

2021

**TDb SPLIT CORP.**  
**ANNUAL REPORT**



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.

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## **TDb SPLIT CORP.**

### **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

**NOVEMBER 30, 2021**

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This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2021. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at [www.tdbsplit.com](http://www.tdbsplit.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.tdbsplit.com](http://www.tdbsplit.com) or [www.sedar.com](http://www.sedar.com).

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## **INVESTMENT OBJECTIVES AND STRATEGIES**

TDb Split Corp. invests primarily in common shares of the Toronto-Dominion Bank ("TD Bank").

The Company offers two types of shares:

### **Priority Equity shares (XTD.PR.A)**

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

1. to provide holders of Priority Equity shares with cumulative preferential monthly cash dividends in the amount of \$0.04375 per share to yield 5.25% annually; and
2. on or about the termination date of December 1, 2024 (subject to further 5 year extensions thereafter), to pay an amount of \$10.00 per Priority Equity share.

### **Class A shares (XTD)**

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

1. to provide holders of Class A shares with regular monthly cash dividends in the amount of \$0.05 per Class A share when the net asset value per unit exceeds \$12.50; and
2. to permit such holders to participate in all growth in the net asset value of the Company above \$10.00 per unit.

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## **RISK**

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2022. In addition, note 5 of the financial statements ("Management of Risk of Financial Instruments") contains disclosure on specific types of risks related to the financial investments held by the Company.

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## RESULTS OF OPERATIONS

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

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

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

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

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

As a result of these catalysts, the market price of TD Bank appreciated by 30% during the year.

The Company's Priority Equity Portfolio Protection which was implemented in March 2020 due to a significant decline in the share price of TD Bank was unwound in February 2021.

The net assets per unit (consisting of one Priority Equity share and one Class A share) finished at \$14.53 as at November 30, 2021, after the payment of \$1.08 in combined distributions to Priority Equity shares and Class A shares. A combined total of \$14.47 has been paid in distributions since inception.

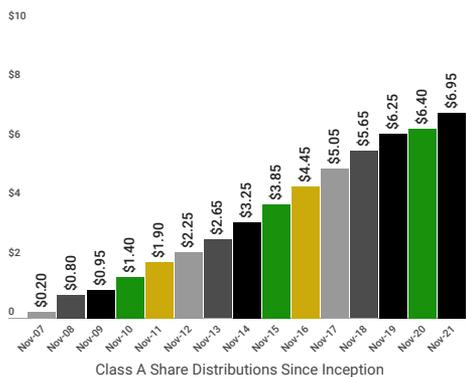
The Company issued 987,000 Priority Equity shares at \$10 per share and 987,000 Class A shares at \$5.20 per share for gross proceeds of \$15,002,400 pursuant to a secondary offering that was completed on April 7, 2021. Agents' fees and issuance costs were \$673,234 in connection with this offering.

Net assets of the Company finished the year at \$86.3 million.

The dividend income from the common shares of TD Bank is supplemented by income received from a selective covered call writing program.

## Class A shares - Distributions

Class A shareholders are entitled to receive monthly cash dividends targeted to be \$0.05 per Class A Share to yield 6% per annum on the original issue price, if and when the net asset value per unit exceeds \$12.50. Total distributions during the year amounted to \$0.55 per Class A share.



Class A Share Distributions Since Inception

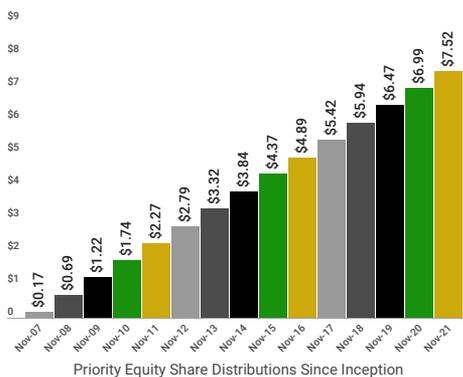


6.95

Cumulative total of distributions paid to Class A share since inception

## Priority Equity shares - Distributions

Priority Equity shareholders are entitled to receive monthly cash dividends in the amount of \$0.04375 per Priority Equity Share to yield 5.25% per annum on the \$10.00 repayment amount. Distributions during the year were at the fixed rate for a total of \$0.5250 per Priority Equity share.



Priority Equity Share Distributions Since Inception



7.52

Cumulative total of distributions paid to Priority Equity share since inception

## RECENT DEVELOPMENTS

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

On December 2, 2021, the Company announced the commencement of an at-the-market equity program (the "ATM Program") which allows the Company to issue shares to the public from time to time, at the Company's discretion. Any Class A shares or Priority Equity shares sold in the ATM Program will be sold through the TSX or any other marketplace in Canada on which the Class A Shares and Priority Equity shares are listed, quoted or otherwise traded at the prevailing market price at the time of sale.

## 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				
	2021	2020	2019	2018	2017
Net assets per unit, beginning of the year <sup>(1)</sup>	12.10	15.84	15.93	16.55	15.27
Increase (decrease) from operations					
Total revenue	0.48	0.34	0.59	0.56	0.51
Total expenses	(0.16)	(0.15)	(0.20)	(0.21)	(0.20)
Realized gains (losses) for the year	(0.12)	(0.40)	0.49	0.37	0.64
Unrealized gains (losses) for the year	<u>3.03</u>	<u>(2.71)</u>	<u>0.15</u>	<u>(0.21)</u>	<u>1.45</u>
Total increase (decrease) from operations <sup>(2)</sup>	<u>3.23</u>	<u>(2.92)</u>	<u>1.03</u>	<u>0.51</u>	<u>2.40</u>
Distributions <sup>(3)</sup>					
Canadian dividends	<u>(1.08)</u>	<u>(0.68)</u>	<u>(1.13)</u>	<u>(1.13)</u>	<u>(1.13)</u>
Total distributions	<u>(1.08)</u>	<u>(0.68)</u>	<u>(1.13)</u>	<u>(1.13)</u>	<u>(1.13)</u>
Net assets per unit at end of year	14.53	12.10	15.84	15.93	16.55
Net assets per Priority Equity share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	<u>4.53</u>	<u>2.10</u>	<u>5.84</u>	<u>5.93</u>	<u>6.55</u>
Net assets per unit at end of year	14.53	12.10	15.84	15.93	16.55

- (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 Priority Equity shares and net assets attributable to holders of redeemable Class A shares, at the valuation date, divided by the number of units then outstanding.
- (2) Total increase (decrease) from operations is before the payment of Class A shares and Priority Equity shares and other income (charges) related to the Priority Equity shares and is calculated based on the weighted average number of units outstanding during the year.
- (3) Distributions on the Priority Equity shares and Class A shares are based on the number of Priority Equity 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

	Γ	Years ended November 30				7
	2021	2020	2019	2018	2017	
Net asset value (millions) <sup>(1)</sup>	\$86.3	\$60.0	\$53.6	\$54.0	\$56.1	
Number of units outstanding	5,941,760	4,954,760	3,386,660	3,386,660	3,392,260	
Base Management expense ratio <sup>(2)</sup>	1.14%	1.11%	1.25%	1.27%	1.24%	
Management expense ratio including secondary offering issue costs <sup>(3)</sup>	2.01%	3.44%	1.25%	1.27%	1.24%	
Management expense ratio per Class A share <sup>(4)</sup>	20.88%	40.60%	12.49%	11.22%	12.62%	
Portfolio turnover rate <sup>(5)</sup>	4.63%	108.2%	0.0%	0.0%	9.8%	
Trading expense ratio <sup>(6)</sup>	0.03%	0.08%	0.02%	0.01%	0.02%	
Closing market price (TSX): Priority Equity shares	\$10.50	\$10.03	\$10.18	\$10.00	\$10.30	
Closing market price (TSX): Class A shares	\$5.01	\$3.00	\$6.29	\$6.18	\$6.45	

- (1) This information is provided as at November 30.
- (2) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated year, excluding commissions and other portfolio transaction costs, distributions on Priority Equity shares and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the year.
- (3) Share issue expenses including all agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per unit of such offerings.
- (4) Management expense ratio per Class A share is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all ongoing operating expenses of the Company (excluding commissions and other portfolio transaction costs), all distributions on Priority Equity shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of the average net asset value attributable to the Class A shares during the year. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.
- (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 the average net asset value of the Company during the year.

## MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 0.55% of the net asset value of the Company, which includes the outstanding Priority Equity shares, calculated as at each month-end valuation date.

Pursuant to the management agreement, Quadravest 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 Priority Equity 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.

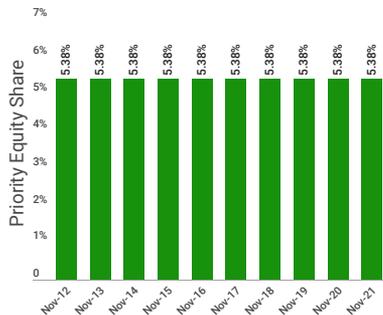
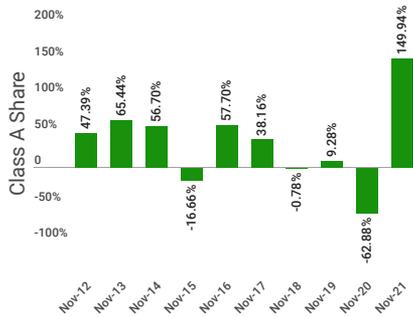
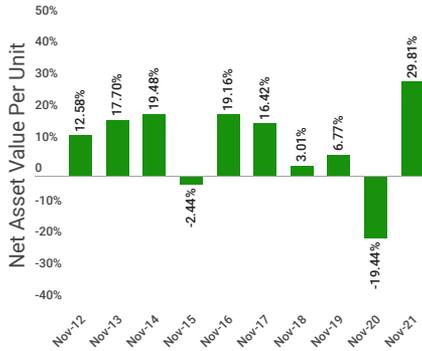
The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required 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 Priority Equity share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last ten years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, a Priority Equity share or a Class A share would have increased or decreased during the applicable year. In respect to the charts displayed below, please note the following:

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



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## ANNUAL COMPOUND PERFORMANCE

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

	One year	Three years	Five years	Ten years	Since inception
TDb Split Corp. - Unit	29.81%	3.74%	6.01%	9.44%	5.42%
TDb Split Corp. - Priority Equity share	5.38%	5.38%	5.38%	5.38%	5.37%
TDb Split Corp. - Class A share	149.94%	0.46%	6.80%	21.45%	7.13%

## MARKET INDICES<sup>(1)</sup>

S&P TSX Financial Index	30.97%	13.77%	11.01%	12.94%	8.50%
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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.

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## SUMMARY OF INVESTMENT PORTFOLIO

All holdings as at November 30, 2021

Name	Weighting (%)
Toronto-Dominion Bank	98.6
Cash	2.3
Other net assets (liabilities)	-0.9
	100.0

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

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**TDb SPLIT CORP.****MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies applicable to the Company are described in note 3 to the financial statements.

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

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

**WAYNE FINCH**

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

**SILVIA GOMES**

Chief Financial Officer  
Quadravest Capital Management Inc.



## *Independent auditor's report*

To the Shareholders of TDb Split Corp. (the Company)

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### *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, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued 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, 2021 and 2020;
- 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 significant accounting policies and other explanatory information.

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### *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.

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### *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.

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*PricewaterhouseCoopers LLP*  
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*  
*T: +1 416 863 1133, F: +1 416 365 8215*

\*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.

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### *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.

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### *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 16, 2022

**TDB SPLIT CORP.****STATEMENTS OF FINANCIAL POSITION**

AS AT NOVEMBER 30, 2021 AND NOVEMBER 30, 2020

	November 30, 2021 (\$)	November 30, 2020 (\$)
<b>ASSETS</b>		
Current Assets		
Investments	85,084,472	47,152,661
Cash	1,977,744	13,369,719
Interest, dividends and other receivables	941	863
	<u>87,063,157</u>	<u>60,523,243</u>
<b>LIABILITIES</b>		
Current Liabilities		
Written options	63,000	268,100
Fees and other accounts payable	118,189	69,677
Distributions payable	557,040	216,771
Priority Equity shares (notes 1 and 6)	59,417,600	49,547,600
Class B shares	1,000	1,000
	<u>60,156,829</u>	<u>50,103,148</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES (note 1)</b>	<b>26,906,328</b>	<b>10,420,095</b>
Number of units (1 Priority Equity share and 1 Class A share) outstanding	5,941,760	4,954,760
Net assets per unit	\$14.53	\$12.10
Net assets per Priority Equity share	\$10.00	\$10.00
Net assets per Class A share	\$4.53	\$2.10

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.

**TDB SPLIT CORP.**  
**STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)**

FOR YEARS ENDED NOVEMBER 30

	2021 (\$)	2020 (\$)
<b>INCOME</b>		
<b>Net gain (loss) on investments and derivatives (note 5)</b>		
Net realized gain (loss)	(684,652)	(1,953,914)
Net change in unrealized appreciation/depreciation	17,002,076	(13,232,999)
Dividends	2,683,267	1,626,026
Interest for distribution purposes	-	31,666
<b>Net gain (loss) on investments and derivatives</b>	<u>19,000,691</u>	<u>(13,529,221)</u>
<b>EXPENSES (note 7)</b>		
Management fees	506,836	399,113
Service fee	106,837	14,494
Audit fees	24,846	30,021
Director's fees	23,583	23,583
Independent Review Committee fees	4,268	4,268
Custodial fees	26,941	21,305
Legal fees	20,708	38,391
Shareholder reporting costs	16,358	15,014
Other operating expenses	49,980	44,140
Harmonized sales tax	106,433	78,366
Transaction costs	20,217	49,854
	<u>907,007</u>	<u>718,549</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions and other income (charges) related to Priority Equity shares</b>	<b>18,093,684</b>	<b>(14,247,770)</b>
Distributions on Priority Equity shares	(2,946,699)	(2,601,249)
Issuance costs on Priority Equity shares	(356,357)	(887,347)
<b>Increase (decrease) in net assets attributable to holders of redeemable Class A shares</b>	<u>14,790,628</u>	<u>(17,736,366)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable Class A shares per share (note 8)</b>	<b>2.64</b>	<b>(3.63)</b>

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

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

	2021 (\$)	2020 (\$)
<b>Net Assets attributable to holders of redeemable Class A shares - Beginning of year</b>	<b>10,420,095</b>	<b>19,778,650</b>
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	14,790,628	(17,736,366)
Gross proceeds on issuance of Class A shares	5,132,400	9,643,815
Agents' fees and issue costs on issuance of Class A shares	<u>(316,877)</u>	<u>(522,790)</u>
Net proceeds on issuance of Class A shares	<u>4,815,523</u>	<u>9,121,025</u>
<b>Distributions on Class A shares</b>		
Canadian dividends	(3,119,918)	(743,214)
<b>Change in net assets attributable to holders of redeemable Class A shares</b>	<u><b>16,486,233</b></u>	<u><b>(9,358,555)</b></u>
<b>Net Assets attributable to holders of redeemable Class A shares - End of year</b>	<u><b>26,906,328</b></u>	<u><b>10,420,095</b></u>

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

**TDB SPLIT CORP.**  
**STATEMENTS OF CASH FLOW**  
FOR THE YEARS ENDED NOVEMBER 30

	2021 (\$)	2020 (\$)
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	14,790,628	(17,736,366)
Adjustment for:		
Distributions on Priority Equity shares	2,946,699	2,601,249
Issuance costs on Priority Equity shares	356,357	887,347
Net realized (gain) loss on investments and derivatives	684,652	1,953,914
Net change in unrealized appreciation/depreciation of investments and derivatives	(17,002,076)	13,232,999
Purchase of investments, net of option premiums	(23,836,193)	(55,513,469)
Proceeds from sale of investments	2,016,706	42,297,222
(Increase) decrease in interest, dividends and other receivables	(78)	898
Increase (decrease) in fees and other accounts payable	48,512	(17,886)
Net cash flows from (used in) operating activities	<u>(19,994,793)</u>	<u>(12,294,092)</u>
<b>Cash flows from (used in) financing activities</b>		
Gross proceeds on issuance of Class A and Priority Equity shares	15,002,400	35,643,935
Agents' fees and issue costs on issuance of Class A and Priority Equity shares	(673,234)	(1,410,137)
Amounts Paid on redemption of Priority Equity shares	-	(10,319,120)
Distributions on Class A shares	(2,822,830)	(912,547)
Distributions on Priority Equity shares	(2,903,518)	(2,532,644)
Net cash flows from (used in) financing activities	<u>8,602,818</u>	<u>20,469,487</u>
Net increase (decrease) in cash	(11,391,975)	8,175,395
Cash at beginning of the year	13,369,719	5,194,324
<b>Cash at end of the year</b>	<u><b>1,977,744</b></u>	<u><b>13,369,719</b></u>
Dividends received*	2,683,267	1,626,924
Interest received*	-	31,666

\* Included as part of Cash Flows from Operating Activities.

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

**TDB SPLIT CORP.**  
**SCHEDULE OF PORTFOLIO INVESTMENTS**

AS AT NOVEMBER 30, 2021

No. of shares (contracts)	Description	Average Cost (\$) (Premiums received)	Fair Value (\$)
	<b>Core Holding</b>		
	<b>Canadian Common Equities</b>		
943,810	Toronto-Dominion Bank	64,239,515	85,084,472
	<b>Total Canadian Common Equities in Core Holding (100.1%)</b>	<u>64,239,515</u>	<u>85,084,472</u>
	<b>Call options written (100 shares per contract)</b>		
	<b>Canadian call options written</b>		
(400)	Toronto-Dominion Bank @ \$98 January 2022	(32,400)	(14,600)
(400)	Toronto-Dominion Bank @ \$93 December 2021	<u>(31,800)</u>	<u>(48,400)</u>
	<b>Total Canadian call options written (-0.1%)</b>	<u>(64,200)</u>	<u>(63,000)</u>
		<u>64,175,315</u>	<u>85,021,472</u>
	less adjustment for transaction costs	<u>(22,977)</u>	
	<b>Total Investments (100.0%)</b>	<u>64,152,338</u>	<u>85,021,472</u>

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

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# TDb SPLIT CORP.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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### 1. Incorporation

TDb Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on May 24, 2007 that began investment operations on August 7, 2007. 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, 2024 and may be extended thereafter at the Company's discretion for additional terms of five years each. The Company's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests in the common shares of Toronto-Dominion Bank ("TD Bank"). The Company employs an active covered call writing program to generate additional income in addition to the dividends received.

A significant decline in the share price of TD Bank resulted in the need to implement the Company's Priority Equity Portfolio Protection Plan in March 2020. This plan is intended to ensure that the Priority Equity share repayment amount (\$10.00 per share) will be paid in full to holders of the Priority Equity shares on the termination date of December 1, 2024 and requires that the Company liquidate a portion of the shares held of TD Bank to hold cash or acquire permitted debt securities. Under the plan, the amount of the Company's net assets, if any, required to be allocated to cash or permitted securities (the "Permitted Repayment Securities") will be determined such that (i) the net asset value of the Company, less the value of the Permitted Repayment Securities held by the Company, is at least 125% of (ii) the Priority Equity share repayment amount, less the amount anticipated to be received by the Company in respect of its Permitted Repayment Securities on the termination date. The Priority Equity Portfolio Protection Plan was unwound in February 2021.

### 2. Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued 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 16, 2022.

### 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 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 fair value in other comprehensive income ("FVOCI"). Consequently, all investments, including derivatives are measured at fair value through profit or loss.

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.

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**TDB SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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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 Priority Equity 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 Priority Equity shares is included in the Statements of Comprehensive Income/(Loss).

The Class B shares are subordinate to the Priority Equity 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 Priority Equity 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.

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# TDB SPLIT CORP.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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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 and administration fees

Management fees and administration fees are accrued by the Company over time, as services are rendered by Quadravest. Refer to note 7 for further information about the calculation of management and administration fees 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

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**TDB SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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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 as at November 30, 2021 of \$5,658,772 (November 30, 2020-\$4,355,307) 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 \$5,474,745 (November 30, 2020-\$5,121,506) 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, 2021 and November 30, 2020:

	Financial assets and liabilities at fair value as at November 30, 2021			
	Level 1	Level 2	Level 3	Total
Equities	\$85,084,472	-	-	\$85,084,472
Options	(\$63,000)	-	-	(\$63,000)
	<u>\$85,021,472</u>	<u>-</u>	<u>-</u>	<u>\$85,021,472</u>

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**TDB SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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Financial assets and liabilities at fair value as at November 30, 2020

	Level 1	Level 2	Level 3	Total
Equities	\$47,152,661	-	-	\$47,152,661
Options	(\$268,100)	-	-	(\$268,100)
	<u>\$46,884,561</u>	<u>-</u>	<u>-</u>	<u>\$46,884,561</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, 2021 and 2020. 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 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).

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

The Company is exposed to other price risk from its investment in equity securities and written options. As at November 30, 2021, 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 approximately \$8,278,000 (November 30, 2020-\$4,315,000). 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 approximately \$8,474,000 (November 30, 2020-\$4,491,000).

**Interest rate risk**

Interest rate risk is the risk that the fair value of interest bearing financial instruments will fluctuate due to changes in market interest rates. The majority of the Company's financial assets and liabilities are non interest bearing and as such are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates (consistent with previous year). The Priority Equity share Portfolio Protection Plan, which was implemented in March 2020 and unwound in February 2021, provides that if the net asset value of the Company declines below a specified level, Quadravest will liquidate a portion of TD Bank common shares held by the Company and hold cash or acquire permitted debt securities. If debt securities were held, the Company would be subject to interest rate risk. During the time the plan was implemented, only cash was held. The intent of this strategy is to help

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# TDB SPLIT CORP.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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preserve capital and provide the Priority Equity shares with full repayment of \$10.00 per Priority Equity share.

### 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. The 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. 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 Priority Equity shares. The Company receives adequate notice for all retraction requests. The Company's portfolio is invested in TD Bank which is a highly liquid large capitalization stock that trades on the Toronto Stock Exchange ("TSX") (consistent with previous year). All Class A shares and Priority Equity 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 only equity holding is concentrated in the common shares of TD Bank and as such will be exposed to the specific factors that affect this stock (consistent with previous year).

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

	November 30, 2021	November 30, 2020
TD Bank common shares	98.6%	78.6%
Call options written	-0.1%	-0.4%
Other assets less liabilities (excluding Priority Equity shares)	<u>1.5%</u>	<u>21.8%</u>
	100%	100%

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**TDB SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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**6. Redeemable Units****Priority Equity shares**

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

<u>Priority Equity share transactions</u>	November 30, 2021	November 30, 2020
Beginning of year	4,954,760	3,386,660
Issued during the year	987,000	2,600,012
Redeemed during the year	-	(1,031,912)
End of year	<u>5,941,760</u>	<u>4,954,760</u>

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

Priority Equity shares trade under the symbol "XTD.PR.A" on the TSX. The trading price of Priority Equity shares on the TSX was \$10.50 as at November 30, 2021 (November 30, 2020-\$10.03). Priority Equity 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 Priority Equity share and a Class A share (together, a "unit") in the month of December in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last day of December. Priority Equity 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 Priority Equity shares or Class A shares tendered for retraction.

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

The Company issued 987,000 Priority Equity shares at \$10.00 per share for gross proceeds of \$9,870,000 pursuant to a secondary offering that was completed on April 7, 2021. Agents' fees and issuance costs were \$356,357 in connection with this offering.

The Company issued 2,600,012 Priority Equity shares at \$10.00 per share for gross proceeds of \$26,000,120 pursuant to a secondary offering that was completed on December 23, 2019. Agents' fees and issuance costs were \$887,347 in connection with this offering.

**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, 2021	November 30, 2020
Beginning of year	4,954,760	3,386,660
Issued during the year	987,000	1,568,100
End of year	<u>5,941,760</u>	<u>4,954,760</u>

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**TDb SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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Class A shares were originally issued at \$10.00 per share. Class A share distributions are targeted at \$0.05 per month per share, when the net asset value per unit exceeds \$12.50. 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 "XTD" on the TSX. The trading price of Class A shares on the TSX was \$5.01 as at November 30, 2021 (November 30, 2020-\$3.00). 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 Priority Equity share in the month of December in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last day of December. 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 Priority Equity 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 Priority Equity 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 \$10.00 (the repayment value of the Priority Equity shares). The Company issued 987,000 Class A shares at \$5.20 per share for gross proceeds of \$5,132,400 pursuant to a secondary offering that was completed on April 7, 2021. Agents' fees and issuance costs were \$316,877 in connection with this offering.

The Company issued 1,568,100 Class A shares at \$6.15 per share for gross proceeds of \$9,643,815 pursuant to a secondary offering that was completed on December 23, 2019. Agents' fees and issuance costs were \$522,790 in connection with this offering.

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 May 29, 2007, the Company issued 1,000 Class B shares to TDb Split Corp. 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, accounting and administration fees, custodian fees, transfer agent fees, legal and audit expenses, fees payable to the independent directors of the Company and the Company's independent review committee, regulatory filing and stock exchange fees, costs of reporting to shareholders and costs and expenses arising as a result of complying with all applicable laws, regulations and policies.

Pursuant to the management 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 Priority Equity 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 0.55% of the net asset value of the Company, which includes the outstanding Priority Equity shares, calculated as at each month-end valuation date.

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**TDB SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020

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The monthly discount to net asset value of 2% applicable to the redemption of Priority Equity shares and Class A shares is payable to Quadinvest. Redemption fees paid for the year ended November 30, 2021 were \$NIL (November 30, 2020-\$NIL).

Total management fees of \$506,836 (November 30, 2020-\$399,113) incurred during the year include the administration fee and base management fee. As at November 30, 2021, \$47,222 (November 30, 2020-\$31,770) was payable to the Manager with respect to management and administrative fees.

The brokerage commissions paid during the year by the Company for its portfolio transactions were \$20,217 (November 30, 2020-\$49,854).

**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 Class A share for the years ended November 30, 2021 and 2020 is calculated as follows:

	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	\$14,790,628	(\$17,736,366)
Weighted average Class A shares outstanding	5,612,760	4,889,423
Increase (decrease) in net assets attributable to holders of redeemable Class A shares per share	\$2.64	(\$3.63)

**9. Distributions**

Distributions per share were as follows:

	November 30, 2021	November 30, 2020
Priority Equity shares	\$0.525	\$0.525
Class A shares	\$0.55	\$0.15

**10. Capital Management**

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

The Company's objectives in managing its capital are:

- i) to provide holders of Priority Equity shares with fixed cumulative preferential monthly cash dividends in an amount of \$0.04375 per Priority Equity share to yield 5.25% per annum on the Priority Equity Share Repayment Amount and to return the Priority Equity Share Repayment Amount on the termination date; and
- ii) to provide holders of Class A shares with regular monthly cash distribution targeted to be \$0.05 per Class A share when the net asset value per unit exceeds \$12.50 and to permit such holders to participate in all growth in the net asset value of the Company above \$10.00 per unit.

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

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**TDB SPLIT CORP.****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEARS ENDED NOVEMBER 30, 2021 AND 2020**

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**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, 2021 and November 30, 2020, 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 event**

On December 2, 2021, the Company announced the commencement of an at-the-market equity program (the "ATM Program") which allows the Company to issue shares to the public from time to time, at the Company's discretion. Any Class A shares or Priority Equity shares sold in the ATM Program will be sold through the TSX or any other marketplace in Canada on which the Class A Shares and Priority Equity shares are listed, quoted or otherwise traded at the prevailing market price at the time of sale.





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## **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.

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## **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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## **CORPORATE DETAILS**

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