Financial 15 Split Corp.

2021 Annual Report

FINANCIAL 15

This is the annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2021. 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, 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2.

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. Effective December 1, 2020, to provide holders of Preferred shares with cumulative preferential monthly cash dividends, the amount of which will be fixed by the Board of Directors on an annual basis, subject to a prescribed minimum of 5.5% for the five year period commencing December 1, 2020 (previously, 5.25%). Effective December 1, 2020, dividends have been set at $0.05625 per Preferred share per month for an annual yield of 6.75% on the Preferred share repayment amount (previously, $0.04583 per Preferred share to yield 5.5%); and
2. On or about the termination date of December 1, 2025 (subject to further 5 year extensions thereafter), to pay the holders of the Preferred shares $10 per Preferred share (Preferred share repayment amount).

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. The current policy is to pay holders of Class A shares monthly non-cumulative dividends of $0.1257 per share (previously, $0.1257 for each pre-consolidation Class A share). The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared; 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, 2025 (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 23, 2022. In addition, note 5 of the financial statements ("Management of Risk of Financial Instruments") contains disclosure on specific types of risks related to the financial investments held by the Company.

Results of Operations

North American equity markets continued to advance during the year ended November 30, 2021, driven by record fiscal and monetary stimulus programs, mass vaccination campaigns and progress in the reopening of economies.

The acceleration of the mass vaccination programs earlier in the year in the U.S. and Canada prompted market participants to anticipate a broader economic recovery and a return to a more normalized living and economic environment sooner than previously expected. Both the U.S. and Canadian governments continued to support this recovery through record actual and planned spending, particularly in the U.S. where a record $1.9 trillion Covid-19 relief package was implemented in March, followed by more plans for continued government spending.

With inflation at its highest level in decades due to supply chain bottlenecks, surging energy prices and pent-up demand, along with strong economic indicators, the U.S. Federal Reserve signaled a policy shift at its November meeting in an effort to address its new outlook on inflation as more persistent as compared to its previous characterization as transitory which it maintained for much of 2021. This shift would focus on tightening monetary conditions in order to reduce inflation to its longer-term target of 2 percent. The Bank of Canada remained committed to a very accommodative monetary policy during the year indicating that it would maintain interest rates at or near historic lows until well into 2022 and that it would continue to monitor inflation expectations and labour costs to ensure that what it had characterized as temporary forces driving up prices do not become permanent.

The increase in inflation triggered an increase in longer-term interest rates which improved the outlook for net interest margins for the U.S. and Canadian banks held in the portfolio.

North American equity markets finished the fiscal year with concerns over the potential impact of the new Omicron variant of Covid-19.

Overall, the companies held in the portfolio appreciated significantly during the year.

The net assets per unit finished at $21.32 as at November 30, 2021, after the payment of $2.18 in combined distributions to both classes of shares. A combined total of $31.61 has been paid in distributions since inception.

Pursuant to the special retraction right in connection with the extension of the termination date of the Company, the Company redeemed 25,096,213 Preferred shares and 33,280 Class A shares and made retraction payments of $250,962,130 and $107,494, respectively, to each class of shares in December 2020. As more Preferred shares were tendered for retraction than Class A shares, the Class A shares were consolidated on the basis of 0.4 of a post-consolidation Class A share for every one pre-consolidation Class A share outstanding.

In connection with the extension, the Company also amended the dividend entitlement of the Preferred shares, increasing the minimum annual distribution rate for the five year term commencing December 1, 2020 from 5.25% to 5.5%. The Preferred share annual distribution rate was set at 6.75% effective December 1, 2020, and the targeted monthly distribution rate for Class A shares was set at $0.1257 ($1.5084 annually) for each post-consolidation Class A share (previously, $0.1257 for each pre-consolidation Class A share).

The termination date of the Company may be extended thereafter at the Company's discretion for additional terms of five years each. Shareholders will be provided with a special retraction right in connection with any such extension.

The Company announced on May 25, 2021 that the TSX accepted its notice of intention to make a Normal Course Issuer Bid (the "NCIB") to purchase its Preferred shares and Class A shares through the facilities of the TSX and/or alternative Canadian trading systems. The NCIB commenced on May 27, 2021 and will terminate on May 26, 2022. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 2,219,955 Preferred shares and 2,237,503 Class A shares of the Company, representing 10% of the public float of 22,199,554 Preferred shares and 22,375,025 Class A shares. The Company will not purchase, in any given 30-day period, in the aggregate, more than 444,449 Preferred shares or more than 447,568 Class A shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 14, 2021.The previous NCIB which commenced on May 13, 2020 terminated on May 12, 2021. There were no Preferred shares nor Class A shares purchased for cancellation during the year ended November 30, 2021.

During the year ended November 30, 2021, 2,294,536 Preferred shares were sold through the at-the-market equity program ("ATM Program") at an average selling price of $10.47 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were $24,021,506, $23,447,872 and $573,634, respectively.

During the year ended November 30, 2021, 452,100 pre-consolidation Class A shares and 2,712,300 post-consolidation Class A shares were sold through the ATM Program at an average selling price of $4.17 and $10.98, respectively. Gross proceeds, net proceeds and commissions on the pre-consolidation Class A share sales were, $1,885,008, $1,837,883 and $47,125, respectively. Gross proceeds, net proceeds and commissions on the post-consolidation Class A share sales were, $29,777,414, $29,662,940 and $114,474, respectively.

The Company issued 384,600 Preferred shares at $10.40 per share and 10,000 Class A shares at $11.50 per share for gross proceeds of $4,114,840 pursuant to a secondary offering that was completed on June 29, 2021. Agents' fees and issuance costs were $117,473 in connection with this offering.

The Company issued 520,500 Preferred shares at $10.35 per share and 376,700 Class A shares at $11.10 per share for gross proceeds of $9,568,545 pursuant to a secondary offering that was completed on May 6, 2021. Agents' fees and issuance costs were $258,565 in connection with this offering.

The Company issued 2,642,000 Preferred shares at $10.15 per share and 2,642,000 Class A shares at $9.80 per share for gross proceeds of $52,707,900 pursuant to a secondary offering that was completed on January 14, 2021. Agents' fees and issuance costs were $2,197,021 in connection with this offering.

Net assets of the Company finished the year at $503.7 million.

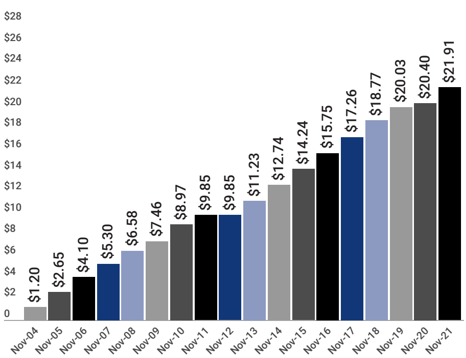
The covered call writing program continued to provide additional income and supplemented the dividend income earned in the portfolio.

Class A shares – Distributions

Class A shareholders are entitled to receive monthly cash dividends targeted to be $0.1257 per Class A share (previously, $0.1257 for each pre-consolidation Class A share). The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared. Total distributions per Class A share during the year amounted to $1.5084.

Preferred shares – Distributions

Preferred shareholders are entitled to cumulative preferential monthly cash dividends, the amount of which will be fixed by the Board of Directors on an annual basis, subject to a prescribed minimum of 5.5% for the five year commencing December 1, 2020 (previously, 5.25%). Distributions during the year were at the fixed rate of 6.75% (previously, 5.5%) for a total of $0.6750 per Preferred share.



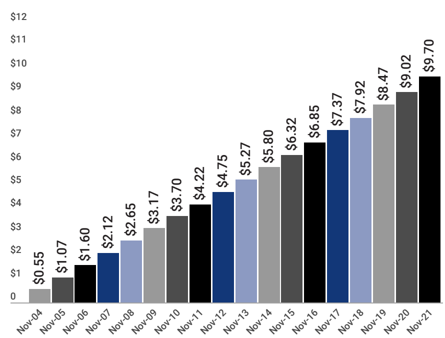
Class A Share Distributions Since Inception

21.91

Cumulative total of distributions paid to Class A share since inception

0.50

Special distributions paid since inception



Preferred Share Distributions Since Inception

9.70

Cumulative total of distributions paid to Preferred share since inception

Recent Developments

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

Pursuant to the special retraction right in connection with the extension of the termination date of the Company, the Company redeemed 25,096,213 Preferred shares and 33,280 Class A shares and made retraction payments of $250,962,130 and $107,494, respectively, to each class of shares in December 2020. As more Preferred shares were tendered for retraction than Class A shares, the Class A shares were consolidated on the basis of 0.4 of a post-consolidation Class A share for every one pre-consolidation Class A share outstanding. In connection with the extension, the Company also amended the dividend entitlement of the Preferred shares, increasing the minimum annual distribution rate for the five year term commencing December 1, 2020 from 5.25% to 5.5%. The Preferred share annual distribution rate was set at 6.75% effective December 1, 2020, and the targeted monthly distribution rate for Class A shares was set at $0.1257 ($1.5084 annually) for each post-consolidation Class A share (previously, $0.1257 for each pre-consolidation Class A share).

Related Party Transactions

Quadravest Capital Management Inc. ("Quadravest") as investment manager and manager earns fees from the Company as described below in the Management Fees section.

Financial Highlights

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance for the past five years. This information is derived from the Company's audited annual financial statements. The information in the following table is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net assets per unit.

The Company's net assets per unit

	Years ended November 30				
		Prior to Class A share consolidation(4)			
	2021(4)	2020	2019	2018	2017
Net assets per unit, beginning of year(1)	13.23(5)	16.13	15.90	18.32	17.18
Increase (decrease) from operations					
Total revenue	0.60	0.48	0.53	0.50	0.47
Total expenses	(0.28)	(0.16)	(0.19)	(0.22)	(0.24)
Realized gains (losses) for the year	0.13	0.10	0.14	0.22	0.62
Unrealized gains (losses) for the year	4.55	(2.43)	1.48	(1.18)	1.46
Total increase (decrease) from operations(2)	5.00	(2.01)	1.96	(0.68)	2.31
Distributions(3)					
Canadian dividends	(2.06)	(0.93)	(1.67)	(1.82)	(1.35)
Capital gains dividends	(0.12)	-	(0.14)	(0.24)	(0.68)
Total distributions	(2.18)	(0.93)	(1.81)	(2.06)	(2.03)
Net assets per unit at end of year	21.32	13.23	16.13	15.90	18.32
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	11.32	3.23	6.13	5.90	8.32
Net assets per unit at end of year	21.32	13.23	16.13	15.90	18.32

(1) Net assets per unit is the difference between the aggregate amount of the Company's assets and the aggregate amount of its liabilities, excluding Preferred shares and net assets attributable to holders of redeemable Class A shares, at the valuation date, divided by the number of units then outstanding.
(2) Total increase (decrease) from operations is before the payment of Preferred and Class A share distributions and other income (charges) related to Preferred shares and is calculated based on the weighted average number of units outstanding during the year.
(3) Distributions on the Preferred shares and Class A shares are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution in the year and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.
(4) As a result of the consolidation of Class A shares on a 0.4 for 1 basis after the payment of special retractions on December 17, 2020 in connection with the extension of the termination date of the Company, amounts for the year ended November 30, 2021 are not comparable to prior years.
(5) The net assets per unit, beginning of the year is based on net assets per Class A share of $3.23 prior to giving effect to the consolidation of the Class A shares on a 0.4 for 1 basis in December 2020. The net assets per Class A share at the beginning of the year, after giving effect to the subsequent consolidation, was $8.07.

Ratios and Supplemental Data

	Years ended November 30				
	2021	2020	2019	2018	2017
Net asset value (millions)(1)	$503.7	$571.6	$696.8	$643.9	$610.1
Number of units outstanding(2)	23,622,317	43,211,804	43,199,674	40,494,374	33,299,432
Base management expense ratio(3)	1.20%	0.95%	1.01%	1.14%	1.19%
Management expense ratio including one time offering expenses(4)	1.93%	1.03%	1.32%	2.07%	3.98%
Management expense ratio per Class A share(5)	9.96%	23.43%	13.92%	12.53%	16.41%
Portfolio turnover rate(6)	12.18%	8.7%	3.2%	10.9%	22.6%
Trading expense ratio(7)	0.04%	0.07%	0.03%	0.03%	0.06%
Closing market price (TSX): Preferred shares	$10.45	$10.23	$10.04	$9.95	$10.02
Closing market price (TSX): Class A shares	$11.54	$3.55	$6.98	$8.54	$10.31

(1) This information is provided as at November 30.
(2) At times when there is an unequal number of Class A and Preferred shares outstanding, a notional unit amount will be determined based on the net assets attributable to each of the Class A and Preferred shares as a proportion of the net asset value of the Company.
(3) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated year, excluding commissions and other portfolio transaction costs, withholding tax, distributions on Preferred shares and any one time offering expenses and is expressed as anannualized percentage of the average net asset value of the Company during the year.
(4) Share issue expenses including all agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering. Any expenses incurred with secondary offerings were offset by the accretion to net asset value per unit of such offerings.
(5) Management expense ratio per Class A share is based on the requirements of NI 81-106. This instrument requires that all split share companies produce an expense ratio which allocates all ongoing operating expenses of the Company (excluding commissions and other portfolio transaction costs and withholding tax), all distributions on Preferred shares and all issuance costs to the Class A shares and expresses this as an annualized percentage of the average net asset value attributable to the Class A shares during the year. The management expense ratio per Class A share should not be interpreted as the required return necessary for the Company or the Class A shares to cover the operating expenses of the Company. This calculation is based only on a portion of the Company's assets whereas the Company utilizes its entire assets to generate investment returns. Management believes that the base management expense ratio per unit disclosed in the table above is the most representative ratio in assessing the ongoing efficiency of the administration of the Company, making comparisons to the expense ratios of single unit mutual funds or determining the minimum investment returns necessary by the Company to achieve growth in net asset value per unit.
(6) The Company's portfolio turnover rate indicates how actively Quadravest manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a year, the greater the trading costs payable by the Company in the year and the greater chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Company.
(7) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average net asset value of the Company during the year.

Management Fees

Pursuant to the terms of the investment management agreement, 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 includes 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.

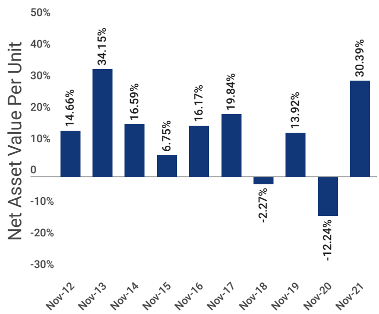
Past Performance
Year-by-Year Returns

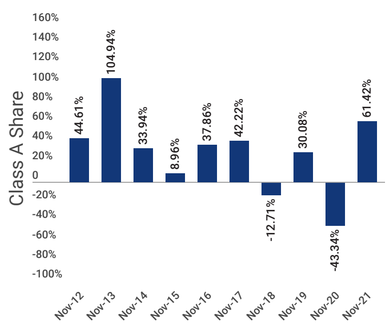
The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit,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

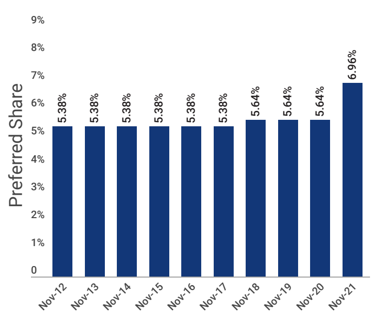
b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and

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





(1) The returns per unit and per Class A share for the year ended November 30, 2021 reflect the consolidation of Class A shares in December 2020.



Annual Compound Performance

The following table shows the Company's annual compound return for the one, three, five and ten years ended November 30, 2021 and since inception:

	One year	Three years	Five years	Ten years	Since inception
Financial 15 Split Corp - Unit	30.39%	9.24%	8.83%	13.00%	6.65%
Financial 15 Split Corp - Preferred share	6.96%	6.08%	5.85%	5.61%	5.51%
Financial 15 Split Corp - Class A share	61.42%	5.96%	8.11%	24.30%	7.92%
Market indices(1)					
S&P TSX Financial Index	30.97%	13.77%	11.01%	12.94%	10.34%
S&P 500 Financial Index	38.89%	14.63%	13.39%	16.15%	5.39%

(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

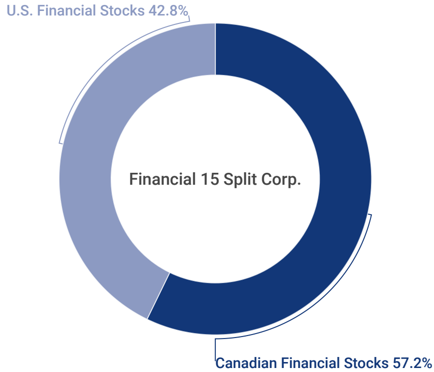
All holdings as at November 30, 2021

Name	Weighting (%)
Bank of America Corp.	9.8
Goldman Sachs Group Inc.	8.6
J.P. Morgan Chase & Co.	8.2
Wells Fargo & Co.	7.7
Toronto-Dominion Bank	7.6
Royal Bank of Canada	7.5
National Bank of Canada	7.2
Canadian Imperial Bank of Commerce	6.7
Sun Life Financial Inc.	6.0
Citigroup Inc.	5.8
Bank of Nova Scotia	5.7
Bank of Montreal	4.7
Manulife Financial Corporation	4.0
Great-West Lifeco Inc.	2.5
CI Financial Corp.	1.5
AGF Management Ltd.	1.1
Fifth Third Bancorp.	0.8
Total long positions as a percentage of net assets	**95.4**
Cash	5.6
Other net assets (liabilities)	-1.0
	100.0

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

Portfolio Breakdown

The following pie chart shows the composition of the Company's holdings between Canadian and U.S. investments



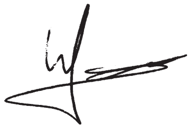
Financial 15 Split Corp.
Management's Responsibility for Financial Reporting

The financial statements of Financial 15 Split Corp. (the "Company") have been prepared by Quadravest Capital Management Inc. (the "Manager" of the Company) and approved by the Board of Directors of the Company. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

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

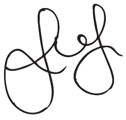
The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

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



Wayne Finch

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



Silvia Gomes

Chief Financial Officer
Quadravest Capital Management Inc.

Independent auditor's report

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at November 30, 2021 and 2020;
- the statements of comprehensive income/(loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable Class A shares for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of the Company. The other information comprises the Annual Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the annual report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joseph Pinizzotto.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 16, 2022

Financial 15 Split Corp.
Statements of Financial Position

As at November 30, 2021 and November 30, 2020

	November 30, 2021 ($)	November 30, 2020 ($)
ASSETS		
Current Assets		
Investments	480,133,425	336,677,369
Cash	28,116,331	238,581,117
Interest, dividends and other receivables	741,037	480,528
	508,990,793	**575,739,014**
LIABILITIES		
Current Liabilities		
Written options	328,152	1,737,223
Fees and other accounts payable	703,343	440,133
Distributions payable	4,298,081	1,965,189
Preferred shares (notes 1 and 6)(1)	236,223,170	428,799,650
Class B shares	1,000	1,000
	241,553,746	**432,943,195**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES (note 1)(1)	**267,437,047**	**142,795,819**
Number of Preferred shares outstanding (note 6)	23,622,317	42,879,965
Number of Class A shares outstanding (note 6)	23,622,317	44,284,474
Number of Class A shares outstanding, after giving effect to subsequent consolidation (note 1)(2)	N/A	17,713,790
Net assets per Preferred share	$10.00	$10.00
Net assets per Class A share	$11.32	$3.23
Net assets per unit	$21.32	$13.23
Net assets per Class A share, after giving effect to the subsequent consolidation (note 1)(2)	N/A	$8.07

(1) Preferred shares and net assets attributable to holders of redeemable Class A shares amounts for the year ended November 30, 2020 include retraction payment amounts of $250,962,130 and $107,494, respectively, made in December 2020 pursuant to the special retraction right offered to shareholders in connection with the extension of the termination date of the Company. Shares were tendered for retraction prior to November 30, 2020. See note 1 for further details.

(2) November 30, 2020 amounts reflect the impact of the consolidation of Class A shares on a 0.4 for 1 basis on December 17, 2020 after the payment of special retractions in connection with the extension of the termination date of the Company. See note 1 for further details.

Approved on behalf of the Board of Directors

Wayne Finch	Peter Cruickshank
Director	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

	2021 ($)	2020 ($)
INCOME		
Net gain (loss) on investments and derivatives (note 5)		
Net realized gain (loss)	7,292,224	4,257,288
Net change in unrealized appreciation/depreciation	100,371,981	(104,116,700)
Dividends	13,595,180	20,834,172
Interest for distribution purposes	-	166,115
Net gain (loss) on investments and derivatives	**121,259,385**	**(78,859,125)**
Other gain (loss)		
Realized gain (loss) on currency	(4,414,477)	147
Change in unrealized gain (loss) in the value of currency	2,320,419	(2,419,023)
	119,165,327	**(81,278,001)**
EXPENSES (note 7)		
Management fees	3,491,976	4,275,067
Service fee	1,160,667	91,605
Audit fees	21,979	32,901
Director's fees	23,583	23,583
Independent Review Committee fees	4,268	4,268
Custodial fees	99,544	105,004
Legal fees	38,120	69,716
Shareholder reporting costs	45,210	27,011
Other operating expenses	170,834	192,317
Harmonized sales tax	593,319	518,570
Transaction costs	191,676	420,753
Witholding taxes	550,260	1,056,378
	6,391,436	**6,817,173**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions and other income (charges) related to Preferred shares	**112,773,891**	**(88,095,174)**
Distributions on Preferred shares	(14,899,394)	(24,008,988)
Issuance costs on Preferred shares	(1,702,484)	(223,800)
Gain on redemption of Preferred shares	-	117,772
Premium (discount) on issuance of Preferred shares	1,808,461	(38,382)
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	**97,980,474**	**(112,248,572)**
Increase (decrease) in net assets attributable to holders per redeemable Class A share (note 8)	**4.45**	**(6.38)**
Increase (decrease) in net assets attributable to holders per redeemable Class A share, prior to giving effect to subsequent consolidation (notes 1 and 8)[(1)]	**N/A**	**(2.55)**

(1) Reflects the increase (decrease) in net assets attributable to holders per redeemable Class A share for the year ended November 30, 2020, prior to giving effect to the consolidation of Class A shares on a 0.4 for 1 basis on December 17, 2020 after the payment of special retractions in connection with the extension of the termination date of the Company. See note 1 for further details.

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

	2021 ($)	2020 ($)
Net Assets attributable to holders of redeemable Class A shares - Beginning of year	**142,795,819**	**264,792,837**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	97,980,474	(112,248,572)
Gross proceeds on issuance of Class A shares	61,850,392	6,928,990
Agents' fees and issue costs on issuance of Class A shares	(1,747,145)	(252,214)
Net proceeds on issuance of Class A shares	60,103,247	6,676,776
Class A share redemptions	(107,494)	-
Distributions		
Canadian dividends	(30,658,459)	(16,425,222)
Capital gains dividends	(2,676,540)	-
	(33,334,999)	(16,425,222)
Change in net assets attributable to holders of redeemable Class A shares	**124,641,228**	**(121,997,018)**
Net Assets attributable to holders of redeemable Class A shares - End of year	**267,437,047**	**142,795,819**

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

	2021 ($)	2020 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	97,980,474	(112,248,572)
Adjustment for:		
Distributions on Preferred shares	14,899,394	24,008,988
Unrealized (gain) loss in the value of currency	(2,320,419)	2,419,023
Net realized (gain) loss on investments and derivatives	(7,292,224)	(4,257,288)
Net change in unrealized appreciation/depreciation of investments and derivatives	(100,371,981)	104,116,700
Issuance costs on Preferred shares	1,702,484	223,800
Gain on redemption of Preferred shares	-	(117,772)
(Premium) discount on issuance of Preferred shares	(1,808,461)	38,382
Purchase of investments, net of option premiums	(80,865,610)	(42,735,175)
Proceeds from sale of investments	43,664,688	245,577,596
(Increase) decrease in interest, dividends and other receivables	(260,509)	813,787
Increase (decrease) in fees and other accounts payable	263,210	(402,508)
Net cash flows from (used in) operating activities	(34,408,954)	217,436,961
Cash flows from (used in) financing activities		
Gross proceeds from issue of Class A and Preferred shares (note 6)	122,075,213	15,842,609
Issuance costs on Class A and Preferred shares	(3,449,629)	(476,014)
Amounts paid on redemption of Class A and Preferred shares	(251,100,334)	-
Amounts paid on purchase of Preferred shares for cancellation	-	(12,031,318)
Distributions paid on Class A shares	(30,365,673)	(21,855,421)
Distributions paid on Preferred shares	(15,535,828)	(24,023,640)
Cash flows from (used in) financing activities	(178,376,251)	(42,543,784)
Unrealized gain (loss) in the value of currency	2,320,419	(2,419,023)
Net increase (decrease) in cash	(210,464,786)	172,474,154
Cash at beginning of the year	238,581,117	66,106,963
Cash at end of the year	**28,116,331**	**238,581,117**
Dividends received, net of withholding taxes*	12,790,385	20,591,581
Interest received*	-	166,115

* 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, 2021

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Canadian Core Common Equities		
178,000	Bank of Montreal	18,204,041	23,681,120
362,200	Bank of Nova Scotia	26,108,595	28,896,316
235,600	Canadian Imperial Bank of Commerce	24,575,731	33,561,220
267,300	CI Financial Corp.	8,112,256	7,527,168
340,600	Great-West Lifeco Inc.	10,948,596	12,629,448
890,500	Manulife Financial Corporation	21,659,721	20,339,020
366,700	National Bank of Canada	18,591,062	36,402,309
298,100	Royal Bank of Canada	29,975,454	37,650,030
446,569	Sun Life Financial Inc.	22,071,836	30,290,775
421,900	Toronto-Dominion Bank	28,840,980	38,034,285
	Total Canadian Common Equities in Core Holdings (56.1%)	**209,088,272**	**269,011,691**
	U.S. Core Common Equities		
862,785	Bank of America Corp.	25,367,574	49,218,833
359,561	Citigroup Inc.	29,003,389	29,381,476
88,290	Goldman Sachs Group Inc.	25,515,823	43,150,585
202,400	J.P. Morgan Chase & Co.	26,614,022	41,238,669
631,000	Wells Fargo & Co.	38,454,890	38,675,604
	Total U.S. Common Equities in Core Holdings (42.0%)	**144,955,698**	**201,665,167**
	Total Core Portfolio Equities (98.1%)	**354,043,970**	**470,676,858**
	Other Canadian Common Equities		
709,400	AGF Management Ltd.	11,459,622	5,504,944
	Total Other Canadian Common Equities (1.1%)	**11,459,622**	**5,504,944**
	Other U.S. Common Equities		
73,083	Fifth Third Bancorp.	2,300,645	3,951,623
	Total Other U.S. Common Equities (0.8%)	**2,300,645**	**3,951,623**
	Total Common Equities (100.0%)	**367,804,237**	**480,133,425**

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

Financial 15 Split Corp.
Schedule of Portfolio Investments (continued...)
As at November 30, 2021

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Call Options written (100 shares per contract)		
	Canadian call options written		
(400)	Bank of Montreal @ $145 December 2021	(16,000)	(6,000)
(210)	Bank of Nova Scotia @ $83 December 2021	(16,800)	(4,830)
(195)	Canadian Imperial Bank of Commerce @ $150 December 2021	(24,381)	(11,408)
(600)	Manulife Financial Corporation @ $25 January 2022	(24,000)	(12,900)
(2,000)	Manulife Financial Corporation @ $26 December 2021	(36,180)	(3,490)
(199)	Manulife Financial Corporation @ $26 January 2022	(7,961)	(1,294)
(725)	Royal Bank of Canada @ $132 December 2021	(114,558)	(32,263)
(450)	Sun Life Financial Inc. @ $71 December 3, 2021	(27,000)	(37)
(600)	Sun Life Financial Inc. @ $71 December 17, 2021	(25,200)	(7,200)
(340)	Sun Life Financial Inc. @ $72 January 2022	(23,800)	(8,500)
(350)	Toronto-Dominion Bank @ $93 December 2021	(27,825)	(42,350)
	Total Canadian call options written (0.0%)	**(343,705)**	**(130,272)**
	U.S. call options written		
(550)	Bank of America Corp. @ $47 December 2021	(38,056)	(25,399)
(400)	Citigroup Inc. @ $67.50 December 2021	(60,035)	(28,222)
(100)	Fifth Third Bancorp. @ $46 December 2021	(7,697)	(1,924)
(95)	Goldman Sachs Group Inc. @ $415 December 2021	(64,589)	(18,585)
(290)	J.P. Morgan Chase & Co. @ $170 December 2021	(36,390)	(24,367)
(490)	Wells Fargo & Co. @ $50 December 2021	(55,943)	(42,429)
(480)	Wells Fargo & Co. @ $52.50 January 2022	(103,445)	(56,954)
	Total U.S. call options written (0.0%)	**(366,155)**	**(197,880)**
		367,094,377	**479,805,273**
	Less adjustments for transaction costs	(176,997)	
	Total Investments (100%)	**366,917,380**	**479,805,273**

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

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 Company's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests in an actively managed portfolio of common shares comprised primarily of 15 core large capitalization Canadian and U.S. financial services companies. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

On March 2, 2020, the Company announced the extension of the termination date of the Company for a further five year period from December 1, 2020 to December 1, 2025. In connection with the extension of the termination date of the Company, a special retraction right was offered allowing existing shareholders to tender one or both classes of shares and receive a retraction price based on the November 30, 2020 net asset value of $13.23 per unit ($10.00 per Preferred share and $3.23 per Class A share). As more Preferred shares were tendered for retraction than Class A shares, the Company announced on November 19, 2020 that Class A shares were to be consolidated on December 17, 2020 on the basis of 0.4 of a post-consolidation Class A share for every one pre-consolidation Class A share outstanding. A total of $251,069,624 was paid subsequent to the year-end in connection with the special retraction.

As at November 30, 2020 Preferred shares and net assets attributable to holders of redeemable Class A shares amounts include subsequent retraction payment amounts of $250,962,130 and $107,494, respectively.

In connection with the extension, the Company also amended the dividend entitlement of the Preferred shares, increasing the minimum annual distribution rate for the five year term commencing December 1, 2020 from 5.25% to 5.5%. The Preferred share annual distribution rate was set at 6.75% effective December 1, 2020, and the targeted monthly distribution rate for Class A shares was set at $0.1257 ($1.5084 annually) for each post-consolidation Class A share (previously, $0.1257 for each pre-consolidation share).

The termination date of the Company may be extended thereafter at the Company's discretion for additional terms of five years each. Shareholders will be provided with a special retraction right in connection with any such extension.

2. Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued 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 approved by the Board of Directors of the Company on February 16, 2022.

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 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.

The Company's obligations for net assets attributable to holders of redeemable Class A shares are presented at the annual redemption amount, which approximates their fair value. 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 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 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.

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"). Preferred Shares and Class A Shares are issued on the basis that an equal number of Preferred shares and Class A shares (together, a "unit") will be issued and outstanding at all material times. At times when there is an unequal number of Class A and Preferred shares outstanding, a notional unit amount will be determined based on the net assets attributable to each of the Class A and Preferred shares as a proportion of the net asset value of the Company.

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 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, 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 period. 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%. 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 November 30, 2021 of $18,956,711 (November 30, 2020-$12,901,398) 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, 2025.

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.

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, 2021 and November 30, 2020:

	Financial assets and liabilities at fair value as at November 30, 2021			
	Level 1	Level 2	Level 3	Total
Equities	$480,133,425	-	-	$480,133,425
Options	($328,152)	-	-	($328,152)
	$479,805,273	**-**	**-**	**$479,805,273**

	Financial assets and liabilities at fair value as at November 30, 2020			
	Level 1	Level 2	Level 3	Total
Equities	$336,677,369	-	-	$336,677,369
Options	($1,737,223)	-	-	($1,737,223)
	$334,940,146	**-**	**-**	**$334,940,146**

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, 2021 and 2020.

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 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

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).

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

The 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.

The Company is exposed to other price risk from its investment in equity securities and written options. As at November 30, 2021, 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 $46,197,000 (November 30, 2020–$30,647,737). 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 $47,833,000 (November 30, 2020–$32,157,737).

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 (consistent with previous year).

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. 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, 2021, 41.5% (November 30, 2020-48.9%) 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. The Company has not entered into currency hedging contracts. If the Canadian dollar appreciated/depreciated by 5% against the U.S. dollar, the Net Assets of the Company would decrease/increase by approximately $10,459,600 (November 30, 2020-$13,975,300).

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 (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 (consistent with prior year).

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, 2021	November 30, 2020
Canadian Core Common Equities	53.5%	33.1%
Other Canadian Common Equities	1.1%	0.7%
U.S. Core Common Equities	40.0%	24.7%
Other U.S. Common Equities	0.8%	0.4%
Canadian Call Options written	0.0%	-0.2%
U.S. Call Options written	0.0%	-0.1%
Other Assets less Liabilities (excluding Preferred shares)	4.6%	41.4%
	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, 2021	November 30, 2020
Beginning of year	42,879,965	43,199,674
Issued during the year	5,841,636	895,200
Redeemed during the year	(25,099,284)	(1,214,909)
End of year	23,622,317	42,879,965

Preferred shares were originally issued at $10 per share.

Preferred shareholders are entitled to cumulative preferential monthly cash dividends, the amount of which will be fixed by the Board of Directors on an annual basis, subject to a prescribed minimum of 5.5% for the five year period commencing December 1, 2020 (previously, 5.25%). Dividends since the fiscal year commencing December 1, 2020 have been set at $0.05625 per Preferred share per month for an annual yield of 6.75% on the Preferred share repayment amount (previously, $0.04583 per Preferred share to yield 5.5%). 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. The trading price of Preferred shares on the TSX was $10.45 as at November 30, 2021 (November 30, 2020-$10.23). 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 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.

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

The Company announced on May 25, 2021 that the TSX accepted its notice of intention to make a Normal Course Issuer Bid (the "NCIB") to purchase its Preferred shares and Class A shares through the facilities of the TSX and/or alternative Canadian trading systems. The NCIB commenced on May 27, 2021 and will terminate on May 26, 2022. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 2,219,955 Preferred shares and 2,237,503 Class A shares of the Company, representing 10% of the public float of 22,199,554 Preferred shares and 22,375,025 Class A shares. The Company will not purchase, in any given 30-day period, in the aggregate, more than 444,449 Preferred shares or more than 447,568 Class A shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 14, 2021.

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

There were no Preferred shares nor Class A shares purchased for cancellation during the year ended November 30, 2021.

During the year ended November 30, 2020, there were 1,214,909 Preferred shares purchased for cancellation at an average price of $9.90 per share. There were no Class A shares purchased for cancellation during the year ended November 30, 2020.

The Company may issue shares to the public from time to time, at the Company's discretion, under an at-the-market equity program (the "ATM Program"). Any Class A shares or Preferred shares sold in the ATM Program will be sold through the TSX or any other marketplace in Canada on which the Class A shares and Preferred shares are listed, quoted or otherwise traded at the prevailing market price at the time of sale.

During the year ended November 30, 2021, 2,294,536 Preferred shares were sold through the ATM Program at an average selling price of $10.47 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were $24,021,506, $23,447,872 and $573,634, respectively.

During the year ended November 30, 2020, 895,200 Preferred shares were sold through the ATM Program at an average selling price of $9.96 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were $8,913,619, $8,689,819 and $223,800, respectively.

The Company issued 384,600 Preferred shares at $10.40 per share for gross proceeds of $3,999,840 pursuant to a secondary offering that was completed on June 29, 2021. Agents' fees and issuance costs on the Preferred shares were $87,298 in connection with this offering.

The Company issued 520,500 Preferred shares at $10.35 per share for gross proceeds of $5,387,175 pursuant to a secondary offering that was completed on May 6, 2021. Agents' fees and issuance costs on the Preferred shares were $117,419 in connection with this offering.

The Company issued 2,642,000 Preferred shares at $10.15 per share for gross proceeds of $26,816,300 pursuant to a secondary offering that was completed on January 14, 2021. Agents' fees and issuance costs on the Preferred shares were $853,465 in connection with this offering.

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, 2021	November 30, 2020
Beginning of year	44,284,474	43,199,674
Issued during the year	6,193,100	1,084,800
Redeemed during the year	(33,280)	-
Consolidated in connection with special retraction (note 1)	(26,821,977)	-
End of year	23,622,317	44,284,474

Class A shares were originally issued at $15 per share. Class A share distributions are targeted at $0.1257 per month (previously, $0.1257 for each pre-consolidation Class A share). The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared. 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. The trading price of Class A shares on the TSX was $11.54 as at November 30, 2021 (November 30, 2020-$3.55 pre-consolidation). 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 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).

During the year ended November 30, 2021, 452,100 pre-consolidation Class A shares and 2,712,300 post-consolidation Class A shares were sold through the ATM Program at an average selling price of $4.17 and $10.98, respectively. Gross proceeds, net proceeds and commissions on the pre-consolidation Class A share sales were, $1,885,008, $1,837,883 and $47,125, respectively. Gross proceeds, net proceeds and commissions on the post-consolidation Class A share sales were, $29,777,414, $29,662,940 and $114,474, respectively.

During the year ended November 30, 2020, 1,084,800 Class A shares were sold through the ATM Program at an average selling price of $6.39 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were, $6,928,990, $6,755,779 and $173,211, respectively.

The Company issued 10,000 Class A shares at $11.50 per shares for gross proceeds of $115,000 pursuant to a secondary offering that was completed on June 29, 2021. Agents' fees and issuance costs on the Class A shares were $30,175 in connection with this offering.

The Company issued 376,700 Class A shares at $11.10 per shares for gross proceeds of $4,181,370 pursuant to a secondary offering that was completed on May 6, 2021. Agents' fees and issuance costs on the Class A shares were $141,146 in connection with this offering.

The Company issued 2,642,000 Class A shares at $9.80 per shares for gross proceeds of $25,891,600 pursuant to a secondary offering that was completed on January 14, 2021. Agents' fees and issuance costs on the Class A shares were $1,343,556 in connection with this offering.

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, 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 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% of the net asset value attributable to Class A shares 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 includes 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, 2021 were $NIL (November 30, 2020-$NIL).

Total management fees of $3,491,976 (November 30, 2020-$4,275,067), incurred during the year, include the administration fee and investment management fee. As at November 30, 2021, $318,296 (November 30, 2020-$350,453) was payable to the Manager with respect to the management and administrative fees. No performance fees were paid in 2021 or 2020.

Total brokerage commissions paid during the year by the Company for its portfolio transactions was $191,676 (November 30, 2020-$420,753).

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, 2021 and 2020 is calculated as follows:

	2021	2020
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	$97,980,474	($112,248,572)
Weighted average Class A shares outstanding	22,023,390	43,973,957
Increase (decrease) in net assets attributable to holders per redeemable Class A share	$4.45	($6.38)
Increase (decrease) in net assets attributable to holders per redeemable Class A share prior to giving effect to subsequent Class A share consolidation (note 1)	N/A	($2.55)

9. Distributions

Distributions per share were as follows:

	November 30, 2021	November 30, 2020
Preferred shares	$0.6750	$0.5500
Class A shares(1)	$1.5084	$0.3771

(1) As a result of the consolidation of Class A shares on a 0.4 for 1 basis after the payment of special retractions on December 17, 2020 in connection with the extension of the termination date of the Company, distributions on a per Class A share basis are not comparable to the prior year.

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, the amount of which will be fixed by the Board of Directors on an annual basis, subject to a prescribed minimum of 5.5% for the five year period commencing December 1, 2020 (previously, 5.25%; currently set to $0.05625 to yield 6.75% and previously set to $0.04583 to yield 5.5%) and to pay holders of 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. The net asset value per unit must remain above the required $15 per unit threshold for distributions to be declared.

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

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

As at November 30, 2021 and November 30, 2020, there were no differences between net asset value per Class A share used for transactional purposes and net assets attributable to holders per redeemable Class A share for financial reporting purposes.

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

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

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

Peter Cruickshank,
Managing Director,
Quadravest Capital Management Inc.

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

John Steep,
President, S. Factor Consulting Inc.

Corporate Details

Auditor
PricewaterhouseCoopers LLP
18 York Street, Suite 2600
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.
100 University Avenue
Toronto, Ontario M5J 2Y1

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

FINANCIAL 15

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