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**DIVIDEND SELECT 15 CORP.**  
**SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

MAY 31, 2017

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This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2017. 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.dividendselect15.com](http://www.dividendselect15.com) or by writing to the Company at Investor Relations, TD Tower North, 77 King Street West, P.O. Box 341, Toronto, Ontario, M5K 1K7.

These reports are available to view and download at [www.dividendselect15.com](http://www.dividendselect15.com) or [www.sedar.com](http://www.sedar.com).

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**INVESTMENT OBJECTIVES AND STRATEGIES**

The Company invests in a portfolio of dividend yielding common shares which will include 15 of the 20 Canadian companies listed below:

Bank of Montreal	Power Corporation of Canada
BCE Inc.	Royal Bank of Canada
Canadian Imperial Bank of Commerce	Sun Life Financial Inc.
CI Financial Corp.	TELUS Corporation
Enbridge Inc.	The Bank of Nova Scotia
EnCana Corporation	The Toronto-Dominion Bank
Great-West Lifeco Inc.	Thomson Reuters Corporation
Husky Energy Inc.	TMX Group Inc.
Loblaw Companies Ltd.	TransAlta Corporation
National Bank of Canada	TransCanada Corporation

The selection of the 15 portfolio companies from among the portfolio universe listed above will be made by the Company's Investment Manager, Quadravest Capital Management Inc. ("Quadravest"), based on its assessment from time to time as to which companies in the portfolio universe have the most stable dividends and attractive growth potential. In order to supplement the dividends received on the portfolio and to reduce risk, the Company will employ an active covered call writing program.

## **Investment Objectives**

The Company's objectives are to provide Equity shareholders with:

- (i) monthly cash distributions, currently targeted to be at a rate of 10% annualized based on the volume weighted average market price of the Equity shares for the last three trading days of the preceding month; and
  - (ii) the opportunity for capital appreciation.
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## **RISK**

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 22, 2017. In addition, note 5 of the semi-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.

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## **RESULTS OF OPERATIONS**

Canadian financial markets extended gains during the six month period ended May 31, 2017.

Canadian markets rallied in tandem with U.S. markets during the November to March period as expectations surrounding the potential impact of stimulative policies of the newly elected U.S. administration had a very positive spillover impact on Canadian stocks. Many of the companies in the portfolio reached multi-year or all-time highs during February or March as longer term interest rates rose significantly as growth and inflation expectations increased during the period. However, increasing uncertainties about the timing and configuration of the new U.S. administration's stimulative policy proposals and a flattening interest rate yield curve in Canada weighed on the market performance of many of the financial services stocks held in the portfolio during the March to May period.

The core portfolio companies 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 this lower interest rate environment.

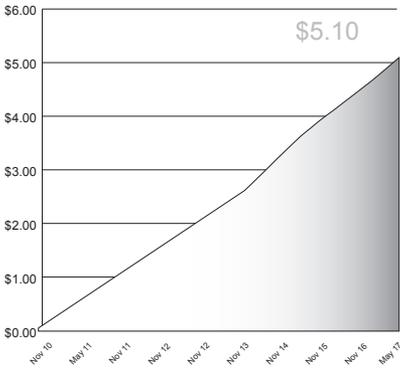
The net assets finished the period at \$8.36 per Equity share as at May 31, 2017, after the payment of \$0.44 in distributions. Total distributions of \$5.10 have been paid since inception.

Net assets of the Company finished the period at \$75.8 million.

### Equity shares - Distributions

Distributions amounted to \$0.44 were paid during the period. Total distributions of \$5.10 have been paid since inception.

### Cumulative Distributions since inception



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### RECENT DEVELOPMENTS

There were no developments during the period.

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### RELATED PARTY TRANSACTIONS

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 Equity share.

### The Company's Net Assets per unit

	May 31, 2017	Periods ended November 30 <sup>(4)</sup>				
		2016	2015	2014	2013	2012
Net assets per Equity share, beginning of period <sup>(1)</sup>	8.69	8.49	9.97	9.74	9.17	8.81
Increase (decrease) from operations						
Total revenue	0.15	0.33	0.34	0.34	0.32	0.35
Total expenses	(0.07)	(0.14)	(0.15)	(0.16)	(0.14)	(0.15)
Realized gains for the period	0.11	0.05	0.25	0.44	0.37	0.41
Unrealized gains (losses) for the period	(0.08)	0.75	(0.98)	0.39	0.72	0.46
Total increase (decrease) from operations <sup>(2)</sup>	<u>0.11</u>	<u>0.99</u>	<u>(0.54)</u>	<u>1.01</u>	<u>1.27</u>	<u>1.07</u>
Distributions <sup>(3)</sup>						
Canadian dividends	(0.41)	(0.05)	(0.98)	(0.35)	(0.24)	(0.11)
Capital gains dividends	(0.03)	(0.76)	-	(0.43)	(0.46)	(0.59)
Total distributions	<u>(0.44)</u>	<u>(0.81)</u>	<u>(0.98)</u>	<u>(0.78)</u>	<u>(0.70)</u>	<u>(0.70)</u>
Net assets per Equity share, end of period	<u>8.36</u>	<u>8.69</u>	<u>8.49</u>	<u>9.97</u>	<u>9.73</u>	<u>9.17</u>

- (1) Net assets per Equity share is the difference between the aggregate amount of the assets of the Company and the aggregate amount of the liabilities of the Company on that date divided by the number of Equity shares then outstanding.
- (2) Total increase (decrease) from operations is calculated based on the weighted average number of Equity shares outstanding during the period.
- (3) Distributions on the Equity shares are based on the number of Equity 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.
- (4) Per unit figures presented for 2014 and onwards are derived from the Company's semi-annual financial statements and audited annual financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Per unit figures presented for periods prior to 2014 were derived from the Company's audited financial statements which were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") as defined in Part V of the CPA Handbook.

## RATIOS AND SUPPLEMENTAL DATA (BASED ON NET ASSET VALUE)

	May 31, 2017	┌ 2016	Periods ended November 30			┐ 2012
			2015	2014	2013	
Net asset value (millions) <sup>(1)</sup>	\$75.8	\$78.8	\$80.3	\$77.3	\$79.4	\$83.2
Number of Equity shares outstanding	9,071,688	9,071,688	9,455,088	7,755,088	8,154,120	9,037,573
Base Management expense ratio <sup>(2)</sup>	1.62%	1.59%	1.63%	1.56%	1.55%	1.61%
Management expense ratio including one time offering expenses <sup>(3)</sup>	1.62%	1.59%	2.72%	1.65%	2.17%	1.61%
Portfolio turnover rate <sup>(4)</sup>	6.92%	2.44%	17.2%	36.80%	98.5%	94.1%
Trading expense ratio <sup>(5)</sup>	0.02%	0.04%	0.03%	0.04%	0.10%	0.11%
Closing market price (TSX):	\$8.50	\$8.63	\$8.62	\$10.33	\$9.51	\$8.84

(1) This information is provided as at May 31 or 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 period and is expressed as an annualized percentage of average net asset value during the period.

(3) Share issue expenses, representing 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 assets per share of such offerings.

(4) The Company's portfolio turnover rate indicates how actively Quadravest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

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

## MANAGEMENT FEES

Pursuant to the Management and Investment Management Agreement, Quadravest is entitled to a management fee at an annual rate equal to 0.75% of the Company's net asset value calculated as at the month-end valuation date, plus an amount equal to the service fee of 0.40% payable to dealers, together with applicable taxes.

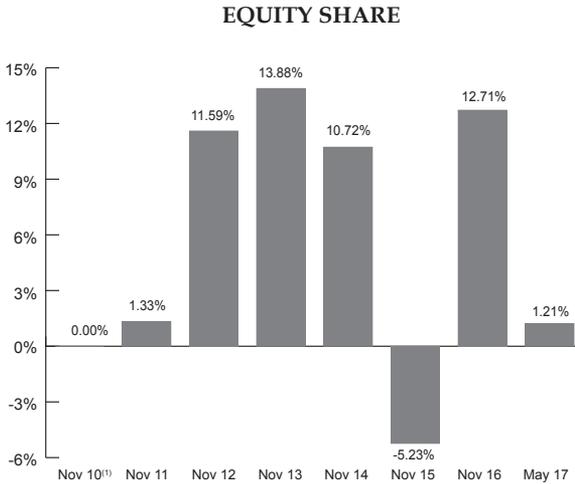
The management fee was used by Quadravest to provide investment analysis, make investment decisions, make brokerage arrangements for the purchase and sale of securities including the covered call writing program and to provide or arrange administrative services required by the Company which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

## PAST PERFORMANCE

### Year-by-Year Returns

The past performance of an Equity share since inception is presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how an Equity 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.



<sup>(1)</sup> Based on initial period from November 18, 2010 to November 30, 2010.

**SUMMARY OF INVESTMENT PORTFOLIO**  
**All holdings as at May 31, 2017**

Name	Weighting (%)
Toronto-Dominion Bank	9.2
Royal Bank of Canada	8.5
Bank of Nova Scotia	8.5
Canadian Imperial Bank of Commerce	8.4
Sun Life Financial Inc.	8.2
TransCanada Corporation	7.2
BCE Inc.	7.1
Enbridge Inc.	6.4
Power Corporation of Canada	5.4
CI Financial Corp.	5.1
National Bank of Canada	4.8
Thomson Reuters Corporation	4.5
Husky Energy Inc.	3.8
Telus Corporation	3.6
TransAlta Corporation	2.2
<b>Total long positions as a percentage of net assets</b>	<b>92.9</b>
Cash	6.8
Other net assets (liabilities)	0.3
	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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**DIVIDEND SELECT 15 CORP.**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Dividend Select 15 Corp. (the "Company") and all the information in this semi-annual report are the responsibility of management and have been approved by the Board of Directors of the Company.

The Company maintains appropriate procedures to ensure that relevant and reliable financial information is produced. 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 financial statements.

The Company's independent auditor has not performed a review of these semi annual financial statements in accordance with standards established by the Chartered Professional Accountants.