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

NOVEMBER 30, 2022

This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2022. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The 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, 2023. 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 markets continued to experience significant macroeconomic headwinds and geopolitical instability throughout the year ended November 30, 2022.

Inflation rates reached the highest levels in decades due to a confluence of factors which included the Bank of Canada and the U.S. Federal Reserve’s respective sustained low interest rate monetary policies and quantitative easing measures implemented during the pandemic as well record fiscal spending by the Canadian and U.S. governments. Other inflationary pressures included surging demand as the North American economies emerged from the pandemic, the ongoing after-effects of supply chain disruptions and labour shortages caused by the pandemic which were further exacerbated by prolonged lockdowns across China and the rising costs of energy, food and other commodities caused by the Russian invasion of Ukraine.

In an effort to slow demand and rein in multi-decade record high inflation, both the Bank of Canada and the U.S. Federal Reserve focused on significant monetary tightening beginning in March 2022. The Bank of Canada and the U.S. Federal Reserve raised target borrowing rates at a record pace pushing borrowing costs to their highest levels since early 2008. The fiscal year ended with both central banks acknowledging that their aggressive rate hikes were beginning to slowdown demand and that inflationary pressures, albeit at high levels, were beginning to decline.

As a result of the tightening of monetary policy, bond market rates and mortgage rates reached levels not seen for over 15 years, impacting interest rate sensitive sectors in the economy. The yield curve inverted during the year, with shorter term maturities yielding more than longer term maturities, which generally adversely impacted the earnings potential of financial services companies.

In response to these factors, most market participants increasingly began to factor in a higher probability of a global recession which weighed heavily on market prices across a broad range of sectors.

Against this backdrop, the portfolio securities generally tracked the broader market, reaching highs in early 2022 and then experiencing bouts of volatility during the remainder of the year.

The net assets per unit (consisting of one Preferred share and one Class A share) finished at \$13.37 as at November 30, 2022, after the payment of \$0.68 to Preferred shareholders and \$0.20 to Class A shareholders. A combined total of \$18.07 has been paid in distributions since inception.

The Company announced on May 25, 2022 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, 2022 and will terminate on May 26, 2023. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 1,237,240 Preferred shares and 1,180,182 Class A shares of the Company, representing 10% of the public float of 12,372,401 Preferred shares and 11,801,829 Class A Shares. As of May 13, 2022, there were 12,454,401 Preferred shares and 12,472,701 Class A shares issued and outstanding. The Company will not purchase, in any given 30- day period, in the aggregate, more than 249,088 Preferred shares or more than 249,454 Class A Shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 13, 2022. The previous NCIB which commenced on May 27, 2021 terminated on May 26, 2022. There were no Preferred shares nor Class A shares purchased for cancellation during the year ended November 30, 2022.

On March 17, 2022, the Company announced the commencement of an at-the-market equity program (the “ATM Program”) that allows the Company to issue shares of the Company to the public from time to time, at the Company’s discretion. Any Class A shares or Preferred shares

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

During the year ended November 30, 2022, 37,800 Preferred shares were sold through the ATM Program at an average selling price of \$10.04 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were \$379,644, \$377,775 and \$1,869, respectively.

During the year ended November 30, 2022, 37,800 Class A shares were sold through the ATM Program at an average selling price of \$4.75 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were \$179,721, \$178,109 and \$1,612, respectively.

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.

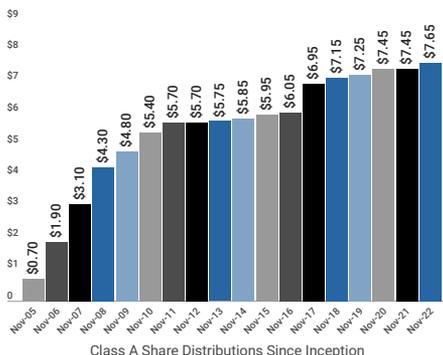
Net assets of the Company finished the year at \$166.8 million.

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

In response to regulatory changes, effective June 1, 2022, the Company discontinued the payment of the service fee which was paid to dealers whose clients held Class A shares of the Company.

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. Total distributions per Class A share during the year amounted to \$0.20.

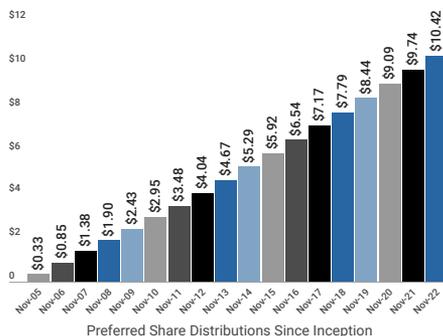


7.65

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 year amounted to \$0.68 per Preferred share.



10.42

Cumulative total of distributions paid to Preferred share since inception

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 in Ukraine and Russia. The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as these situations evolve.

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 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

	Years ended November 30				
	2022	2021	2020	2019 ⁽⁴⁾	Prior to Class A share subdivision ⁽⁴⁾ 2018
Net assets per unit, beginning of year ⁽¹⁾	13.99	12.61	14.97	13.42 ⁽⁵⁾	15.51
Increase (decrease) from operations					
Total revenue	0.59	0.54	0.55	0.50	0.49
Total expenses	(0.15)	(0.15)	(0.14)	(0.15)	(0.15)
Realized gains for the year	0.21	0.11	(0.27)	0.34	0.44
Unrealized gains for the year	(0.38)	1.62	(1.76)	1.76	(2.04)
Total increase (decrease) from operations ⁽²⁾	<u>0.27</u>	<u>2.12</u>	<u>(1.62)</u>	<u>2.45</u>	<u>(1.26)</u>
Distributions ⁽³⁾					
Canadian dividends	<u>(0.88)</u>	<u>(0.65)</u>	<u>(0.85)</u>	<u>(0.75)</u>	<u>(0.82)</u>
Total distributions	<u>(0.88)</u>	<u>(0.65)</u>	<u>(0.85)</u>	<u>(0.75)</u>	<u>(0.82)</u>
Net assets per unit at end of year	13.37	13.99	12.61	14.97	13.42
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	<u>3.37</u>	<u>3.99</u>	<u>2.61</u>	<u>4.97</u>	<u>3.42</u>
Net assets per unit at end of year	13.37	13.99	12.61	14.97	13.42

- (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 other income (charges) related to Preferred shares and is calculated based on the weighted average number of units outstanding during the year.
- (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, amounts reported for the year ended November 30, 2019 and subsequent years are not comparable to prior years. Class A shareholders on record on December 21, 2018 received 0.0497724607 of an additional Class A share for each Class A share held.
- (5) The net assets per unit, beginning of the year is based on net assets per Class A share of \$3.42 prior to giving effect to the subdivision of the Class A shares in December 2018. Class A shareholders received 0.0497724607 of an additional Class A share for each Class A share held. The net assets per Class A share at the beginning of the year, after giving effect to the subsequent subdivision, was \$3.25.

RATIOS AND SUPPLEMENTAL DATA

	┌ 2022	Years ended November 30			└
	2022	2021	2020	2019	2018
Net asset value (millions) ⁽¹⁾	\$166.8	\$174.0	\$168.3	\$208.7	\$199.0
Number of units outstanding ⁽²⁾	12,472,701	12,434,901	13,352,194	13,940,394	14,830,286
Base management expense ratio ⁽³⁾	0.98%	0.97%	1.01%	0.99%	0.97%
Management expense ratio including one time offering expenses ⁽⁴⁾	1.08%	0.97%	1.01%	0.99%	0.97%
Management expense ratio per Class A share ⁽⁵⁾	23.05%	19.57%	39.4%	21.2%	18.0%
Portfolio turnover rate ⁽⁶⁾	5.23%	5.31%	8.60%	9.14%	14.25%
Trading expense ratio ⁽⁷⁾	0.07%	0.12%	0.17%	0.08%	0.05%
Closing market price (TSX): Preferred shares	\$10.00	\$10.18	\$9.94	\$10.30	\$10.04
Closing market price (TSX): Class A shares	\$2.96	\$3.85	\$2.41	\$4.23	\$3.07

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

(2) At times when there is an unequal number of Class A and Preferred shares outstanding, a notional unit amount will be determined based on the net assets attributable to each of the Class A and Preferred shares as a proportion of the net asset value of the Company.

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

(4) 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 unit of such offerings.

(5) Management expense ratio per Class A share is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all ongoing operating expenses of the Company (excluding commissions and other portfolio transaction costs and withholding tax), all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of the average net asset value attributable to the Class A shares during the year. The management expense ratio per Class A share 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.

(6) 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 year. 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 year, the greater the trading costs payable by the Company in the year and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

(7) 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 year.

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. Effective June 1, 2022, the Company discontinued the payment of the service fee.

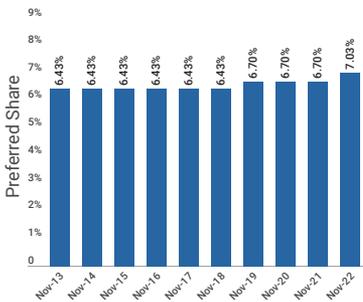
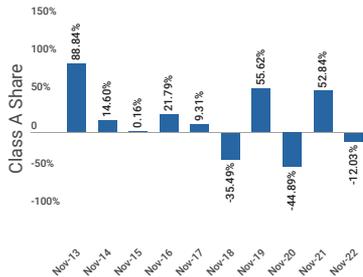
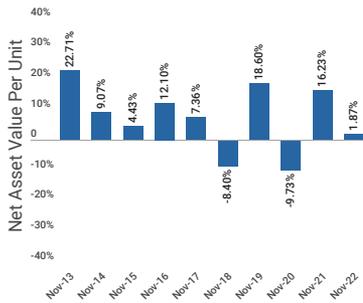
The base management fee was used by Quadrainvest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services 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, 2019 reflect the subdivision of Class A shares on December 21, 2018.

ANNUAL COMPOUND PERFORMANCE

The following table shows the Company's annual compound return for the one, three, five and ten years ended November 30, 2022 and since inception:

	One year	Three years	Five years	Ten years	Since inception
Canadian Life Companies Split Corp. - Unit	1.87%	2.24%	3.03%	6.92%	2.72%
Canadian Life Companies Split Corp. - Preferred share	7.03%	6.81%	6.71%	6.57%	6.06%
Canadian Life Companies Split Corp. - Class A share	-12.03%	-9.51%	-5.75%	7.94%	-4.15%

MARKET INDICES⁽¹⁾

S&P TSX Financial Index	1.94%	9.10%	8.09%	11.31%	9.18%
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(1) As a result of the Company being limited to a specific universe of stocks and that a covered call writing program is implemented to generate additional income, the investment profile of the Company is quite unique and any comparisons with any other external market indices may not be appropriate.

SUMMARY OF INVESTMENT PORTFOLIO

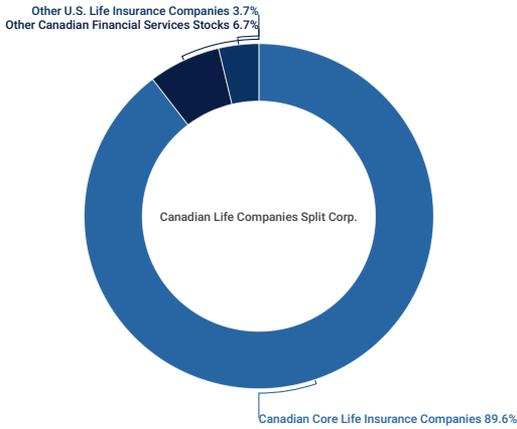
All holdings as at November 30, 2022

Name	Weighting (%)
Manulife Financial Corporation	27.3
Sun Life Financial Inc.	24.1
iA Financial Corporation Inc.	18.4
Great-West Lifeco Inc.	10.1
Bank of Nova Scotia	4.3
Prudential Financial Inc.	1.3
Canadian Imperial Bank of Commerce	0.9
Toronto-Dominion Bank	0.8
Aflac Inc.	0.7
Lincoln National Corp.	0.7
Metlife Inc.	0.6
Total long positions as a percentage of net assets	89.2
Cash	12.2
Other net assets (liabilities)	-1.4
	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 composition 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 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 financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies applicable to the Company are described in note 3 to the financial statements.

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

The Manager with the approval of the Board of Directors of the Company has appointed PricewaterhouseCoopers LLP as the external auditor of the Company. They have audited the financial statements of the Company in accordance with Canadian generally accepted auditing standards to enable them to express to shareholders their opinion on the financial statements. The auditor has full and unrestricted access to the Audit Committee to discuss its findings.

WAYNE FINCH

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

SILVIA GOMES

Chief Financial Officer
Quadravest Capital Management Inc.