Prime Dividend Corp.

2026 Semi-Annual Report (unaudited)

Prime Dividend Corp

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended May 31, 2026. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The semi-annual financial statements and accompanying notes are attached to this report.

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

INVESTMENT OBJECTIVES AND STRATEGIES

The Company invests primarily in a portfolio of common shares which will include each of the following Canadian dividend paying companies:

Banks	Life Insurance Companies
Bank of Montreal	Great-West Lifeco Inc.
Bank of Nova Scotia	Manulife Financial Corporation
Canadian Imperial Bank of Commerce	Sun Life Financial Inc.
National Bank of Canada	
Royal Bank of Canada	
Toronto-Dominion Bank	
Investment Management Companies	**Utilities & Other**
AGF Management Limited	BCE Inc.
IGM Financial Inc.	Power Corporation of Canada
	TC Energy Corp.
	TMX Group Inc.
	TransAlta Corporation

The Company may also invest up to 20% of the net asset value in equity securities of issuers in the financial services or utilities sectors in Canada or the United States 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. To provide holders with a cumulative preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 2.35%, with a minimum annual rate of 5% and a maximum rate of 8% based on the $10 repayment value of the Preferred shares; and
2. On the termination date of December 1, 2028 (subject to further 5 year extensions thereafter), to pay holders the $10 repayment value.

Class A shares

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

1. To provide holders with monthly cash distributions targeted to be at a rate of 10% annualized based on the volume weighted average market price of the Class A shares for the last 5 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 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, 2026. 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 generated positive returns during the six months ended May 31, 2026, despite periods of volatility driven by geopolitical developments, inflation concerns and uncertainty regarding the outlook for economic growth and interest rates. Canadian equities demonstrated resilience in a challenging economic environment, supported by generally favourable corporate earnings and continued strength in select sectors, including financials and energy.

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

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

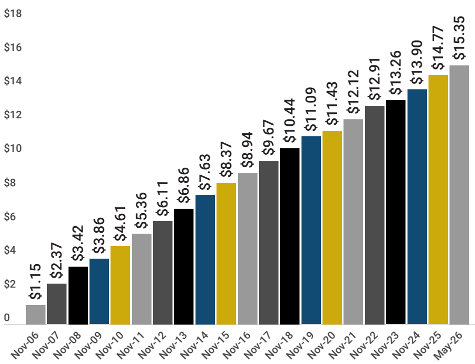
Canadian financial institutions generally outperformed during the period, supported by resilient earnings, strong capital positions and investor confidence in the sector's financial strength, as evidenced by continued strong demand for bank debt and funding spreads remaining near historic lows, despite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

As at May 31, 2026, net assets of the Company were $13.5 million (November 30, 2025–$12.6 million) and net assets per unit of the Company were $25.09 (November 30, 2025–$22.28). During the period ended May 31, 2026, redemptions totalled $0.7 million.

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

Class A shares – Distributions

Total distributions per Class A share during the period amounted to $0.5813.



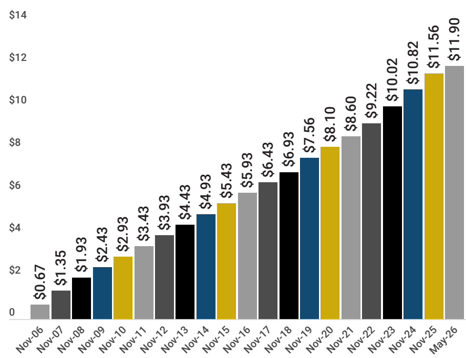
Class A Share Distributions Since Inception

15.35

Cumulative total of distributions paid to Class A share since inception

Preferred shares – Distributions

Total distributions per Preferred share during the period amounted to $0.3400.



Preferred Share Distributions Since Inception

11.90

Cumulative total of distributions paid to Preferred share since inception

Recent Developments

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

Related Party Transactions

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

FINANCIAL HIGHLIGHTS

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

The Company's net assets per unit[(1)]

		Years ended November 30				
	May 31, 2026	**2025**	**2024**	**2023**	**2022**	**2021**
Net assets per unit, beginning of period[(2)]	22.28	19.92	16.01	17.84	20.94	21.43[(5)]
Increase (decrease) from operations						
Total revenue	0.38	0.76	0.82	0.84	0.85	0.81
Total expenses	(0.32)	(0.55)	(0.79)	(0.44)	(0.51)	(0.52)
Realized gains (losses) for the period	0.36	0.58	1.85	0.50	0.32	0.48
Unrealized gains (losses) for the period	3.26	3.10	3.45	(1.10)	(1.64)	3.46
Total increase (decrease) from operations[(3)]	3.68	3.89	5.33	(0.20)	(0.98)	4.23
Distributions[(4)]						
Canadian dividends	N/A	(1.17)	(1.44)	(1.28)	(1.70)	(1.45)
Capital gains dividends	N/A	(0.44)	-	-	-	-
Total distributions	(0.92)	(1.61)	(1.44)	(1.28)	(1.70)	(1.45)
Net assets per unit at end of period	25.09	22.28	19.92	16.01	17.84	20.94
Net assets per Preferred share	10.00	10.00	10.00	10.00	10.00	10.00
Net assets per Class A share	15.09	12.28	9.92	6.01	7.84	10.94
Net assets per unit at end of period	25.09	22.28	19.92	16.01	17.84	20.94

(1) Per unit information for the periods ended November 30, 2023 and prior has been retroactively restated to reflect the Class A shares consolidation effective December 22, 2023, pursuant to which Class A shareholders received approximately 0.727325294 post-consolidation Class A shares for each Class A share held. Prior to the restatement, the amounts disclosed were:
Distributions: 2023 - $1.15; 2022 - $1.41; 2021 - $1.19.
Net assets per Class A share: 2023 - $4.37; 2022 - $5.70; 2021 - $7.96
Net Assets per unit at end of period: 2023 - $14.37; 2022 - $15.70; 2021 - $17.96.

(2) 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.

(3) Total increase (decrease) from operations is before the payment of Preferred and Class A share distributions and is calculated based on the weighted average number of units outstanding during the period.

(4) 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 period and were paid in cash. Distributions per unit represent the aggregate distributions declared on one Preferred share and one Class A share. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended May 31, allocations for tax purposes are not available until year end).

(5) The 2021 beginning net assets per unit has been restated to reflect Class A shares consolidation effective December 22, 2023. Prior to the restatement, the net assets per unit disclosed was $15.59.

Ratios and Supplemental Data

	May 31, 2026	Years ended November 30 2025	2024	2023	2022	2021
Net asset value (millions)(1)	$13.5	$12.6	$11.8	$12.3	$13.4	$15.3
Number of units outstanding(2)	536,719	565,719	590,319	766,801	751,785	732,358
Base Management expense ratio(3)	2.67%	2.67%	4.42%	2.55%	2.56%	2.50%
Management expense ratio per Class A share(4)	9.68%	12.51%	20.93%	23.60%	15.43%	12.51%
Portfolio turnover rate(5)	0.88%	4.08%	3.76%	3.52%	1.93%	9.32%
Trading expense ratio(6)	0.03%	0.04%	0.08%	0.03%	0.06%	0.08%
Closing market price (TSX): Preferred shares	$10.84	$10.81	$10.63	$10.07	$10.34	$10.26
Closing market price (TSX): Class A shares(2)	$13.60	$11.01	$8.66	$5.14	$8.66	$12.29

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

(2) The number of units outstanding and closing market price (TSX) of the Class A shares for the periods ended November 30, 2023 and prior has been retroactively restated to reflect the Class A shares consolidation effective December 22, 2023, pursuant to which Class A shareholders received approximately 0.727325294 post-consolidation Class A shares for each Class A share held. Prior to the restatement, the amounts disclosed were:
Number of units outstanding: 2023 - 854,254; 2022 - 854,254; and 2021 - 854,254.
Closing market price (TSX) Class A Share: 2023 - $3.74; 2022 - $6.30; and 2021 - $8.94.

(3) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated period, excluding commissions and other portfolio transaction costs, distributions on Preferred shares and any one time offering expenses and is expressed as an annualized percentage of the average net asset value of the Company during the period.

(4) Management expense ratio per 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), 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 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.

(5) 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.

(6) 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.

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

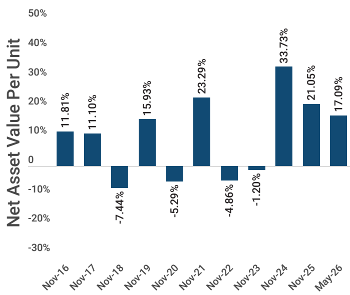
Year-by-Year Returns

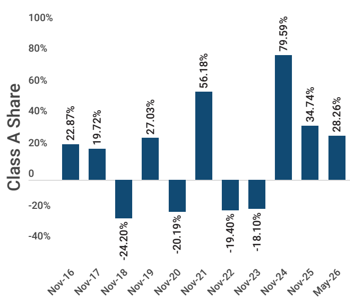
The past performance of 1) the net asset value per unit; 2) the Preferred share on a net asset value basis; and 3) the Class A share on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit,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

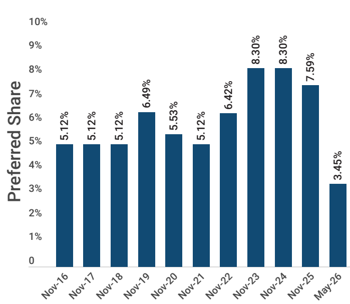
a) The performance information shown assumes that all cash distributions made by the Company during the years shown were reinvested in the applicable securities of the Company;

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, 2026

Name	Weighting (%)
National Bank of Canada	8.4
Power Corporation of Canada	8.2
Bank of Montreal	7.2
AGF Management Ltd.	6.9
Manulife Financial Corporation	6.9
Royal Bank of Canada	6.9
Great-West Lifeco Inc.	6.8
IGM Financial Inc.	6.7
TMX Group Inc.	6.6
Bank of Nova Scotia	6.6
Canadian Imperial Bank of Commerce	6.4
Sun Life Financial Inc.	5.4
Toronto-Dominion Bank	5.4
TransAlta Corporation	4.2
TC Energy Corp.	4.1
BCE Inc.	2.6
South Bow Corp.	0.6
Total long positions as a percentage of net assets	**99.9**
Cash	1.0
Other net assets (liabilities)	-0.9
	100.0

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

Prime Dividend Corp.
Management's Responsibility for Financial Reporting

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

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The material accounting policy information applicable to the Company is described in note 3 to the financial statements.

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

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

Silvia Gomes
Chief Financial Officer
Quadravest Capital Management Inc.

Prime Dividend Corp.
Statements of Financial Position
As at May 31, 2026 and November 30, 2025 (Unaudited)

	May 31, 2026 ($)	November 30, 2025 ($)
ASSETS		
Current Assets		
Investments	13,450,772	11,737,927
Cash	137,159	995,175
Interest, dividends and other receivables	21,380	16,853
	13,609,311	**12,749,955**
LIABILITIES		
Current Liabilities		
Written Options	22,291	16,716
Fees and other accounts payable	36,594	44,678
Distributions payable	85,204	81,984
Preferred shares (note 6)	5,367,190	5,657,190
Class B shares	1,000	1,000
	5,512,279	**5,801,568**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES	**8,097,032**	**6,948,387**
Number of redeemable units (1 Preferred share and 1 Class A share) outstanding (note 6)	536,719	565,719
Number of Preferred shares outstanding	536,719	565,719
Number of Class A shares outstanding	536,719	565,719
Net assets per unit	25.09	22.28
Net assets per Preferred share	10.00	10.00
Net assets per Class A share	15.09	12.28

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.

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

	2026 ($)	2025 ($)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	201,781	166,874
Net change in unrealized appreciation/depreciation	1,836,983	93,393
Dividends	207,748	221,804
Interest for distribution purposes	4,157	8,754
Net gain (loss) on investments and derivatives	**2,250,669**	**490,825**
EXPENSES (note 7)		
Management fees	56,574	48,915
Audit fees	15,146	15,649
Directors' fees	7,167	7,167
Independent Review Committee fees	1,071	1,154
Custodial fees	3,510	4,171
Legal fees	28,486	24,686
Shareholder reporting costs	19,838	12,447
Other operating expenses	30,043	32,525
Harmonized sales tax	14,647	13,613
Transaction costs	1,830	2,274
	178,312	**162,601**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares before distributions on Preferred shares	**2,072,357**	**328,224**
Distributions on Preferred shares	(190,712)	(220,115)
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	**1,881,645**	**108,109**
Increase (decrease) in net assets attributable to holders per redeemable Class A share (note 8)	**3.34**	**0.18**

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

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

	2026 ($)	2025 ($)
Net Assets attributable to holders of redeemable Class A shares - Beginning of period	**6,948,387**	**5,853,352**
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	1,881,645	108,109
Class A share redemptions	(407,136)	(223,860)
Distributions on Class A shares	(325,864)	(240,465)
Change in net assets attributable to holders of redeemable Class A shares	**1,148,645**	**(356,216)**
Net Assets attributable to holders of redeemable Class A shares - End of period	**8,097,032**	**5,497,136**

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

Prime Dividend Corp.
Statements of Cash Flow

For the six month periods ended May 31 (unaudited)

	2026 ($)	2025 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	1,881,645	108,109
Adjustment for:		
Distributions on Preferred shares	190,712	220,115
Net realized (gain) loss on investments and derivatives	(201,781)	(166,874)
Net change in unrealized appreciation/depreciation of investments and derivatives	(1,836,983)	(93,393)
Purchase of investments, net of option premiums	(537)	(51,911)
Proceeds from sale of investments	332,031	514,156
(Increase) decrease in interest, dividends and other receivables	(4,527)	(4,727)
Increase (decrease) in fees and other accounts payable	(8,084)	(8,752)
Cash flows from (used in) operating activities	352,476	516,723
Cash flows from (used in) financing activities		
Amounts paid on redemption of Class A and Preferred shares	(697,136)	(469,860)
Distributions paid on Class A shares	(321,001)	(242,568)
Distributions paid on Preferred shares	(192,355)	(225,059)
Cash flows from (used in) financing activities	(1,210,492)	(937,487)
Net increase (decrease) in cash for the period	(858,016)	(420,764)
Cash at beginning of the period	995,175	939,202
Cash at end of the period	**137,159**	**518,438**
Dividends received*	203,196	216,615
Interest received*	4,157	8,754

* Included as part of Cash Flows from Operating Activities.

Prime Dividend Corp.
Schedule of Portfolio Investments
As at May 31, 2026 (unaudited)

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Canadian Common Equities		
	Core Holdings		
53,600	AGF Management Ltd.	1,053,872	933,712
4,300	Bank of Montreal	392,309	962,899
8,000	Bank of Nova Scotia	537,527	884,960
10,225	BCE Inc.	531,823	355,626
5,700	Canadian Imperial Bank of Commerce	262,743	857,793
11,400	Great-West Lifeco Inc.	388,252	917,472
11,400	IGM Financial Inc.	506,604	895,584
17,600	Manulife Financial Corporation	373,648	928,048
5,600	National Bank of Canada	227,036	1,127,504
13,260	Power Corporation of Canada	454,951	1,104,956
3,500	Royal Bank of Canada	304,433	925,540
7,400	Sun Life Financial Inc.	377,276	733,192
6,000	TC Energy Corp.	291,452	551,160
17,300	TMX Group Inc.	198,124	892,507
4,600	Toronto-Dominion Bank	251,122	725,650
29,000	TransAlta Corporation	356,331	569,849
	Total Canadian Common Equities in Core Holdings (99.5%)	**6,507,503**	**13,366,452**
	Other Canadian Common Equities		
1,700	South Bow Corp.	40,835	84,320
	Total Other Canadian Common Equities (0.6%)	**40,835**	**84,320**
	Total Common Equities (100.2%)	**6,548,338**	**13,450,772**

No. of shares (contracts)	Description	Average Cost ($) (Premiums received)	Fair Value ($)
	Call Options written (100 shares per contract)		
	Canadian call options written		
(5)	Bank of Montreal @ $215 June 2026	(1,320)	(5,075)
(5)	Bank of Nova Scotia @ $109 June 2026	(503)	(1,305)
(10)	Bank of Nova Scotia @ $110 June 2026	(810)	(1,950)
(15)	BCE Inc. @ $34.50 June 2026	(405)	(848)
(5)	BCE Inc. @ $35 August 2026	(280)	(470)
(3)	Canadian Imperial Bank of Commerce @ $158 June 2026	(534)	(110)
(3)	Canadian Imperial Bank of Commerce @ $164 June 2026	(693)	(29)
(10)	Manulife Financial Corporation @ $52.50 June 2026	(420)	(1,055)
(20)	Manulife Financial Corporation @ $54 July 2026	(700)	(1,600)
(5)	National Bank of Canada @ $214 June 2026	(570)	(183)
(4)	Royal Bank of Canada @ $250 June 2026	(1,284)	(5,170)
(22)	Sun Life Financial Inc. @ $100 June 2026	(1,870)	(2,838)
(4)	Toronto-Dominion Bank @ $154 June 2026	(388)	(1,658)
	Total Canadian call options written (-0.2%)	**(9,777)**	**(22,291)**
		6,538,561	**13,428,481**
	Less adjustments for transaction costs (note 2)	(4,013)	
	Total Investments (100.0%)	**6,534,548**	**13,428,481**

1. Incorporation

Prime Dividend Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on September 27, 2005 that began investment operations on November 16, 2005. The manager and the investment manager of the Company is Quadravest Capital Management Inc. ("Quadravest" or "Manager"). The termination date of the Company is December 1, 2028 and may be extended thereafter at the Company's discretion for additional terms of five years each. The Company's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Company invests in an actively managed portfolio of common shares comprised primarily of large capitalization dividend yielding Canadian companies. The Company employs an active covered call writing program to enhance the income earned from the portfolio.

2. Basis of presentation

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

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

3. Material accounting policy information

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

Investments and financial instruments

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

The Company's obligations for net assets attributable to holders of redeemable 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 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").

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 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 shares 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, 2026 of $7,697,408 (November 30, 2025-$7,697,408) 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 $2,332,898 (November 30, 2025-$2,332,898) 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, 2026 and November 30, 2025:

	Financial assets and liabilities at fair value as at May 31, 2026			
	Level 1	Level 2	Level 3	Total
Equities	$13,450,772	-	-	$13,450,772
Options	($22,291)	-	-	($22,291)
	$13,428,481	**-**	**-**	**$13,428,481**

	Financial assets and liabilities at fair value as at November 30, 2025			
	Level 1	Level 2	Level 3	Total
Equities	$11,737,927	-	-	$11,737,927
Options	($16,716)	-	-	($16,716)
	$11,721,211	**-**	**-**	**$11,721,211**

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 periods ended May 31, 2026 and 2025.

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

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

Market Price Risk

All securities investments present a risk of loss of capital. The core holdings were selected because of their long term history of market price appreciation and dividend growth. These portfolio companies were selected from the S&P/TSX 60 index and are among the largest 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 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 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, 2026, had the prices on the respective stock exchanges for these equity securities increased by 10%, with all other variables held constant, Net Assets of the Company would have increased by approximately $1,263,000 (November 30, 2025–$1,098,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, Net Assets of the Company would have decreased by approximately $1,333,000 (November 30, 2025–$1,165,000).

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 Canadian prime rate plus 2.35%, subject to a minimum of 5% to a maximum of 8% per annum 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, 2026 and November 30, 2025.

Currency risk

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

Other risks

Credit risk

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

Liquidity risk

Liquidity risk is the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company is exposed to liquidity risk primarily through its monthly and annual retractions of 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"). 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, 2026 and November 30, 2025, all other financial liabilities are payable within three months from the end of the period.

Concentration risk

The Company's core holdings are concentrated in the S&P TSX 60 index and as such will be exposed to some of the specific factors that affect this index. 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:

	May 31, 2026	November 30, 2025
Canadian common equities	99.9%	93.3%
Call options written	-0.2%	-0.1%
Other assets less liabilities (excluding Preferred shares)	0.3%	6.8%
	100%	100%

6. Redeemable Units

Preferred shares

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

Preferred shares are entitled to a preferential floating rate monthly dividend at an annual rate equivalent to the prevailing Canadian prime rate plus 2.35%, with a minimum annual rate of 5% and a maximum rate of 8% (based on the $10 repayment value). The Preferred shares have been presented as liabilities in the financial statements.

Preferred shares trade under the symbol "PDV.PR.A" on the TSX. The trading price of Preferred shares on the TSX was $10.84 as at May 31, 2026 (November 30, 2025-$10.81). All Preferred shares outstanding on the termination date will be redeemed by the Company on that date. 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 (together, a "unit") in the month of April 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 April. 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. 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 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 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.

Preferred share transactions

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

Preferred share transactions	May 31, 2026	May 31, 2025
Beginning of period	565,719	590,319
Issued	-	-
Redeemed	(29,000)	(24,600)
End of period	536,719	565,719

Class A shares and Class B shares

The Company is authorized to issue an unlimited number of Class A shares and 1,000 Class B shares. All Class A shares outstanding on the termination date will be redeemed by the Company on that date. Class A shareholders receive monthly cash distributions targeted to be at a rate of 10% annualized based on the volume weighted average market price of the Class A shares for the last 5 trading days of the preceding month. The net asset value per unit must remain above the required $15 per unit threshold for distributions to be declared.

Class A shares trade under the symbol "PDV" on the TSX. The trading price of Class A shares on the TSX was $13.60 as at May 31, 2026 (November 30, 2025-$11.01). 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 April 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 April. 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).

Class A share transactions

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

Class A share transactions	May 31, 2026	May 31, 2025
Beginning of period	565,719	590,319
Issued	-	-
Redeemed	(29,000)	(24,600)
End of period	536,719	565,719

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.

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 $56,574 (May 31, 2025-$48,915), incurred during the period ended May 31, 2026, include the administration fee and base management fee. As at May 31, 2026, $9,932 (November 30, 2025-$8,815) was payable to the Manager with respect to the administration fee and investment management fee. No performance fees were paid during the period ended May 31, 2026 and the year ended November 30, 2025.

The brokerage commissions paid during the period ended May 31, 2026 by the Company for its portfolio transactions were $1,830 (May 31, 2025-$2,274). Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of portfolio transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended May 31, 2026 amounted to $36 (May 31, 2025-$42).

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, 2026 and 2025 is calculated as follows:

	May 31, 2026	May 31, 2025
Increase (decrease) in net assets attributable to holders of redeemable Class A shares	$1,881,645	$108,109
Weighted average Class A shares outstanding	563,302	588,269
Increase (decrease) in net assets attributable to holders per redeemable Class A share	$3.34	$0.18

9. Distributions

Distributions per share were as follows:	May 31, 2026	May 31, 2025
Preferred shares	$0.3400	$0.3754
Class A shares	$0.5813	$0.4101

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 2.35%, with a minimum annual rate of 5% and a maximum rate of 8% based on the $10 repayment value of the Preferred shares and to pay holders the $10 repayment value on the termination of the Company; and

ii) to provide holders of Class A shares with monthly cash distributions targeted to be at a rate of 10% annualized based on the volume weighted average market price of the Class A shares for the last 5 trading days of the preceding month and to pay holders the original issue price ($15) on the termination of the Company. The net asset value per unit must be 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, 2026 and November 30, 2025, 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.

12. New IFRS Accounting Standard

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

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

Quadravest Capital Management Inc.

Quadravest Capital Management Inc. was formed in 1997 and is focused on the creation and management of enhanced yield products for retail investors. The investment strategy combines fundamental based equity investing with covered call writing. Guided by four key principles, Quadravest sets attainable investment objectives that allow the team to stay focused on a long-term investment strategy.

The four principles – innovation in financial products, discipline in investment management, solid results for investors, and excellence in client service – form the foundation of Quadravest. Each member of the firm's tight-knit team is committed to upholding these principles, ensuring a coherence and dedication that is unique to the Company.

Quadravest has raised over $2.5 billion in initial public offerings.

Board of Directors

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and Chief Investment Officer,
Quadravest Capital Management Inc.

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

John Steep,
President, S. Factor Consulting Inc.

Peter Cruickshank,
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