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**TDB SPLIT CORP.**  
**SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**  
**MAY 31, 2023**

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This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2023. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at [www.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 holders the Priority Equity share repayment amount of \$10 per 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, 2023. 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 America markets continued to experience macroeconomic headwinds and bouts of volatility during the period ended May 31, 2023. The Bank of Canada's aggressive tightening of monetary policy beginning in early 2022, which included rapid increases in interest rates and the reduction of its balance sheet in order to control inflation, has had an adverse impact on the Canadian economy, affecting many households and small businesses with higher loan payments. The Bank of Canada remains committed to a hawkish monetary policy, including increasing interest rates, until inflation returns to the 2% target.

In early March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. Later in the month, Credit Suisse was taken over by UBS Group at the behest of regulators in Switzerland. These events led to widespread and significant declines in the market prices of financial services companies globally and highlighted the risks associated with the historical pace of increase in interest rates that had occurred over the last year.

Markets were also buffeted by the ongoing developments surrounding the U.S. debt ceiling discussions and the potential adverse consequences that could result if U.S. politicians were unable to reach an agreement to increase the debt ceiling limit before the projected early June deadline at which time the U.S. would run out of the ability to fully fund all of its obligations.

The yield curve continued to be inverted during the period, with shorter term maturities yielding more than longer term maturities, which generally adversely impacted the earnings potential of financial services companies and reflected market expectations for a decline in longer-term interest rates as a result of deteriorating economic performance.

The period ended with a decline in North American stocks as unexpectedly strong reports on the Canadian labour market caused some concern among market participants that further interest rate hikes may be required to slow potential wage pressures that could continue to sustain higher inflation rates.

The market price of TD bank declined by 14.2% during the period ended May 31, 2023.

The net assets per unit finished at \$11.80 as at May 31, 2023, after the payment of \$0.51 in combined distributions to Priority Equity shares and Class A shares. A combined total of \$16.10 has been paid in distributions to Class A shareholders and Priority Equity shareholders since inception.

During the period ended May 31, 2023, 351,400 Priority Equity shares were sold through an at-the-market equity program ("ATM Program") at an average selling price of \$9.88 per Priority Equity share. Gross proceeds, net proceeds and commissions on the Priority Equity share sales were \$3,470,987, \$3,384,216 and \$86,771, respectively.

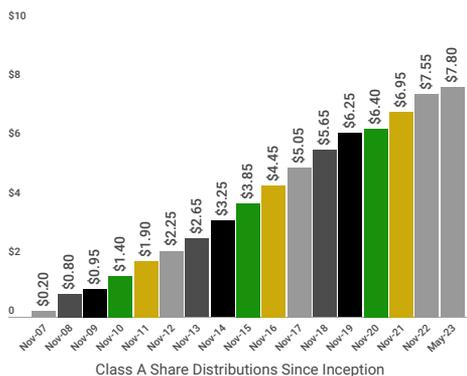
During the period ended May 31, 2023, 392,900 Class A shares were sold through the ATM Program at an average selling price of \$4.65 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were \$1,827,973, \$1,782,274 and \$45,699, respectively.

Net assets of the Company finished the period at \$80.7 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 period amounted to \$0.25 per Class A share.

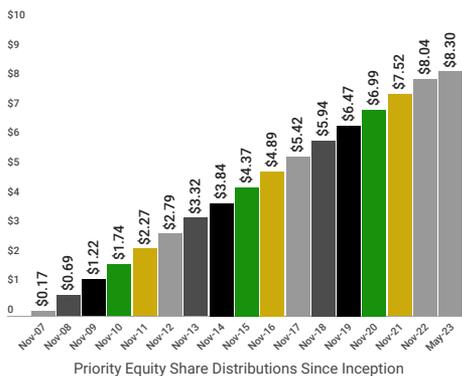


7.80

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 Priority Equity share repayment amount of \$10. Distributions during the period were at the fixed rate for a total of \$0.2625 per Priority Equity share.



8.30

Cumulative total of distributions paid to Priority Equity share since inception

## RECENT DEVELOPMENTS

Financial markets and equity markets have experienced volatility in response to significant macroeconomic factors, including central bank responses to inflation levels and geopolitical events and tensions, including military events in Ukraine and Russia.

In addition, the abrupt closures of certain U.S. regional banks due to liquidity and solvency concerns led to widespread and significant declines in the market prices of financial services companies in the United States and Canada.

The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as these situations evolve.

Effective December 5, 2022, Michael Sharp was appointed to the Independent Review Committee (the "IRC") of the Company following the death of William C. Thornhill, who had served as a dedicated member of the IRC since May 2007.

## RELATED PARTY TRANSACTIONS

Quadravest Capital Management Inc. ("Quadravest") as investment manager and manager earns fees from the Company as described below in the Management Fees section.

## FINANCIAL HIGHLIGHTS

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance for the past five years. This information is derived from the Company's semi-annual financial statements and previous audited annual financial statements. The information in the following table is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net assets per unit.

### The Company's net assets per unit

	May 31, 2023	Years ended November 30				
		2022	2021	2020	2019	2018
Net assets per unit, beginning of the period <sup>(1)</sup>	13.69	14.53	12.10	15.84	15.93	16.55
Increase (decrease) from operations						
Total revenue	0.28	0.53	0.48	0.34	0.59	0.56
Total expenses	(0.07)	(0.15)	(0.16)	(0.15)	(0.20)	(0.21)
Realized gains (losses) for the period	0.26	0.23	(0.12)	(0.40)	0.49	0.37
Unrealized gains (losses) for the period	<u>(1.94)</u>	<u>(0.36)</u>	<u>3.03</u>	<u>(2.71)</u>	<u>0.15</u>	<u>(0.21)</u>
Total increase (decrease) from operations <sup>(2)</sup>	<u>(1.47)</u>	<u>0.25</u>	<u>3.23</u>	<u>(2.92)</u>	<u>1.03</u>	<u>0.51</u>
Distributions <sup>(3)</sup>						
Canadian dividends	<u>(0.51)</u>	<u>(1.13)</u>	<u>(1.08)</u>	<u>(0.68)</u>	<u>(1.13)</u>	<u>(1.13)</u>
Total distributions	<u>(0.51)</u>	<u>(1.13)</u>	<u>(1.08)</u>	<u>(0.68)</u>	<u>(1.13)</u>	<u>(1.13)</u>
Net assets per unit at end of period	11.80	13.69	14.53	12.10	15.84	15.93
Net assets per Priority Equity share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	<u>1.80</u>	<u>3.69</u>	<u>4.53</u>	<u>2.10</u>	<u>5.84</u>	<u>5.93</u>
Net assets per unit at end of period	11.80	13.69	14.53	12.10	15.84	15.93

- (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 period.
- (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 period and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors for all funds (for semi-annual periods ended May 31, it is based on the actual characterization for the most recently completed annual period and will be updated at year end).

## RATIOS AND SUPPLEMENTAL DATA

	May 31, 2023	Γ 2022	Years ended November 30			Γ
		2021	2020	2019	2018	
Net asset value (millions) <sup>(1)</sup>	\$80.7	\$88.9	\$86.3	\$60.0	\$53.6	\$54.0
Number of units outstanding <sup>(2)</sup>	6,842,669	6,491,166	5,941,760	4,954,760	3,386,660	3,386,660
Base Management expense ratio <sup>(3)</sup>	1.05%	1.05%	1.14%	1.11%	1.25%	1.27%
Management expense ratio including secondary offering issue costs <sup>(4)</sup>	1.22%	1.43%	2.01%	3.44%	1.25%	1.27%
Management expense ratio per Class A share <sup>(5)</sup>	22.38%	16.45%	20.88%	40.60%	12.49%	11.22%
Portfolio turnover rate <sup>(6)</sup>	4.27%	4.79%	4.63%	108.2%	0.0%	0.0%
Trading expense ratio <sup>(7)</sup>	0.04%	0.02%	0.03%	0.08%	0.02%	0.01%
Closing market price (TSX): Priority Equity shares	\$9.50	\$9.75	\$10.50	\$10.03	\$10.18	\$10.00
Closing market price (TSX): Class A shares	\$4.15	\$4.60	\$5.01	\$3.00	\$6.29	\$6.18

- (1) This information is provided as at May 31 or November 30.
- (2) At times when there is an unequal number of Class A and Priority Equity shares outstanding, a notional unit amount will be determined based on the net assets attributable to each of the Class A and Priority Equity shares as a proportion of the net asset value of the Company.
- (3) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, distributions on 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 period.
- (4) 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.
- (5) 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 period. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.
- (6) The Company's portfolio turnover rate indicates how actively Quadravest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.
- (7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average net asset value of the Company during the period.

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## MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadrainvest 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, Quadrainvest 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. Effective June 1, 2022, the Company discontinued the payment of the service fee.

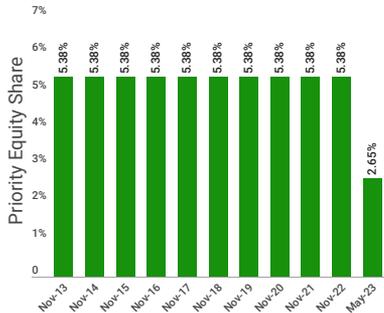
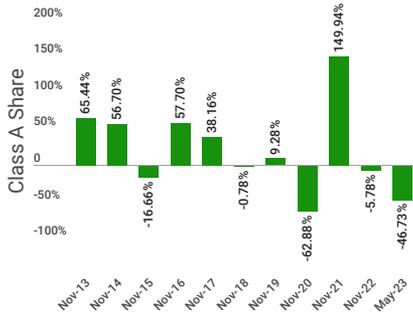
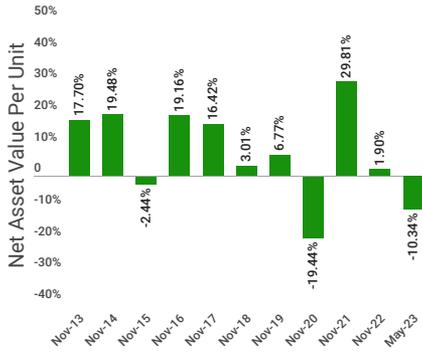
The base management fee was used by Quadrainvest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services 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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**SUMMARY OF INVESTMENT PORTFOLIO**  
All holdings as at May 31, 2023

Name	Weighting (%)
Toronto-Dominion Bank	73.3
Cash	21.6
Other net assets (liabilities)	5.1
	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 interim 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 interim financial statements and the other sections of the semi-annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards, as applicable to the preparation of interim financial statements including International Accounting Standard 34, and may include certain amounts that are based on estimates and judgments. 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 interim financial statements.

**WAYNE FINCH**

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

**SILVIA GOMES**

Chief Financial Officer  
Quadravest Capital Management Inc.