M Split Corp.

2026

Semi-Annual Report (unaudited)

This report may contain forward-looking statements about the Company. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Company action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Company currently anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking statements.

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2026. 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.m-split.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.m-split.com or www.sedarplus.com.

Investment Objectives and Strategies

As a result of the corporate reorganization that was approved at a special meeting of shareholders on February 3, 2010 and subsequently implemented on March 23, 2010 (the reorganization date), the Priority Equity shares and Class A shares outstanding on the reorganization date were each exchanged for a new class of shares as outlined further below.

The primary purpose of the reorganization was to provide holders of Priority Equity shares and Class A shares with an opportunity to have those shares reorganized into a new series of shares that would provide greater distribution and capital growth potential, if the common shares of Manulife Financial Corporation ("Manulife") increase over the remaining term of the Company. The Priority Equity share portfolio protection plan was eliminated at the reorganization date and the fixed income securities held by the Company pursuant to the plan were sold in order for the newly reorganized Company to re-establish a much more fully invested position in common shares of Manulife. A covered call writing strategy is also used by the Company to provide supplemental income in addition to the dividend income from Manulife common shares.

The following is a summary of some of the principal provisions of the Class I Preferred shares, Class II Preferred shares and Capital shares:

Class I Preferred shares (XMF.PR.B)

Each Class I Preferred Share pays fixed cumulative preferential monthly cash dividends in the amount of $0.03125 per share to yield 7.50% annually on the repayment amount of $5.00; and has a repayment objective on or about the termination date of December 1, 2029 (subject to further 5 year extensions thereafter), to pay the holders of the Class I Preferred Shares $5.00 per Class I Preferred Share.

Class II Preferred shares (XMF.PR.C)

Each Class II Preferred share pays fixed cumulative preferential monthly cash dividends in the amount of $0.03125 per share to yield 7.50% per annum on the repayment amount of $5.00, when the net asset value per unit exceeds $10.00 and has a repayment objective on or about the termination date of December 1, 2029 (subject to further 5 year extensions thereafter), to pay the holders of the Class II Preferred shares $5.00 per Class II Preferred share.

Capital shares (XMF.A)

Capital shares (Symbol: XMF.A) will participate in any net asset value growth over $10.00 per unit and dividends will be paid when the net asset value per unit exceeds $15.00. The dividend rate on the Capital shares will be set by the Board of Directors of the Company at its discretion, based on market conditions. No dividend payments will be made on the Capital shares unless all dividends on the Class I Preferred shares and, if applicable, Class II Preferred shares have been declared and paid.

Risk

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2026. In addition, note 6 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 generated positive returns during the six months ended May 31, 2026, despite periods of volatility driven by geopolitical developments, inflation concerns and uncertainty regarding the outlook for economic growth and interest rates. Canadian equities demonstrated resilience in a challenging economic environment, supported by generally favourable corporate earnings and continued strength in select sectors, including financials and energy.

Monetary policy remained an important influence on market conditions during the period. The Bank of Canada maintained its policy interest rate throughout the six months ended May 31, 2026. In Canada, economic activity weakened, with real GDP contracting for two consecutive quarters on an annualized basis. Consumer spending increased modestly, while housing activity declined, business investment remained weak and exports fell. Employment levels were largely unchanged during the period, while the unemployment rate remained in the 6.5% to 7% range. Higher energy prices contributed to inflationary pressures and increased uncertainty regarding the economic outlook.

The conflict in the Middle East, higher energy prices, supply chain disruptions and continued uncertainty regarding U.S. trade policy contributed to elevated economic uncertainty during the period. Against this backdrop, uncertainty regarding the timing and extent of future interest rate changes remained an important factor influencing investor sentiment and financial markets throughout the period.

Canadian financial institutions generally outperformed during the period, supported by resilient earnings, strong capital positions and investor confidence in the sector's financial strength, as evidenced by continued strong demand for bank debt and funding spreads remaining near historic lows, despite a weaker domestic economic backdrop.

As at May 31, 2026, net assets of the Company were $14.3 million (November 30, 2025–$13.9 million) and net assets per unit of the Company were $10.51 (November 30, 2025–$10.32).

The share price of Manulife appreciated by 6.6% during the period ended May 31, 2026.

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

Capital shares

No distributions were paid during the period.

Class I Preferred shares

Total distributions during the period amounted to $0.1875 per Class I Preferred share, consisting of 6 regular monthly distributions at the monthly rate of $0.03125.

Class II Preferred shares

Total distributions during the period amounted to $0.1563 per Class II Preferred share, consisting of 5 regular monthly distributions at the monthly rate of $0.03125.

Recent Developments

Ongoing geopolitical tensions, conflicts and uncertainty regarding international trade policies may contribute to market volatility and could impact the Company's investment portfolio.

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

		Years ended November 30				
	May 31, 2026	**2025**	**2024**	**2023**	**2022**	**2021**
Net assets value per unit, beginning of period[1]	10.32	10.13	6.59	6.26	6.16	6.27
Increase (decrease) from operations						
Total revenue	0.19	0.35	0.37	0.36	0.34	0.32
Total expenses	(0.11)	(0.18)	(0.13)	(0.12)	(0.12)	(0.13)
Realized gains (losses) for the period	0.36	2.74	0.38	(0.12)	0.02	(0.12)
Unrealized gains (losses) for the period	0.21	(2.08)	3.33	0.59	0.24	0.20
Total increase (decrease) from operations[2]	0.65	0.83	3.95	0.71	0.48	0.27
Distributions[3]						
Canadian dividends	N/A	(0.41)	(0.41)	(0.38)	(0.38)	(0.38)
Total distributions	(0.34)	(0.41)	(0.41)	(0.38)	(0.38)	(0.38)
Net assets per unit at end of period	10.51	10.32	10.13	6.59	6.26	6.16
Net assets per Class I Preferred share	5.00	5.00	5.00	5.00	5.00	5.00
Net assets per Class II Preferred share	5.00	5.00	5.00	1.59	1.26	1.16
Net assets per Capital share	0.51	0.32	0.13	-	-	-
Net assets per unit at end of period	10.51	10.32	10.13	6.59	6.26	6.16

(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 Class I Preferred shares, Class II Preferred shares and net assets attributable to holders of redeemable Capital 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 shares and Capital shares distributions, excludes any gain (loss) on remeasurement of Preferred shares, and is calculated based on the weighted average number of units outstanding during the period.

(3) Distributions on the Class I Preferred shares and Class II Preferred shares are based on the number of Class I Preferred shares and Class II Preferred shares outstanding on the record date for each distribution in the period and were paid in cash. Distributions per unit represent the aggregate distributions declared on one Class I Preferred share, one Class II Preferred share and one Capital share. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended May 31, allocations for tax purposes are not available until year end).

Ratios and Supplemental Data

	May 31, 2026	2025	2024	2023	2022	2021
		Years ended November 30				
Net asset value (millions)(1)	$14.3	$13.9	$23.1	$15.0	$14.2	$14.0
Number of units outstanding(2)	1,360,915	1,345,244	2,275,889	2,275,889	2,275,889	2,275,889
Base Management expense ratio(3)	2.02%	1.86%	1.43%	1.66%	1.76%	1.66%
Management expense ratio per Capital share(4)	148.79%	N/A	N/A	N/A	N/A	N/A
Management expense ratio per Class II Preferred share(5)	N/A	26.51%(8)	14.91%	34.50%	36.07%	27.8%
Portfolio turnover rate(6)	0.76%	5.09%	5.45%	3.77%	1.80%	5.71%
Trading expense ratio(7)	0.07%	0.10%	0.11%	0.19%	0.14%	0.27%
Closing market price (TSX): Class I Preferred share	$5.60	$5.31	$5.20	$5.00	$4.85	$5.27
Closing market price (TSX): Class II Preferred share	$4.94	$4.25	$4.80	$1.10	$1.01	$1.62
Closing market price (TSX): Capital share	$1.71	$0.80	$0.49	$0.16	$0.15	$0.21

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

(2) Preferred shares and Capital shares are issued on the basis that an equal number of Class I Preferred shares, Class II Preferred and Capital shares (together, a "unit") will be issued and outstanding at all material times. At times when there is an unequal number of Preferred shares and Capital shares outstanding, a notional unit amount will be determined as the quotient of the total net asset value of the Company and the sum of the net asset value per share attributable to Class I Preferred shares, Class II Preferred shares and Capital shares.

(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 period, excluding commissions and other portfolio transaction costs, 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 period.

(4) Management expense ratio per Capital 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), all distributions on Preferred shares and all issuance costs to the Capital shares and expresses this as an annualized percentage of the average net asset value attributable to the Capital shares during the period. The management expense ratio per Capital share should not be interpreted as the required return necessary for the Company or the Capital share 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) Management expense ratio per Class II Preferred share is calculated in periods in which the net asset value is less than $10.00 per unit (but greater than $5.00) based on total expenses of the Company (excluding commissions and other portfolio transaction costs), distributions on Class I Preferred shares and all issuance costs and is expressed as an annualized percentage of the average net asset value attributable to Class II Preferred shares during the period.

(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 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.

(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 period.

(8) The MER per Class II Preferred Share for the year ended November 30, 2025 has been revised to 26.51% from the previously reported 15.66% to correct an error.

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 0.45% of the net asset value of the Company, which includes the outstanding Class I and Class II Preferred shares, calculated as at each month-end valuation date.

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 Class I and Class II Preferred shares, calculated as at each month-end valuation date.

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

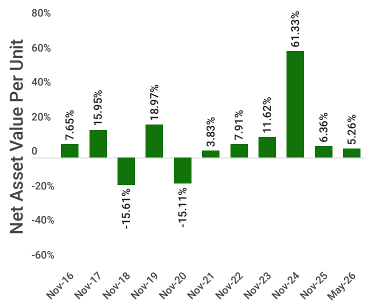
Year-by-Year Returns

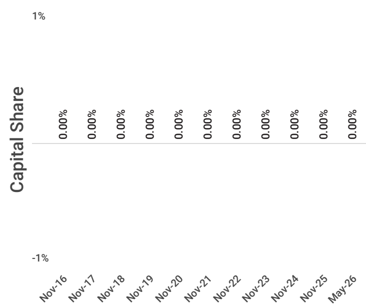
The past performance of 1) the net asset value per unit; 2) the Class I Preferred shares on a net asset value basis; 3) the Class II Preferred shares on a net asset value basis; and 4) the Capital shares on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit and each class of shares would have increased or decreased during the applicable year on a net asset value basis. In respect of the charts displayed below, please note the following:

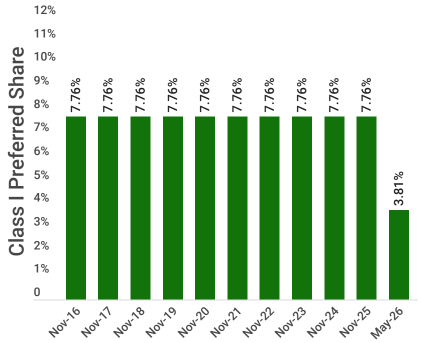
a) The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable securities of the Company;

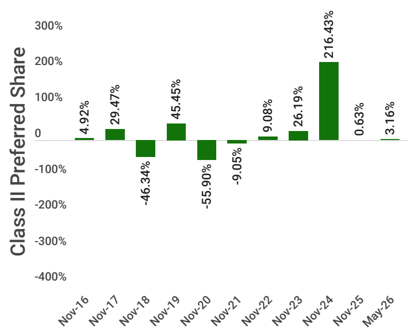
b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and

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









(1) As a result of the net asset value per Capital share being nil since the reorganization date of March 26, 2010, the returns for each of the years presented cannot be calculated.

Summary of Investment Portfolio
All holdings as at May 31, 2026

Name	Weighting (%)
Manulife Financial Corporation	92.3
Total long positions as a percentage of net assets	**92.3**
Cash	7.7
Other net assets (liabilities)	0.0
	100.0

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

M Split Corp.
Management's Responsibility for Financial Reporting

The interim financial statements of M 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 issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The material accounting policy information applicable to the Company is described in note 3 to the financial statements.

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

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Chartered Professional Accountants.

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

Silvia Gomes
Chief Financial Officer
Quadravest Capital Management Inc.

M Split Corp.

Statements of Financial Position

As at May 31, 2026 and November 30, 2025 (Unaudited)

	May 31, 2026 ($)	November 30, 2025 ($)
ASSETS		
Current Assets		
Investments	13,203,592	13,376,688
Cash	1,103,423	542,390
Interest, dividends and other receivables	121,808	119,208
	14,428,823	**14,038,286**
LIABILITIES		
Current Liabilities		
Written options	23,385	38,050
Fees and other accounts payable	25,342	35,155
Distributions payable	82,164	82,164
Class I Preferred shares (note 7)	9,342,420	9,342,420
Class II Preferred shares (notes 2 and 7)	3,803,820	3,803,820
Class B shares	1,000	1,000
	13,278,131	**13,302,609**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CAPITAL SHARES	**1,150,692**	**735,677**
Number of Class I Preferred shares outstanding (note 7)	1,868,484	1,868,484
Number of Class II Preferred shares outstanding (note 7)	760,764	760,764
Number of Capital shares outstanding (note 7)	2,275,548	2,275,548
Net assets per Class I Preferred share	$5.00	$5.00
Net assets per Class II Preferred share (note 2)	$5.00	$5.00
Net assets per Capital share	$0.51	$0.32
Net assets per unit	$10.51	$10.32

Approved on behalf of the Board of Directors

Wayne Finch
Director

Peter Cruickshank
Director

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

M Split Corp.
Statements of Comprehensive Income / (Loss)
For the six month periods ended May 31 (unaudited)

	2026 ($)	2025 ($)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	489,322	3,868,413
Net change in unrealized appreciation/depreciation	284,873	(4,450,226)
Dividends	252,588	237,952
Interest for distribution purposes	3,367	10,151
Net gain (loss) on investments and derivatives	**1,030,150**	**(333,710)**
EXPENSES (note 8)		
Management fees	38,491	35,122
Audit fees	10,510	11,190
Directors' fees	7,167	7,167
Independent Review Committee fees	1,071	1,154
Custodial fees	2,940	3,120
Legal fees	25,918	24,594
Shareholder reporting costs	8,718	9,788
Other operating expenses	32,777	36,772
Harmonized sales tax	13,168	14,232
Transaction costs	5,165	8,945
	145,925	152,084
Increase (decrease) in net assets attributable to holders of redeemable Capital shares before distributions and other income (charges) related to Preferred shares	**884,225**	**(485,794)**
Distributions on Preferred shares	(469,210)	(350,341)
Gain (loss) on remeasurement of Preferred shares	-	531,883
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	**415,015**	**(304,252)**
Increase (decrease) in net assets attributable to holders per redeemable Capital share (note 9)	**0.18**	**(0.13)**

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

M Split Corp.
Statements of Changes in Net Assets Attributable To Holders Of Redeemable Capital Shares
For the six month periods ended May 31 (unaudited)

	2026 ($)	2025 ($)
Net assets attributable to holders of redeemable Capital shares - Beginning of period	**735,677**	**304,296**
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	415,015	(304,252)
Capital share redemptions	-	(44)
Change in net assets attributable to holders of redeemable Capital shares	**415,015**	**(304,296)**
Net assets attributable to holders of redeemable Capital shares - End of period	**1,150,692**	**-**

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

M Split Corp.
Statements of Cash Flow
For the six month periods ended May 31 (unaudited)

	2026 ($)	2025 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	415,015	(304,252)
Adjustment for:		
Distributions on Preferred shares	469,210	350,341
Net realized (gain) loss on investments and derivatives	(489,322)	(3,868,413)
Net change in unrealized appreciation/depreciation of investments and derivatives	(284,873)	4,450,226
(Gain) loss on remeasurement of Preferred shares	-	(531,883)
Purchase of investments, net of option premiums	(2,430)	(430,440)
Proceeds from sale of investments	935,056	7,657,265
(Increase) decrease in interest, dividends and other receivables	(2,600)	55,828
Increase (decrease) in fees and other accounts payable	(9,813)	(14,091)
Cash flows from (used in) operating activities	1,030,243	7,364,581
Cash flows from (used in) financing activities		
Amounts paid on redemption of Capital shares and Preferred shares	-	(9,612,694)
Distributions paid on Preferred shares	(469,210)	(434,194)
Cash flows from (used in) financing activities	(469,210)	(10,046,888)
Net increase (decrease) in cash	561,033	(2,682,307)
Cash at beginning of the period	542,390	3,455,721
Cash at end of the period	**1,103,423**	**773,414**
Dividends received*	250,120	293,136
Interest received*	3,367	10,151

* Included as part of Cash Flows from Operating Activities.

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

M Split Corp.
Schedule of Portfolio Investments
As at May 31, 2026 (unaudited)

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Core Holding		
	Canadian Common Equities		
250,400	Manulife Financial Corporation	5,641,588	13,203,592
	Total Canadian Common Equities in Core Holdings (100.2%)	**5,641,588**	**13,203,592**
	Call options written (100 shares per contract)		
(70)	Manulife Financial Corporation @ $52.50 June 2026	(2,940)	(7,385)
(200)	Manulife Financial Corporation @ $54 July 2026	(7,000)	(16,000)
	Total Canadian call options written (-0.2%)	**(9,940)**	**(23,385)**
		5,631,648	**13,180,207**
	Less adjustments for transaction costs	(7,225)	
	Total Investments (100.0%)	**5,624,423**	**13,180,207**

1. Incorporation

M Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on February 12, 2007 that began investment operations on April 18, 2007. A corporate reorganization was approved at the special meeting of shareholders on February 3, 2010 and subsequently implemented on March 23, 2010 (the reorganization date). 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, 2029 and may be extended thereafter at the Company's discretion for additional terms of five years each. The Company's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests in the common shares of Manulife Financial Corporation ("Manulife"). The Company employs an active covered call writing program to generate additional income in addition to the dividends received.

2. Sufficiency of Assets

The Class II Preferred shares have a principal repayment target of $5.00 per share. As at May 31, 2026 and November 30, 2025, the Company had net assets equivalent to $5.00 per Class II Preferred share. When the net asset value per unit of the Company is equal to or less than $10.00 and exceeds $5.00, all income and expenses of the Company are attributable to the Class II Preferred shares.

3. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. These financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2025, which were prepared in accordance with IFRS Accounting Standards.

These financial statements were approved by the Board of Directors of the Company on July 15, 2026.

4. Material accounting policy information

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

Investments and financial instruments

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

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

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

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

The Class I and Class II Preferred shares rank prior to the Capital 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 the Statements of Comprehensive Income/(Loss).

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

The net asset value of the Company is determined in accordance with requirements of law, including National Instrument 81-106, Investment Fund Continuous Disclosure, and is used to process shareholder transactions. For financial reporting purposes, net assets of the Company is determined as the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Class I Preferred shares, Class II Preferred shares and net assets attributable to holders of redeemable Capital shares ("Net Assets of the Company"). Preferred shares and Capital shares are issued on the basis that an equal number of Class I Preferred shares, Class II Preferred and Capital shares (together, a "unit") will be issued and outstanding at all material times. At times when there is an unequal number of Preferred shares and Capital shares outstanding, a notional unit amount will be determined as the quotient of the total net asset value of the Company and the sum of the net asset value per share attributable to Class I Preferred shares, Class II Preferred shares and Capital shares.

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 6 for further information about the Company's fair value measurements.

Cash

Cash is comprised of demand deposits with a financial institution.

Translation of foreign currencies

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

Management fees and administration fees

Management fees and administration fees, are accrued by the Company over time, as services are rendered by Quadravest. Refer to note 8 for further information about the calculation of management and administration fees of the Company.

Increase (decrease) in net assets attributable to holders per redeemable Capital share

Increase (decrease) in net assets attributable to holders per redeemable Capital share is based on the increase or decrease in net assets attributable to holders of redeemable Capital shares divided by the weighted average number of such shares outstanding during the period. Refer to note 9 for the calculation.

Taxation

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

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

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

As a mutual fund corporation, taxable dividends received from taxable Canadian corporations are subject to a Part IV tax of 38 1/3%. Such taxes are fully refundable upon payment of taxable dividends to its shareholders on a basis of $1.15 for every $3 of dividends paid. Any such tax paid is reported as an amount receivable until recovered through the payment to shareholders of dividends out of net investment income. All tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders, while the Company qualifies as a mutual fund corporation. As a result of the capital gains refund mechanism and Part IV tax refunds, the Company recovers any Canadian income taxes paid in respect of its capital gains and taxable Canadian dividends. As a result, the Company has determined that it is in substance not taxable. Consequently, the tax benefit of capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as deferred income tax assets or liabilities.

The Company has estimated accumulated non-capital losses for tax purposes as at May 31, 2026 of $10,265,046 (November 30, 2025-$10,265,046) that are available to lower taxable income in future periods if required and expire after the scheduled termination date of the Company. The Company also has estimated accumulated capital losses for tax purposes of $23,993,016 (November 30, 2025-$23,993,016) which may be used to lower future capital gains if required and which do not expire.

5. 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 6.

6. Management of Risk of Financial Instruments

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

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

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

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

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at May 31, 2026 and November 30, 2025:

	Financial assets and liabilities at fair value as at May 31, 2026			
	Level 1	Level 2	Level 3	Total
Equities	$13,203,592	-	-	$13,203,592
Options	($23,385)	-	-	($23,385)
	$13,180,207	**-**	**-**	**$13,180,207**

	Financial assets and liabilities at fair value as at November 30, 2025			
	Level 1	Level 2	Level 3	Total
Equities	$13,376,688	-	-	$13,376,688
Options	($38,050)	-	-	($38,050)
	$13,338,638	**-**	**-**	**$13,338,638**

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the period ended May 31, 2026 or the year ended November 30, 2025.

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

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

Market Price Risk

All securities investments present a risk of loss of capital.

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

Price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk).

The supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during periods in which a covered call option is written against a position in Manulife.

The Company is exposed to other price risk from its investment in equity securities and written options. As at May 31, 2026, had the prices on the respective stock exchanges for these equity securities increased by 10%, with all other variables held constant, Net Assets of the Company would have increased by approximately $1,225,000 (November 30, 2025–$1,199,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, Net Assets of the Company would have decreased by approximately $1,307,000 (November 30, 2025–$1,317,000).

Interest rate risk

Interest rate risk is the risk that the fair value of interest bearing financial instruments will fluctuate due to changes in market interest rates. The majority of the Company's financial assets 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 as at May 31, 2026 and November 30, 2025.

Currency risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Company's reporting currency, will fluctuate due to changes in exchange rates. All portfolio holdings and Net Assets of the Company are denominated in Canadian dollars and therefore there is no currency risk as at May 31, 2026 and November 30, 2025.

Other risks

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All of the Company's transactions are in listed securities and options and are settled and paid for using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. Cash is held with a reputable and regulated financial institution. As at May 31, 2026 and November 30, 2025, the Company did not have significant credit risk exposure.

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 Capital shares and Class I and Class II Preferred shares. The Company receives adequate notice for all retraction requests. The Company's portfolio is invested in Manulife which is a highly liquid large capitalization stock that trades on the Toronto Stock Exchange ("TSX"). All Capital shares and Class I and Class II Preferred shares outstanding are redeemable on a monthly and annual basis but are scheduled to be redeemed on the termination date. As at May 31, 2026 and November 30, 2025, all other financial liabilities are payable within three months from the end of the period.

Concentration risk

The Company's only equity holding is concentrated in the common shares of Manulife and as such will be exposed to the specific factors that affect this stock.

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

	May 31, 2026	November 30, 2025
Manulife common shares	92.3%	96.4%
Call options written	-0.2%	-0.3%
Other assets less liabilities (excluding Class I and Class II Preferred shares)	7.9%	3.9%
	100%	100%

7. Redeemable Units

Preferred shares

The Company is authorized to issue an unlimited number of Class I Preferred shares and an unlimited number of Class II Preferred shares.

Class I Preferred shares are entitled to fixed cumulative monthly dividends of $0.03125 per share. Class II Preferred shares are entitled to monthly dividends of $0.03125 per share when the net asset value per unit exceeds $10.00. All Class I and Class II Preferred shares outstanding on the termination date will be redeemed by the Company on that date. Class I Preferred shares have a repayment objective of $5.00 and rank in priority to the Class II Preferred shares and Capital shares upon the winding up of the Company. Class II Preferred shares have a repayment objective of $5.00 and rank behind the Class I Preferred shares but ahead of the Capital shares. Class I and Class II Preferred shares trade under the symbols "XMF.PR.B" and "XMF.PR.C" respectively on the TSX. The trading price as at May 31, 2026 of Class I Preferred shares and Class II Preferred share was $5.60 and $4.94 respectively (November 30, 2025-$5.31 and $4.25 respectively). The Class I and Class II Preferred shares have been presented as liabilities in the financial statements.

Class I and Class II Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business day of each month. Shareholders who concurrently retract a Class I Preferred share, a Class II Preferred share and a Capital 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 business day of October. Class I and Class II 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 Class I and Class II Preferred shares or Capital 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).

Preferred share transactions

Preferred share transactions during the periods ended May 31, 2026 and 2025 are summarized in the following tables.

Class I Preferred share transactions	May 31, 2026	May 31, 2025
Beginning of period	1,868,484	2,275,889
Issued	-	-
Redeemed	-	(407,405)
End of period	1,868,484	1,868,484

Class II Preferred share transactions	May 31, 2026	May 31, 2025
Beginning of period	760,764	2,275,889
Issued	-	-
Redeemed	-	(1,515,125)
End of period	760,764	760,764

Capital shares

The Company is authorized to issue an unlimited number of Capital shares.
Capital shares will participate in any net asset value growth over $10.00 per unit. The dividend on the Capital shares will only be paid when the net asset value per unit exceeds $15. The dividend rate on the Capital shares at such time will be set by the Board of Directors of the Company at its discretion, based on market conditions. No dividend payments will be made on the Capital shares unless all dividends on the Class I Preferred shares and, if applicable, Class II Preferred shares have been declared and paid. All Capital shares outstanding on the termination date will be redeemed by the Company on that date.
Capital shares trade under the symbol "XMF.A" on the TSX. The Capital shares trading price on the TSX was $1.71 as at May 31, 2026 (November 30, 2025-$0.80). Capital shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business day of each month. Shareholders who concurrently retract a Capital share and a Class I Preferred and a Class II Preferred shares 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 business day of October. Capital 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 Class I and Class II Preferred shares or Capital 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 Class I and Class II Preferred shares rank in priority to the Capital shares with respect to the payment of dividends. Upon the termination of the Company, Capital shareholders will receive an amount equal to the net asset value per unit less $10.00 (the redemption value of the Class I and Class II Preferred shares).

Capital share transactions

Capital share transactions during the periods ended May 31, 2026 and 2025 are summarized in the following tables.

Capital share transactions	May 31, 2026	May 31, 2025
Beginning of period	2,275,548	2,275,889
Issued	-	-
Redeemed	-	(341)
End of period	2,275,548	2,275,548

8. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, including, but not limited to, accounting and administration fees, custodian fees, transfer agent fees, legal and audit expenses, fees payable to the independent directors of the Company and the Company's independent review committee, regulatory filing and stock exchange fees, costs of reporting to shareholders and costs and expenses arising as a result of complying with all applicable laws, regulations and policies.

Pursuant to the management 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 Class I and Class II Preferred shares, calculated as at each month-end valuation date.

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 0.45% of the net asset value of the Company, which includes the outstanding Class I and Class II Preferred shares, calculated as at each month-end valuation date.

In addition, the monthly discount to the net asset value of 3% applicable to redemptions of Preferred shares and Capital shares is paid to Quadravest. Redemption fees paid for the period ended May 31, 2026 were $NIL (November 30, 2025-$NIL).

Total management fees of $38,491 (May 31, 2025-$35,122) incurred during the period ended May 31, 2026, include the administration fee and base management fee. As at May 31, 2026, $6,644 (November 30, 2025-$6,231) was payable to Quadravest with respect to the administration fee and investment management fee.

Total brokerage commissions paid during the period ended May 31, 2026 by the Company for its portfolio transactions were $5,165 (May 31, 2025-$8,945). Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of portfolio transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended May 31, 2026 amounted to $NIL (May 31, 2025-$100).

9. Increase (decrease) in net assets attributable to holders per redeemable Capital share

The increase (decrease) in net assets attributable to holders per redeemable Capital share for the periods ended May 31, 2026 and 2025 is calculated as follows:

	May 31, 2026	May 31, 2025
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	$415,015	($304,252)
Weighted average Capital shares outstanding	2,275,548	2,275,576
Increase (decrease) in net assets attributable to holders per redeemable Capital share	$0.18	($0.13)

10. Distributions

Distributions per share were as follows:

	May 31, 2026	May 31, 2025
Class I Preferred shares	$0.1875	$0.1875
Class II Preferred shares	$0.1563	$-
Capital shares	$-	$-

11. Capital Management

The Company considers its capital to consist of Capital, Class B and Class I Preferred and Class II Preferred shares.

The Company's objectives in managing its capital are:

i) to provide holders of Class I Preferred shares with fixed cumulative preferential monthly cash dividends in an amount of $0.03125 per Class I Preferred share to yield 7.50% per annum on the Class I Preferred share repayment amount of $5.00 and to return $5.00 per share to their holders on the termination date;

ii) to provide holders of Class II Preferred shares with monthly cash dividends of $0.03125 per Class II Preferred share to yield 7.50% on the $5.00 Class II Preferred share repayment amount when the net asset value per unit exceeds $10.00 and having a repayment objective on the termination date of $5.00; and

iii) to permit holders of Capital shares to participate in all growth in the net asset value of the Company above $10.00 per unit and to provide holders of Capital shares with dividends in an amount to be set by the Board of Directors at its discretion, based on market conditions, when the net asset value per unit exceeds $15.00.

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

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

As at May 31, 2026 and November 30, 2025, there were no differences between net asset value per Capital share used for transactional purposes and net assets attributable to holders per redeemable Capital share for financial reporting purposes.

13. New IFRS Accounting Standard

In April 2024, the International Accounting Standards Board issued IFRS 18, "Presentation and Disclosure in Financial Statements", which replaces IAS 1, "Presentation of Financial Statements", and aims to improve the quality of financial reporting. IFRS 18 introduces requirements to present new categorization of performance activities by operating, financing and investing, and subtotals in the statement of comprehensive income (loss), adopt a structured approach to summarizing expenses (such as by nature or by function), and include a dedicated note disclosing management-defined performance measures used outside the financial statements. It also provides enhanced guidance on the aggregation and disaggregation of information within both the primary financial statements and the notes. This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently assessing the impact of these new requirements.

In May 2024, the IASB issued amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments clarify the requirements for the timing of recognition and derecognition of financial assets and liabilities, introducing a new exception for certain financial liabilities settled through electronic payment systems. They also provide additional guidance on assessing the contractual cash-flow characteristics of financial assets with contingent features; and introduce new disclosure requirements for financial instruments with contractual terms that may change cash flows. These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted. The Company is currently assessing the impact of these new requirements.

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

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

John Steep,
President, S. Factor Consulting Inc.

Peter Cruickshank,
Director,
Quadravest Capital Management Inc.

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

Corporate Details

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

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

Transfer Agent
Computershare Investor Service Inc.
320 Bay Street, 14th Floor
Toronto, Ontario M5H 4A6

Custodian
RBC Investor Services Trust
155 Wellington St. West
Toronto, Ontario M5V 3L3

M Split

200 Front Street West
Suite 2510, Toronto, ON
M5V 3K2

Tel: 416.304.4443
Toll: 877.4QUADRA
or 877.478.2372
Fax: 416.304.4441

info@quadravest.com
www.quadravest.com