



**DIVIDEND SELECT 15 CORP.**

**2024**

**SEMI-ANNUAL REPORT  
(UNAUDITED)**

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**Dividend Select**

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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.

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**DIVIDEND SELECT 15 CORP.**  
**SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**  
**MAY 31, 2024**

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This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2024. 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.sedarplus.com](http://www.sedarplus.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                   | Royal Bank of Canada        |
| BCE Inc.                           | Sun Life Financial Inc.     |
| Canadian Imperial Bank of Commerce | TC Energy Corp.             |
| Cenovus Energy Inc.                | TELUS Corporation           |
| CI Financial Corp.                 | The Bank of Nova Scotia     |
| Enbridge Inc.                      | The Toronto-Dominion Bank   |
| Great-West Lifeco Inc.             | Thomson Reuters Corporation |
| Loblaw Companies Ltd.              | TMX Group Inc.              |
| National Bank of Canada            | TransAlta Corporation       |
| Ovintiv Inc.                       |                             |
| Power Corporation of Canada        |                             |

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

## **Investment Objectives**

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

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

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2024. In addition, note 5 of the financial statements ("Management of Risk of Financial Instruments") contains disclosure on specific types of risks related to the financial investments held by the Company.

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## **RESULTS OF OPERATIONS**

North American equity markets gained during the six month period ended May 31, 2024. In Canada, these gains were a result of higher commodity prices and lower inflation. Lower inflation levels supported market sentiment that interest rate cuts were imminent, which boosted equity markets. The Bank of Canada maintained its policy rates unchanged during the period waiting for more data to confirm low inflation readings before starting rate cuts. During the period, the Canadian economy continued to moderate, with unemployment rising and wage growth slowing. Though the spread between the 10-year and 2-year treasury yield continued to narrow, the yield curve continued to be inverted during the period, with shorter term maturities yielding more than longer-term maturities, which generally adversely impacts the earnings potential of financial services companies and creates headwinds for business investments.

Overall, the companies held in the portfolio appreciated during the period.

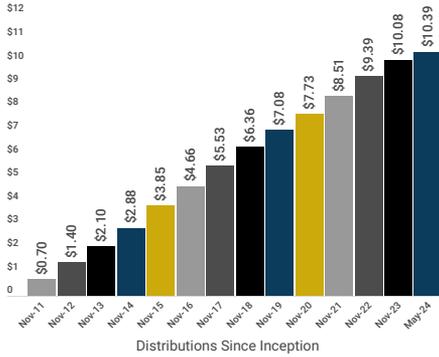
The net assets per unit finished the period at \$6.43 per Equity share as at May 31, 2024, after the payment of \$0.31 in distributions. Total distributions of \$10.39 have been paid since inception.

Net assets of the Company finished the period at \$49.5 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 \$0.3112.



10.39

Cumulative total of distributions paid since inception

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## RECENT DEVELOPMENTS

Financial markets and equity markets have experienced volatility in response to significant macroeconomic factors, including central bank responses to inflation levels and geopolitical events and tensions, including military events. The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as these situations evolve.

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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, 2024  | Years ended November 30 |               |               |               |               |
|---|---------------|-------------------------|---------------|---------------|---------------|---------------|
|   |               | 2023                    | 2022          | 2021          | 2020          | 2019          |
| Net assets per Equity share, beginning of period <sup>(1)</sup> | 6.27          | 7.10                    | 7.58          | 6.50          | 7.61          | 7.36          |
| Increase (decrease) from operations                             |               |                         |               |               |               |               |
| Total revenue   | 0.16          | 0.30                    | 0.28          | 0.28          | 0.31          | 0.32          |
| Total expenses  | (0.08)        | (0.11)                  | (0.13)        | (0.13)        | (0.12)        | (0.12)        |
| Realized gains for the period                                   | 0.12          | 0.09                    | 0.05          | -             | 0.22          | 0.44          |
| Unrealized gains (losses) for the period                        | 0.27          | (0.43)                  | (0.11)        | 1.72          | (1.10)        | 0.33          |
| Total increase (decrease) from operations <sup>(2)</sup>        | <u>0.47</u>   | <u>(0.15)</u>           | <u>0.09</u>   | <u>1.87</u>   | <u>(0.69)</u> | <u>0.97</u>   |
| Distributions <sup>(3)</sup>                                    |               |                         |               |               |               |               |
| Canadian dividends  | (0.27)        | (0.61)                  | (0.83)        | (0.78)        | (0.44)        | (0.29)        |
| Capital gains dividends   | <u>(0.04)</u> | <u>(0.08)</u>           | <u>(0.05)</u> | -             | <u>(0.21)</u> | <u>(0.43)</u> |
| Total distributions   | <u>(0.31)</u> | <u>(0.69)</u>           | <u>(0.88)</u> | <u>(0.78)</u> | <u>(0.65)</u> | <u>(0.72)</u> |
| Net assets per Equity share, end of period                      | 6.43          | 6.27                    | 7.10          | 7.58          | 6.50          | 7.61          |

- (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 (for semi-annual periods ended May 31, it is based on the actual characterization for the most recently completed annual period and will be updated at year end).

## RATIOS AND SUPPLEMENTAL DATA

|  | May 31, 2024 | ▮<br>2023 | Years ended November 30 |           |           | ▮         |
|--|--------------|-----------|-------------------------|-----------|-----------|-----------|
|  |              |           | 2022                    | 2021      | 2020      | 2019      |
| Net asset value (millions) <sup>(1)</sup>                                    | \$49.5       | \$53.2    | \$58.5                  | \$45.7    | \$40.8    | \$58.1    |
| Number of Equity shares outstanding  | 7,706,238    | 8,480,141 | 8,230,741               | 6,031,341 | 6,276,241 | 7,631,077 |
| Base Management expense ratio <sup>(2)</sup>                                 | 2.34%        | 1.69%     | 1.70%                   | 1.75%     | 1.75%     | 1.56%     |
| Management expense ratio including one time offering expenses <sup>(3)</sup> | 2.34%        | 1.81%     | 2.87%                   | 1.75%     | 1.75%     | 1.56%     |
| Portfolio turnover rate <sup>(4)</sup>                                       | 1.88%        | 1.00%     | 7.90%                   | 6.70%     | 5.32%     | 0.00%     |
| Trading expense ratio <sup>(5)</sup>   | 0.06%        | 0.05%     | 0.07%                   | 0.09%     | 0.09%     | 0.04%     |
| Closing market price (TSX):  | \$6.18       | \$6.06    | \$7.76                  | \$9.90    | \$6.45    | \$7.43    |

(1) This information is provided as at May 31 or November 30.

(2) A separate base management expense ratio per Equity share has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per Equity share is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the period.

(3) Share issue expenses including all agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per 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 the average net asset value of the Company during the period.

## MANAGEMENT FEES

Pursuant to the management and investment management agreement, Quadravest is entitled to a management fee at an annual rate equal to 1.10% of the Company's net asset value calculated as at the month-end valuation date.

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.

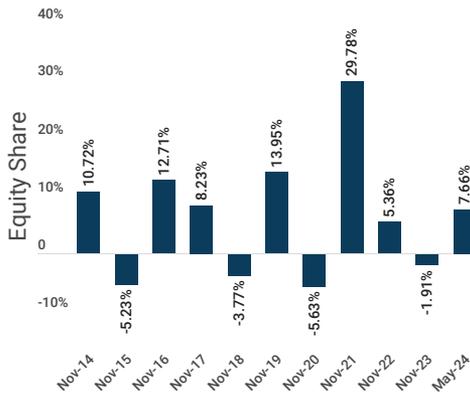
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## PAST PERFORMANCE

### Year-by-Year Returns

The past performance of an Equity share for each of the last ten years 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.



**SUMMARY OF INVESTMENT PORTFOLIO**  
**All holdings as at May 31, 2024**

| Name  | Weighting (%) |
|---|---------------|
| Enbridge Inc.   | 9.7           |
| Thomson Reuters Corporation                               | 9.5           |
| National Bank of Canada                                   | 9.0           |
| Royal Bank of Canada                                      | 9.0           |
| Sun Life Financial Inc.                                   | 7.8           |
| Cenovus Energy  | 7.4           |
| Toronto-Dominion Bank                                     | 6.9           |
| Canadian Imperial Bank of Commerce                        | 6.8           |
| Power Corporation of Canada                               | 5.6           |
| TELUS Corporation   | 5.5           |
| TC Energy Corp.   | 5.0           |
| Bank of Nova Scotia                                       | 4.8           |
| BCE Inc.  | 4.7           |
| TransAlta Corporation                                     | 3.2           |
| CI Financial Corp.  | 2.5           |
| Cenovus Energy - warrants                                 | 0.4           |
| <b>Total long positions as a percentage of net assets</b> | <b>97.8</b>   |
| Cash  | 3.0           |
| Other net assets (liabilities)                            | -0.8          |
|   | 100.0         |

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

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**DIVIDEND SELECT 15 CORP.**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The interim financial statements of Dividend Select 15 Corp. (the "Company") have been prepared by Quadravest Capital Management Inc. (the "Manager" of the Company) and approved by the Board of Directors of the Company. The Manager is responsible for the information and representations contained in these interim financial statements and the other sections of the semi-annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards, as applicable to the preparation of interim financial statements including International Accounting Standard 34, and may include certain amounts that are based on estimates and judgments. The material accounting policy information applicable to the Company is described in note 3 to the financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these interim financial statements.



**WAYNE FINCH**

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



**SILVIA GOMES**

Chief Financial Officer  
Quadravest Capital Management Inc.

**DIVIDEND SELECT 15 CORP.**  
**STATEMENTS OF FINANCIAL POSITION**

AS AT MAY 31, 2024 (UNAUDITED) AND NOVEMBER 30, 2023

|   | May 31,<br>2024<br>(\$) | November 30,<br>2023<br>(\$) |
|---|-------------------------|------------------------------|
| <b>ASSETS</b>   |                         |                              |
| Investments   | 48,494,893              | 48,163,621                   |
| Cash  | 1,466,283               | 5,513,361                    |
| Interest, dividends and other receivables                                 | 165,157                 | 174,050                      |
|   | <u>50,126,333</u>       | <u>53,851,032</u>            |
| <b>LIABILITIES</b>  |                         |                              |
| Current Liabilities   |                         |                              |
| Written options   | 106,468                 | 184,425                      |
| Fees and other accounts payable   | 82,993                  | 94,709                       |
| Distributions payable   | 398,798                 | 401,365                      |
| Class B shares  | 20                      | 20                           |
|   | <u>588,279</u>          | <u>680,519</u>               |
| <b>NET ASSETS ATTRIBUTABLE TO HOLDERS<br/>OF REDEEMABLE EQUITY SHARES</b> |                         |                              |
|   | <b>49,538,054</b>       | <b>53,170,513</b>            |
| Number of Equity shares (note 6)  | 7,706,238               | 8,480,141                    |
| Net assets per Equity share   | \$6.43                  | \$6.27                       |

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 THE SIX MONTH PERIODS ENDED MAY 31 (UNAUDITED)

|  | 2024<br>(\$)     | 2023<br>(\$)       |
|--|------------------|--------------------|
| <b>INCOME</b>  |                  |                    |
| <b>Net gain (loss) on investments and derivatives</b>  |                  |                    |
| Net realized gain (loss)   | 993,192          | 61,394             |
| Net change in unrealized appreciation/depreciation   | 2,284,643        | (2,998,640)        |
| Dividends  | 1,224,952        | 1,155,829          |
| Interest for distribution purposes   | 66,091           | 91,401             |
| <b>Net gain (loss) on investments and derivatives</b>  | <b>4,568,878</b> | <b>(1,690,016)</b> |
| <b>EXPENSES (note 7)</b>   |                  |                    |
| Management fees  | 292,246          | 319,956            |
| Audit fees   | 14,767           | 13,949             |
| Directors' fees  | 7,167            | 7,167              |
| Independent Review Committee fees  | 1,154            | 950                |
| Custodial fees   | 39,630           | 42,062             |
| Legal fees   | 26,599           | 28,412             |
| Shareholder reporting costs  | 17,444           | 18,670             |
| Other operating expenses   | 159,486          | 31,606             |
| Harmonized sales tax   | 54,626           | 49,353             |
| Transaction costs  | 15,519           | 14,293             |
|  | <u>628,638</u>   | <u>526,418</u>     |
| <b>Increase (decrease) in net assets attributable to holders of redeemable Equity shares</b>           | <b>3,940,240</b> | <b>(2,216,434)</b> |
| <b>Increase (decrease) in net assets attributable to holders per redeemable Equity shares (note 8)</b> | <b>0.47</b>      | <b>(0.26)</b>      |

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 SIX MONTH PERIODS ENDED MAY 31 (UNAUDITED)

|   | 2024<br>(\$)       | 2023<br>(\$)       |
|---|--------------------|--------------------|
| <b>Net Assets attributable to holders of redeemable Equity shares - Beginning of period</b> | 53,170,513         | 58,465,121         |
| Increase (decrease) in net assets attributable to holders of redeemable Equity shares       | 3,940,240          | (2,216,434)        |
| Gross proceeds on issue of Equity shares (note 6)   | -                  | 1,859,413          |
| Issuance costs on issue of Equity shares  | -                  | (55,297)           |
| Net proceeds on issue of Equity shares  | <u>-</u>           | <u>1,804,116</u>   |
| Equity share redemptions  | (5,014,891)        | -                  |
| <b>Distributions on Class A shares<sup>(1)</sup></b>  |                    |                    |
| Canadian dividends  | (2,242,962)        | (2,985,780)        |
| Capital gains dividends   | (314,846)          | (182,002)          |
|   | <u>(2,557,808)</u> | <u>(3,167,782)</u> |
| <b>Change in net assets attributable to holders of redeemable Equity shares</b>             | <u>(3,632,459)</u> | <u>(3,580,100)</u> |
| <b>Net Assets attributable to holders of redeemable Equity shares - End of period</b>       | <u>49,538,054</u>  | <u>54,885,021</u>  |

- (1) The tax characterization of distributions is an estimate only based on the actual characterization for the respective most recently completed annual period. Actual year-end characterization will differ.

**DIVIDEND SELECT 15 CORP.****STATEMENTS OF CASH FLOW**FOR THE SIX MONTH PERIODS ENDED **MAY 31** (UNAUDITED)

|   | 2024               | 2023               |
|---|--------------------|--------------------|
|   | (\$)               | (\$)               |
| <b>Cash flows from (used in) operating activities</b>                                 |                    |                    |
| Increase (decrease) in Net Assets Attributable to holders of Redeemable Equity shares | 3,940,240          | (2,216,434)        |
| Adjustment for:   |                    |                    |
| Net realized (gain) loss on investments and derivatives                               | (993,192)          | (61,394)           |
| Net change in unrealized appreciation/depreciation of investments and derivatives     | (2,284,643)        | 2,998,640          |
| Purchase of investments, net of option premiums                                       | 18,369             | (1,317,561)        |
| Proceeds from sale of investments   | 2,850,237          | 49,180             |
| (Increase) decrease in interest, dividends and other receivables                      | 8,893              | 1,611              |
| Increase (decrease) in fees and other accounts payable                                | (11,716)           | 4,569              |
| Cash flows from (used in) operating activities  | <u>3,528,188</u>   | <u>(541,389)</u>   |
| <b>Cash flows from (used in) financing activities</b>                                 |                    |                    |
| Gross proceeds on issue of Equity shares (note 6)                                     | -                  | 1,859,413          |
| Issuance costs on issue of Equity shares  | -                  | (55,297)           |
| Amounts paid on redemption of Equity shares   | (5,014,891)        | -                  |
| Distributions paid on Equity shares   | (2,560,375)        | (3,212,573)        |
| Cash flows from (used in) financing activities  | <u>(7,575,266)</u> | <u>(1,408,457)</u> |
| Net increase (decrease) in cash for the period  | (4,047,078)        | (1,949,846)        |
| Cash at beginning of the period   | 5,513,361          | 8,222,086          |
| <b>Cash at end of the period</b>  | <u>1,466,283</u>   | <u>6,272,240</u>   |
| Dividends received*   | 1,233,793          | 1,160,150          |
| Interest received*  | 66,091             | 91,401             |

\* 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, 2024 (UNAUDITED)

| No. of shares<br>(contracts) | Description                                   | Average Cost<br>(Premiums received)<br>(\$) | Fair<br>Value<br>(\$)    |
|------------------------------|---|---|--------------------------|
|                              | <b>Core Holdings</b>                          |   |                          |
|                              | <b>Canadian Common Equities</b>               |   |                          |
| 36,900                       | Bank of Nova Scotia                           | 2,658,273                                   | 2,380,788                |
| 50,000                       | BCE Inc.                                      | 2,677,476                                   | 2,331,000                |
| 49,700                       | Canadian Imperial Bank of Commerce            | 2,697,569                                   | 3,358,726                |
| 85,000                       | CI Financial Corp.                            | 2,041,556                                   | 1,243,550                |
| 129,176                      | Cenovus Energy                                | 3,650,426                                   | 3,669,890                |
| 8,919                        | Cenovus Energy - warrants                     | 42,187                                      | 194,702                  |
| 96,800                       | Enbridge Inc.                                 | 4,670,973                                   | 4,823,544                |
| 38,300                       | National Bank of Canada                       | 1,790,283                                   | 4,461,567                |
| 70,300                       | Power Corporation of Canada                   | 2,147,098                                   | 2,781,771                |
| 29,900                       | Royal Bank of Canada                          | 2,733,041                                   | 4,454,502                |
| 56,900                       | Sun Life Financial Inc.                       | 2,897,924                                   | 3,886,839                |
| 46,900                       | TC Energy Corp.                               | 2,428,620                                   | 2,465,064                |
| 122,400                      | TELUS Corporation                             | 2,705,132                                   | 2,742,984                |
| 20,071                       | Thomson Reuters Corporation                   | 1,362,003                                   | 4,707,503                |
| 45,000                       | Toronto-Dominion Bank                         | 2,101,801                                   | 3,429,000                |
| 159,700                      | TransAlta Corporation                         | 2,040,767                                   | 1,563,463                |
|                              | <b>Total Core Portfolio Equities (100.2%)</b> | <b><u>38,645,129</u></b>                    | <b><u>48,494,893</u></b> |

## DIVIDEND SELECT 15 CORP.

### SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED...)

AS AT MAY 31, 2024 (UNAUDITED)

| No. of shares<br>(contracts) | Description  | Average Cost<br>(Premiums received)<br>(\$) | Fair<br>Value<br>(\$) |
|------------------------------|--|---|-----------------------|
|                              | <b>Call options written (100 shares per contract)</b>  |   |                       |
|                              | <b>Canadian call options written</b>                   |   |                       |
| (25)                         | Bank of Nova Scotia @ \$68 July 2024                   | (1,950)                                     | (463)                 |
| (25)                         | Bank of Nova Scotia @ \$68 June 2024                   | (1,225)                                     | (225)                 |
| (100)                        | BCE Inc. @ \$46.50 June 2024                           | (5,150)                                     | (5,600)               |
| (75)                         | Canadian Imperial Bank of Commerce<br>@ \$70 June 2024 | (10,125)                                    | (1,200)               |
| (75)                         | CI Financial Corp. @ \$15 July 2024                    | (2,475)                                     | (2,475)               |
| (175)                        | Enbridge Inc. @ \$52 June 2024                         | (6,475)                                     | (875)                 |
| (175)                        | Enbridge Inc. @ \$52.50 July 2024                      | (7,525)                                     | (2,538)               |
| (10)                         | National Bank of Canada @ \$117 June 2024              | (1,360)                                     | (1,315)               |
| (30)                         | National Bank of Canada @ \$120 July 2024              | (2,130)                                     | (1,905)               |
| (10)                         | Royal Bank of Canada @ \$146 July 2024                 | (2,130)                                     | (5,250)               |
| (100)                        | Royal Bank of Canada @ \$148 June 2024                 | (13,300)                                    | (26,150)              |
| (37)                         | Sun Life Financial Inc. @ \$71 July 2024               | (2,627)                                     | (1,961)               |
| (25)                         | Sun Life Financial Inc. @ \$72 July 2024               | (1,500)                                     | (763)                 |
| (52)                         | Sun Life Financial Inc. @ \$72 June 2024               | (2,697)                                     | (312)                 |
| (75)                         | TC Energy Corp. @ \$51 June 2024                       | (4,500)                                     | (14,175)              |
| (75)                         | TC Energy Corp. @ \$55 June 2024                       | (3,188)                                     | (713)                 |
| (225)                        | Telus Corp. @ \$23 July 2024                           | (5,850)                                     | (3,825)               |
| (50)                         | Thomson Reuters Corp. @ \$235 July 2024                | (19,530)                                    | (30,875)              |
| (100)                        | Toronto-Dominion Bank @ \$79.50 June 2024              | (8,800)                                     | (1,300)               |
| (25)                         | Toronto-Dominion Bank @ \$80 July 2024                 | (2,426)                                     | (925)                 |
| (250)                        | TransAlta Corporation @ \$10 June 2024                 | (4,125)                                     | (3,623)               |
|                              | <b>Total Canadian call options written (-0.2%)</b>     | <b>(109,088)</b>                            | <b>(106,468)</b>      |
|                              |  | <b>38,536,041</b>                           | <b>48,388,425</b>     |
|                              | Less adjustments for transaction costs                 | (20,768)                                    |                       |
|                              | <b>Total Investments (100.0%)</b>                      | <b>38,515,273</b>                           | <b>48,388,425</b>     |

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# DIVIDEND SELECT 15 CORP.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED MAY 31, 2024 AND 2023 (UNAUDITED)

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### 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 as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), 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, 2023, which were prepared in accordance with IFRS Accounting Standards.

These financial statements were approved by the Board of Directors of the Company on July 17, 2024.

### 3. Material accounting policy information

The following is a summary of material accounting policy information applicable to the Company.

#### 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 has not taken the option to irrevocably designate any equity securities as fair value in other comprehensive income (“FVOCI”). Consequently, all investments, including derivatives are measured at fair value through profit or loss.

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

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 fair value through profit or loss (“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.

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## DIVIDEND SELECT 15 CORP.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED MAY 31, 2024 AND 2023 (UNAUDITED)

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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, excluding net assets attributable to holders of redeemable Equity shares ("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 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

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## DIVIDEND SELECT 15 CORP.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED MAY 31, 2024 AND 2023 (UNAUDITED)

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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%. 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 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 as at May 31, 2024 of \$8,435,731 (November 30, 2023-\$8,435,731) that are available to lower taxable income in future periods if required. The Company also has estimated accumulated capital losses for tax purposes of \$55,861 (November 30, 2023-\$55,861) which may be used to lower future capital gains if required and which do not expire.

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**DIVIDEND SELECT 15 CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE SIX MONTH PERIODS ENDED **MAY 31, 2024** AND **2023** (UNAUDITED)

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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.

**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, 2024 and November 30, 2023:

## Financial assets and liabilities at fair value as at May 31, 2024

|          | Level 1             | Level 2  | Level 3  | Total               |
|----------|---------------------|----------|----------|---------------------|
| Equities | \$48,494,893        | -        | -        | \$48,494,893        |
| Options  | (\$106,468)         | -        | -        | (\$106,468)         |
|          | <u>\$48,388,425</u> | <u>-</u> | <u>-</u> | <u>\$48,388,425</u> |

## Financial assets and liabilities at fair value as at November 30, 2023

|          | Level 1             | Level 2  | Level 3  | Total               |
|----------|---------------------|----------|----------|---------------------|
| Equities | \$48,163,621        | -        | -        | \$48,163,621        |
| Options  | (\$184,425)         | -        | -        | (\$184,425)         |
|          | <u>\$47,979,196</u> | <u>-</u> | <u>-</u> | <u>\$47,979,196</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 period ended May 31, 2024 or the year ended November 30, 2023.

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.

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## **DIVIDEND SELECT 15 CORP.**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE SIX MONTH PERIODS ENDED MAY 31, 2024 AND 2023 (UNAUDITED)**

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#### **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 periods 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, 2024, 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 approximately \$4,215,000 (November 30, 2023-\$4,159,000). 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 approximately \$4,791,000 (November 30, 2023-\$4,715,000).

##### **Interest rate risk**

Interest rate risk is the risk that the fair value of interest bearing financial instruments 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 as at May 31, 2024 and November 30, 2023.

##### **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 holdings and Net Assets of the Company are denominated in Canadian dollars and therefore there is no currency risk as at May 31, 2024 and November 30, 2023.

#### **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. Cash is held with a reputable and regulated financial institution. As at May 31, 2024 and November 30, 2023, the Company did not have significant credit risk exposure.

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# DIVIDEND SELECT 15 CORP.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED MAY 31, 2024 AND 2023 (UNAUDITED)

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### 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 Toronto Stock Exchange ("TSX"). All Equity shares outstanding are redeemable on a monthly and annual basis. As at May 31, 2024 and November 30, 2023, all other financial liabilities are payable within three months from 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, 2024 | November 30, 2023 |
|---------------------------------------|--------------|-------------------|
| Canadian common equities and warrants | 97.8%        | 90.4%             |
| Call options written                  | -0.2%        | -0.3%             |
| Other assets less liabilities         | <u>2.4%</u>  | <u>9.9%</u>       |
|                                       | 100%         | 100%              |

## 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, 2024     | May 31, 2023   |
|----------------------------------|------------------|----------------|
| Beginning of period              | 8,480,141        | 8,230,741      |
| Issued during the period         | -                | <u>249,400</u> |
| End of period                    | <u>8,480,141</u> | 8,480,141      |

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. The trading price of Equity shares on the TSX was \$6.18 as at May 31, 2024 (November 30, 2023-\$6.06).

Equity shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business 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 business 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 may issue Equity shares to the public from time to time, at the Company's discretion, under an at-the-market equity program (the "ATM Program"). Any Equity shares sold in the ATM

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## DIVIDEND SELECT 15 CORP.

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED MAY 31, 2024 AND 2023 (UNAUDITED)

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Program will be sold through the TSX or any other marketplace in Canada on which the Equity shares are listed, quoted or otherwise traded at the prevailing market price at the time of sale.

During the period ended May 31, 2024, there were no Equity shares sold through the ATM Program.

During the year ended November 30, 2023, 249,400 Equity shares were sold through the ATM Program at an average selling price of \$7.45 per Equity share. Gross proceeds, net proceeds and commissions on the Equity share sales were \$1,859,413, \$1,816,649 and \$42,764 respectively.

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, accounting and administration fees, custodian fees, transfer agent fees, legal and audit expenses, fees payable to the independent directors of the Company and the Company's independent review committee, regulatory filing and stock exchange fees, costs of reporting to shareholders and costs and expenses arising as a result of complying with all applicable laws, regulations and policies.

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.

Total management fees of \$292,246 were incurred during the period ended May 31, 2024 (May 31, 2023-\$319,956). As at May 31, 2024, \$46,028 (November 30, 2023-\$47,449) was payable to Quadravest with respect to administration fee and investment management fee.

The brokerage commissions paid during the period ended May 31, 2024 by the Company for its portfolio transactions were \$15,519 (May 31, 2023-\$14,293). Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of portfolio transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended May 31, 2024 amounted to \$310 (May 31, 2023-\$NIL).

#### 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, 2024 and 2023 is calculated as follows:

|   | May 31, 2024 | May 31, 2023  |
|---|--------------|---------------|
| Increase (decrease) in net assets attributable to holders of Equity shares            | \$3,940,240  | (\$2,216,434) |
| Weighted average shares outstanding   | 8,222,173    | 8,368,199     |
| Increase (decrease) in net assets attributable to holders per redeemable Equity share | \$0.47       | (\$0.26)      |

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**DIVIDEND SELECT 15 CORP.****NOTES TO THE FINANCIAL STATEMENTS**FOR THE SIX MONTH PERIODS ENDED **MAY 31, 2024** AND **2023** (UNAUDITED)

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**9. Distributions**

Distributions per Equity share were as follows:

|               | May 31, 2024 | May 31, 2023 |
|---------------|--------------|--------------|
| Equity shares | \$0.3112     | \$0.3782     |

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

As at May 31, 2024 and November 30, 2023, 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.





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## **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.

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## **BOARD OF DIRECTORS**

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

Peter Cruickshank,  
Director,  
Quadravest Capital Management Inc.

Laura Johnson,  
Chief Investment Strategist  
and Portfolio Manager,  
Quadravest Capital Management Inc.

Michael W. Sharp,  
Retired Partner,  
Blake, Cassels & Graydon LLP

John Steep,  
President, S. Factor Consulting Inc.

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## **CORPORATE DETAILS**

### **Auditor**

PricewaterhouseCoopers LLP  
18 York Street, Suite 2500  
Toronto, Ontario M5J 0B2

### **Transfer Agent**

Computershare Investor Service Inc.  
100 University Avenue  
Toronto, Ontario M5J 2Y1

### **Legal Counsel**

Blake, Cassels & Graydon LLP  
Commerce Court West, Suite 4000  
Toronto, Ontario M5L 1A9

### **Custodian**

RBC Investor Services Trust  
155 Wellington St. West  
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# Dividend Select

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