
CANADIAN LIFE COMPANIES SPLIT CORP.
SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

MAY 31, 2021

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2021. 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.lifesplit.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.lifesplit.com or www.sedar.com.

INVESTMENT OBJECTIVES AND STRATEGIES

Canadian Life Companies Split Corp. invests primarily in a portfolio of commons shares which will include each of the Canadian life insurance companies listed below:

Great West Lifeco Inc.
iA Financial Corporation Inc.

Manulife Financial Corporation
Sun Life Financial Inc.

The Company may also invest up to 20% of its net asset value in equity securities of foreign life insurance companies or other Canadian or foreign financial services corporations other than the four Canadian life insurance companies listed above. In order to supplement the dividends received on the portfolio and to reduce risk, the Company will from time to time write covered call options in respect of some or all of the common shares in the portfolio.

The Company offers two types of shares:

Preferred shares

The investment objectives with respect to the Preferred shares are as follows:

1. To provide holders with a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the greater of, (i) 6.5% based on the \$10 original issue price and (ii) the prevailing Canadian prime rate plus 2% annually based on the \$10 original issue price, to a maximum of 8%; and
2. On or about the termination date of December 1, 2024 (subject to further 6 year extensions thereafter) to pay holders the original issue price.

Class A shares

The investment objectives with respect to the Class A shares are as follows:

1. To provide holders with such dividends as the directors of the Company may from time to time determine; and
2. On or about the termination date to pay holders such amounts as remain after paying the holders of the Preferred shares the amounts owing to them.

RISK

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2021. 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.

RESULTS OF OPERATIONS

North American equity markets continued to advance during the period ended May 31, 2021, driven by multiple catalysts including the implementation of mass vaccination campaigns, record fiscal and monetary stimulus programs and progress in the opening of the economies, especially in the United States.

The acceleration of the mass vaccination programs during the period in the U.S. and followed by Canada resulted in lower COVID-19 infection rates, allowing market participants to anticipate a broader economic recovery and a return to a more normalized living and economic environment sooner than previously expected. Both the U.S. and Canadian governments continued to support this recovery through record actual and planned spending, including support payments to large parts of the population and businesses, particularly in the U.S. where a record \$1.9 trillion infrastructure program was proposed. The U.S. Federal Reserve and the Bank of Canada remained committed to a very accommodative monetary policy signaling that they were prepared to keep interest rates at or near historic low rates until at least well through 2022. The consumer price index in both the U.S. and Canada experienced a sharp year over year increase near the end of the period which the U.S. Federal Reserve and the Bank of Canada characterized as transitory. The increase in inflation triggered an increase in longer term interest rates and a steeper interest rate yield curve which improved the outlook for the life insurance companies and bank stocks held in the portfolio. In addition, commodity price increases during the period, including a sharp rise in the price of oil, provided a very favourable backdrop for the Canadian equity markets.

As a result of these catalysts, the companies held in the portfolio appreciated significantly during the period.

The net assets per unit (consisting of one Preferred share and one Class A share) finished at \$14.35 as at May 31, 2021, after the payment of \$0.33 to Preferred shareholders. A combined total of \$16.87 has been paid in distributions since inception.

The Company announced on May 25, 2021 that the TSX accepted its notice of intention to make a Normal Course Issuer Bid (the “NCIB”) to purchase its Preferred shares and Class A shares through the facilities of the TSX and/or alternative Canadian trading systems. The NCIB commenced on May 27, 2021 and will terminate on May 26, 2022. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 1,235,290 Preferred shares and 1,176,402 Class A shares of the Company, representing 10% of the public float of the Preferred shares and Class A shares. The Company will not purchase, in any given 30- day period, in the aggregate, more than 248,698 Preferred shares or more than 248,698 Class A shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 14, 2021.

The previous NCIB which commenced on May 13, 2020 terminated on May 12, 2021.

There were no Preferred shares nor Class A shares purchased for cancellation during the period ended May 31, 2021.

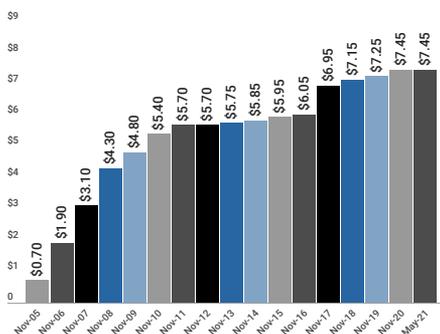
The Company continued to utilize its ability to invest up to 20% of its net assets in financial services companies other than the 4 core life insurance companies.

Net assets of the Company finished the period at \$178.5 million.

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

Class A shares - Distributions

Class A shareholders will receive dividends as the directors of the Company may from time to time determine. The net asset value per unit must remain above the required \$15 per unit threshold for monthly distributions to be paid. There were no distributions to Class A shareholders during the period.



Class A Share Distributions Since Inception

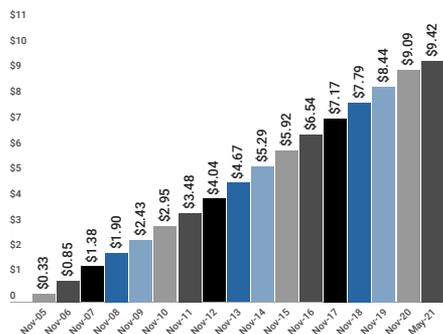


7.45

Cumulative total of distributions paid to Class A share since inception

Preferred shares - Distributions

Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the greater of, (i) 6.5% based on the \$10 original issue price and (ii) the prevailing Canadian prime rate plus 2%, to a maximum of 8% annually based on the \$10 original issue price. Distributions during the period amounted to \$0.3250 per Preferred share.



Preferred Share Distributions Since Inception



9.42

Cumulative total of distributions paid to Preferred share since inception

RECENT DEVELOPMENTS

Financial markets and equity markets in particular have experienced significant volatility in response to the COVID-19 pandemic. The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as the situation evolves.

RELATED PARTY TRANSACTIONS

Quadravest Capital Management Inc. ("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 unit.

The Company's net assets per unit

	May 31, 2021	Years ended November 30 ⁽⁴⁾				
		2020	2019	2018	2017	2016
Net assets per unit, beginning of period ⁽¹⁾	12.61	14.97	13.42	15.51	15.95	14.97
Increase (decrease) from operations						
Total revenue	0.26	0.55	0.50	0.49	0.45	0.52
Total expenses	(0.08)	(0.14)	(0.15)	(0.15)	(0.17)	(0.15)
Realized gains for the period	0.04	(0.27)	0.34	0.44	0.98	0.39
Unrealized gains for the period	1.87	(1.76)	1.76	(2.04)	(0.18)	0.82
Total increase from operations ⁽²⁾	<u>2.09</u>	<u>(1.62)</u>	<u>2.45</u>	<u>(1.26)</u>	<u>1.08</u>	<u>1.58</u>
Distributions ⁽³⁾						
Canadian dividends	<u>(0.33)</u>	<u>(0.85)</u>	<u>(0.75)</u>	<u>(0.82)</u>	<u>(1.52)</u>	<u>(0.73)</u>
Total annual distributions	<u>(0.33)</u>	<u>(0.85)</u>	<u>(0.75)</u>	<u>(0.82)</u>	<u>(1.52)</u>	<u>(0.73)</u>
Net assets per unit at end of period	14.35	12.61	14.97	13.42	15.51	15.95
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	<u>4.35</u>	<u>2.61</u>	<u>4.97</u>	<u>3.42</u>	<u>5.51</u>	<u>5.95</u>
Net assets per unit at end of period	14.35	12.61	14.97	13.42	15.51	15.95

- (1) Net assets per unit is the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Preferred shares and net assets attributable to holders of redeemable Class A shares, at the valuation date, divided by the number of units then outstanding.
- (2) Total increase (decrease) from operations is before the payment of Preferred and Class A share distributions and is calculated based on the weighted average number of units outstanding during the period.
- (3) Distributions on the Preferred shares and Class A shares are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.
- (4) As a result of the subdivision of Class A shares after the payment of special retractions on December 17, 2018 in connection with the extension of the termination date of the Company, results for November 30, 2019 and subsequent periods are not comparable to prior periods. Class A shareholders on record on December 21, 2018 received 0.0497724607 of an additional Class A share for each Class A share held.

RATIOS AND SUPPLEMENTAL DATA

	May 31, 2021	2020	Years ended November 30			
		2020	2019	2018	2017	2016
Net asset value (millions) ⁽¹⁾	\$178.5	\$168.3	\$208.7	\$199.0	\$230.0	\$236.6
Number of units outstanding	12,434,901	13,352,194	13,940,394	14,830,286	14,830,286	14,830,286
Base management expense ratio ⁽²⁾	0.99%	1.01%	0.99%	0.97%	1.03%	0.95%
Management expense ratio per Class A share ⁽³⁾	21.1%	39.4%	21.2%	18.0%	14.9%	18.61%
Portfolio turnover rate ⁽⁴⁾	0.93%	8.60%	9.14%	14.25%	24.82%	14.82%
Trading expense ratio ⁽⁵⁾	0.18%	0.17%	0.08%	0.05%	0.07%	0.07%
Closing market price (TSX): Preferred shares	\$10.45	\$9.94	\$10.30	\$10.04	\$10.31	\$10.26
Closing market price (TSX): Class A shares	\$4.10	\$2.41	\$4.23	\$3.07	\$6.27	\$5.55

- (1) This information is provided as at May 31 or November 30.
- (2) A separate base management expense ratio has been presented to reflect the normal operating expenses of the Company excluding any one time offering expenses. Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of average net asset value during the period.
- (3) Management expense ratio for Class A shares is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all operating expenses of the Company, all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of net assets applicable only to the Class A shares during the period. The management expense ratio per Class A shares should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.
- (4) The Company's portfolio turnover rate indicates how actively Quadrainvest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.
- (5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net asset value during the period.

MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadrainvest is entitled to a base management fee payable in arrears at an annual rate equal to 0.65% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date. In addition, Quadrainvest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Pursuant to the management agreement, Quadrainvest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.10% of the net asset value of the Company, which includes the outstanding Preferred shares, calculated as at each month-end valuation date and an amount equal to the service fee payable to dealers on the Class A shares at a rate of 0.50% per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Class A shares in respect of each month in such calendar quarter.

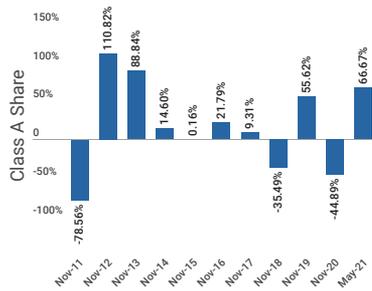
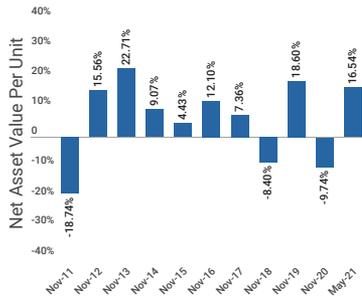
The base management fee was used by Quadrainvest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services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

PAST PERFORMANCE

Year-by-Year Returns

The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, a Preferred share or a Class A share would have increased or decreased during the applicable year. In respect to the charts displayed below, please note the following:

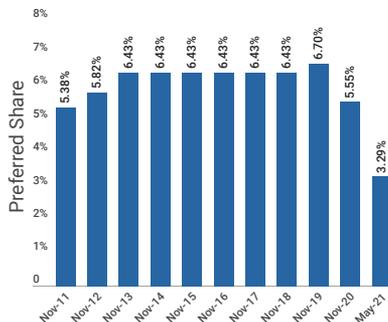
- The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable additional securities of the Company;
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and
- Past performance of the Company does not necessarily indicate how it will perform in the future.



(1) The returns per unit and per Class A share for the year ended November 30, 2013 were calculated using the diluted net asset value per unit and diluted net asset value per Class A share, respectively.

(2) The returns per unit and per Class A share for the year ended November 30, 2012 reflect the consolidation of Class A shares on June 25, 2012 and were calculated using the diluted net asset value per unit and diluted net asset value per Class A share, respectively.

(3) The returns per unit and per Class A share for the year ended November 30, 2019 reflect the subdivision of Class A shares on December 21, 2018.



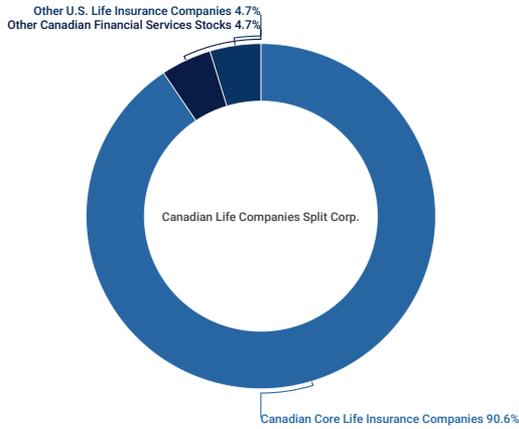
SUMMARY OF INVESTMENT PORTFOLIO
All holdings as at May 31, 2021

Name	Weighting (%)
Sun Life Financial Inc.	29.6
Manulife Financial Corporation	27.9
iA Financial Corporation Inc.	16.4
Great-West Lifeco Inc.	11.1
Prudential Financial Inc.	1.9
Toronto-Dominion Bank	1.8
Bank of Nova Scotia	1.4
Canadian Imperial Bank of Commerce	1.1
Lincoln National Corp.	1.0
Aflac Inc.	0.9
Metlife Inc.	0.6
Total long positions as a percentage of net assets	93.7
Cash	0.9
Other net assets (liabilities)	5.4
	100.0

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

PORTFOLIO BREAKDOWN

The following pie chart shows the division of the Company's holdings between Canadian core insurance, Canadian financial services and U.S. financial services investments.



CANADIAN LIFE COMPANIES SPLIT CORP. MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim financial statements of Canadian Life Companies Split 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 significant accounting policies applicable to the Company are described in note 3 to the financial statements.

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

WAYNE FINCH

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

SILVIA GOMES

Chief Financial Officer
Quadravest Capital Management Inc.