



Independent auditor's report

To the Shareholders of Dividend Select 15 Corp. (the Company)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as published by the International Accounting Standards Board (IFRS).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at November 30, 2019 and 2018;
- the statements of comprehensive income/(loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable equity shares for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of the Company. The other information comprises the Annual Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the annual report.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joseph Pinizzotto.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 19, 2020

DIVIDEND SELECT 15 CORP.
STATEMENTS OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2019 AND NOVEMBER 30, 2018

	November 30, 2019 (\$)	November 30, 2018 (\$)
ASSETS		
Current Assets		
Investments	54,684,726	68,984,436
Cash	3,557,976	4,275,175
Interest, dividends and other receivables	150,242	379,271
Receivable in respect of investments sold	<u>279,300</u>	<u>-</u>
	<u>58,672,244</u>	<u>73,638,882</u>
LIABILITIES		
Current Liabilities		
Written options	50,238	193,194
Fees and other accounts payable	90,770	110,186
Payable in respect of investments purchased	-	43,539
Distributions payable	464,198	581,451
Class B shares	<u>20</u>	<u>20</u>
	<u>605,226</u>	<u>928,390</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE EQUITY SHARES		
	58,067,018	72,710,492
Number of Equity shares	7,631,077	9,883,588
Net assets per Equity share	\$7.61	\$7.36

Approved on behalf of the Board of Directors



WAYNE FINCH

Director



PETER CRUICKSHANK

Director

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

DIVIDEND SELECT 15 CORP.
STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)
FOR YEARS ENDED NOVEMBER 30

	2019 (\$)	2018 (\$)
INCOME		
Net gain (loss) on investments and derivatives (note 5)		
Net realized gain (loss)	3,673,451	1,016,137
Net change in unrealized appreciation (depreciation)	2,797,479	(5,863,391)
Dividends	2,623,844	3,020,774
Interest for distribution purposes	30,314	14,772
Net gain (loss) on investments and derivatives	9,125,088	(1,811,708)
Other gain (loss)		
Realized gain (loss) on currency	20,159	600
	<u>9,145,247</u>	<u>(1,811,108)</u>
EXPENSES (note 7)		
Management fees	680,592	850,510
Audit fees	19,563	25,899
Director's fees	23,583	23,583
Independent Review Committee fees	4,268	4,268
Custodial fees	57,260	54,777
Legal fees	21,937	32,035
Shareholder reporting costs	13,928	16,112
Other operating expenses	45,696	(17,575)
Harmonized sales tax	97,029	119,347
Transaction costs	26,178	21,379
	<u>990,034</u>	<u>1,130,335</u>
Increase (decrease) in net assets attributable to holders of redeemable Equity shares	8,155,213	(2,941,443)
Increase (decrease) in net assets attributable to holders per redeemable Equity share (note 8)	0.97	(0.30)

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 YEARS ENDED NOVEMBER 30

	2019 (\$)	2018 (\$)
Net Assets attributable to holders of redeemable Equity shares - Beginning of year	72,710,492	76,276,919
Increase (decrease) in net assets attributable to holders of redeemable Equity shares	8,155,213	(2,941,443)
Gross proceeds from issue of Equity shares	-	7,814,700
Agent fees in connection with issuance of Equity shares	-	(429,809)
Net proceeds from issue of Equity shares	<u>-</u>	<u>7,384,891</u>
Equity share redemptions	(16,758,682)	-
Distributions on Equity shares		
Canadian dividends	(2,424,246)	(7,039,545)
Capital gains dividends	<u>(3,615,759)</u>	<u>(970,330)</u>
	<u>(6,040,005)</u>	<u>(8,009,875)</u>
Change in net assets attributable to holders of redeemable Equity shares	<u>(14,643,474)</u>	<u>(3,566,427)</u>
Net Assets attributable to holders of redeemable Equity shares - End of year	<u>58,067,018</u>	<u>72,710,492</u>

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

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

FOR THE YEARS ENDED NOVEMBER 30

	2019	2018
	(\$)	(\$)
Cash flows from (used in) operating activities		
Increase (decrease) in Net Assets Attributable to holders of Redeemable Equity shares	8,155,213	(2,941,443)
Adjustment for:		
Net realized (gain) loss on investments and derivatives	(3,673,451)	(1,016,137)
Net change in unrealized (appreciation) depreciation of investments and derivatives	(2,797,479)	5,863,391
Purchase of investments, net of option premiums	(104,629)	(8,522,577)
Proceeds from sale of investments	20,409,474	5,619,606
(Increase) decrease in interest, dividends and other receivables	229,029	(226,243)
Increase (decrease) in fees and other accounts payable	(19,416)	(90,791)
Cash flows from (used in) operating activities	<u>22,198,741</u>	<u>(1,314,194)</u>
Cash flows from (used in) financing activities		
Proceeds from issuance of Equity shares	-	7,814,700
Agent fees and issue costs in connection with Equity shares offering	-	(429,809)
Amounts paid on redemption of Equity shares	(16,758,682)	(868,253)
Distributions paid on Equity shares	(6,157,258)	(8,079,318)
Cash flows from (used in) financing activities	<u>(22,915,940)</u>	<u>(1,562,680)</u>
Net increase (decrease) in cash for the year	(717,199)	(2,876,874)
Cash at beginning of the year	4,275,175	7,152,049
Cash at end of the year	<u>3,557,976</u>	<u>4,275,175</u>
Dividends received*	2,852,873	2,794,531
Interest received*	30,314	14,772

* 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 NOVEMBER 30, 2019

No. of shares (contracts)	Description	Average Cost (Premiums received) (\$)	Fair Value (\$)
	Core Holdings		
	Canadian Common Equities		
55,500	Bank of Nova Scotia	4,008,352	4,159,170
67,900	BCE Inc.	3,279,176	4,341,526
41,000	Canadian Imperial Bank of Commerce	3,955,858	4,733,860
104,800	CI Financial Corp.	2,517,119	2,192,416
93,700	Enbridge Inc.	4,237,192	4,713,110
164,661	Husky Energy Inc.	3,816,058	1,592,272
65,700	National Bank of Canada	3,071,060	4,674,555
97,100	Power Corporation of Canada	2,720,325	3,130,504
36,500	Royal Bank of Canada	2,854,584	3,968,645
59,000	Sun Life Financial Inc.	2,490,002	3,575,990
78,100	TC Energy Corp.	4,044,248	5,248,320
59,050	TELUS Corporation	2,279,834	2,961,358
44,774	Thomson Reuters Corporation	2,287,504	4,158,609
52,000	Toronto-Dominion Bank	2,288,508	3,982,680
139,700	TransAlta Corporation	1,975,212	1,251,711
	Total Core Portfolio Equities (100.1%)	45,825,032	54,684,726

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

DIVIDEND SELECT 15 CORP.
SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT NOVEMBER 30, 2019

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 @ \$76 January 2020	(2,100)	(1,825)
(50)	BCE Inc. @ \$65 December 2019	(1,450)	(850)
(75)	Canadian Imperial Bank of Commerce @ \$115 December 2019	(6,150)	(12,150)
(150)	Enbridge Inc. @ \$52 December 2019	(3,300)	(975)
(150)	Enbridge Inc. @ \$52 January 2020	(5,850)	(3,150)
(100)	National Bank of Canada @ \$70 December 2019	(8,000)	(14,600)
(125)	Royal Bank of Canada @ \$110 December 2019	(8,825)	(5,875)
(75)	Sun Life Financial Inc. @ \$62 January 2020	(4,276)	(3,113)
(200)	TC Energy Corporation @ \$70 December 2019	(11,400)	(2,600)
(100)	TELUS Corporation @ \$51 December 2019	(1,600)	(600)
(100)	Toronto-Dominion Bank @ \$78 January 2020	(5,500)	(4,500)
Total Canadian call options written (-0.1%)		<u>(58,451)</u>	<u>(50,238)</u>
		<u>45,766,581</u>	<u>54,634,488</u>
Less adjustments for transaction costs (note 2)		(28,859)	
Total Investments (100.0%)		<u>45,737,722</u>	<u>54,634,488</u>

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

DIVIDEND SELECT 15 CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018

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”). 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 published by the International Accounting Standards Board (“IASB”). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVTPL”).

These financial statements were approved by the Board of Directors of the Company on February 19, 2020.

3. Summary of significant accounting policies

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

Transition to IFRS 9, Financial Instruments

Effective December 1, 2018, the Company retrospectively adopted IFRS 9, Financial Instruments (“IFRS 9”). The new standard requires financial instruments to be either carried at amortized cost or at fair value with changes in fair value recognized in profit and loss (“FVTPL”) or in other comprehensive income (“FVOCI”), based on the Company’s business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. Upon transition to IFRS 9, the Company’s financial assets and financial liabilities previously designated at FVTPL at inception or classified as held for trading under IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”) continue to be classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for the Company’s financial assets and financial liabilities upon transition to IFRS 9.

Investments and financial instruments

The Company classifies its investments, including derivatives, based on both the Company’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as FVOCI. Consequently, all investments, including derivatives are measured at FVTPL.

The Company’s obligations for net assets attributable to holders of redeemable Equity shares are presented at the annual redemption amount, which approximates their fair value. All other financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost, which approximates fair value.

DIVIDEND SELECT 15 CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018

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

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

The 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.

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.

DIVIDEND SELECT 15 CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018

Cash

Cash is comprised of demand deposits with a financial institution.

Translation of foreign currencies

The Company's functional and presentation currency is Canadian dollars. The fair value of investments and other assets and liabilities in foreign currencies are translated into the Company's functional currency at the rates of exchange prevailing at each measurement date. Purchases and sales of investments, income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions.

Management fees and administration fees

Management fees and administration 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 year. Refer to note 8 for the calculation.

Taxation

The Company qualifies as a mutual fund corporation under the Income Tax Act (Canada) (the "Tax Act") and it is subject to income tax in each taxation year on the amount of its net income for the taxation year, including net realized taxable capital gains, if any, at the rate applicable to mutual fund corporations. The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that taxes payable on net realized capital gains are refundable on a formula basis when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to its shareholders.

Interest and foreign income are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes.

All of the Company's expenses including management fees, administration fees and operating expenses will be taken into account in determining its overall tax liability.

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a Part IV tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its shareholders on a basis of \$1.15 for every \$3 of dividends paid. Any 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

DIVIDEND SELECT 15 CORP.
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED **NOVEMBER 30, 2019** AND **2018**

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 \$6,030,562 (November 30, 2018-\$3,399,791) that are available to lower taxable income in future years if required.

4. Critical Accounting Estimates and Judgments

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

5. Management of Risk of Financial Instruments

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

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2019 and November 30, 2018:

	Financial assets and liabilities at fair value as at November 30, 2019			
	Level 1	Level 2	Level 3	Total
Equities	\$54,684,726	-	-	\$54,684,726
Options	(\$50,238)	-	-	(\$50,238)
	<u>\$54,634,488</u>	-	-	<u>\$54,634,488</u>

	Financial assets and liabilities at fair value as at November 30, 2018			
	Level 1	Level 2	Level 3	Total
Equities	\$68,984,436	-	-	\$68,984,436
Options	(\$193,194)	-	-	(\$193,194)
	<u>\$68,791,242</u>	-	-	<u>\$68,791,242</u>

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the years ended November 30, 2019 and 2018.

DIVIDEND SELECT 15 CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018

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 November 30, 2019, 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 \$4,902,000 (November 30, 2018-\$6,065,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, Net Assets of the Company would have decreased by \$5,426,000 (November 30, 2018-\$6,713,000).

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.

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

DIVIDEND SELECT 15 CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2019 AND 2018

using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. Credit risk of cash is considered low as it is held at a AA-rated Canadian bank (consistent with prior year).

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company is exposed to liquidity risk primarily through its monthly and annual retractions of 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 year.

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:

	November 30 2019	November 30, 2018
Canadian Common Equities	94.4%	94.9%
Call Options written	-0.1%	-0.3%
Other Assets less Liabilities	5.7%	5.4%
	<u>100%</u>	<u>100%</u>

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>	November 30, 2019	November 30, 2018
Beginning of year	9,883,588	8,969,588
Issued during the year	-	914,000
Redeemed during the year	(2,252,511)	-
End of year	<u>7,631,077</u>	<u>9,883,588</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. Equity shares trade under the symbol "DS" on the TSX. Equity shares trading price on the TSX was \$7.43 as at November 30, 2019 (November 30, 2018-\$7.08).

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

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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.

Pursuant to the management and investment management agreement, QuadraVest is entitled to a management fee at an annual rate equal to 1.10% of the Company's net asset value calculated as at the month-end valuation date, out of which a service fee of 0.40% will be paid by QuadraVest to dealers.

Total management fees of \$680,592 were incurred during the year (November 30, 2018-\$850,510). As at November 30, 2019, \$50,200 (November 30, 2018-\$70,951) was payable to QuadraVest with respect to management and administrative fees.

The brokerage commissions paid during the year by the Company for its portfolio transactions were \$26,178 (November 30, 2018-\$21,379).

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 years ended November 30, 2019 and 2018 is calculated as follows:

	2019	2018
Increase (decrease) in net assets attributable to holders of Equity shares	\$8,155,213	(\$2,941,443)
Weighted average shares outstanding	8,381,914	9,655,088
Increase (decrease) in net assets attributable to holders per redeemable Equity share	\$0.97	(\$0.30)

9. Distributions

	November 30, 2019	November 30, 2018
Equity shares	\$0.7220	\$0.8306

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.

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

As at November 30, 2019 and November 30, 2018, there were no differences between net asset value per Equity share used for transactional purposes and net assets attributable to holders per redeemable Equity share for financial reporting purposes.