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

**MAY 31, 2018**

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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](http://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](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. 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.
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## 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.

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## 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.

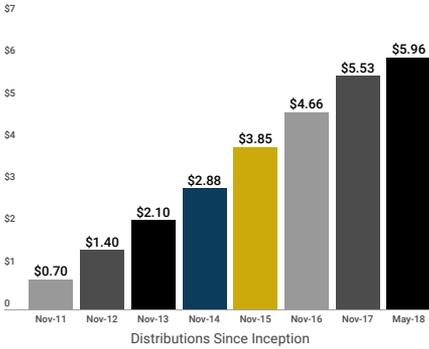
Net assets of the Company finished the period at \$76.3 million.

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

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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 Equity share

	May 31, 2018	Years ended November 30 <sup>(4)</sup>				
		2017	2016	2015	2014	2013
Net assets per Equity share, beginning of period <sup>(1)</sup>	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 <sup>(2)</sup>	<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 <sup>(3)</sup>						
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) <sup>(1)</sup>	\$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 <sup>(2)</sup>	1.63%	1.71%	1.59%	1.63%	1.56%	1.55%
Management expense ratio including one time offering expenses <sup>(3)</sup>	2.20%	1.71%	1.59%	2.72%	1.65%	2.17%
Portfolio turnover rate <sup>(4)</sup>	3.13%	13.97%	2.44%	17.2%	36.80%	98.5%
Trading expense ratio <sup>(5)</sup>	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.

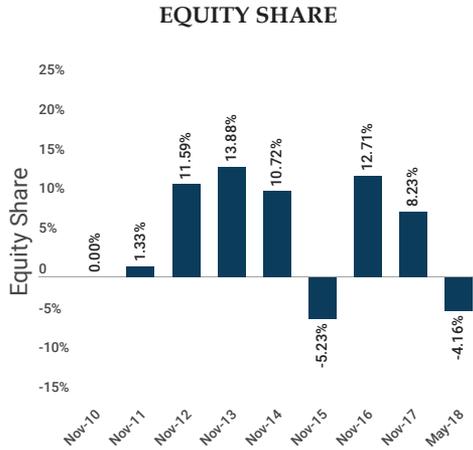
The management fee was used by Quadravest to provide investment analysis, make investment decisions, make brokerage arrangements for the purchase and sale of securities including the covered call writing program and to provide or arrange administrative services required by the Company which includes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

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

<b>Name</b>	<b>Weighting (%)</b>
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
<b>Total long positions as a percentage of net assets</b>	<b>96.4</b>
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.