Financial 15 Split Corp.

2016 Annual Report

FINANCIAL 15

This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2016. 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.financial15.com or by writing to the Company at Investor Relations, TD Tower North, 77 King Street West, P.O. Box 341, Toronto, Ontario, M5K 1K7.

These reports are available to view and download at www.financial15.com or www.sedar.com.

Investment Objectives and Strategies

Financial 15 Split Corp. invests primarily in a portfolio of commons shares which will include each of the 15 financial services companies listed below:

Canadian issuers	U.S. issuers
Bank of Montreal	Bank of America Corp.
The Bank of Nova Scotia	Citigroup Inc.
Canadian Imperial Bank of Commerce	Goldman Sachs Group Inc.
CI Financial Corp.	J.P. Morgan Chase & Co.
Great West Lifeco Inc.	Wells Fargo & Co.
Manulife Financial Corporation	
National Bank of Canada	
Royal Bank of Canada	
Sun Life Financial Inc.	
The Toronto-Dominion Bank	

The Company may also invest up to 15% of the net asset value in equity securities of issuers other than the 15 financial services 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 (FTN.PR.A)

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

1. To provide holders of Preferred shares with cumulative preferential monthly cash dividends, currently in the amount of 5.25% annually, to be set by the Board of Directors annually subject to a minimum of 5.25% until 2020; and
2. On or about the termination date of December 1, 2020 (subject to further 5 year extensions thereafter), to pay the holders of the Preferred shares $10 per Preferred share.

Class A Shares (FTN)

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

1. To provide holders of Class A shares with regular monthly cash distributions in an amount to be determined by the Board of Directors; and
2. To permit holders to participate in all growth in the net asset value of the Company above $10 per unit, by paying holders on or about the termination date of December 1, 2020 (subject to further 5 year extensions thereafter) such amounts as remain in the Company after paying $10 per Preferred share.

Risk

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 22, 2017. In addition, note 5 of the annual financial statements ("Management of Risk of Financial Instruments") contains disclosure on specific types of risks related to the financial investments held by the Company.

Results of Operations

The year ended November 30, 2016 largely reflected an improving period for Canadian and US financial services companies.

The outlook for the Canadian economy was boosted by a significant and steady recovery in energy and commodity prices from their January 2016 lows. As the year ended, the market prices of Canadian and US financial companies held in the portfolio responded in tandem to the US election results leading to significant post-election market gains.

Canadian and US longer term bond rates have risen significantly since the US election, providing an improved operating environment for financial services companies. In particular, the prospects for improved profitability from rising net interest margins for Canadian and US banks and better portfolio returns for Canadian life insurance companies could provide a meaningful catalyst for further gains for the financial services companies held in the portfolio.

The net assets per unit (consisting of one Preferred share and one Class A share) finished at $17.18 as at November 30, 2016, after the payment of $2.03 in combined distributions to both classes of shares at the targeted rates.

The Company completed a successful overnight secondary offering on December 4, 2015 that resulted in the issue of 3,335,474 Preferred Shares and 2,502,700 Class A shares for net proceeds of $55.7 million. The issuance of these shares was accretive to existing shareholders.

Net assets of the Company finished the period at $326.8 million.

The portfolio was weighted 58.7% in Canadian financial services stocks versus 41.3% in US financial services stocks as at November 30, 2016.

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

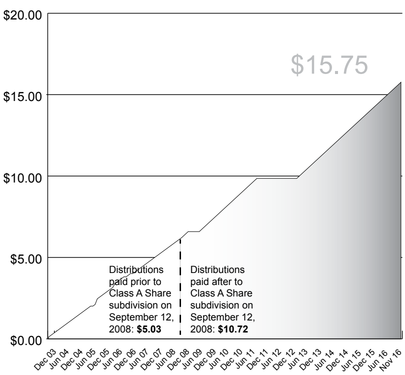
Class A shares – Distributions

Class A shareholders are entitled to receive regular monthly cash dividends currently targeted to be $0.1257 per Class A Share. Total distributions per Class A share during the year amounted to $1.5084.

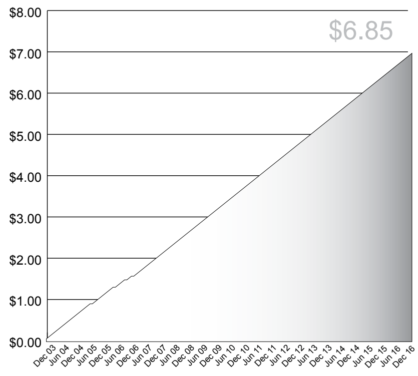
Preferred shares – Distributions

Preferred shareholders are currently entitled to fixed, cumulative preferential monthly cash dividends in the amount of $0.04375 per Preferred share to yield 5.25% per annum on the Preferred share repayment amount. Distributions during the year were at the fixed rate for a total of $0.5250 per Preferred share.

Cumulative Distributions since inception



Cumulative Distributions since inception



Recent Developments

On December 2, 2016, the Company completed a secondary offering of 2,040,000 Class A shares and 2,040,000 Preferred shares for net proceeds of $36,595,500 (gross proceeds of $38,250,000).

On February 16, 2017, the Company announced a secondary offering of 2,980,000 Class A shares and 2,980,000 Preferred shares for net proceeds of $58,481,500 (gross proceeds of $61,090,000).

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 annual financial statements and previous audited 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(4)				
	2016	**2015**	**2014**	**2013**	**2012**
Net assets per unit, beginning of year(1)	16.85	17.77	17.15	14.37	12.99
Increase (decrease) from operations					
Total revenue	0.52	0.48	0.44	0.45	0.47
Total expenses	(0.20)	(0.23)	(0.27)	(0.19)	(0.14)
Realized gains (losses) for the year	0.32	0.45	0.60	(0.31)	(0.83)
Unrealized gains (losses) for the year	1.45	0.28	1.36	4.60	2.40
Total increase (decrease) from operations(2)	2.09	0.98	2.13	4.55	1.90
Distributions(3)					
Canadian dividends	(1.68)	(1.58)	(1.50)	(1.91)	(0.53)
Capital gains dividends	(0.35)	(0.45)	(0.53)	-	-
Total distributions	(2.03)	(2.03)	(2.03)	(1.91)	(0.53)
Net assets per unit at end of year	17.18	16.85	17.77	17.14	14.37
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	7.18	6.85	7.77	7.14	4.37
Net assets per unit at end of year	17.18	16.85	17.77	17.14	14.37

(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 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 in the year and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.

(4) Per unit figures presented for 2014 and onwards are derived from the Company's audited annual financial statements which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Per unit figures presented for years prior to 2014 were derived from the Company's audited financial statements which were prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") as defined in Part V of the CPA Handbook.

Ratios and Supplemental Data

	Years ended November 30				
	2016	2015	2014	2013	2012
Net asset value (millions)(1)	$326.8	$278.4	$259.1	$185.2	$133.2
Number of units outstanding	19,021,432	16,518,732	14,579,732	10,798,984	9,244,184
Base Management expense ratio(2)	1.16%	1.22%	1.48%	1.17%	0.99%
Management expense ratio including one time offering expenses(3)	1.97%	1.82%	2.71%	2.07%	0.99%
Management expense ratio per Class A share(4)	15.05%	11.79%	13.78%	14.68%	16.76%
Portfolio turnover rate(5)	12.2%	10.0%	23.1%	53.1%	44.2%
Trading expense ratio(6)	0.03%	0.02%	0.03%	0.06%	0.06%
Closing market price (TSX): Preferred shares	$10.03	$10.01	$10.14	$10.04	$10.28
Closing market price (TSX): Class A shares	$9.05	$9.80	$10.04	$8.80	$4.55

(1) This information is provided as at 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 year and is expressed as an annualized percentage of average net asset value during the year.

(3) Share issue expenses, representing all Agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per unit of such offerings.

(4) 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 Fund, 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 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.

(5) 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.

(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net asset value during the year.

Management Fees

Pursuant to the terms of the investment management agreement, Quadravest 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 include the outstanding Preferred shares, calculated as at each month-end valuation date. In addition, Quadravest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Pursuant to the management agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% 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 Quadravest 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

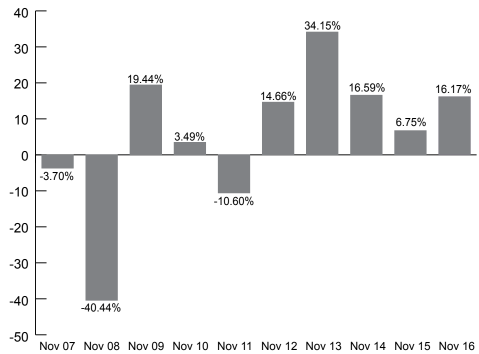
The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit, 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:

a) 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;

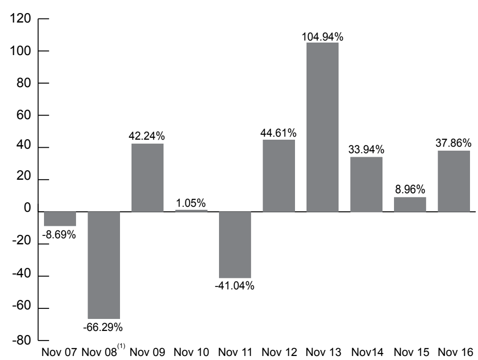
b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and

c) Past performance of the Company does not necessarily indicate how it will perform in the future.

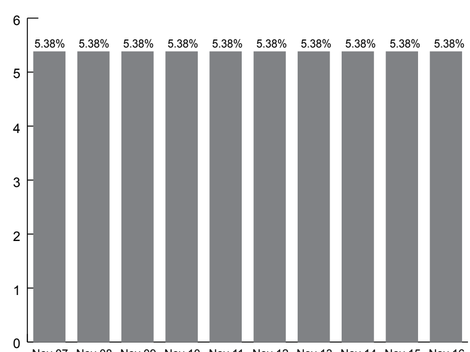
NET ASSET VALUE PER UNIT



CLASS A SHARE



PREFERRED SHARE



(1) Adjusted for the consolidation of Class A shares on September 12, 2008.

Annual Compound Performance

The following table shows the Company's annual compound return for the one, three, five and ten years ended November 30, 2016 and since inception:

	One year	Three years	Five years	Ten years	Since inception
Financial 15 Split Corp - Unit	16.17%	13.08%	17.33%	3.49%	5.83%
Financial 15 Split Corp - Preferred share	5.38%	5.38%	5.38%	5.38%	5.37%
Financial 15 Split Corp - Class A share	37.86%	26.24%	42.92%	4.51%	7.85%
Market indices(1)					
S&P TSX Financial Index	16.11%	10.73%	14.90%	7.02%	10.49%
S&P 500 Financial Index	16.49%	20.17%	25.71%	1.27%	2.86%

(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

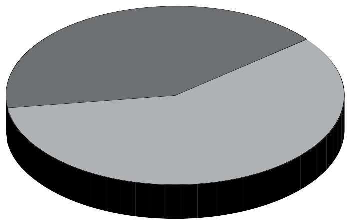
All holdings as at November 30, 2016

Name	Weighting (%)
Bank of America Corp.	10.0
Canadian Imperial Bank of Commerce	7.6
J.P. Morgan Chase & Co.	7.5
Manulife Financial Corporation	7.3
Sun Life Financial Inc.	7.1
Goldman Sachs Group Inc.	6.8
Citigroup	6.6
Royal Bank of Canada	6.2
Toronto-Dominion Bank	6.1
Wells Fargo & Co.	6.0
Bank of Nova Scotia	5.6
Great-West Lifeco Inc.	4.6
National Bank of Canada	4.0
CI Financial Corp	3.4
Bank of Montreal	3.3
Fifth Third Bank Corp.	2.8
AGF Management Ltd.	1.2
Total long positions as a percentage of net assets	**96.1**
Cash	5.2
Other net assets	-1.3
	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 and U.S. investments.



Financial 15 Split Corp.
Management's Responsibility for Financial Reporting

The financial statements of Financial 15 Split Corp. (the "Company") and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors of the Company.

The Company maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with International Financial Reporting Standards 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 financial statements.

The Company with the approval of its Board of Directors has appointed the external firm PricewaterhouseCoopers LLP as the 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.

Independent Auditor's Report

To the Shareholders of Financial 15 Split Corp. (the "Company")

We have audited the accompanying financial statements of the Company, which comprise the statements of financial position as at November 30, 2016 and November 30, 2015 and the statements of comprehensive income/(loss), changes in net assets attributable to holders of redeemable Class A Shares and cash flow for the years ended November 30, 2016 and November 30, 2015 and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2016 and November 30, 2015 and its financial performance and its cash flow for the years ended November 30, 2016 and November 30, 2015 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 22, 2017

Financial 15 Split Corp.
Statements of Financial Position
As at November 30, 2016 and November 30, 2015

	November 30, 2016 ($)	November 30, 2015 ($)
ASSETS		
Current Assets		
Investments -at fair value	314,513,159	275,041,828
Cash	16,917,640	4,303,322
Interest, dividends and other receivables	907,842	503,603
Receivable in respect of investments sold	-	2,095,510
	332,338,641	**281,944,263**
LIABILITIES		
Current Liabilities		
Written options	1,243,078	454,078
Fees and other accounts payable	401,499	332,110
Payable in respect of investments purchased	641,108	-
Distributions payable	3,223,182	2,799,099
Preferred shares (notes 6 and 13)	190,214,320	165,187,320
Class B shares	1,000	1,000
	195,724,187	**168,773,607**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES	**136,614,454**	**113,170,656**
Number of units (1 Preferred share and 1 Class A share) outstanding (note 13)	19,021,432	16,518,732
Net assets per unit	$17.18	$16.85
Net assets per Preferred share	$10.00	$10.00
Net assets per Class A share	$7.18	$6.85

Approved on behalf of the Board of Directors

Wayne Finch

Wayne Finch

Chief Executive Officer,
President and Director

Peter Cruickshank

Peter Cruickshank

Chief Financial Officer
and Director

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

Financial 15 Split Corp.
Statements of Comprehensive Income / (Loss)
For the years ended November 30

	2016 ($)	2015 ($)
INCOME		
Net gain (loss) on investments and derivatives (note 5)		
Net realized gain (loss)	6,329,927	7,137,800
Net change in unrealized appreciation (depreciation)	27,601,093	4,702,310
Dividends	9,825,284	7,937,165
Net gain (loss) on investments and derivatives	**43,756,304**	**19,777,275**
Other gain (loss)		
Realized gain (loss) on currency	(185,309)	299,762
Change in unrealized gain (loss) in the value of currency	(1,290)	(57,898)
	43,569,705	**20,019,139**
EXPENSES (note 7)		
Management fees	2,244,543	2,132,244
Service fee	539,521	580,220
Audit fees	23,759	22,718
Director's fees	23,583	23,583
Independent Review Committee fees	4,268	4,268
Custodial fees	65,659	75,651
Shareholder reporting costs	37,976	40,127
Legal fees	32,669	27,990
Other operating expenses	121,171	125,728
Harmonized sales tax	331,918	408,246
Transaction costs	98,659	47,530
Witholding taxes	310,893	288,378
	3,834,619	**3,776,683**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions on Preferred shares	**39,735,086**	**16,242,456**
Distributions on Preferred shares	(9,986,252)	(8,672,335)
Increase (decrease) in net assets attributable to holders of redeemable Class A share	**29,748,834**	**7,570,121**
Increase (decrease) in net assets attributable to holders per redeemable Class A share (note 8)*	**1.56**	**0.46**

* Based on weighted average number of Class A shares outstanding during the year.

Financial 15 Split Corp.
Statements of Changes in Net Assets
Attributable To Holders Of Redeemable Class A Shares
For the years ended November 30

	2016 ($)	2015 ($)
Net Assets attributable to holders of redeemable Class A shares - Beginning of year	**113,170,656**	**113,302,623**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	29,748,834	7,570,121
Gross proceeds from issue of Class A shares	24,776,730	18,905,250
Agent's fee and issue costs on secondary offering	(2,389,838)	(1,690,483)
Net proceeds from issue of Class A shares	22,386,892	17,214,767
Distributions		
Canadian dividends	(21,893,934)	(17,436,156)
Capital gains dividends	(6,797,994)	(7,480,699)
	(28,691,928)	(24,916,855)
Change in net assets attributable to holders of redeemable Class A shares	**23,443,798**	**(131,967)**
Net Assets attributable to holders of redeemable Class A shares - End of year	**136,614,454**	**113,170,656**

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

FINANCIAL 15 SPLIT CORP.
STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED NOVEMBER 30

	2016 ($)	2015 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	29,748,834	7,570,121
Adjustment for:		
Distributions on Preferred shares	9,986,252	8,672,335
Unrealized (gain) loss on currency	1,290	57,898
Net realized (gain) loss on investments and derivatives	(6,329,927)	(7,137,800)
Net change in unrealized appreciation (depreciation) of investments and derivatives	(27,601,093)	(4,702,310)
Purchase of investments	(38,392,215)	(49,458,937)
Proceeds from sale of investments	36,377,522	25,294,137
(Increase) decrease in interest, dividends and other receivables	(404,239)	(100,279)
Increase (decrease) in fees and other accounts payable	69,389	8,352
Net cash flows from (used in) operating activities	3,455,813	(19,796,483)
Cash flows from (used in) financing activities		
Gross proceeds from issuance of Class A and Preferred shares	58,131,470	38,295,250
Agent's fees and issue costs in connection with secondary offering	(2,389,838)	(1,705,483)
Amounts paid on redemption of redeemable units	(8,327,740)	-
Distributions paid on Class A shares	(28,377,339)	(24,673,124)
Distributions paid on Preferred shares	(9,876,758)	(8,587,503)
Cash flows from (used in) financing activities	9,159,795	3,329,140
Unrealized gain (loss) on currency	(1,290)	(57,898)
Net increase (decrease) in cash	12,614,318	(16,525,241)
Cash at beginning of the year	4,303,322	20,828,563
Cash at end of the year	**16,917,640**	**4,303,322**
Dividends received*, net of witholding taxes	9,110,152	7,548,508

* Included as part of Cash Flows from Operating Activities.

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

Financial 15 Split Corp.
Schedule of Portfolio Investments
As at November 30, 2016

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Canadian Core Common Equities		
123,300	Bank of Montreal	9,470,956	10,915,749
244,900	Bank of Nova Scotia	15,161,880	18,156,886
235,100	Canadian Imperial Bank of Commerce	21,596,967	24,915,898
416,900	CI Financial Corp	13,354,373	11,077,033
422,900	Great-West Lifeco Inc.	12,653,769	14,953,744
1,025,700	Manulife Financial Corporation	20,341,051	23,991,123
262,700	National Bank of Canada	11,136,478	13,219,064
233,600	Royal Bank of Canada	16,700,812	20,341,888
452,800	Sun Life Financial Inc.	16,773,431	23,355,424
314,900	Toronto-Dominion Bank	15,556,544	20,018,193
	Total Canadian Common Equities in Core Holdings (57.8%)	**152,746,261**	**180,945,002**
	U.S. Core Common Equities		
1,156,291	Bank of America Corp.	25,496,226	32,836,102
283,490	Citigroup Inc.	15,722,055	21,494,650
75,090	Goldman Sachs Group Inc.	12,636,482	22,140,706
227,500	J.P. Morgan Chase & Co.	12,389,703	24,523,577
274,000	Wells Fargo & Co.	13,674,762	19,496,693
	Total U.S. Common Equities in Core Holdings (38.5%)	**79,919,228**	**120,491,728**
	Total Core Portfolio Equities (96.3%)	**232,665,489**	**301,436,730**
	Other Canadian Common Equities		
745,800	AGF Management Ltd.	12,047,626	3,997,488
	Total Other Canadian Common Equities (1.2%)	**12,047,626**	**3,997,488**
	Other U.S. Common Equities		
259,500	Fifth Third Bank Corp.	7,047,832	9,078,941
	Total Other U.S. Common Equities (2.9%)	**7,047,832**	**9,078,941**
	Total Common Equities (100.4%)	**251,760,947**	**314,513,159**

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

Financial 15 Split Corp.
Schedule of Portfolio Investments
As at November 30, 2016

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Call Options written (100 shares per contract)		
	Canadian call options written		
(360)	Bank of Montreal @ $88 December 16, 2016	(19,800)	(48,780)
(500)	Bank of Nova Scotia @ $73 December 16, 2016	(30,010)	(80,250)
(150)	Bank of Nova Scotia @ $74 January 20, 2017	(9,150)	(18,300)
(300)	Canadian Imperial Bank of Commerce @ $107 December 16, 2016	(18,000)	(23,700)
(550)	CI Financial Corp. @ $26 January 20, 2017	(19,250)	(53,625)
(550)	Great-West Lifco @ $36 January 20, 2017	(26,950)	(27,775)
(520)	Manulife Financial @ $20 January 20, 2017	(18,720)	(182,000)
(650)	Manulife Financial @ $24 January 20, 2017	(21,450)	(25,350)
(150)	National Bank of Canada @ $52 January 20, 2017	(3,600)	(4,125)
(250)	Royal Bank of Canada @ $86 December 16, 2016	(16,750)	(44,625)
(395)	Sun Life Financial @ $45 January 20, 2017	(31,008)	(265,638)
(350)	Toronto-Dominion Bank @ $62 December 16, 2016	(14,350)	(67,900)
	Total Canadian call options written (-0.3%)	**(229,038)**	**(842,068)**
	U.S. call options written		
(1,155)	Bank of America Corp. @ $21 December 16, 2016	(29,925)	(86,192)
(350)	Citigroup Inc. @ $56.50 December 16, 2016	(43,296)	(52,238)
(190)	Goldman Sachs Group Inc. @ $215 December 16, 2016	(81,752)	(184,580)
(230)	J.P. Morgan Chase & Co. @ $80 December 16, 2016	(29,697)	(46,234)
(350)	Wells Fargo & Co. @ $53.50 December 16, 2016	(25,687)	(31,766)
	Total U.S. call options written (-0.1%)	**(210,357)**	**(401,010)**
		251,321,552	**313,270,081**
	less adjustments for transaction costs	(182,131)	
	Total Investments (100%)	**251,139,421**	**313,270,081**

1. Incorporation

Financial 15 Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on September 26, 2003 that began investment operations on November 14, 2003. The manager and the investment manager of the Company is Quadravest Capital Management Inc. ("Quadravest" or "Manager"). The termination date of the Company is December 1, 2020 and may be extended thereafter at the Company's discretion for additional terms of five years each. Shareholders would be provided with a special retraction right in connection with any such extension. The Company's principal office is located at 77 King Street West, Suite 4500, Toronto, Ontario M5K 1K7. The Company invests in an actively managed portfolio of common shares comprised primarily of 15 core large capitalization Canadian and US financial services companies. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

2. Basis of presentation

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

These financial statements were authorized for issue by Quadravest on February 22, 2017.

3. Summary of significant accounting policies

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

Investments and financial instruments

The Company recognizes financial instruments at fair value upon initial recognition.

The Company's investments are designated at FVTPL and derivatives (including options) are held for trading and also carried at FVTPL.

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 classified or designated as at FVTPL are expensed as incurred and transaction costs related to financial instruments not at FVTPL are included in the carrying amounts thereof. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially all the risks and rewards of ownership of the asset. Dividends are recognized as income on the ex-dividend date. Realized gains and losses and unrealized appreciation and depreciation are determined on an average cost basis. The cost of investments is determined using the average cost method.

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

The Preferred shares rank prior to the Class A and Class B 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. Amortization of premiums or discounts on the issuance of Preferred shares is included in gain (loss) on remeasurement of Preferred shares in the Statements of Comprehensive Income/(Loss).

The Class B shares are subordinate to the Preferred shares but rank prior to the Class A 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 Class A shares may be retracted monthly, annually, or on the termination date of the Company. As a result, the shares contain multiple contractual obligations, and therefore, have been presented as financial liabilities at the annual redemption amount.

Financial assets and liabilities other than investments, derivatives, and Class A shares are recognized initially at the amount expected to be received or paid less, when material, a discount to reduce them to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method less a provision for impairment, if any. Due to their short-term nature, the fair values of these financial assets and liabilities approximate their carrying amounts.

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 Preferred shares and net assets attributable to holders of redeemable Class A 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, the Manager 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 consists of cash on hand.

Translation of foreign currencies

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

Management fees, administration fees and performance fees

Management fees and administration fees are accrued by the Company over time, as services are rendered by Quadravest. At each measurement date, the Company recognizes an expense and financial liability based on the amount, if any, of performance fees expected to be paid based on the net asset value of the Company. Refer to note 7 for further information about the calculation of management, administration fees and performance fees, if any, of the Company.

Increase (decrease) in Net Assets Attributable to Holders per Redeemable Class A share

Increase (decrease) in net assets attributable to holders per redeemable Class A share is based on the increase or decrease in net assets attributable to holders of redeemable Class A shares divided by the weighted average number of such shares outstanding during the year. Refer to note 8 for the calculation.

Taxation

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

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

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

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a Part IV tax of 38 1/3% (33 1/3% for dividends received on or before December 31, 2015). 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 ($1 for every $3 of dividends paid on or before December 31, 2015). 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 of $10,735,378 (November 30, 2015-$10,848,737) that are available to lower taxable income in future years if required and expire after the scheduled termination date of the Company on December 1, 2020.

The Company currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income/(Loss).

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. The following discusses the most significant accounting judgments that the Company has made in preparing the financial statements:

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Company, the Manager is required to make significant judgments about whether or not the business of the Company is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement (IAS 39). The most significant judgments made include the determination that certain financial instruments are held-for-trading, and that the fair value option can be applied to investments in financial assets which are not.

5. Management of Risk of Financial Instruments

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

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2016 and November 30, 2015:

Financial assets and liabilities at fair value as at November 30, 2016

	Level 1	Level 2	Level 3	Total
Equities	$314,513,159	-	-	$314,513,159
Options	($1,243,078)	-	-	($1,243,078)
	$313,270,081	**-**	**-**	**$313,270,081**

Financial assets and liabilities at fair value as at November 30, 2015

	Level 1	Level 2	Level 3	Total
Equities	$275,041,828	-	-	$275,041,828
Options	($454,078)	-	-	($454,078)
	$274,587,750	**-**	**-**	**$274,587,750**

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the years ended November 30, 2016 and 2015.

The Company's net gain (loss) on financial instruments that are held for trading and those designated at FVTPL are as follows:*

	2016	2015
Realized gain (loss) on derivatives held for trading	$922,603	$1,198,095
Realized gain (loss) on investments designated at FVTPL	$5,407,324	$5,939,705
Net change in unrealized appreciation (depreciation) on investments	$28,496,951	$4,457,616
Net change in unrealized appreciation (depreciation) on derivatives	($895,858)	$244,694
Dividends	$9,825,284	$7,937,165
	$43,756,304	$19,777,275

* The Company employs an active and integrated strategy of writing call options on the underlying equity holdings in the portfolio. The requirement to measure and attribute gains separately to either derivatives or the underlying equities may not reflect the relative contributions and benefits from implementing this strategy. As an example, written call options that are subsequently repurchased and/or rolled as part of the active covered call writing program would have had the effect of lowering reported gains from derivatives (which would have otherwise occurred had the written call option been exercised or expired), while achieving other gains to the portfolio that would have been measured and attributed to the underlying equity holdings.

The Company's investment activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Any sensitivity analysis presented below may differ from actual results and the difference could be material.

Market Price Risk

All securities investments present a risk of loss of capital. The 15 core holdings were selected because of their long term history of above average market price appreciation and dividend growth. The portfolio companies were selected from the financial services indices of the S&P/TSX 60 index and S&P 100 index and are among the largest financial services companies in North America.

The market price risk is affected by three main components: price risk, interest rate risk and foreign currency movements.

Price risk

The Investment Manager manages market price risk by limiting investment in any one portfolio company to no more than 10% of the net asset value of the Company at the time of purchase. In addition, the supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during years in which a particular portfolio company has a covered call option written against that position.

Since the 15 core holdings are significant components of their corresponding financial services index, it would be reasonable to expect that the Company's portfolio will exhibit market price movements that are reflective and generally highly correlated with those particular securities and to a lesser extent with the price movements of the S&P/TSX financial services index and the S&P U.S. financial services index based on the underlying composition of the portfolio.

A 10% increase/decrease in the portfolio would currently increase/decrease Net Assets of the Company by $31,327,008 (November 30, 2015-$27,458,775).

Interest rate risk

The majority of the Company's financial assets and liabilities 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 risk insignificant (consistent with previous year).

Currency risk

Five of the 15 core financial services and one additional portfolio company are U.S. financial services companies that are listed on the New York Stock Exchange and trade in U.S. dollars. As at November 30, 2016, 41.4% (November 30, 2015-40.8%) of the Net Assets of the Company are invested in U.S. dollar denominated assets which includes U.S. dollar cash. As a result, the Net Assets of the Company will be affected by changes in the U.S. dollar relative to the Canadian dollar which is the functional currency of the Company. The Company has not entered into currency hedging contracts. As a result, if the Canadian dollar appreciated/depreciated by 5% against the U.S. dollar, the Net Assets of the Company would currently decrease/increase by approximately $6,757,800 (November 30, 2015-$5,682,944).

Other risks

Credit risk

Credit risk is defined as 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 (consistent with previous year). Payment is made on purchase once the securities have been received by the broker. Credit risk of cash is considered low as it is held at a AA-rated Canadian bank.

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 Class A shares and Preferred shares. The Company receives adequate notice for all retraction requests. The Company's Portfolio is invested in highly liquid large capitalization investments that trade on the Toronto Stock Exchange ("TSX") and New York Stock Exchange (consistent with previous year). All Class A shares and Preferred shares outstanding are redeemable on a monthly and annual basis but are scheduled to be redeemed upon termination of the Company. All other financial liabilities are payable within three months from the end of the year.

Concentration risk

The Company's portfolio is concentrated in the financial services sector and as such will be exposed to the specific factors that affect this sector (consistent with previous year). An individual portfolio holding may represent no more than 10% of the net asset value of the Company at the time of purchase.

The Company's investment portfolio is concentrated in the following segments as at:

	November 30, 2016	November 30, 2015
Canadian Core Common Equities	55.4%	58.3%
Other Canadian Common Equities	1.2%	1.4%
U.S. Core Common Equities	36.9%	39.2%
Other U.S. Common Equities	2.8%	0.0%
Canadian Call Options written	-0.3%	-0.1%
U.S. Call Options written	-0.1%	-0.1%
Other Assets less Liabilities (excluding Preferred shares)	4.1%	1.3%
	100.0%	100.0%

6. Redeemable Units

Preferred shares

The Company is authorized to issue an unlimited number of Preferred shares.

Preferred share transactions	November 30, 2016	November 30, 2015
Beginning of year	16,518,732	14,579,732
Issued during the year	3,335,474	1,939,000
Redeemed during the year	(832,774)	-
End of year	19,021,432	16,518,732

Preferred shares were issued at $10 per share.

Preferred shareholders currently receive monthly dividends in the amount of $0.04375 (5.25% based on the Preferred share repayment amount). The dividend rate is to be set annually by the Board of Directors subject to a minimum annual rate of 5.25% until 2020. All Preferred shares outstanding on the termination date will be redeemed by the Company on that date. The Preferred shares have been presented as liabilities in the financial statements.

Preferred shares trade under the symbol "FTN.PR.A" on the TSX. Preferred shares trading price on the TSX was $10.03 as at November 30, 2016 (November 30, 2015-$10.01). Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Preferred share and a Class A share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last day of October. Preferred 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 Preferred shares or Class A shares tendered for retraction.

On December 4, 2015, the Company issued 3,335,474 Preferred Shares pursuant to a secondary offering. At the same time, a total of 832,774 Preferred shares were processed for retraction at $10 per Preferred share in connection with the special retraction privilege that Preferred shareholders had as at November 30, 2015.

The Company issued 1,939,000 Preferred shares pursuant to a secondary offering that was completed on December 16, 2014.

The Preferred shares rank in priority to the Class A shares with respect to the payment of dividends. Preferred shares rank in priority to the Class A shares upon termination of the Company.

Class A shares and Class B shares

Authorized
An unlimited number of Class A shares
1,000 Class B shares

Class A share transactions	November 30, 2016	November 30, 2015
Beginning of year	16,518,732	14,579,732
Issued during the year	2,502,700	1,939,000
End of year	19,021,432	16,518,732

Class A shares were originally issued at $15 per share. Class A share distributions are currently targeted at $0.1257 per month. All Class A shares outstanding on the termination date will be redeemed by the Company on that date.

Class A shares trade under the symbol "FTN" on the TSX. Class A shares trading price on the TSX was $9.05 as at November 30, 2016 (November 30, 2015-$9.80). Class A shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Class A share and a Preferred share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last day of October. Class A 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 Preferred shares or Class A 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 Preferred shares rank in priority to the Class A shares with respect to the payment of dividends. Upon the termination of the Company, Class A shareholders will receive an amount equal to the net asset value per unit less $10 (the redemption value of the Preferred shares).

The Company issued 2,502,700 Class A shares at $9.90 per share pursuant to a secondary offering that was completed on December 4, 2015. Gross proceeds of $24,776,730 were received from the sale of Class A shares. Agent's fees and filing fees were $2,389,838 in connection with this offering.

Net proceeds from the issue of Class A shares from this offering were $22,386,892.

The Company issued 1,939,000 Class A shares at $9.75 per share pursuant to a secondary offering that was completed on December 16, 2014. Gross proceeds of $18,905,250 were received from the sale of Class A shares. Agent's fees and filing fees were $1,690,483 in connection with this offering. Net proceeds from the issue of Class A shares from this offering were $17,214,767.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of $1.00 per share. Class B shareholders are entitled to one vote per share. On September 26, 2003, the Company issued 1,000 Class B shares to Quadravest, the Company's investment manager, for cash consideration of $1,000.

7. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, including, but not limited to, ongoing custodian, transfer agent, legal and audit expenses.

Pursuant to the management agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate of 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.

Pursuant to the terms of the investment management agreement, Quadravest 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 include the outstanding Preferred shares, calculated as at each month-end valuation date. In addition, Quadravest is entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

The monthly discount to net asset value of 2% applicable to the redemption of Preferred shares and Class A shares is payable to Quadravest. Redemption fees paid for the year ended November 30, 2016 were $NIL (November 30, 2015-$NIL).

Total management fees of $2,244,543 (November 30, 2015-$2,132,244), incurred during the year, include the administration fee and investment management fee. As at November 30, 2016, $200,269 (November 30, 2015-$171,844) was payable to the Manager with respect to the management and administrative fees. No performance fees were paid in 2016 or 2015.

Total brokerage commissions paid during the year by the Company for its Portfolio transactions was $98,659 (November 30, 2015-$47,530).

8. Increase (decrease) in net assets attributable to holders per redeemable Class A share

The increase (decrease) in net assets attributable to holders per redeemable Class A share for the years ended November 30, 2016 and 2015 is calculated as follows:

	2016	2015
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	$29,748,834	$7,570,121
Weighted average units outstanding	19,021,432	16,518,732
Increase (decrease) in net assets attributable to holders per redeemable Class A share	$1.56	$0.46

9. Distributions

Distributions per share were as follows:

	November 30, 2016	November 30, 2015
Preferred shares	$0.5250	$0.5250
Class A shares	$1.5084	$1.5084

10. Capital Management

The Company considers its capital to consist of Class A, Class B and Preferred shares.

The Company's objectives in managing its capital are:

i) to provide holders of Preferred shares with cumulative preferential monthly cash dividends currently in the amount of 5.25% annually (on the Preferred Share repayment amount), to be set by the Board of Directors annually subject to a minimum of 5.25% until 2020 and to pay the holders of the Preferred shares $10 per Preferred share on or about the termination date; and

ii) to provide holders of Class A shares with regular monthly cash distributions in an amount to be determined by the Board of Directors and to permit holders to participate in all growth in the net asset value of the Company above $10 per unit, by paying holders such amounts as remain in the Company after paying $10 per Preferred share on or about the termination date.

In order to manage its capital structure, the Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

11. Accounting Standards, Interpretations and Amendments to Existing Standards Not Yet Effective

The final version of IFRS 9, Financial instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 is effective for annual years beginning on or after January 1, 2018, however it is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Company is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

12. Reconciliation of net asset value per Class A share to net assets attributable to holders per redeemable Class A share

As at November 30, 2016 and November 30, 2015, there were no differences between net asset value per Class A share used for transactional purposes and assets attributable to holders per redeemable Class A share for financial reporting purposes.

13. Subsequent events

On December 2, 2016, the Company completed a secondary offering of 2,040,000 Class A shares and 2,040,000 Preferred shares for net proceeds of $36,595,500 (gross proceeds of $38,250,000).

On February 16, 2017, the Company announced a secondary offering of 2,980,000 Class A shares and 2,980,000 Preferred shares for net proceeds of $58,481,500 (gross proceeds of $61,090,000).

NOTES

Notes

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.

Board of Directors

Wayne Finch,
Chairman and
Chief Investment Officer,
Quadravest Capital Management Inc.

Laura Johnson,
Managing Director and
Portfolio Manager,
Quadravest Capital Management Inc.

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

Peter Cruickshank,
Managing Director and
Chief Financial Officer,
Quadravest Capital Management Inc.

William Thornhill,
President,
William C. Thornhill Consulting Inc.

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