

Quadravest Preferred Split Share ETF

# Annual Management Report of Fund Performance

For the year ended December 31, 2025



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2025

## Quadravest Preferred Split Share ETF

### Notes on forward-looking statements

This report may contain forward-looking statements concerning the Preferred ETF, its future performance, its strategies or prospects or about future events or circumstances. Such forward-looking statements include, among others, statements with respect to our beliefs, plans, expectations, estimates and intentions. The use of the expressions "foresee", "intend", "anticipate", "estimate", "assume", "believe" and "expect" and other similar terms and expressions indicate forward-looking statements.

By their very nature, forward-looking statements imply the use of assumptions and necessarily involve inherent risks and uncertainties. Consequently, there is a significant risk that the explicit or implicit forecasts contained in these forward-looking statements might not materialize or that they may not prove to be accurate in the future. A number of factors could cause future results, conditions or events to differ materially from the objectives, expectations, estimates or intentions expressed in such forward-looking statements. Such differences might be caused by several factors, including changes in Canadian and worldwide economic and financial conditions (in particular interest and exchange rates and the prices of other financial instruments), market trends, new regulatory provisions, competition, changes in technology and the potential impact of conflicts and other international events.

The foregoing list of factors is not exhaustive. Before making any investment decision, investors and others relying on our forward-looking statements should carefully consider the foregoing factors and other factors. We caution readers not to rely unduly on these forward-looking statements. We assume no obligation to update forward-looking statements in the light of new information, future events or other circumstances unless applicable legislation so provides.

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This annual management report of fund performance contains financial highlights, but does not contain either interim or annual financial statements of the Preferred ETF. You may obtain a copy of the annual financial statements of the Preferred ETF at your request, and at no cost, by calling 1-877-478-2372, by emailing us at [info@quadravest.com](mailto:info@quadravest.com), by visiting our website at [www.quadravest.com](http://www.quadravest.com), by visiting SEDAR's website at [www.sedarplus.com](http://www.sedarplus.com), or by contacting your advisor. You may also contact us using one of these methods to request a copy of the Preferred ETF's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### The Fund

The Quadravest Preferred Split Share ETF (the "Preferred ETF") is a mutual fund trust managed by Quadravest Capital Management Inc. (the "Manager" or "Quadravest"). The Preferred ETF is an exchange-traded ("ETF") alternative mutual fund, and the units of the Preferred ETF are traded on the Toronto Stock Exchange ("TSX") under the symbol PREF.

### Investment Objective and Strategies

The investment objectives of the Preferred ETF are to provide unitholders of the Preferred ETF with: (a) monthly distributions and (b) the opportunity for capital preservation primarily through investment in a portfolio of preferred shares of split share corporations ("Split Corp. Preferred Shares").

The investment strategy of the Preferred ETF is to primarily invest in an actively managed portfolio of Split Corp. Preferred Shares offered by Canadian split share corporations listed on a Canadian exchange. The Preferred ETF may also invest in preferred shares of other issuers, exchange-traded funds, other investment funds, equities or income-generating securities, and securities that are convertible into any of the above noted securities provided such investments are consistent with the Preferred ETF's investment objectives.

The Preferred ETF is considered an "alternative mutual fund" within the meaning of *National Instrument 81-102 Investment Funds* ("NI 81-102") and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, the Preferred ETF is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest more than 10% of its net asset value ("NAV") in the securities of a single issuer.

### Risks

Risks associated with an investment in the units of the Preferred ETF are discussed in the Preferred ETF's prospectus, which is available on the Preferred ETF's website at [www.quadravest.com](http://www.quadravest.com) or on SEDAR at [www.sedarplus.com](http://www.sedarplus.com). There were no changes to the risks during the year ended December 31, 2025 that could materially affect an investment in the units of the Preferred ETF as they were discussed in the Preferred ETF's prospectus.

### Results of Operations

For the year ended December 31, 2025, the Preferred ETF's units returned 6.70% compared to 9.57% for the Preferred ETF's benchmark, the S&P/TSX Preferred Share Index. Unlike the benchmark, the Preferred ETF's performance is calculated after fees and expenses. Please see the *Past Performance* section for the Preferred ETF's returns, which may vary mainly because of fees and expenses.

North American equity markets delivered positive performance during the year ended December 31, 2025, with Canadian equities demonstrating relative resilience amid ongoing macroeconomic and policy uncertainty. In Canada, equity markets were supported in part by strength in select sectors including materials, energy and financials, contributing to generally favourable returns despite intermittent volatility related to global trade policy developments and economic data releases. Investor sentiment improved over the course of the year as inflation moderated and financial conditions became more supportive, though confidence remained sensitive to evolving macroeconomic conditions.

Canada's economy showed some resilience despite external pressures, avoiding a technical recession as growth rebounded modestly in the third quarter. This rebound reflected increased public-sector capital spending and government program outlays, including infrastructure projects, public services and government-led investment initiatives, as well as a recovery in exports. Housing activity stabilized at subdued levels, while consumer spending remained constrained amid a softer labour market.

The Bank of Canada continued to ease monetary policy in response to moderating inflation and ongoing economic softness, including weak consumer demand, slowing business investment and uncertainty surrounding international trade and tariffs. The overnight rate was reduced from 3.25% to 2.25% during the year. These lower interest rates supported financial markets by easing borrowing costs and supporting asset valuations, particularly in interest-sensitive sectors.

Trade policy developments and geopolitical dynamics also influenced market conditions throughout the year. Ongoing trade related uncertainty involving Canada's major trading partners affected business confidence and trade flows, contributing to periodic market volatility. In this environment, the Canadian financial sector, and Canada's largest banks, continued to contribute to market performance, supported by generally resilient earnings and strong capital and liquidity positions, even as slower credit growth and cost pressures became more evident in certain areas.

Against this backdrop, the Preferred ETF maintained stable performance for the year ended December 31, 2025. The NAV per unit as of December 31, 2025 was \$10.60 (December 31, 2024 - \$10.61). The Preferred ETF's NAV rose by 107.44% to \$43.57 million as at December 31, 2025 from \$21.00 million as December 31, 2024, reflecting net subscriptions of \$22.8 million during the period. A total of \$0.70 per unit was distributed to unitholders during the year, bringing cumulative distributions since inception to \$1.04 per unit.

### Recent Developments

Escalating global military tensions and continued uncertainty in global trade relations may contribute to market volatility and could impact the Preferred ETF's investment portfolio.

### Related Party Transactions

Quadravest is the manager, promoter, trustee, and portfolio manager of the Preferred ETF.

The Preferred ETF pays a management fee to the Manager pursuant to a management agreement (see the "Management Fees" section below).

### Operating Expenses

In addition to the payment of the management fee, the Preferred ETF is responsible for the costs and expenses incurred in complying with National Instrument 81-107 (including any expenses related to the implementation and ongoing operation of the independent review committee), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the Preferred ETF is established and extraordinary expenses. The Manager is responsible for all other costs and expenses of the Preferred ETF, including the fees payable to the custodian, registrar and transfer agent, fund administrator and fees payable to other service providers.

### Related Party Holdings

The Preferred ETF may invest in other underlying funds managed by the Manager, in accordance with its investment objectives and strategies. As at December 31, 2025, 392,500 units of the Preferred ETF were held by a related party of the Manager.

### Management Fees

Pursuant to a management agreement, the Preferred ETF pays an annual management fee to the Manager equal to 0.5% of the NAV of the Preferred ETF, calculated and payable monthly in arrears, plus applicable taxes. The management fee is payable to the Manager in consideration of the services that the Manager provides to the Preferred ETF in its capacity as the manager such as, managing the day-to-day business and affairs of the Preferred ETF.

The Preferred ETF invests in underlying funds through its investment in Split Corp. Preferred Shares. There will be no duplication of fees payable by the Preferred ETF and underlying funds for the same service. Split Corp. Preferred Shares generally do not bear any management fees or operating expenses when the NAV of the split share corporation is in excess of the redemption value.

## Past Performance

The performance information shown is based on Net Asset Value per unit and assumes that cash distributions made by the Preferred ETF during the years shown were reinvested at Net Asset Value per unit in additional units of the Preferred ETF. Past performance does not necessarily indicate how the Preferred ETF will perform in the future.

## Year-by-Year Returns

The bar chart indicates the performance of the Preferred ETF for each of the years shown and illustrates how the performance has changed from year to year. It shows, in percentage terms, how much an investment made on January 1 (or made commencing from the commencement of operations of the Preferred ETF) would have grown or decreased by December 31 of that year, in the case of the annual management report of fund performance, or by June 30, in the case of the interim management report of fund performance.



<sup>(1)</sup> Returns for the period from June 24, 2024 (commencement of operations) to December 31, 2024.

## Annual Compounded Performance

The following table shows the Preferred ETF's annual compound returns greater than one year and for each of the periods ended on December 31, 2025, compared with the following benchmark:

- S&P/TSX Preferred Share Index

### Quadravest Preferred Split Share ETF

	1 year	Since inception
Preferred ETF Units <sup>1</sup>	6.70%	10.83%
S&P/TSX Preferred Share Index	9.57%	19.31%

<sup>1</sup>Commencement of operations: June 24, 2024

A discussion of the Preferred ETF's relative performance in comparison to the index (or indices) can be found in the *Results of Operations* Section of this report.

### Index Description

The **S&P/TSX Preferred Share Index** is designed to measure the performance of the Canadian preferred stock market. Preferred stocks pay dividends at a specified rate and receive preference over common stocks in terms of dividend payments and liquidation of assets.

## Financial Highlights

The following tables show selected key financial information about the Preferred ETF and are intended to help you understand the Preferred ETF's financial performance for the accounting periods shown.

### Net Assets per Unit<sup>(1)</sup>

Accounting Period Ended	2025 December 31	2024 December 31 <sup>(10)</sup>
<b>Net Assets, Beginning of Accounting Period Shown</b> <sup>(2)</sup>	10.61	10.00
<b>Increase (Decrease) from Operations (\$)</b>		
Total revenue	0.71	0.42
Total expenses	(0.07)	(0.05)
Realized gains (losses)	0.02	0.07
Unrealized gains (losses)	—	0.56
<b>Total Increase (Decrease) from Operations</b> <sup>(3)</sup>	0.66	1.00
<b>Distributions (\$)</b>		
From net investment income (excluding dividends)	—	—
From dividends	0.56	0.21
From capital gains	0.02	0.04
Return of capital	0.12	0.09
<b>Total Annual Distributions</b> <sup>(4)</sup>	0.70	0.34
<b>Net Assets, End of Accounting Period Shown</b> <sup>(2)</sup>	10.60	10.61

### Ratios and Supplemental Data

Accounting Period Ended	2025 December 31	2024 December 31 <sup>(10)</sup>
Total net asset value (000's of \$) <sup>(5)</sup>	43,570	21,004
Number of units outstanding <sup>(5)</sup>	4,110,000	1,980,000
Management expense ratio (%) <sup>(6)</sup>	0.58	0.59
Management expense ratio before waivers or absorptions (%)	0.58	0.59
Trading expense ratio (%) <sup>(7)</sup>	0.04	0.32
Portfolio turnover rate (%) <sup>(8)</sup>	5.92	34.76
Net asset value per unit (\$)	10.60	10.61
Closing market price <sup>(9)</sup>	10.61	10.64

<sup>(1)</sup> This information is derived from the Preferred ETF's annual audited financial statements.

<sup>(2)</sup> The net assets are calculated in accordance with IFRS.

<sup>(3)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding over the accounting period.

<sup>(4)</sup> Distributions were paid in cash or reinvested in additional units of the Preferred ETF, or both.

<sup>(5)</sup> This information is provided as at the last day of the accounting period shown.

<sup>(6)</sup> Management expense ratio is based on total expenses including sales taxes for the accounting period indicated (excluding commission, other portfolio transaction costs and withholding taxes) and is expressed as an annualized percentage of daily average net value during the accounting period.

<sup>(7)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the accounting period.

<sup>(8)</sup> The Preferred ETF's portfolio turnover rate indicates how actively the Preferred ETF portfolio's manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Preferred ETF buying and selling all of the securities in its portfolio once in the course of the accounting period. The higher the Preferred ETF's portfolio turnover rate in an accounting period, the greater the trading costs payable by the Preferred ETF in the accounting period, and the greater the chance of an investor receiving taxable capital gains in the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of the Preferred ETF.

<sup>(9)</sup> Closing market price on the last trading day of the accounting period as reported on the TSX.

<sup>(10)</sup> Period from June 24, 2024 (commencement of operations) to December 31, 2024.

## Summary of Investment Portfolio

As of December 31, 2025

### Portfolio Top Holdings

	% of Net Asset Value
Canadian Banc Corp. Preferred shares .....	13.9
Premium Income Corporation Preferred shares .....	10.4
Dividend 15 Split Corp. Preferred shares .....	10.0
Dividend Growth Split Corp. Preferred shares .....	10.0
Financial 15 Split Corp. Preferred shares .....	10.0
Life Banc & Split Corp. Preferred shares .....	8.7
Dividend 15 Split Corp. II Preferred shares .....	8.0
North American Financial 15 Split Corp. Preferred shares .....	8.0
Brompton Split Banc Corp. Preferred shares .....	6.6
Global Dividend Growth Split Corp. Preferred shares .....	4.1
E Split Corp. Preferred shares .....	3.9
Cash, Money Market and Other Net Assets .....	6.4
	100.0

### Term Allocation

	% of Portfolio
From 1 year to 3 years .....	35.3
From 3 years to 5 years .....	49.3
From 5 years to 10 years .....	15.4
	100.0

### Credit Quality\*

	% of Portfolio
Pfd-3 (High) .....	8.6
Pfd-3 .....	37.8
Pfd-3 (Low) .....	42.5
Non-rated .....	11.1
	100.0

Net asset value ..... \$43,570,165

\*The DBRS Morningstar preferred share rating scale reflects an opinion on the risk that an issuer will not fulfil its obligations with respect to both dividend and principal commitments in respect of preferred shares issued in the Canadian securities market in accordance with the terms under which the relevant preferred shares have been issued. Each rating category may be denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. The DBRS Morningstar rating scale ranges from Pfd-1: the highest, to D: the lowest.

The above table shows the top 25 positions held by the Preferred ETF. In the case of an ETF with fewer than 25 positions, all positions are indicated.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Preferred ETF. A quarterly update is available. Please consult our website at [www.quadravest.com](http://www.quadravest.com).

