Canadian Banc Corp.

2023 Semi-Annual Report (unaudited)

CANADIAN BANC CORP

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

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

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

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2023. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at www.canadianbanc.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.canadianbanc.com or www.sedar.com.

Investment Objectives and Strategies

Investment objectives

Canadian Banc Corp. invests primarily in a portfolio of common shares which will include each of the following Canadian chartered banks:

Bank of Montreal	National Bank of Canada
Bank of Nova Scotia	Royal Bank of Canada
Canadian Imperial Bank of Commerce	Toronto-Dominion Bank

The Company may also invest up to 20% of the net asset value in equity securities of Canadian or foreign financial services corporations other than the core holdings 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

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

1. Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value; and
2. On the termination date of December 1, 2028 (subject to further 5 year extensions thereafter), to pay holders the $10 repayment value of those shares.

Class A shares

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

1. Effective November 15, 2021, to provide holders with monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month (previously, 10%). The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be declared; and
2. On the termination date, to pay holders the original issue price ($15) of those shares.

Risk

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2023. 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 America markets continued to experience macroeconomic headwinds and bouts of volatility during the period ended May 31, 2023. The Bank of Canada and the U.S. Federal Reserve's aggressive tightening of monetary policies beginning in early 2022, which included rapid increases in interest rates and the reduction of their balance sheets in order to control inflation, has had an adverse impact on the North American economies, affecting many households and small businesses with higher loan payments. Both the Bank of Canada and the U.S. Federal Reserve remain committed to hawkish monetary policies, including increasing interest rates, until inflation returns to the 2% target.

In early March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. Later in the month, Credit Suisse was taken over by UBS Group at the behest of regulators in Switzerland. These events led to widespread and significant declines in the market prices of financial services companies in the United States and Canada and highlighted the risks associated with the historical pace of increase in interest rates that had occurred over the last year.

Markets were also buffeted by the ongoing developments surrounding the U.S. debt ceiling discussions and the potential adverse consequences that could result if U.S. politicians were unable to reach an agreement to increase the debt ceiling limit before the projected early June deadline at which time the U.S. would run out of the ability to fully fund all of its obligations.

The yield curve continued to be inverted during the period, with shorter term maturities yielding more than longer term maturities, which generally adversely impacted the earnings potential of financial services companies and reflected market expectations for a decline in longer-term interest rates as a result of deteriorating economic performance.

The period ended with a decline in North American stocks as unexpectedly strong reports on the Canadian and U.S. labour markets caused some concern among market participants that more central bank interest rate hikes may be required to slow potential wage pressures that could continue to sustain higher inflation rates.

Against this backdrop, the portfolio securities generally tracked the broader market, experiencing bouts of volatility during the period and ending the period lower.

The net assets per unit finished at $19.28 as at May 31, 2023, after the payment of $1.41 in combined distributions to both classes of shares at the targeted rates. A combined total of $30.04 has been paid in distributions since inception.

The Company announced on May 25, 2023 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 29, 2023 and will terminate on May 28, 2024. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 2,226,511 Preferred shares and 2,204,842 Class A shares of the Company, representing 10% of the public float of 22,265,111 Preferred shares and 22,048,422 Class A shares. As of May 15, 2023, there were 22,287,682 Preferred shares and 22,082,182 Class A shares issued and outstanding. The Company will not purchase, in any given 30-day period, in the aggregate, more than 445,753 Preferred shares or more than 441,643 Class A shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 15, 2023. The previous NCIB which commenced on May 27, 2022 terminated on May 26, 2023. There were no Preferred shares nor Class A shares purchased for cancellation during the period ended May 31, 2023.

During the period ended May 31, 2023, 4,106,000 Preferred shares were sold through an at-the market equity program ("ATM Program") at an average selling price of $10.08 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were $41,387,246, $40,352,556 and $1,034,690, respectively.

During the period ended May 31, 2023, 4,659,900 Class A shares were sold through the ATM Program at an average selling price of $13.37 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were $62,311,264, $60,753,483 and $1,557,781, respectively.

The Company issued 2,360,000 Preferred shares at $10.00 per share and 1,560,000 Class A shares at $13.75 per share for gross proceeds of $45,050,000 pursuant to a secondary offering that was completed on January 31, 2023. Agents' fees and issuance costs were $1,791,403 in connection with this offering.

Net assets of the Company finished the period at $434 million.

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

Recent Developments

Financial markets and equity markets have experienced volatility in response to significant macroeconomic factors, including central bank responses to inflation levels and geopolitical events and tensions, including military events in Ukraine and Russia.

In addition, the abrupt closures of certain U.S. regional banks due to liquidity and solvency concerns led to widespread and significant declines in the market prices of financial services companies in the United States and Canada.

The investment portfolio of the Company has been subject to these market fluctuations and may continue to experience significant volatility as these situations evolve.

Effective December 5, 2022, Michael Sharp was appointed to the Independent Review Committee (the "IRC") of the Company following the death of William C. Thornhill, who had served as a dedicated member of the IRC since May 2007.

Related Party Transactions

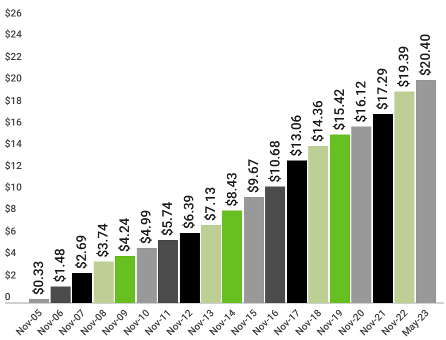
Quadravest Capital Management Inc. ("Quadravest") as investment manager and Manager earns fees from the Company as described below in the Management Fees section.

Class A shares – Distributions

Class A shareholders receive monthly cash distributions targeted to be at a rate of 15% annualized (effective November 2021, previously 10%) based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month. The net asset value per unit must remain above the required $15 per unit threshold for monthly distributions to be paid. Total monthly cash distributions per Class A share during the period amounted to $1.0080 at the target rate.

Preferred shares – Distributions

Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value. Total distributions during the period amounted to $0.40 per Preferred share.



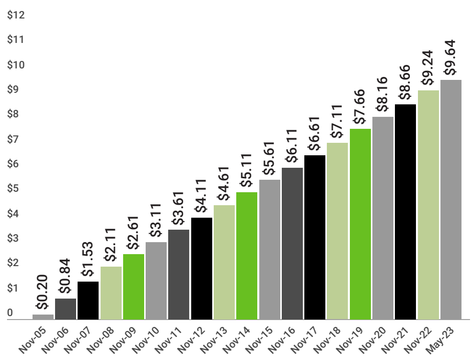
Class A Share Distributions Since Inception

20.40

Cumulative total of distributions paid to Class A share since inception

1.12

Special distributions paid since inception



Preferred Share Distributions Since Inception

9.64

Cumulative total of distributions paid to Preferred share since inception

FINANCIAL HIGHLIGHTS

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

The Company's net assets per unit

		Years ended November 30				
	May 31, 2023	**2022**	**2021**	**2020**	**2019**	**2018**
Net assets per unit, beginning of period[1]	21.37	23.11	19.01	21.36	21.02	23.28
Increase (decrease) from operations						
Total revenue	0.41	0.79	0.81	0.84	0.83	0.82
Total expenses	(0.12)	(0.28)	(0.33)	(0.24)	(0.29)	(0.32)
Realized gains for the period	0.01	0.16	0.28	(0.32)	0.44	0.31
Unrealized gains (losses) for the period	(1.69)	(0.43)	5.05	(1.52)	0.96	(1.30)
Total increase (decrease) from operations[2]	(1.39)	0.24	5.81	(1.24)	1.94	(0.49)
Distributions[3]						
Canadian dividends	(1.34)	(2.53)	(1.40)	(1.21)	(1.15)	(1.47)
Capital gains dividends	(0.07)	(0.15)	(0.27)	-	(0.45)	(0.33)
Total distributions	(1.41)	(2.68)	(1.67)	(1.21)	(1.60)	(1.80)
Net assets per unit at end of period	19.28	21.37	23.11	19.01	21.36	21.02
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	9.28	11.37	13.11	9.01	11.36	11.02
Net assets per unit at end of period	19.28	21.37	23.11	19.01	21.36	21.02

(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 period.

(3) Distributions are to 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 period and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended May 31, it is based on the actual characterization for the most recently completed annual period and will be updated at year end).

Ratios and Supplemental Data

	May 31, 2023	Years ended November 30 2022	2021	2020	2019	2018
Net asset value (millions)[1]	$434.0	$345.4	$235.9	$203.1	$237.0	$235.0
Number of units outstanding[2]	22,510,926	16,168,419	10,207,582	10,679,482	11,092,282	11,180,657
Base Management expense ratio[3]	1.11%	1.16%	1.39%	1.28%	1.35%	1.39%
Management expense ratio including one time secondary offering expenses[4]	2.24%	2.60%	1.45%	1.28%	1.35%	2.64%
Management expense ratio per Class A share[5]	12.32%	9.61%	6.74%	9.42%	7.70%	8.83%
Portfolio turnover rate[6]	0.54%	6.11%	9.11%	14.5%	2.5%	11.8%
Trading expense ratio[7]	0.04%	0.04%	0.05%	0.06%	0.02%	0.03%
Closing market price (TSX): Preferred shares	$10.02	$10.06	$10.70	$10.31	$10.67	$10.12
Closing market price (TSX): Class A shares	$12.99	$13.40	$13.20	$8.67	$10.59	$10.99

(1) This information is provided as at May 31 or 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 period, excluding commissions and other portfolio transaction costs, withholding tax, distributions on Preferred shares and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the period.

(4) 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 period. 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 period. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Company's portfolio turnover rate in a period, the greater the trading costs payable by the Company in the period and the greater chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Company.

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

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 0.20% 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. Effective June 1, 2022, the Company discontinued the payment of the service fee.

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

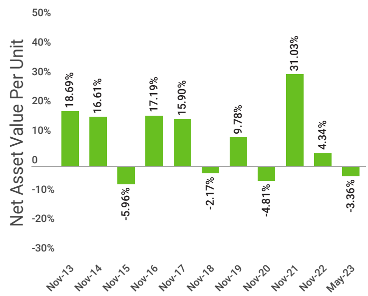
Year-by-Year Returns

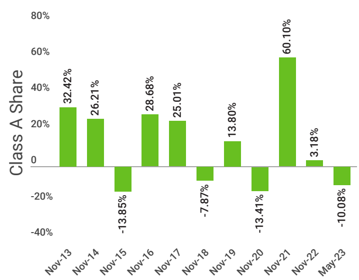
The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit,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

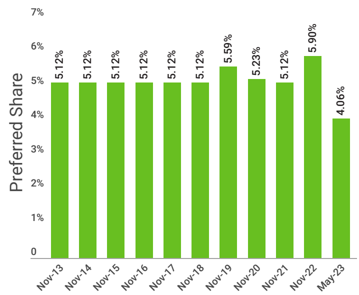
a) The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable additional securities of the Company;

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.







Summary of Investment Portfolio
All holdings as at May 31, 2023

Name	Weighting (%)
Royal Bank of Canada	17.6
Toronto-Dominion Bank	11.8
National Bank of Canada	10.8
Bank of Montreal	9.8
Canadian Imperial Bank of Commerce	5.9
J.P. Morgan Chase & Co.	5.8
Bank of Nova Scotia	5.8
Bank of America	5.0
Citigroup Inc.	2.7
Goldman Sachs Group Inc.	2.6
Morgan Stanley	2.0
Total long positions as a percentage of net assets	**79.8**
Cash	21.6
Other net assets (liabilities)	-1.4
	100.0

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

Canadian Banc Corp.

Management's Responsibility for Financial Reporting

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

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards, as applicable to the preparation of interim financial statements including International Accounting Standard 34, and may include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Company are described in note 3 to the financial statements.

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

Wayne Finch

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

Silvia Gomes

Chief Financial Officer
Quadravest Capital Management Inc.

Canadian Banc Corp.
Statements of Financial Position

As at May 31, 2023 (Unaudited) and November 30, 2022

	May 31, 2023 ($)	November 30, 2022 ($)
ASSETS		
Current Assets		
Investments	346,268,523	291,725,526
Cash	93,546,772	60,390,826
Interest, dividends and other receivables	81,017	80,090
Receivable in respect of investments sold	-	921,796
	439,896,312	**353,118,238**
LIABILITIES		
Current Liabilities		
Written options	120,442	1,142,692
Fees and other accounts payable	506,609	313,252
Payable in respect of investments purchased	-	2,576,565
Distributions payable	5,224,621	3,642,089
Preferred shares (note 6)	225,752,820	161,092,820
Class B shares	1,000	1,000
	231,605,492	**168,768,418**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES	**208,290,820**	**184,349,820**
Preferred shares outstanding (note 6)	22,575,282	16,109,282
Class A shares outstanding (note 6)	22,440,582	16,220,682
Net assets per Preferred share	$10.00	$10.00
Net assets per Class A share	$9.28	$11.37
Net assets per unit	$19.28	$21.37

Approved on behalf of the Board of Directors

Wayne Finch — Director

Peter Cruickshank — Director

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

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

	2023 ($)	2022 ($)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	215,838	(630,326)
Net change in unrealized appreciation/depreciation	(33,286,086)	3,369,498
Dividends	6,637,637	4,648,909
Interest for distribution purposes	1,522,566	160
Net gain (loss) on investments and derivatives	**(24,910,045)**	**7,388,241**
Other gain (loss)		
Realized gain (loss) on currency	22,159	(48,216)
Change in unrealized gain (loss) in the value of currency	3,324	(9,244)
	(24,884,562)	7,330,781
EXPENSES (note 7)		
Management fees	1,760,666	1,172,602
Service fee	-	262,916
Audit fees	13,856	15,518
Directors' fees	7,167	11,792
Independent Review Committee fees	950	1,154
Custodial fees	46,648	27,478
Legal fees	30,740	29,404
Shareholder reporting costs	34,007	19,398
Other operating expenses	96,762	28,633
Harmonized sales tax	241,258	178,658
Transaction Costs	71,984	41,199
Witholding taxes	142,195	48,701
	2,446,233	**1,837,453**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions and other income (charges) related to Preferred shares	**(27,330,795)**	**5,493,328**
Distributions on Preferred shares	(8,096,751)	(2,917,521)
Premium on issuance of Preferred shares	327,246	821,958
Issuance costs on Preferred shares	(1,906,876)	(538,128)
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	**(37,007,176)**	**2,859,637**
Increase (decrease) in net assets attributable to holders per redeemable Class A share (note 8)	**(1.89)**	**0.25**

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

Canadian Banc Corp.
Statements of Changes in Net Assets
Attributable To Holders Of Redeemable Class A Shares
For the six month periods ended May 31 (unaudited)

	2023 ($)	2022 ($)
Net Assets attributable to holders of redeemable Class A shares - Beginning of period	**184,349,820**	**133,821,328**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	(37,007,176)	2,859,637
Gross proceeds on issuance of Class A shares (note 6)	83,761,264	38,113,419
Agents' fees and issuance costs on issuance of Class A shares	(2,687,226)	(1,104,546)
Net proceeds on issuance of Class A shares	81,074,038	37,008,873
Distributions on Class A shares[(1)]		
Canadian dividends	(18,689,321)	(9,827,801)
Capital gains dividends	(1,436,541)	(2,935,930)
	(20,125,862)	(12,763,731)
Change in net assets attributable to holders of redeemable Class A shares	**23,941,000**	**27,104,779**
Net Assets attributable to holders of redeemable Class A shares - End of period	**208,290,820**	**160,926,107**

(1) The tax characterization of distributions is an estimate only based on the actual characterization for the respective most recently completed annual period. Actual year-end characterization will differ.

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

Canadian Banc Corp.
Statements of Cash Flow

For the six month periods ended May 31 (unaudited)

	2023 ($)	2022 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	(37,007,176)	2,859,637
Adjustment for:		
Distributions on Preferred shares	8,096,751	2,917,521
Unrealized (gain) loss in the value of currency	(3,324)	9,244
Premium on issuance of Preferred shares	(327,246)	(821,958)
Issuance costs on Preferred shares	1,906,876	538,128
Net realized (gain) loss on investments and derivatives	(215,838)	630,326
Net change in unrealized appreciation/depreciation of investments and derivatives	33,286,086	(3,369,498)
Purchase of investments, net of option premiums	(91,391,375)	(25,154,020)
Proceeds from sale of investments	1,101,110	(657,639)
(Increase) decrease in interest, dividends and other receivables	(927)	(26,886)
Increase (decrease) in fees and other accounts payable	93,357	(98,151)
Cash flows from (used in) operating activities	(84,461,706)	(23,173,296)
Cash flows from (used in) financing activities		
Gross proceeds on issuance of Class A shares and Preferred shares (note 6)	148,748,511	63,719,377
Agent's fees and issue costs on issuance of Class A shares and Preferred shares	(4,494,102)	(1,642,674)
Distributions paid on Class A shares	(19,048,361)	(12,127,837)
Distributions paid on Preferred shares	(7,591,720)	(2,814,246)
Cash flows from (used in) financing activities	117,614,328	47,134,620
Unrealized gain (loss) in the value of currency	3,324	(9,244)
Net increase (decrease) in cash	33,155,946	23,952,080
Cash at beginning of the period	60,390,826	5,272,515
Cash at end of the period	**93,546,772**	**29,224,595**
Dividends received, net of withholding taxes*	6,495,245	4,569,245
Interest received*	1,522,566	160

* Included as part of Cash Flows from Operating Activities.

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

Canadian Banc Corp.
Schedule of Portfolio Investments
As at May 31, 2023 (unaudited)

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	6 Core Holdings		
	Canadian Common Equities		
375,100	Bank of Montreal	38,236,388	42,468,822
382,100	Bank of Nova Scotia	25,741,065	25,054,297
458,000	Canadian Imperial Bank of Commerce	23,554,928	25,634,260
483,200	National Bank of Canada	26,183,700	47,025,024
629,067	Royal Bank of Canada	71,042,700	76,387,606
668,400	Toronto-Dominion Bank	44,096,896	51,359,856
	Total Canadian Common Equities in Core Holdings (77.4%)	**228,855,677**	**267,929,865**
	Other U.S. Common Equities		
571,890	Bank of America	24,569,221	21,603,196
193,700	Citigroup Inc.	12,302,087	11,669,341
25,705	Goldman Sachs Group Inc.	11,018,580	11,317,370
136,800	J.P. Morgan Chase & Co.	23,137,238	25,235,674
76,600	Morgan Stanley	5,551,652	8,513,077
	Total Other U.S. Common Equities in Core Holdings (22.6%)	**76,578,778**	**78,338,658**
	Total Common Equities in Core Holdings (100.0%)	**305,434,455**	**346,268,523**
	Call Options written (100 shares per contract)		
	Canadian call options written		
(300)	Bank of Montreal @ $122 June 2023	(33,300)	(271)
(100)	Bank of Montreal @ $126 June 2023	(14,200)	(8)
(400)	Bank of Nova Scotia @ $68 June 2023	(27,200)	(6,400)
(175)	Bank of Nova Scotia @ $69 June 2023	(6,825)	(1,050)
(612)	Canadian Imperial Bank of Commerce @ $58 June 2023	(36,108)	(8,568)
(136)	Canadian Imperial Bank of Commerce @ $58 July 2023	(6,256)	(4,896)
(275)	National Bank of Canada @ $105 June 2023	(19,608)	(138)
(475)	National Bank of Canada @ $105 July 2023	(58,663)	(3,325)
(150)	Royal Bank of Canada @ $133 June 2023	(9,002)	(31)
(660)	Royal Bank of Canada @ $137 June 2023	(88,110)	(11)
(25)	Toronto-Dominion Bank @ $85 June 2023	(1,250)	(3)
(150)	Toronto-Dominion Bank @ $80 July 2023	(7,650)	(7,575)
(725)	Toronto-Dominion Bank @ $85 July 2023	(63,800)	(2,714)
	Total Canadian call options written (0.0%)	**(371,972)**	**(34,990)**

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	U.S. call options written		
(570)	Bank of America Corp. @ $30 July 2023	(28,668)	(30,605)
(135)	J.P. Morgan Chase & Co. @ $140 July 2023	(47,007)	(51,840)
(75)	Morgan Stanley @ $87 June 2023	(2,956)	(3,007)
	Total U.S. call options written (0.0%)	**(78,631)**	**(85,452)**
		304,983,852	**346,148,081**
	Less adjustments for transaction costs	(101,431)	
	Total Investments (100.0%)	**304,882,421**	**346,148,081**

1. Incorporation

Canadian Banc Corp. (the “Company”) is a mutual fund corporation established under the laws of the Province of Ontario on May 25, 2005 that began investment operations on July 15, 2005. 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 6 Canadian chartered banks. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

On March 2, 2023, the Company announced the extension of the termination date of the Company for a further five year period from December 1, 2023 to December 1, 2028. In connection with the extension of its term, the Company will offer a special retraction right which will allow shareholders to tender one or both classes of shares and receive a retraction price based on the November 30, 2023 net asset value per unit. The Company will have the right to amend the rate of cumulative preferential monthly dividends to be paid to the Preferred shares for the five year renewal period, commencing December 1, 2023. Any change to the Preferred share dividend rate will be announced no later than September 30, 2023. The termination date 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 applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2022, which were prepared in accordance with IFRS.

These financial statements were approved by the Board of Directors of the Company on July 13, 2023.

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. 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 fair value through profit or loss are expensed as incurred and transaction costs related to financial instruments not at fair value through profit and loss ("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 May 31, 2023 of $24,747,755 (November 30, 2022-$24,747,755) that are available to lower taxable income in future periods if required and expire after the scheduled termination date of the Company on December 1, 2028. The Company also has estimated accumulated capital losses for tax purposes of $1,280,570 (November 30, 2022-$1,280,570) which may be used to lower future capital gains if required and which do not expire.

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 May 31, 2023 and November 30, 2022:

Financial assets and liabilities at fair value as at May 31, 2023

	Level 1	Level 2	Level 3	Total
Equities	$346,268,523	-	-	$346,268,523
Options	($120,442)	-	-	($120,442)
	$346,148,081	**-**	**-**	**$346,148,081**

Financial assets and liabilities at fair value as at November 30, 2022

	Level 1	Level 2	Level 3	Total
Equities	$291,725,526	-	-	$291,725,526
Options	($1,142,692)	-	-	($1,142,692)
	$290,582,834	**-**	**-**	**$290,582,834**

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the period ended May 31, 2023 or the year ended November 30, 2022.

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 6 core holdings were selected because of their long term history of market price appreciation and dividend growth. These portfolio companies were selected from the banking sector of the financial services index of the S&P/TSX 60 index and are among the largest financial services companies in Canada.

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

Price risk

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

The supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during periods in which a 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 May 31, 2023, 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 $33,707,000 (November 30, 2022–$26,169,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, Net Assets of the Company would have decreased by approximately $34,561,000 (November 30, 2022–$28,544,000).

Interest rate risk

Interest rate risk is the risk that the fair value of interest bearing financial instruments will fluctuate due to changes in market interest rates. The majority of the Company's financial assets and liabilities are non interest bearing. The Preferred shares have a floating distribution rate policy based on the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value of the Preferred shares. If the Canadian prime rate increased or decreased by 1%, there would be no material impact on the dividends payable to the Preferred shares. As a result, the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant as at May 31, 2023 and November 30, 2022.

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. Certain portfolio holdings are listed on the New York stock exchange and trade in U.S. dollars. As at May 31, 2023, 18.2% (November 30, 2022-17.2%) of the Net Assets of the Company are invested in U.S. dollar denominated assets which includes U.S. dollar cash held. As a result, the Company's Net Assets 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 $3,948,000 (November 30, 2022-$2,962,400).

Other risks

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All of the Company's transactions are in listed securities and options and are settled and paid for using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on purchase once the securities have been received by the broker. Cash is held with a reputable and regulated financial institution. As at May 31, 2023 and November 30, 2022, the Company did not have significant credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company is exposed to liquidity risk primarily through its monthly and annual retractions of 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 the New York Stock Exchange. 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. As at May 31, 2023 and November 30, 2022, all other financial liabilities are payable within three months from the end of the period.

Concentration risk

The Company's portfolio is concentrated in the banking sector and as such will be exposed to the specific factors that affect this sector. An individual portfolio holding could be as high as 20% of the net asset value of the Company.

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

	May 31, 2023	November 30, 2022
Canadian common equities	61.8%	67.2%
U.S. common equities	18.0%	17.2%
Canadian call options written	0.0%	-0.3%
U.S. call options written	0.0%	0.0%
Other assets less liabilities (excluding Preferred shares)	20.2%	15.9%
	100.0%	100.0%

6. Redeemable Units

Preferred shares

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

Preferred share transactions	May 31, 2023	May 31, 2022
Beginning of period	16,109,282	10,207,582
Issued during the period	6,466,000	2,478,400
End of period	22,575,282	12,685,982

Preferred shareholders are entitled to receive a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value.

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 "BK.PR.A" on the TSX. The trading price of Preferred shares on the TSX was $10.02 as at May 31, 2023 (November 30, 2022-$10.06). Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business day of each month. Shareholders who concurrently retract a Preferred share and a Class A share in the month of July in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last business day of July. 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, 2023 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 29, 2023 and will terminate on May 28, 2024. Pursuant to the NCIB, the Company proposes to purchase, from time to time, if it is considered advisable, up to 2,226,511 Preferred shares and 2,204,842 Class A shares of the Company, representing 10% of the public float of 22,265,111 Preferred shares and 22,048,422 Class A shares. As of May 15, 2023, there were 22,287,682 Preferred shares and 22,082,182 Class A shares issued and outstanding. The Company will not purchase, in any given 30-day period, in the aggregate, more than 445,753 Preferred shares or more than 441,643 Class A shares, being 2% of the issued and outstanding Preferred shares and Class A shares as of May 15, 2023.

The previous NCIB which commenced on May 27, 2022 terminated on May 26, 2023.

There were no Preferred shares nor Class A shares purchased for cancellation during the period ended May 31, 2023 and the year ended November 30, 2022.

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 period ended May 31, 2023, 4,106,000 Preferred shares were sold through the ATM Program at an average selling price of $10.08 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were $41,387,246, $40,352,556 and $1,034,690, respectively.

During the year ended November 30, 2022, 3,190,700 Preferred shares were sold through the ATM Program at an average selling price of $10.12 per Preferred share. Gross proceeds, net proceeds and commissions on the Preferred share sales were $32,279,022, $31,556,860 and $722,162, respectively.

The Company issued 2,360,000 Preferred shares at $10 per shares for gross proceeds of $23,600,000 pursuant to a secondary offering that was completed on January 31, 2023. Agents' fees and issuance costs on the Preferred shares were $767,076 in connection with this offering.

The Company issued 1,167,000 Preferred shares at $10 per shares for gross proceeds of $11,670,000 pursuant to a secondary offering that was completed on June 8, 2022. Agents' fees and issuance costs on the Preferred shares were $391,996 in connection with this offering.

The Company issued 1,544,000 Preferred shares at $10.35 per shares for gross proceeds of $15,980,400 pursuant to a secondary offering that was completed on February 24, 2022. Agents' fees on the Preferred shares paid by the Company in connection with this offering were $363,226. A portion of the agents' fees on the Class A shares and the Preferred and shares in the amount of $232,372 and other issuance costs in the amount of $86,263 were paid by Quadravest.

Class A shares and Class B shares

Authorized

An unlimited number of Class A shares

1,000 Class B shares

Class A share transactions	May 31, 2023	May 31, 2022
Beginning of period	16,220,682	10,207,582
Issued during the period	6,219,900	2,478,400
End of period	22,440,582	12,685,982

Class A shares were originally issued at $15 per share. Effective November 15, 2021, Class A shareholders receive monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month (previously, 10%). 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 "BK" on the TSX. The trading price of Class A shares on the TSX was $12.99 as at May 31, 2023 (November 30, 2022-$13.40). Class A shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last business day of each month. Shareholders who concurrently retract a Class A share and a Preferred share in the month of July in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last business day of July. 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 period ended May 31, 2023, 4,659,900 Class A shares were sold through the ATM Program at an average selling price of $13.37 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were $62,311,264, $60,753,483 and $1,557,781, respectively.

During the year ended November 30, 2022, 3,302,100 Class A shares were sold through the ATM Program at an average selling price of $13.73 per Class A share. Gross proceeds, net proceeds and commissions on the Class A share sales were $45,324,245, $44,311,723 and $1,012,522, respectively.

The Company issued 1,560,000 Class A shares at $13.75 per shares for gross proceeds of $21,450,000 pursuant to a secondary offering that was completed on January 31, 2023. Agents' fees and issuance costs on the Class A shares were $1,024,326 in connection with this offering.

The Company issued 1,167,000 Class A shares at $14.50 per shares for gross proceeds of $16,921,500 pursuant to a secondary offering that was completed on June 8, 2022. Agents' fees and issuance costs on the Class A shares were $803,364 in connection with this offering.

The Company issued 1,544,000 Class A shares at $15.75 per shares for gross proceeds of $24,318,000 pursuant to a secondary offering that was completed on February 24, 2022. Agents' fees and issuance costs on the Class A shares were $856,534 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 July 15, 2005, the Company issued 1,000 Class B shares to Canadian Banc Corp. Holding Trust 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 0.20% 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. Effective June 1, 2022, the Company discontinued the payment of the service fee.

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.

Total management fees of $1,760,666 (May 31, 2022-$1,172,602), incurred during the period ended May 31, 2023, include the administration fee and base management fee. As at May 31, 2023, $320,123 (November 30, 2022-$240,633) was payable to the Manager with respect to the administration fee and investment management fee. No performance fees were paid in 2023 or 2022.

Total brokerage commission paid during the period by the Company for its portfolio transactions were $71,984 (May 31, 2022-$41,199). Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of portfolio transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended May 31, 2023 amounted to $9,158 (May 31, 2022-$2,389).

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 periods ended May 31, 2023 and 2022 is calculated as follows:

	May 31, 2023	May 31, 2022
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	($37,007,176)	$2,859,637
Weighted average Class A shares outstanding	19,630,307	11,502,182
Increase (decrease) in net assets attributable to holders per redeemable Class A share	($1.89)	$0.25

9. Distributions

Distributions per share were as follows:

	May 31, 2023	May 31, 2022
Preferred shares	$0.40	$0.25
Class A shares	$1.0080	$1.0898

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 a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 1.5%, with a minimum annual rate of 5% and a maximum annual rate of 8% based on the $10 repayment value and to pay holders the $10 repayment value of those shares on the termination of the Company; and

ii) Effective November 15, 2021, to provide holders of Class A shares with monthly cash distributions targeted to be at a rate of 15% annualized based on the volume weighted average market price of the Class A shares for the last 3 trading days of the preceding month (previously, 10%) and to pay the original issue price of those shares on the termination of the Company. The net asset value per unit must remain above the required $15 per unit threshold for monthly 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 May 31, 2023 and November 30, 2022, 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,
Chief Investment Strategist, Managing Director
and Portfolio Manager,
Quadravest Capital Management Inc.

John Steep,
President, S. Factor Consulting Inc.

Peter Cruickshank,
Managing Director,
Quadravest Capital Management Inc.

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

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