

2023

M SPLIT CORP.

ANNUAL REPORT



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 annual Management Report of Fund Performance (MRFP) for the year ended November 30, 2023. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The annual financial statements and accompanying notes are attached to this report.

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

INVESTMENT OBJECTIVES AND STRATEGIES

As a result of the corporate reorganization that was approved at a special meeting of shareholders on February 3, 2010 and subsequently implemented on March 23, 2010 (the reorganization date), the Priority Equity shares and Class A shares outstanding on the reorganization date were each exchanged for a new class of shares as outlined further below.

The primary purpose of the reorganization was to provide holders of Priority Equity shares and Class A shares with an opportunity to have those shares reorganized into a new series of shares that would provide greater distribution and capital growth potential, if the common shares of Manulife Financial Corporation ("Manulife") increase over the remaining term of the Company. The Priority Equity share portfolio protection plan was eliminated at the reorganization date and the fixed income securities held by the Company pursuant to the plan were sold in order for the newly reorganized Company to re-establish a much more fully invested position in common shares of Manulife. A covered call writing strategy is also used by the Company to provide supplemental income in addition to the dividend income from Manulife common shares.

The following is a summary of some of the principal provisions of the Class I Preferred shares, Class II Preferred shares and Capital shares:

Class I Preferred shares (XMF.PR.B)

Each Class I Preferred Share pays fixed cumulative preferential monthly cash dividends in the amount of \$0.03125 per share to yield 7.50% annually on the repayment amount of \$5.00; and has a repayment objective on or about the termination date of December 1, 2024 (subject to further 5 year extensions thereafter), to pay the holders of the Class I Preferred Shares \$5.00 per Class I Preferred Share.

Class II Preferred shares (XMF.PR.C)

Each Class II Preferred share pays fixed cumulative preferential monthly cash dividends in the amount of \$0.03125 per share to yield 7.50% per annum on the repayment amount of \$5.00, when the net asset value per unit exceeds \$10.00 and has a repayment objective on or about the termination date of December 1, 2024 (subject to further 5 year extensions thereafter), to pay the holders of the Class II Preferred shares \$5.00 per Class II Preferred share.

Capital shares (XMF.A)

Capital shares (Symbol: XMF.A) will participate in any net asset value growth over \$10.00 per unit and dividends will be paid when the net asset value per unit exceeds \$15.00. The dividend rate on the Capital shares will be set by the Board of Directors of the Company at its discretion, based on market conditions. No dividend payments will be made on the Capital shares unless all dividends on the Class I Preferred shares and, if applicable, Class II Preferred shares have been declared and paid.

RISK

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 23, 2024. In addition, note 6 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 markets continued to experience macroeconomic headwinds and bouts of volatility during the year ended November 30, 2023. After aggressive tightening of monetary policies beginning in early 2022, central banks moderated their pace of interest rate increases during the early months of 2023 as record high inflationary pressures began to abate. As a result, market expectations that the monetary tightening cycle would soon end helped improve market sentiment in the early months of the year. The global economy continued to slow during the year and inflation eased further as the year progressed. In Canada, economic growth stalled through the middle quarters of 2023, with higher interest rates restraining spending, and the labour market eased, despite wage growth.

In March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. Later that 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 globally 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 and the potential adverse consequences that could result if the U.S. defaulted on its obligations. In early June 2023, U.S. lawmakers passed legislation to suspend the nation’s debt ceiling through January 1, 2025, averting a U.S. default just days ahead of the deadline.

Though the spread between the 10-year and 2-year treasury yield narrowed near the end of the year, the yield curve continued to be inverted during the year, with shorter term maturities yielding more than longer-term maturities. Life insurance companies benefited from higher longer-term rates which increased expected returns and future earnings of these companies.

As the year ended, market participants continued to closely monitor economic data and remarks from monetary policymakers to determine the possibility and timing of interest rate cuts in the new year and whether the economy would experience a soft landing or a recession, as the Bank of Canada remained committed to restoring price stability.

The market price of Manulife appreciated by 9.7% during the year ended November 30, 2023.

The net assets per unit (consisting of one Class I Preferred share, one Class II Preferred share and one Capital share) finished at \$6.59 as at November 30, 2023, after the payment of \$0.38 in distributions to Class I Preferred shares. A combined total of \$6.99 has been paid in distributions to Capital shareholders and Preferred shareholders since inception.

Net assets of the Company finished the year at \$15 million.

The dividend income from the common shares of Manulife is supplemented by income received from a selective covered call writing program.

Capital shares

No distributions were paid during the year.

Class I Preferred shares

Total distributions during the year amounted to \$0.3750 per Class I Preferred share, consisting of 12 regular monthly distributions at the monthly rate of \$0.03125.

Class II Preferred shares

No distributions were paid during the year as the net asset value per unit remained below the \$10.00 per unit threshold level required for the payment of monthly dividends to Class II Preferred shareholders.

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

RELATED PARTY TRANSACTIONS

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

FINANCIAL HIGHLIGHTS

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

The Company's net assets per unit

	Years ended November 30				
	2023	2022	2021	2020 ⁽⁴⁾	Prior to Capital share consolidation ⁽⁴⁾ 2019
Net assets value per unit, beginning of year ⁽¹⁾	6.26	6.16	6.27	7.88	6.98
Increase (decrease) from operations					
Total revenue	0.36	0.34	0.32	0.33	0.28
Total expenses	(0.12)	(0.12)	(0.13)	(0.13)	(0.10)
Realized gains (losses) for the year	(0.12)	0.02	(0.12)	(0.23)	0.45
Unrealized gains (losses) for the year	0.59	0.24	0.20	(1.21)	0.64
Total increase (decrease) from operations ⁽²⁾	<u>0.71</u>	<u>0.48</u>	<u>0.27</u>	<u>(1.24)</u>	<u>1.27</u>
Distributions ⁽³⁾					
Canadian dividends	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.38)</u>
Total distributions	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.38)</u>	<u>(0.38)</u>
Net assets per unit at end of year	6.59	6.26	6.16	6.27	7.88
Net assets per Class I Preferred share	5.00	5.00	5.00	5.00	5.00
Net assets per Class II Preferred share	1.59	1.26	1.16	1.27	2.88
Net assets per Capital share	-	-	-	-	-
Net assets per unit at end of year	<u>6.59</u>	<u>6.26</u>	<u>6.16</u>	<u>6.27</u>	<u>7.88</u>

- (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 Class I Preferred shares, Class II Preferred shares and net assets attributable to holders of redeemable Capital 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 shares and Capital shares distributions, excludes any gain (loss) on remeasurement of Preferred shares, and is calculated based on the weighted average number of units outstanding during the year.
- (3) Distributions on the Class I Preferred shares are based on the number of Class I Preferred shares outstanding on the record date for each distribution in the year and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.
- (4) As a result of the consolidation of Capital shares on a 0.722920066 for 1 basis after the payment of special retractions and a pro-rata redemption on December 16, 2019 in connection with the extension of the termination date of the Company, amounts for the year ended November 30, 2020 and subsequent years are not comparable to prior years.

RATIOS AND SUPPLEMENTAL DATA

	┌ 2023	Years ended November 30			└ 2019
	2023	2022	2021	2020	2019
Net asset value (millions) ⁽¹⁾	\$15.0	\$14.2	\$14.0	\$14.3	\$24.8
Number of units outstanding	2,275,889	2,275,889	2,275,889	2,275,889	3,148,189
Base Management expense ratio ⁽²⁾	1.66%	1.76%	1.66%	1.88%	1.33%
Management expense ratio per Capital share ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Management expense ratio per Class II Preferred share ⁽⁴⁾	34.50%	36.07%	27.8%	53.5%	21.7%
Portfolio turnover rate ⁽⁵⁾	3.77%	1.80%	5.71%	5.30%	11.69%
Trading expense ratio ⁽⁶⁾	0.19%	0.14%	0.27%	0.34%	0.13%
Closing market price (TSX): Class I Preferred share	\$5.00	\$4.85	\$5.27	\$5.14	\$5.27
Closing market price (TSX): Class II Preferred share	\$1.10	\$1.01	\$1.62	\$1.25	\$2.35
Closing market price (TSX): Capital share	\$0.16	\$0.15	\$0.21	\$0.16	\$0.17

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

(2) A separate base management expense ratio per unit has been presented to reflect the ongoing operating expenses of the Company. The base management expense ratio per unit is based on total expenses for the stated year, excluding commissions and other portfolio transaction costs, 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 year.

(3) Management expense ratio per Capital 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 Capital shares and expresses this as an annualized percentage of the average net asset value attributable to the Capital shares during the year. The management expense ratio per Capital share should not be interpreted as the required return necessary for the Company or the Capital share 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.

(4) Management expense ratio per Class II Preferred share is calculated in years in which the net asset value is less than \$10.00 per unit (but greater than \$5.00) based on total expenses of the Company (excluding commissions and other portfolio transaction costs), distributions on Class I Preferred shares and all issuance costs and is expressed as an annualized percentage of the average net asset value attributable to Class II Preferred shares during the year.

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

(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 year.

MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, QuadraVest is entitled to a base management fee payable in arrears at an annual rate equal to 0.45% of the net asset value of the Company, which includes the outstanding Class I and Class II Preferred shares, calculated as at each month-end valuation date.

Pursuant to the management agreement, QuadraVest is entitled to an administration fee payable monthly in arrears at an annual rate of 0.10% of the net asset value of the Company, which includes the outstanding Class I and Class II Preferred shares, calculated as at each month-end valuation date and an amount equal to the service fee payable to dealers on the Capital shares at a rate of 0.50% of the net asset value attributable to Capital shares per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Capital shares in respect of each month in such calendar quarter. Effective June 1, 2022, the Company discontinued the payment of the service fee.

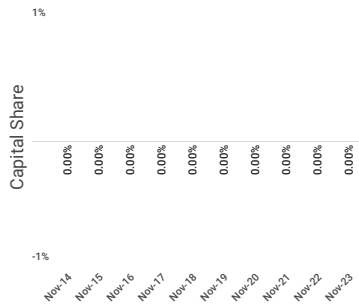
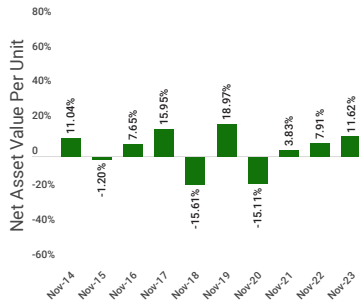
The base management fee was used by QuadraVest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Company which includes all operational services, financial accounting, shareholder reporting and regulatory reporting.

PAST PERFORMANCE

Year-by-Year Returns

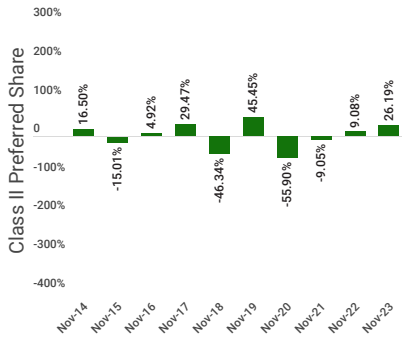
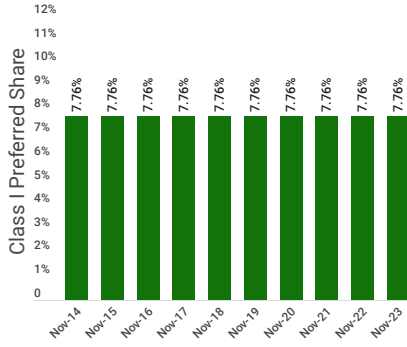
The past performance of 1) the net asset value per unit; 2) the Class I Preferred shares on a net asset value basis; 3) the Class II Preferred shares on a net asset value basis; and 4) the Capital shares on a net asset value basis for each of the last 10 years are presented in the bar charts below. Each bar in the chart reflects the change in percentage terms of how a unit and each class of shares would have increased or decreased during the applicable year on a net asset value basis. In respect of the charts displayed below, please note the following:

- 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;
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and
- Past performance of the Company does not necessarily indicate how it will perform in the future.



(1) As a result of the net asset value per Capital share being nil since the reorganization date of March 26, 2010, the returns for each of the years presented cannot be calculated.

(2) The return per unit for the year ended November 30, 2020 reflects the consolidation of Capital shares in December 2019.



ANNUAL COMPOUND PERFORMANCE

The following table shows the Company's annual compound return for the one, three, five and ten years ended November 30, 2023 and since the reorganization date:

	One year	Three years	Five years	Ten years	Since reorganization (March 26, 2010)
M-Split Corp. - Unit	11.62%	7.74%	4.78%	3.85%	3.37%
M-Split Corp. - Class I Preferred share	7.76%	7.76%	7.76%	7.76%	7.80%
M-Split Corp. - Class II Preferred share	26.19%	7.78%	-4.29%	-5.31%	-6.53%
M Split Corp. - Capital share ⁽¹⁾	N/A	N/A	N/A	N/A	N/A

MARKET INDICES⁽²⁾

S&P TSX Financial Index	-0.28%	10.01%	8.40%	8.81%	9.13%
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- (1) As a result of the net asset value per Capital share being nil since the reorganization date of March 26, 2010, the annual compound returns for one, three, five and ten years ended November 30, 2023 and since the reorganization date cannot be calculated.
- (2) As a result of the Company being limited to a specific universe of stocks and that a covered call writing program is implemented to generate additional income, the investment profile of the Company is quite unique and any comparisons with any other external market indices may not be appropriate.

SUMMARY OF INVESTMENT PORTFOLIO

All holdings as at November 30, 2023

Name	Weighting (%)
Manulife Financial Corporation	94.6
Total long positions as a percentage of net assets	94.6
Cash	5.1
Other net assets (liabilities)	0.3
	100.0

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

M SPLIT CORP.**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The significant accounting policies applicable to the Company are described in note 4 to the financial statements.

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

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

**WAYNE FINCH**

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

**SILVIA GOMES**

Chief Financial Officer
Quadravest Capital Management Inc.



Independent auditor's report

To the Shareholders of M Split Corp. (the Company)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at November 30, 2023 and 2022;
- the statements of comprehensive income/(loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable Capital shares for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

PricewaterhouseCoopers LLP
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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting



a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 15, 2024

M SPLIT CORP.

STATEMENTS OF FINANCIAL POSITION

AS AT NOVEMBER 30, 2023 AND NOVEMBER 30, 2022

	November 30, 2023 (\$)	November 30, 2022 (\$)
ASSETS		
Current Assets		
Investments	14,180,430	13,202,927
Cash	765,833	1,130,615
Interest, dividends and other receivables	194,889	179,937
	<u>15,141,152</u>	<u>14,513,479</u>
LIABILITIES		
Current Liabilities		
Written options	39,150	168,900
Fees and other accounts payable	33,232	31,003
Distributions payable	71,122	71,122
Class I Preferred shares (note 7)	11,379,445	11,379,445
Class II Preferred shares (notes 2 and 7)	3,617,203	2,862,009
Class B shares	1,000	1,000
	<u>15,141,152</u>	<u>14,513,479</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CAPITAL SHARES	-	-
Number of redeemable units (1 Class I Preferred share, 1 Class II Preferred share and 1 Capital share) outstanding (note 7)	2,275,889	2,275,889
Number of Class I Preferred shares outstanding	2,275,889	2,275,889
Number of Class II Preferred shares outstanding	2,275,889	2,275,889
Number of Capital shares outstanding	2,275,889	2,275,889
Net assets per unit	\$6.59	\$6.26
Net assets per Class I Preferred share	\$5.00	\$5.00
Net assets per Class II Preferred share (note 2)	\$1.59	\$1.26
Net assets per Capital share	-	-

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.

M SPLIT CORP.
STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)
 FOR THE YEARS ENDED NOVEMBER 30

	2023	2022
	(\$)	(\$)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	(284,181)	39,902
Net change in unrealized appreciation/depreciation	1,340,354	555,791
Dividends	791,393	755,832
Interest for distribution purposes	29,168	9,369
Net gain (loss) on investments and derivatives	<u>1,876,734</u>	<u>1,360,894</u>
EXPENSES (note 8)		
Management fees	80,482	79,487
Audit fees	20,042	21,332
Directors' fees	14,334	22,025
Independent Review Committee fees	4,064	4,077
Custodial fees	18,492	18,358
Legal fees	24,366	28,068
Shareholder reporting costs	15,403	9,638
Other operating expenses	38,217	45,322
Harmonized sales tax	25,598	25,377
Transaction costs	27,085	19,535
	<u>268,083</u>	<u>273,219</u>
Increase (decrease) in net assets attributable to holders of redeemable Capital shares before distributions and other income (charges) related to Preferred shares	1,608,651	1,087,675
Distributions on Preferred shares	(853,458)	(853,458)
Gain (loss) on remeasurement of Preferred shares	(755,193)	(234,217)
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	<u>-</u>	<u>-</u>
Increase (decrease) in net assets attributable to holders of redeemable Capital share per share (note 9)	-	-

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

M SPLIT CORP.
STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CAPITAL SHARES
FOR THE YEARS ENDED NOVEMBER 30

	2023	2022
	(\$)	(\$)
Net assets attributable to holders of redeemable Capital shares - Beginning of year	-	-
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	-	-
Change in net assets attributable to holders of redeemable Capital shares	-	-
Net assets attributable to holders of redeemable Capital shares - End of year	<u>-</u>	<u>-</u>

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

M SPLIT CORP.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED NOVEMBER 30

	2023	2022
	(\$)	(\$)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	-	-
Adjustment for:		
Distributions on Preferred shares	853,458	853,458
Net realized (gain) loss on investments and derivatives	284,181	(39,902)
Net change in unrealized appreciation/depreciation of investments and derivatives	(1,340,354)	(555,791)
(Gain) loss on remeasurement of Preferred shares	755,193	234,217
Purchase of investments, net of option premiums	11,101	32,238
Proceeds from sale of investments	(62,180)	1,223,936
(Increase) decrease in interest, dividends and other receivables	(14,952)	18,270
Increase (decrease) in fees and other accounts payable	2,229	(368)
Cash flows from (used in) operating activities	<u>488,676</u>	<u>1,766,058</u>
Cash flows from (used in) financing activities		
Distributions paid on Preferred shares	<u>(853,458)</u>	<u>(853,458)</u>
Net cash flows from (used in) financing activities	<u>(853,458)</u>	<u>(853,458)</u>
Net increase (decrease) in cash	(364,782)	912,600
Cash at beginning of the year	<u>1,130,615</u>	<u>218,015</u>
Cash at end of the year	<u>765,833</u>	<u>1,130,615</u>
Dividends received*	776,482	774,114
Interest received*	29,168	9,369

* Included as part of Cash Flows from Operating Activities.

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

M SPLIT CORP.
SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT NOVEMBER 30, 2023

No. of shares (contracts)	Description	Average Cost (\$) (Premiums received)	Fair Value (\$)
	Core Holding		
	Canadian Common Equities		
533,500	Manulife Financial Corporation	11,574,623	14,180,430
	Total Canadian Common Equities in Core Holdings (100.3%)	<u>11,574,623</u>	<u>14,180,430</u>
	Call options written (100 shares per contract)		
(900)	Manulife Financial Corporation @ \$27 January 2024	(34,200)	(39,150)
	Total Canadian call options written (-0.3%)	<u>(34,200)</u>	<u>(39,150)</u>
		<u>11,540,423</u>	<u>14,141,280</u>
	Less adjustments for transaction costs	(15,443)	
	Total Investments (100.0%)	<u>11,524,980</u>	<u>14,141,280</u>

M SPLIT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

1. Incorporation

M Split Corp. (the “Company”) is a mutual fund corporation established under the laws of the Province of Ontario on February 12, 2007 that began investment operations on April 18, 2007. A corporate reorganization was approved at the special meeting of shareholders on February 3, 2010 and subsequently implemented on March 23, 2010 (the reorganization date). 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, 2024 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 the common shares of Manulife Financial Corporation (“Manulife”). The Company employs an active covered call writing program to generate additional income in addition to the dividends received.

2. Sufficiency of Assets

The Company has 2,275,889 Class II Preferred shares outstanding as at November 30, 2023 with a principal repayment target of \$5.00 per Class II Preferred share for a total of \$11,379,445 due on the termination date, December 1, 2024. As at November 30, 2023 the Company has net assets equivalent to \$1.59 per Class II Preferred share for a total of \$3,617,203. This represents a deficiency as at November 30, 2023 of \$3.41 per Class II Preferred share and a total deficiency of \$7,762,242, as compared to the principal repayment amount. For so long as the net asset value per unit of the Company is equal to or less than \$10 and exceeds \$5, all income and expenses of the Company will be attributable to the Class II Preferred shares.

3. 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”). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVTPL”).

These financial statements were approved by the Board of Directors of the Company on February 15, 2024.

4. 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 Capital shares are presented at the annual redemption amount. All other financial assets and liabilities

M SPLIT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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 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 Class I and Class II Preferred shares rank prior to the Capital 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 Capital 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 Capital shares may be retracted monthly, annually, or on the termination date of the Company. As a result, the Capital 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 under IFRS Accounting Standards, 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 Class I Preferred shares, Class II Preferred shares and net assets attributable to holders of redeemable Capital 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.

M SPLIT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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 6 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 and administration fees

Management fees and administration fees, are accrued by the Company over time, as services are rendered by Quadravest. Refer to note 8 for further information about the calculation of management and administration fees of the Company.

Increase (decrease) in net assets attributable to holders per redeemable Capital share

Increase (decrease) in net assets attributable to holders per redeemable Capital share is based on the increase or decrease in net assets attributable to holders of redeemable Capital shares divided by the weighted average number of such shares outstanding during the year. Refer to note 9 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

M SPLIT CORP.**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

or through redemption of shares at the request of shareholders, while the Company qualifies as a mutual fund corporation. As a result of the capital gains refund mechanism and Part IV tax refunds, the Company recovers any Canadian income taxes paid in respect of its capital gains and taxable Canadian dividends. As a result, the Company has determined that it is in substance not taxable. Consequently, the tax benefit of capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as deferred income tax assets or liabilities.

The Company has estimated accumulated non capital losses for tax purposes as at November 30, 2023 of \$10,265,046 (November 30, 2022-\$10,053,217) that are available to lower taxable income in future years if required and expire after the scheduled termination date of the Company on December 1, 2024. The Company also has estimated accumulated capital losses for tax purposes of \$27,722,232 (November 30, 2022-\$27,412,437) which may be used to lower future capital gains if required and which do not expire.

5. 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 6.

6. Management of Risk of Financial Instruments

The Company classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs that are unobservable for the asset or liability.

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2023 and November 30, 2022:

Financial assets and liabilities at fair value as at November 30, 2023

	Level 1	Level 2	Level 3	Total
Equities	\$14,180,430	-	-	\$14,180,430
Options	(\$39,150)	-	-	(\$39,150)
	<u>\$14,141,280</u>	<u>-</u>	<u>-</u>	<u>\$14,141,280</u>

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

	Level 1	Level 2	Level 3	Total
Equities	\$13,202,927	-	-	\$13,202,927
Options	(\$168,900)	-	-	(\$168,900)
	<u>\$13,034,027</u>	<u>-</u>	<u>-</u>	<u>\$13,034,027</u>

M SPLIT CORP.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the years ended November 30, 2023 and 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 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 years in which a covered call option is written against a position in Manulife.

The Company is exposed to other price risk from its investment in equity securities and written options. As at November 30, 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 \$1,256,000 (November 30, 2022-\$1,089,000). 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 \$1,397,000 (November 30, 2022-\$1,227,000).

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. 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 November 30, 2023 and 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. All portfolio holdings and Net Assets of the Company are denominated in Canadian dollars and therefore there is no currency risk as at November 30, 2023 and 2022.

M SPLIT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

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 November 30, 2023 and 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 Capital shares and Class I and Class II Preferred shares. The Company receives adequate notice for all retraction requests. The Company's portfolio is invested in Manulife which is a highly liquid large capitalization stock that trades on the Toronto Stock Exchange ("TSX"). All Capital shares and Class I and Class II Preferred shares outstanding are redeemable on a monthly and annual basis but are scheduled to be redeemed on the termination date. As at November 30, 2023 and 2022, all other financial liabilities are payable within three months from the end of the year.

Concentration risk

The Company's only equity holding is concentrated in the common shares of Manulife and as such will be exposed to the specific factors that affect this stock.

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

	November 30, 2023	November 30, 2022
Manulife common shares	94.6%	92.7%
Call options written	-0.3%	-1.2%
Other assets less liabilities (excluding Class I and Class II Preferred shares)	5.7%	8.5%
	<u>100%</u>	<u>100%</u>

7. Redeemable Units

Preferred shares

The Company is authorized to issue an unlimited number of Class I Preferred shares and an unlimited number of Class II Preferred shares.

<u>Class I Preferred share transactions</u>	November 30, 2023	November 30, 2022
Beginning of year	2,275,889	2,275,889
Issued during the period	-	-
Redeemed during the year	-	-
End of year	<u>2,275,889</u>	<u>2,275,889</u>

M SPLIT CORP.**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

<u>Class II Preferred share transactions</u>	November 30, 2023	November 30, 2022
Beginning of year	2,275,889	2,275,889
Issued during the period	-	-
Redeemed during the year	-	-
End of year	<u>2,275,889</u>	<u>2,275,889</u>

Class I Preferred shares are entitled to fixed cumulative monthly dividends of \$0.03125 per share. Class II Preferred shares are entitled to monthly dividends of \$0.03125 per share when the net asset value per unit exceeds \$10.00. All Class I and Class II Preferred shares outstanding on the termination date will be redeemed by the Company on that date. Class I Preferred shares have a repayment objective of \$5.00 and rank in priority to the Class II Preferred shares and Capital shares upon the winding up of the Company. Class II Preferred shares have a repayment objective of \$5.00 and rank behind the Class I Preferred shares but ahead of the Capital shares. Class I and Class II Preferred shares trade under the symbols "XMF.PR.B" and "XMF.PR.C" respectively on the TSX. The trading price as at November 30, 2023 of Class I Preferred shares and Class II Preferred share was \$5.00 and \$1.10 respectively (November 30, 2022-\$4.85 and \$1.01 respectively). The Class I and Class II Preferred shares have been presented as liabilities in the financial statements.

Class I and Class II 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 Class I Preferred share, a Class II Preferred share and a Capital share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the net asset value per unit calculated on the last business day of October. Class I and Class II 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 Class I and Class II Preferred shares or Capital 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).

Capital shares

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

<u>Capital share transactions</u>	November 30, 2023	November 30, 2022
Beginning of year	2,275,889	2,275,889
Issued during the year	-	-
Redeemed during the year	-	-
End of year	<u>2,275,889</u>	<u>2,275,889</u>

Capital shares will participate in any net asset value growth over \$10.00 per unit. The dividend on the Capital shares will only be paid when the net asset value per unit exceeds \$15. The dividend rate on the Capital shares at such time will be set by the Board of Directors of the Company at its discretion, based on market conditions. No dividend payments will be made on the Capital shares unless all dividends on the Class I Preferred shares and, if applicable, Class II Preferred shares have been declared and paid. All Capital shares outstanding on the termination date will be redeemed by the Company on that date.

Capital shares trade under the symbol "XMF.A" on the TSX. The Capital shares trading price on the TSX was \$0.16 as at November 30, 2023 (November 30, 2022-\$0.15). Capital 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 Capital share and a Class I Preferred and a Class II Preferred shares in the month of October in each year will be

M SPLIT CORP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

entitled to receive an amount equal to the net asset value per unit calculated on the last business day of October. Capital 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 Class I and Class II Preferred shares or Capital 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 Class I and Class II Preferred shares rank in priority to the Capital shares with respect to the payment of dividends. Upon the termination of the Company, Capital shareholders will receive an amount equal to the net asset value per unit less \$10.00 (the redemption value of the Class I and Class II Preferred shares).

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 April 18, 2007, the Company issued 1,000 Class B shares to M Split Corp. Holding Trust for cash consideration of \$1,000.

8. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, including, but not limited to, accounting and administration fees, custodian fees, transfer agent fees, legal and audit expenses, fees payable to the independent directors of the Company and the Company's independent review committee, regulatory filing and stock exchange fees, costs of reporting to shareholders and costs and expenses arising as a result of complying with all applicable laws, regulations and policies.

Pursuant to the management agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate of 0.10% of the net asset value of the Company, which includes the outstanding Class I and Class II Preferred shares, calculated as at each month-end valuation date and an amount equal to the service fee payable to dealers on the Capital shares at a rate of 0.50% of the net asset value attributable to Capital shares per annum. No service fee will be paid in any calendar quarter if regular dividends are not paid to holders of Capital 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 0.45% of the net asset value of the Company, which includes the outstanding Class I and Class II Preferred shares, calculated as at each month-end valuation date.

In addition, the monthly discount to the net asset value of 3% applicable to redemptions of Preferred shares and Capital shares is paid to Quadravest. Redemption fees paid for the year ended November 30, 2023 were \$NIL (November 30, 2022-\$NIL).

Total management fees of \$80,482 (November 30, 2022-\$79,487) incurred during the year ended November 30, 2023, include the administration fee and base management fee. As at November 30, 2023, \$6,706 (November 30, 2022-\$6,357) was payable to Quadravest with respect to the administration fee and investment management fee.

Total brokerage commission paid during the year by the Company for its portfolio transactions were \$27,085 (November 30, 2022-\$19,535). 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 year ended November 30, 2023 amounted to \$114 (November 30, 2022-\$454).

M SPLIT CORP.**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEARS ENDED NOVEMBER 30, 2023 AND 2022

9. Increase (decrease) in net assets attributable to holders per redeemable Capital share

The increase (decrease) in net assets attributable to holders per redeemable Capital share for the years ended November 30, 2023 and 2022 is calculated as follows:

	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable Capital shares	\$-	\$-
Weighted average Capital shares outstanding	2,275,889	2,275,889
Increase (decrease) in net assets attributable to holders per redeemable Capital share	\$-	\$-

10. Distributions

Distributions per share were as follows:

	November 30, 2023	November 30, 2022
Class I Preferred shares	\$0.3750	\$0.3750
Class II Preferred shares	-	-
Capital shares	-	-

11. Capital Management

The Company considers its capital to consist of Capital, Class B and Class I Preferred and Class II Preferred shares.

The Company's objectives in managing its capital are:

- i) to provide holders of Class I Preferred shares with fixed cumulative preferential monthly cash dividends in an amount of \$0.03125 per Class I Preferred share to yield 7.50% per annum on the Class I Preferred share repayment amount of \$5.00 and to return \$5.00 per share to their holders on the termination date;
- ii) to provide holders of Class II Preferred shares with monthly cash dividends of \$0.03125 per Class II Preferred share to yield 7.50% on the \$5.00 Class II Preferred share repayment amount when the net asset value per unit exceeds \$10.00 and having a repayment objective on the termination date of \$5.00; and
- iii) to permit holders of Capital shares to participate in all growth in the net asset value of the Company above \$10.00 per unit and to provide holders of Capital shares with dividends in an amount to be set by the Board of Directors at its discretion, based on market conditions, when the net asset value per unit exceeds \$15.00.

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

12. Reconciliation of net asset value per Capital share to net assets attributable to holders per redeemable Capital share

As at November 30, 2023 and November 30, 2022, there were no differences between net asset value per Capital share used for transactional purposes and net assets attributable to holders per redeemable Capital share for financial reporting purposes.

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.

Peter Cruickshank,
Director,
Quadravest Capital Management Inc.

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

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

John Steep,
President, S. Factor Consulting Inc.

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