interest rates. 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

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency, will fluctuate due to changes in exchange rates. 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.

The Company's investment portfolio is concentrated in the following segments as at:

	November 30, 2019	November 30, 2018
Canadian Core Common Equities	82.1%	83.5%
Other Canadian Equities	8.7%	8.2%
Call Options written	-0.1%	-0.2%
Other Assets less Liabilities (excluding Preferred shares)	9.3%	8.5%
	100%	100%

6. Redeemable Units

Preferred shares

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

Preferred share transactions	November 30, 2019	November 30, 2018
Beginning of year	16,434,214	16,434,214
Issued during the year	-	-
Redeemed during the year	(227,100)	-
End of year	16,207,114	16,434,214

Preferred shares are entitled to cumulative monthly cash dividends of $0.04375 per Preferred share ($0.04792 effective December 1, 2019). 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 $10.13 as at November 30, 2019 (November 30, 2018-$9.96). 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.

Class A shares and Class B shares

Authorized
An unlimited number of Class A shares
1,000 Class B shares

Class A share transactions	November 30, 2019	November 30, 2018
Beginning of year	16,434,214	16,434,214
Issued during the year	-	-
Redeemed during the year	(227,100)	-
End of year	16,207,114	16,434,214

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 $5.14 as at November 30, 2019 (November 30, 2018-$4.00). 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 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.

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 $1,821,516 (November 30, 2018-$1,823,798) incurred during the year include the administration fee and base management fee. As at November 30, 2019, $153,856 (November 30, 2018-$143,787) was payable to the Manager with respect to management and administrative fees. No performance fees were paid in 2019 or 2018.

The brokerage commissions paid during the year by the Company for its portfolio transactions were $86,565 (November 30, 2018-$78,596).

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, 2019 and 2018 is calculated as follows:

	2019	2018
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	$24,946,011	($15,836,768)
Weighted average Class A shares outstanding	16,377,439	16,434,214
Increase (decrease) in net assets attributable to holders per redeemable Class A share	$1.52	($0.96)

9. Distributions

Distributions per share were as follows:

	November 30, 2019	November 30, 2018
Preferred shares	$0.5250	$0.5250
Class A shares	$0.50	$0.40

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:

i) 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 $10 repayment amount (effective December 1, 2019, $0.04792 per Preferred share to yield 5.75%) and to return the original issue price to their holders on the termination date; and

ii) to provide holders of Class A shares with regular monthly cash distribution targeted to be $0.10 per Class A share 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.

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

As at November 30, 2019 and November 30, 2018, there were no differences between net asset value per Class A share used for transactional purposes and net assets attributable to holders per redeemable Class A share for financial reporting purposes.

12. Subsequent events

Pursuant to the special retraction right in connection with the extension of the termination date of the Company, the Company redeemed 2,237,865 Class A shares and 2,237,865 Preferred shares and made retraction payments of $11,838,306 and $22,374,949, respectively, to each class of shares on December 16, 2019.

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,
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