



## INDEPENDENT REVIEW COMMITTEE

### REPORT TO SHAREHOLDERS

YEAR ENDED NOVEMBER 30, 2021 OR DECEMBER 31, 2021

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The Independent Review Committee (the “IRC”) of the funds (the “Funds”) managed by Quadravest Capital Management Inc. (“Quadravest” or the “Manager”), as listed in Appendix A, is pleased to submit its annual report to the securityholders of the Funds. The information provided in this report relates to the fiscal year ended on November 30, 2021 for all Funds, except Income Financial Trust which relates to the fiscal year ended on December 31, 2021.

#### 1. Members of the IRC

<b>Name</b>	<b>Length of Service on the IRC</b>
Mr. Gordon A.M. Currie (Chair)	Initially appointed on May 1, 2007
Mr. William C. Thornhill	Initially appointed on May 1, 2007
Mr. John D. Steep	Initially appointed on May 1, 2007

Each of the members of the IRC agreed to so act effective May 1, 2007 in respect of all Funds other than Dividend Select 15 Corp. Upon the initial public offering of securities of Dividend Select 15 Corp. in October 2010, the IRC agreed that it would act as the IRC of this Fund as well.

There have been no changes to the composition of the IRC since its formation.

The members of the IRC do not serve on the independent review committee of any other fund family.

Each of the members of the IRC believes he is, and has received advice of counsel that he is, “independent” of Quadravest for purposes of National Instrument 81-107 *Independent Review Committee for Investment Funds*.

#### 2. Ownership of Securities

##### **(a) Funds**

As at the date of this report, no member of the IRC owns any securities of any of the Funds.

##### **(b) Manager**

As at the date of this report, no member of the IRC owns any securities of the Manager.

##### **(c) Service Provider**

As at the date of this report, no member of the IRC owns any securities of any service provider of the Funds.

### **3. Compensation and Indemnities**

The compensation paid to members of the IRC for the fiscal years set out above was \$15,000 (\$25,000 for the Chair of the IRC) plus reimbursement of expenses. The costs of this compensation are apportioned among the Funds in QuadraVest's discretion but in accordance with its allocation policies in this regard. The amount of compensation so allocated to a particular Fund in a fiscal year is disclosed in the Fund's annual information form in respect of that fiscal year.

No indemnities were paid to the IRC for the fiscal years set out above.

Initial compensation for IRC members was set by the predecessor manager to QuadraVest and applied until April 30, 2009. The IRC has been entitled to set its own compensation for periods subsequent to April 30, 2009. To determine an appropriate level of compensation, the IRC considers its assessment of the amount of time and effort involved in acting as the IRC of the Funds and its understanding of what other investment funds are paying for comparable services.

### **4. Activities of the IRC During the Reporting Period**

#### **(a) Manager Acting without Positive Recommendation or Approval**

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation.

Other than as described under (d) Compliance below, the IRC is not aware of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

#### **(b) Standing Instructions for Matters Requiring IRC Recommendation or Approval**

During the year, standing instructions were relied upon by the Manager in relation to the following:

- Offerings of Preferred Shares and Class A Shares of Dividend 15 Split Corp., Dividend 15 Split Corp. II, Financial 15 Split Corp. and North American Financial 15 Split Corp.;
- Offering of Priority Equity Shares and Class A Shares of TDb Split Corp.;
- At-the-market offerings of Preferred Shares and Class A Shares of Canadian Banc Corp., Dividend 15 Split Corp., Dividend 15 Split Corp. II, Financial 15 Split Corp. and North American Financial 15 Split Corp.;
- At-the market offering of Units of Income Financial Trust; and
- Allowing the Funds to purchase securities from, or sell securities to, another Fund (referred to as inter-fund trades).

#### **(c) Recommendations and Approvals Relied Upon by the Manager**

During the year, no conflict of interest matters were presented to the IRC.

#### **(d) Compliance**

The IRC is aware of one instance where the Manager erred in a conflict of interest matter referred by the Manager to the IRC by not meeting a condition imposed by the IRC in its recommendation or approval. In that instance, the Manager advised the IRC that certain inter-fund trades were completed at a price differing from the Manager's statement of policies regarding inter-fund trading (the "Policy").

The inter-fund trades took place on April 19, 2021 and August 16, 2021 between (i) Canadian Life Companies Split Corp. as the selling Fund and Financial 15 Split Corp., Dividend 15 Split Corp., North American Financial 15 Split Corp. and Dividend 15 Split Corp. II as the buying Funds and (ii) Canadian Banc Corp. as the selling Fund and Dividend 15 Split Corp., North American Financial 15 Split Corp. and Dividend 15 Split Corp. II as the buying Funds, respectively. The inter-fund trades were executed at the current market price of the securities on the Toronto Stock Exchange (the "TSX") at the time of the transaction instead of the closing sale price on the TSX on the day of the transaction, as required by securities legislation in effect at the time of such inter-fund trades and the Policy. The Manager has reimbursed the affected Funds for the difference between the current market transaction price and the close price of the trades. Based on the information provided by the Manager, the IRC is satisfied that: (i) the execution of the inter-fund trades did not have a negative impact on the affected Funds or their respective securityholders; and (ii) the Manager has implemented additional controls to mitigate the risk of future instances.

#### **5. Availability of this Report**

This Report is required to be filed on SEDAR (the System for Electronic Document Analysis and Retrieval, found at [www.sedar.com](http://www.sedar.com)) and on each Fund's website. A copy was delivered to Quadravest on the date hereof. A Fund is required to provide a copy of this report to securityholders of the Fund free of charge upon request to the Fund at Investor Relations, 200 Front Street West, Suite 2510, Toronto, ON M5V 3K2.

February 16, 2022

## **Appendix A**

### **List of Funds**

Canadian Banc Corp.

Canadian Life Companies Split Corp.

Commerce Split Corp. (New Commerce Split Fund)

Dividend 15 Split Corp.

Dividend 15 Split Corp. II

Dividend Select 15 Corp.

Financial 15 Split Corp.

Income Financial Trust

North American Financial 15 Split Corp.

M Split Corp.

Prime Dividend Split Corp.

TDb Split Corp.

US Financial 15 Split Corp.