



DIVIDEND SELECT 15 CORP.

2018

**SEMI-ANNUAL REPORT
(UNAUDITED)**

Dividend Select

15



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

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

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

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

MAY 31, 2018

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2018. 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 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.dividendselect15.com or www.sedar.com.

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. Equity shares of the Company trade under the symbol "DS" on the TSX.

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.

RISK

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 26, 2018. 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.

RESULTS OF OPERATIONS

The six month period ended May 31, 2018 was characterized by sluggish North American markets, significantly increased volatility levels and continued geopolitical uncertainty. Increases in interest rates by the Bank of Canada and expectations of further interest rate increases, after a prolonged period of low to stable rates, began to act as a headwind for equity markets, spurring valuation declines felt especially in utility stocks. Simultaneously, the yield curve flattened during the period, putting pressure on net interest margins and investment income for banks and life insurance companies. Increased uncertainty around NAFTA negotiations, fears of trade tariffs from its most significant trading partner, the U.S. and concerns over competitiveness emanating from U.S. corporate tax cuts and regulatory reform, have dampened the Canadian economy during the period. Canada's economy grew at its slowest pace in nearly two years in the first quarter amid cooler exports and a weaker housing sector.

Against this backdrop, most of the companies in the portfolio were generally flat to slightly down during the period, although the utility stocks held in the portfolio acted as a much heavier weight on portfolio performance. 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 the current market environment.

The net assets finished the year at \$7.72 per Equity share as at May 31, 2018, after the payment of \$0.43 in distributions. Total distributions of \$5.96 have been paid since inception.

On May 23, 2018 the Company completed a secondary offering of 914,000 Equity shares for net proceeds of \$7.4 million (gross proceeds of \$7.8 million). The issuance of shares was accretive to existing shareholders.

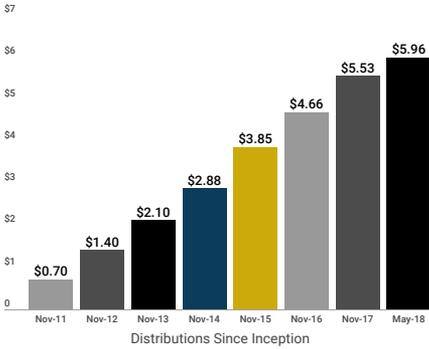
Net assets of the Company finished the period at \$76.3 million.

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

Equity shares - Distributions

Total distributions during the period amounted to \$0.4329.

Cumulative Distributions since inception



5.96

Cumulative total of distributions paid since inception

RECENT DEVELOPMENTS

There were no developments during the period.

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 Equity share

	May 31, 2018	Years ended November 30 ⁽⁴⁾				
		2017	2016	2015	2014	2013
Net assets per Equity share, beginning of period ⁽¹⁾	8.50	8.69	8.49	9.97	9.74	9.17
Increase (decrease) from operations						
Total revenue	0.15	0.31	0.33	0.34	0.34	0.32
Total expenses	(0.07)	(0.15)	(0.14)	(0.15)	(0.16)	(0.14)
Realized gains for the period	0.04	0.21	0.05	0.25	0.44	0.37
Unrealized gains (losses) for the period	(0.47)	0.32	0.75	(0.98)	0.39	0.72
Total increase (decrease) from operations ⁽²⁾	<u>(0.35)</u>	<u>0.69</u>	<u>0.99</u>	<u>(0.54)</u>	<u>1.01</u>	<u>1.27</u>
Distributions ⁽³⁾						
Canadian dividends	(0.33)	(0.21)	(0.05)	(0.98)	(0.35)	(0.24)
Capital gains dividends	(0.10)	(0.66)	(0.76)	-	(0.43)	(0.46)
Total distributions	<u>(0.43)</u>	<u>(0.87)</u>	<u>(0.81)</u>	<u>(0.98)</u>	<u>(0.78)</u>	<u>(0.70)</u>
Net assets per Equity share, end of period	<u>7.72</u>	<u>8.50</u>	<u>8.69</u>	<u>8.49</u>	<u>9.97</u>	<u>9.73</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 share 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 share 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

	May 31, 2018	▮ 2017	Years ended November 30			▮ 2013
			2016	2015	2014	
Net asset value (millions) ⁽¹⁾	\$76.3	\$76.3	\$78.8	\$80.3	\$77.3	\$79.4
Number of Equity shares outstanding	9,883,588	8,969,588	9,071,688	9,455,088	7,755,088	8,154,120
Base Management expense ratio ⁽²⁾	1.63%	1.71%	1.59%	1.63%	1.56%	1.55%
Management expense ratio including one time offering expenses ⁽³⁾	2.20%	1.71%	1.59%	2.72%	1.65%	2.17%
Portfolio turnover rate ⁽⁴⁾	3.13%	13.97%	2.44%	17.2%	36.80%	98.5%
Trading expense ratio ⁽⁵⁾	0.03%	0.04%	0.04%	0.03%	0.04%	0.10%
Closing market price (TSX):	\$8.20	\$8.71	\$8.63	\$8.62	\$10.33	\$9.51

(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

Effective December 1, 2017 and pursuant to a proposal that was passed at the special meeting of holders of Equity shares on October 25, 2017, the management and investment management agreement was amended to lower the annual management fee payable to Quadravest from 0.75% to 0.70% of the net asset value of the Company, calculated as at each month-end valuation date, and to change the fee structure of the Company to pay a single management fee to Quadravest out of which any service fees payable to dealers will be paid. Quadravest will continue to pay the service fee, calculated on the same basis, to each registered dealer whose clients hold Equity shares.

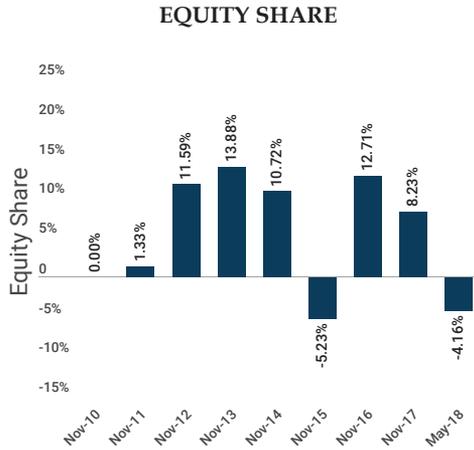
The management fee was used by Quadravest to provide investment analysis, make investment decisions, make brokerage arrangements for the purchase and sale of securities including the covered call writing program and to provide or arrange administrative services required by the Company which includes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



(1) The return for the year ended November 30, 2010 is for the initial period from November 18, 2010 to November 30, 2010.

SUMMARY OF INVESTMENT PORTFOLIO
All holdings as at May 31, 2018

Name	Weighting (%)
Toronto-Dominion Bank	9.8
Royal Bank of Canada	9.5
Canadian Imperial Bank of Commerce	8.6
Sun Life Financial Inc.	8.1
Bank of Nova Scotia	7.9
BCE Inc.	7.7
Enbridge Inc.	7.1
National Bank of Canada	6.2
TransCanada Corporation	6.2
Power Corporation of Canada	5.6
Thomson Reuters Corporation	5.0
TELUS Corporation	4.7
CI Financial Corp.	4.4
Husky Energy Inc.	4.0
TransAlta Corporation	1.6
Total long positions as a percentage of net assets	96.4
Cash	4.7
Other net assets (liabilities)	-1.1
	100.0

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

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.

DIVIDEND SELECT 15 CORP.
STATEMENTS OF FINANCIAL POSITION

AS AT MAY 31, 2018 (UNAUDITED) AND NOVEMBER 30, 2017

	May 31, 2018 (\$)	November 30, 2017 (\$)
ASSETS		
Current Assets		
Investments	73,476,307	72,237,635
Cash	3,578,049	7,152,049
Interest, dividends and other receivables	189,309	153,028
	<u>77,243,665</u>	<u>79,542,712</u>
LIABILITIES		
Current Liabilities		
Written options	19,882	130,293
Fees and other accounts payable	219,947	200,977
Payable in respect of investments purchased	-	1,415,356
Distributions payable	681,177	650,894
Redemptions payable	-	868,253
Class B shares	20	20
	<u>921,026</u>	<u>3,265,793</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE EQUITY SHARES		
	76,322,639	76,276,919
Number of Equity shares	9,883,588	8,969,588
Net assets per Equity share	\$7.72	\$8.50

Approved on behalf of the Board of Directors



WAYNE FINCH
 Chief Executive Officer,
 President and Director



PETER CRUICKSHANK
 Chief Financial Officer
 and Director

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

DIVIDEND SELECT 15 CORP.
STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)

FOR PERIODS ENDED MAY 31 (UNAUDITED)

	2018 (\$)	2017 (\$)
INCOME		
Net gain (loss) on investments and derivatives (note 5)		
Net realized gain (loss)	353,965	1,027,587
Net change in unrealized appreciation (depreciation)	(4,439,355)	(718,015)
Dividends	1,444,968	1,400,735
Interest	6,298	121
Net gain (loss) on investments and derivatives	<u>(2,634,124)</u>	<u>1,710,428</u>
Other gain (loss)		
Realized gain (loss) on currency	265	814
	<u>(2,633,859)</u>	<u>1,711,242</u>
EXPENSES (note 7)		
Management fees	420,643	298,684
Service fee	-	158,468
Audit fees	10,519	9,325
Directors' fees	11,792	11,792
Independent Review Committee fees	1,154	1,154
Custodial fees	24,329	38,275
Legal fees	32,035	16,217
Shareholder reporting costs	10,317	11,597
Other operating expenses	30,802	29,378
Harmonized sales tax	73,982	64,913
Transaction costs	10,172	17,749
	<u>625,745</u>	<u>657,552</u>
Increase (decrease) in net assets attributable to holders of redeemable Equity shares	<u>(3,259,604)</u>	<u>1,053,690</u>
Increase (decrease) in net assets attributable to holders per redeemable Equity shares (note 8)*	(0.35)	0.12

* Based on weighted average number of Equity shares outstanding during the period.

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

DIVIDEND SELECT 15 CORP.
STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE EQUITY SHARES
FOR THE PERIODS ENDED MAY 31 (UNAUDITED)

	2018 (\$)	2017 (\$)
Net Assets attributable to holders of redeemable Equity shares - Beginning of period	76,276,919	78,792,416
Increase (decrease) in net assets attributable to holders of redeemable Equity shares	(3,259,604)	1,053,690
Gross Proceeds from issue of Equity shares	7,814,700	-
Agent fees and issue costs in connection with issuance of Equity shares	(429,809)	-
Net proceeds from issue of Equity shares	<u>7,384,891</u>	<u>-</u>
Distributions on Equity shares		
Canadian dividends	(3,078,117)	(3,767,940)
Capital gains dividends	(1,001,450)	(243,288)
	<u>(4,079,567)</u>	<u>(4,011,228)</u>
Change in net assets attributable to holders of redeemable Equity shares	<u>45,720</u>	<u>(2,957,538)</u>
Net Assets attributable to holders of redeemable Equity shares - End of period	<u>76,322,639</u>	<u>75,834,878</u>

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

DIVIDEND SELECT 15 CORP.**STATEMENTS OF CASH FLOW**

FOR THE PERIODS ENDED MAY 31 (UNAUDITED)

	2018	2017
	(\$)	(\$)
Cash flows from (used in) operating activities		
Increase (decrease) in Net Assets Attributable to holders of redeemable Equity shares	(3,259,604)	1,053,690
Adjustment for:		
Net realized (gain) loss on investments and derivatives	(353,965)	(1,027,587)
Net change in unrealized (appreciation) depreciation of investments and derivatives	4,439,355	718,015
Purchase of investments	(9,074,203)	(5,949,430)
Proceeds from sale of investments	2,224,374	8,777,774
(Increase) decrease in interest, dividends and other receivables	(36,281)	13,692
Increase (decrease) in fees and other accounts payable	(44,483)	(18)
Cash flows from (used in) operating activities	<u>(6,104,807)</u>	<u>3,586,136</u>
Cash flows from (used in) financing activities		
Proceeds from issuance of Equity shares	7,814,700	-
Agent's fees and issue costs in connection with secondary offering	(366,356)	-
Amounts paid on redemption of Equity shares	(868,253)	-
Distributions paid on Equity shares	<u>(4,049,284)</u>	<u>(3,959,792)</u>
Cash flows from (used in) financing activities	2,530,807	(3,959,792)
Net increase (decrease) in cash for the period	(3,574,000)	(373,656)
Cash at beginning of the period	7,152,049	5,543,744
Cash at end of the period	<u>3,578,049</u>	<u>5,170,088</u>
Dividends received*, net of withholding taxes	1,408,687	1,414,427
Interest received*	6,298	121

* Included as part of Cash Flows from Operating Activities.

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

DIVIDEND SELECT 15 CORP.
SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT MAY 31, 2018

No. of shares (contracts)	Description	Average Cost (Premiums received) (\$)	Fair Value (\$)
Core Holdings			
Canadian Common Equities			
77,100	Bank of Nova Scotia	5,568,360	6,032,304
109,300	BCE Inc.	5,278,556	5,903,293
57,900	Canadian Imperial Bank of Commerce	5,586,444	6,554,280
132,700	CI Financial Corp.	3,187,230	3,336,078
133,700	Enbridge Inc.	6,046,025	5,386,773
164,661	Husky Energy Inc.	3,816,058	3,080,807
76,100	National Bank of Canada	3,557,194	4,719,722
140,900	Power Corporation of Canada	3,947,413	4,256,589
74,100	Royal Bank of Canada	5,795,196	7,261,800
115,400	Sun Life Financial Inc.	4,870,276	6,184,286
79,050	TELUS Corporation	3,052,005	3,603,890
75,200	Thomson Reuters Corporation	3,931,622	3,790,832
98,400	Toronto-Dominion Bank	4,330,560	7,448,880
180,700	TransAlta Corporation	2,554,910	1,205,269
86,800	TransCanada Corporation	4,492,647	4,711,504
	Total Core Portfolio Equities (100.0%)	<u>66,014,496</u>	<u>73,476,307</u>

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

DIVIDEND SELECT 15 CORP.
SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT MAY 31, 2018

No. of shares (contracts)	Description	Average Cost (\$) (Premiums received)	Fair Value (\$)
	Call options written (100 shares per contract)		
	Canadian call options written		
(50)	Bank of Nova Scotia @ \$82 June 15, 2018	(1,900)	(69)
(175)	BCE Inc. @ \$55 July 20, 2018	(6,825)	(3,675)
(90)	CI Financial Corp. @ \$26 July 20, 2018	(2,250)	(2,925)
(100)	Canadian Imperial Bank of Commerce @ \$119 July 20, 2018	(3,000)	(1,450)
(150)	Enbridge Inc. @ \$42 June 15, 2018	(10,500)	(1,275)
(75)	Sun Life Financial Inc. @ \$55 June 15, 2018	(1,876)	(1,088)
(50)	Sun Life Financial Inc. @ \$55.50 June 15, 2018	(1,600)	(450)
(75)	Sun Life Financial Inc. @ \$56 June 15, 2018	(4,124)	(375)
(100)	Toronto-Dominion Bank @ \$78 July 20, 2018	(4,800)	(2,800)
(350)	TransAlta Corporation @ \$7 Sept 21, 2018	(5,775)	(5,775)
	Total Canadian call options written (-0.1%)	<u>(42,650)</u>	<u>(19,882)</u>
		<u>65,971,846</u>	<u>73,456,425</u>
	Less adjustments for transaction costs	(45,616)	
	Total Investments (100.0%)	<u>65,926,230</u>	<u>73,456,425</u>

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

DIVIDEND SELECT 15 CORP.

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTH PERIOD ENDED MAY 31, 2018 AND 2017 (UNAUDITED)

1. Incorporation

Dividend Select 15 Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on August 26, 2010 that began investment operations on November 19, 2010. The manager and the investment manager of the Company is Quadravest Capital Management Inc. ("Quadravest" or "Manager"). A special meeting of the holders of the Equity shares of the Company was held on October 25, 2017 at which a proposal was passed that eliminated the termination date of the Company originally scheduled for December 1, 2017. The Company's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests primarily in an actively managed portfolio of common shares of 15 core large capitalization Canadian companies selected from a portfolio universe of 20 companies. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

2. Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2017, which were prepared in accordance with IFRS.

These financial statements were approved by the Board of Directors of the Company on July 18, 2018.

3. Summary of significant accounting policies

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

Investments and financial instruments

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

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

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

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

DIVIDEND SELECT 15 CORP.**NOTES TO THE FINANCIAL STATEMENTS**SIX MONTH PERIOD ENDED MAY 31, 2018 AND 2017 (UNAUDITED)

The Class B shares rank prior to the Equity 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 Equity shares may be retracted monthly or annually. As a result, the shares contain multiple contractual obligations, and therefore, have been presented as financial liabilities at the annual redemption amount.

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

The net asset value of the Company is determined in accordance with requirements of law, including National Instrument 81-106, Investment Fund Continuous Disclosure, and is used to process shareholder transactions. For financial reporting purposes, net assets of the Company is determined as the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities ("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, QuadraVest determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Company's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

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

Cash

Cash consists of cash on hand.

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

DIVIDEND SELECT 15 CORP.**NOTES TO THE FINANCIAL STATEMENTS**SIX MONTH PERIOD ENDED MAY 31, 2018 AND 2017 (UNAUDITED)

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 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 Equity share

Increase (decrease) in net assets attributable to holders per redeemable Equity share is based on the increase or decrease in net assets attributable to holders of redeemable Equity shares divided by the weighted average number of such shares outstanding during the period. 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% (33 1/3% for dividends received on or before December 31, 2015). 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 (\$1 for every \$3 of dividends paid on or before December 31, 2015). Any such tax paid is reported as an amount receivable until recovered through the payment to shareholders of dividends out of net investment income. All tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders, while the Company qualifies as a mutual fund corporation. As a result of the capital gains refund mechanism and Part IV tax refunds, the Company recovers any Canadian income taxes paid in respect of its capital gains and taxable Canadian dividends. As a result, the Company has determined that it is in substance not taxable. Consequently, the tax benefit of capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as deferred income tax assets or liabilities.

The Company has estimated accumulated non capital losses for tax purposes of \$5,662,480 (November 30, 2017-\$6,478,464) that are available to lower taxable income in future years if required.

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4. Critical Accounting Estimates and Judgments

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

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

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

5. Management of Risk of Financial Instruments

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

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at May 31, 2018 and November 30, 2017:

Financial assets and liabilities at fair value as at May 31, 2018

	Level 1	Level 2	Level 3	Total
Equities	\$73,476,307	-	-	\$73,476,307
Options	(\$19,882)	-	-	(\$19,882)
	<u>\$73,456,425</u>	<u>-</u>	<u>-</u>	<u>\$73,456,425</u>

Financial assets and liabilities at fair value as at November 30, 2017

	Level 1	Level 2	Level 3	Total
Equities	\$72,237,635	-	-	\$72,237,635
Options	(\$130,293)	-	-	(\$130,293)
	<u>\$72,107,342</u>	<u>-</u>	<u>-</u>	<u>\$72,107,342</u>

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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 periods ended May 31, 2018 and 2017.

The Company's net gain (loss) on financial instruments that are held for trading and those designated at FVTPL are as follows:*

	May 31, 2018	May 31, 2017
Realized gain (loss) on derivatives held for trading	\$35,379	\$212,411
Realized gain (loss) on investments designated at FVTPL	\$318,586	\$815,176
Net change in unrealized appreciation (depreciation) on investments	(\$4,519,904)	(\$889,447)
Net change in unrealized appreciation (depreciation) on derivatives	\$80,549	\$171,432
Dividends	\$1,444,968	\$1,400,735
Interest	\$6,298	\$121
	<u>(\$2,634,124)</u>	<u>\$1,710,428</u>

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

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

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

Market Price Risk

All securities investments present a risk of loss of capital.

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

Price risk

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

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

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

The Company is exposed to other price risk from its investment in equity securities and written options. As at May 31, 2018, had the prices on the respective stock exchanges for these equity securities increased by 10%, with all other variables held constant, Net Assets of the Company would have increased by \$7,029,000 (November 30, 2017-\$6,226,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%,

DIVIDEND SELECT 15 CORP.**NOTES TO THE FINANCIAL STATEMENTS**SIX MONTH PERIOD ENDED MAY 31, 2018 AND 2017 (UNAUDITED)

with all other variables held constant, Net Assets of the Company would have decreased by \$7,334,000 (November 30, 2017-\$7,089,000).

Interest rate risk

Interest rate risk is the risk that the fair value of interest bearing investments will fluctuate due to changes in market interest rates. The majority of the Company's financial assets are invested in financial assets and liabilities that are non interest bearing. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate insignificant (consistent with previous period).

Currency risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency, will fluctuate due to changes in exchange rates. All portfolio holding and other Net Assets of the Company are denominated in Canadian dollars and therefore there is no currency risk.

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 previous period).

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 Equity shares. The Company receives adequate notice for all redemption requests. The Company's portfolio is invested in highly liquid large capitalization stocks that trade on the TSX. All Equity shares outstanding are redeemable on a monthly and annual basis. All other financial liabilities are payable within three months the end of the period.

Concentration risk

An individual portfolio holding may represent no more than 10% of the net asset value of the Company at the time of purchase.

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

	May 31, 2018	November 30, 2017
Canadian Common Equities	96.3%	94.7%
Call Options written	0.0%	-0.2%
Other Assets less Liabilities	3.7%	5.5%
	<u>100%</u>	<u>100%</u>

DIVIDEND SELECT 15 CORP.

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTH PERIOD ENDED MAY 31, 2018 AND 2017 (UNAUDITED)

6. Redeemable Equity Shares

Equity and Class B shares

The Company is authorized to issue an unlimited number of Equity shares and 1,000 Class B shares

<u>Equity share transactions</u>	May 31, 2018	May 31, 2017
Beginning of period	8,969,588	9,071,688
Issued during the period	914,000	-
Redeemed during the period	-	-
End of period	<u>9,883,588</u>	<u>9,071,688</u>

Equity shares were originally issued at \$10 per share. Equity shares currently have a distribution policy in which the monthly dividend payable on the Equity shares is determined by applying a 10% annualized rate on the volume weighted average market price (VWAP) of the Equity shares over the last 3 trading days of the preceding month. A special meeting of the holders of the Equity shares of the Company was held on October 25, 2017 at which a proposal was passed that eliminated the termination date of the Company originally scheduled for December 1, 2017. Holders of Equity shares were provided with a special retraction right (the 2017 Special Retraction Right) which provided the right to retract Equity shares at retraction price of the net asset value per Equity share on November 30, 2017. 102,100 shares were retracted pursuant to the 2017 Special Retraction Right. Equity shares trade under the symbol "DS" on the TSX. Equity shares trading price on the TSX was \$8.20 as at May 31, 2018 (November 30, 2017-\$8.71)

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 retract an Equity share in the month of March in each year will be entitled to receive an amount equal to the net asset value per Equity share calculated on the last day of March. 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 Equity 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 Company issued 914,000 Equity shares at \$8.55 per share pursuant to a secondary offering that was completed on March 21, 2018. Gross proceeds of \$7,814,700 were received from the sale of Equity shares. Agent's fees and filing fees were \$429,809 in connection with this offering. Net proceeds from the issue of Equity shares from this offering were \$7,384,891.

On September 17, 2010, the Company issued 1,000 Class B shares for \$20 to Dividend Select 15 Holding Trust.

7. Expenses

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

Effective December 1, 2017 and pursuant to a proposal that was passed at the special meeting of holders of Equity shares on October 25, 2017, the management and investment management agreement was amended to lower the annual management fee payable to Quadravest from 0.75% to 0.70% of the net asset value of the Company, calculated as at each month-end valuation date, and to change the fee structure of the Company to pay a single management fee to Quadravest out of which any service fees payable to dealers will be paid. Quadravest will continue to pay the service fee, calculated on the same basis, to each registered dealer whose clients hold Equity shares.

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Total management fees of \$420,643 were incurred during the period (May 31, 2017-\$298,684). As at May 31, 2018, \$66,747 (November 30, 2017-\$41,069) was payable to Quadravest with respect to management and administrative fees.

The brokerage commissions paid during the period by the Company for its portfolio transactions were \$10,172 (May 31, 2017-\$17,749).

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

The increase in net assets attributable to holders per redeemable Equity share for the periods ended May 31, 2018 and 2017 is calculated as follows:

	2018	2017
Increase (decrease) in net assets attributable to holders of Equity shares	(\$3,259,604)	\$1,053,690
Weighted average shares outstanding	9,426,588	9,071,688
Increase (decrease) in net assets attributable to holders per redeemable Equity share	(\$0.35)	\$0.12

9. Distributions

Equity shares	May 31, 2018 \$0.4329	May 31, 2017 \$0.4422
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10. Capital Management

The Company considers its capital to consist of its Equity shares and Class B shares. The Company's current objectives in managing its capital are to provide a steady stream of monthly dividends and the opportunity for capital appreciation.

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

11. Accounting Standards, Interpretations and Amendments to Existing Standards Not Yet Effective

IFRS 9, Financial Instruments, addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after January 1, 2018.

Classification and measurement of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. Derivative and equity instruments are measured at fair value through profit or loss, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. A debt instrument is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under instrument solely represent payments of principal and interest (SPPI). A debt instrument is measure at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows SPPI and to sell. All other debt instruments must be recognized at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a

DIVIDEND SELECT 15 CORP.**NOTES TO THE FINANCIAL STATEMENTS****SIX MONTH PERIOD ENDED MAY 31, 2018 AND 2017 (UNAUDITED)**

measurement or recognition inconsistency. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of IFRS 9 the Company's investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortized cost with no material impact expected from application of the new impairment model. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Company's financial statements.

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

As at May 31, 2018 and November 30, 2017, there were no differences between net asset value per Equity share used for transactional purposes and assets attributable to holders per redeemable Equity share for financial reporting purposes.

QUADRAVEST CAPITAL MANAGEMENT INC.

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

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

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

BOARD OF DIRECTORS

Wayne Finch,
Chairman and
Chief Investment Officer,
Quadravest Capital Management Inc.

Peter Cruickshank,
Managing Director and
Chief Financial Officer,
Quadravest Capital Management Inc.

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

William Thornhill,
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William C. Thornhill Consulting Inc.

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