

Dividend 15 Split Corp.

2006 *Annual Report*

DIVIDEND  *15 SPLIT*

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.

Annual Management Report of Fund Performance

November 30, 2006

This is the annual **Management Report of Fund Performance (MRFP)** for the period ended November 30, 2006. 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.dividend15.com or by writing to the Company at Investor Relations, Royal Trust Tower, 77 King Street West, P.O. Box 341, Toronto, Ontario, M5K 1K7.

These reports are available to view and download at www.dividend15.com or www.sedar.com.

Investment Objectives and Strategies

Dividend 15 Split Corp. invests primarily in a portfolio of dividend yielding common shares, which will include each of the 15 Canadian companies listed below:

Bank of Montreal	Sun Life Financial Inc.
BCE Inc.	TELUS Corporation
Canadian Imperial Bank of Commerce	The Bank of Nova Scotia
CI Financial	The Thomson Corporation
Enbridge Inc.	The Toronto-Dominion Bank
Manulife Financial Corp.	TransAlta Corporation
National Bank of Canada	TransCanada Corporation
Royal Bank of Canada	

The Company may also invest up to 15% of the Net Asset Value in equity securities of issuers other than the 15 companies listed above. In order to supplement the dividends received on the Portfolio and to reduce risk, the Company will from time to time write covered call options in respect of some or all of the common shares of 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 fixed cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield 5.25% per annum on the original issue price; and
2. on or about December 1, 2009 (the termination date) to pay holders the original issue price (\$10) of the Preferred shares

Class A Shares

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

1. to provide with regular monthly cash dividends initially targeted to be \$0.10 per Class A shares to yield 8% per annum on the original issue price; and
2. on or about December 1, 2009 (the termination date), to pay holders at least 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 21, 2007.

Results of Operations

The Company exceeded its distribution objectives during 2006 while also increasing the net asset value by \$1.55 per unit to \$29.33 (after all distributions paid) as at November 30, 2006. In addition to the regular distributions paid, the Class A shares received three special distributions of 25 cents each in May, September and November. At November 30, 2006 the Company's portfolio remained primarily invested in the 15 core Canadian large capitalization companies which rank among the highest dividend yielding stocks on the TSX. The dividend income in the portfolio continues to be supplemented by a limited covered call writing program which provides some additional income to the portfolio. On December 29, 2005, the Company completed a secondary offering resulting in the issue of 1,140,000 Preferred and Class A shares. An additional 75,000 shares were issued on January 19, 2006. Total net proceeds of \$31,464,475 were raised in connection with this secondary offering. The financial services and utility stocks continued to benefit throughout 2006 as a result of relatively low interest rates while the resource stocks in the portfolio (including previously held core positions in Dofasco Inc. and Falconbridge Limited) have seen dramatic increases in earnings as a result of increasing global economic growth which has fuelled higher commodity prices.

Distributions

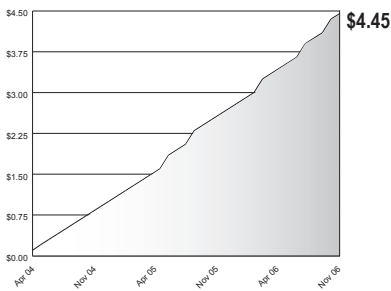
Class A Shares – Distributions

Class A shareholders are entitled to receive regular monthly cash dividends initially targeted to be \$0.10 per Class A Share to yield 8.0% per annum on the original issue price. Distributions paid during the year included the twelve regular monthly cash distributions plus three special distributions of \$0.25 per share for a total of \$1.95 per share.

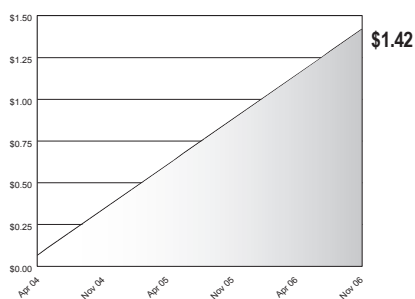
Preferred Shares – Distributions

Preferred shareholders are entitled to fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield 5.25% per annum on the original issue price. Distributions paid during the year were at the fixed rate for a total of \$0.525 per share.

Cumulative Distributions since inception



Cumulative Distributions since inception



Recent Developments

The Federal government's November 23, 2005 proposal to reduce federal taxes on ordinary dividend income received from Canadian corporations was enacted at both the federal and provincial levels.

As a result, both Preferred shareholders and Class A shareholders will benefit through the enhanced after-tax return they will receive on ordinary dividend payments received in 2006 and beyond. In most provinces, the effective marginal tax rate on ordinary dividend income is now approximately the same taxation rate as capital gains.

Related Party Transactions

None

Management fees

The Investment Manager is entitled to a base management fee payable monthly in arrears at an annual rate equal to 0.65% of the Company's Net Asset Value calculated as at the last Valuation Date in each month.

The Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% of the Company's Net Asset Value calculated as at the last Valuation Date in each month.

Total management fees of \$2,059,970 paid for the year ended November 30, 2006 include the base management fee and the administration fee. The base management fee was used by the Investment Manager to pay costs associated with the managing of the investment portfolio, providing investment analysis and recommendations, making investment decisions and making 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, financial accounting, shareholder reporting and regulatory reporting requirements.

In addition, the Investment Manager is also entitled to receive a performance fee subject to the achievement of certain pre-established total thresholds. The Company achieved a total net asset value per unit return of 15.2% (24.9% in 2005) including cash distributions for the year ending November 30, 2006. This return exceeded the minimum bonus threshold amount of 12% per annum and allowed the Investment Manager to earn a performance fee of 20% of the excess return over 12% which was the equivalent of 17.6 cents per unit in 2006 (63.3 cents per unit in 2005).

Summary of Investment Portfolio

All holdings as at November 30, 2006

CI Financial	8.5	%
AGF Management Ltd., Class 'B'	8.3	%
Canadian Imperial Bank of Commerce	8.3	%
TransAlta Corporation	7.2	%
BCE Inc.	7.1	%
Royal Bank of Canada	6.4	%
Bank of Montreal	6.2	%
Sun Life Financial Inc.	5.9	%
Thomson Corp.	5.6	%
Toronto-Dominion Bank	5.5	%
National Bank of Canada	5.2	%
Manulife Financial Corporation	5.2	%
TransCanada Corp.	4.6	%
Bank of Nova Scotia	4.4	%
Telus Corporation	4.4	%
Enbridge Inc.	3.7	%
Total long positions as a percentage of net assets	96.5	%
Other net assets	3.5	%

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

Financial Highlights

The following tables show selected financial information about the Company and are intended to help you understand the Company's financial performance. This information is derived from the Company's audited annual financial statements.

The Company's Net Asset Value (NAV) per unit

	2006	2005	2004⁽²⁾
Net asset value per unit, beginning of year ⁽¹⁾	27.78	24.53	23.74 ⁽³⁾
Increase (decrease) from operations			
Total revenue	0.83	0.78	0.45
Total expenses	(0.58)	(0.97)	(0.21)
Realized gains for the period	3.13	1.59	0.19
Unrealized gains for the period	0.67	4.07	1.53
Total increase from operations ⁽⁴⁾	<u>4.05</u>	<u>5.48</u>	<u>1.96</u>
Distributions ⁽⁵⁾			
Taxable Dividends	(0.82)	(0.71)	(0.97)
Capital Gains	<u>(1.66)</u>	<u>(1.51)</u>	<u>(0.20)</u>
Total annual distributions	<u>(2.48)</u>	<u>(2.22)</u>	<u>(1.17)</u>
Net asset value per unit, as at November 30	29.33	27.78	24.53
Net asset value per Preferred share	10.00	10.00	10.00
Net asset value per Class A share	<u>19.33</u>	<u>17.78</u>	<u>14.53</u>
Net asset value per unit at November 30	29.33	27.78	24.53

⁽¹⁾ Net asset value per unit is the difference between the aggregate value of the assets of the Company and the aggregate value of the liabilities excluding the Preferred shares of the Company on that date divided by the number of units then outstanding.

⁽²⁾ Results for the period March 16, 2004 (inception) to November 30, 2004.

⁽³⁾ Initial net asset value per unit is after deducting all agents' fees and filing costs in connection with the initial public offering.

⁽⁴⁾ Total increase 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 year.

⁽⁵⁾ Distributions to Preferred shares and Class A shares are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors.

Ratios And Supplemental Data

	2006	2005	2004 ⁽¹⁾
Net assets (millions)	\$275.8	\$233.3	\$206.0
Number of units outstanding ⁽²⁾	9,403,500	8,400,000	8,400,000
Base Management expense ratio ⁽³⁾	1.44%	1.30%	1.25%
Management expense ratio including one time initial offering expenses ⁽⁴⁾	2.12%	1.30%	6.58%
Management expense ratio with performance fee and one time initial offering expenses ⁽⁵⁾	2.73%	3.72%	6.58%
Portfolio turnover rate ⁽⁶⁾	31.4%	17.6%	7.2%
Trading expense ratio ⁽⁷⁾	0.04%	0.05%	0.12%
Closing market price (TSX): Preferred shares	\$10.60	\$10.90	\$10.68
Closing market price (TSX): Class A shares	\$18.35	\$18.40	\$13.77

⁽¹⁾ Results for the period March 16, 2004 (inception) to November 30, 2004.

⁽²⁾ This information is provided as at November 30.

⁽³⁾ A separate base management expense ratio has been presented to reflect the normal operating expenses of the Company excluding the one time initial offering expenses and performance fees. Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽⁴⁾ Share issue expenses, representing all Agents' fees and other offering expenses are one time initial expenses connected with the launch of the Company or any subsequent secondary offering.

⁽⁵⁾ Performance fees occur in periods in which the total return per unit exceeds a pre established threshold.

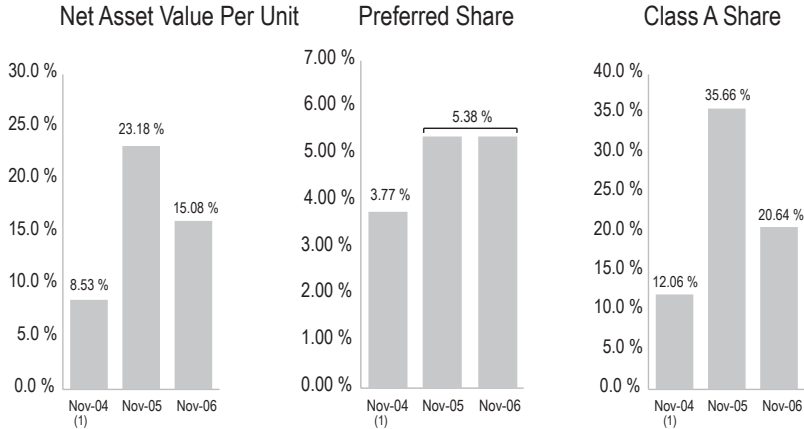
⁽⁶⁾ The Company's portfolio turnover rate indicates how actively the Company's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds.

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

Past Performance

The past performance of 1) the net asset value per unit (1 Preferred share and 1 Class A share); 2) the Preferred share on net asset value basis; and 3) the Class A share on a net asset value basis for the annual periods ending November 30 is presented in the bar charts below. With respect to the charts displayed below, please note the following:

- The performance information shown assumes that all cash distributions made by the Company during the periods shown were reinvested in the applicable additional 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⁾ Based on initial period from March 16, 2004 (inception date) to November 30, 2004

The indicated returns are the historical changes in net asset value per unit, per Class A share and per Preferred share and assume that cash distributions have been reinvested.

Annual Compound Performance

The following table shows the Company's annual compound return for the period ended November 30, 2006:

	One Year	Since Inception
Dividend 15 Split Corp - Unit	15.08%	17.14%
Dividend 15 Split Corp - Preferred share	5.38%	5.38%
Dividend 15 Split Corp - Class A share	20.64%	24.88%
Benchmark Index ⁽¹⁾	N/A	N/A

⁽¹⁾ As a result of the Company being limited to a specific universe of stocks and that a covered call writing program is implemented to generate additional income, the investment profile of the Company is quite unique and any comparisons with any other external market indices may not be appropriate.

Auditors' Report

January 15, 2007

Auditors' Report

To the Shareholders of Dividend 15 Split Corp.

We have audited the statement of portfolio investments of **Dividend 15 Split Corp.** (the "Company") as at November 30, 2006, the statements of financial position as at November 30, 2006 and 2005 and the statements of operations and retained earnings, changes in shareholders' equity and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2006 and 2005 and the results of its operations and cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario

Dividend 15 Split Corp.

Statements of Financial Position

As at November 30

	2006	2005
	(\$)	(\$)
Assets		
Investments* - at market value	265,704,041	222,899,883
Cash	12,938,188	9,450,201
Interest, dividends and other receivables	638,657	501,771
Receivable in respect to investments sold	-	7,326,156
Total Assets	<u>279,280,886</u>	<u>240,178,011</u>
Liabilities		
Fees and other accounts payable	363,831	309,217
Accrued performance fee	1,750,928	5,314,680
Capital tax payable	3,000	-
Dividends payable	1,351,753	1,207,500
Unamortized premium on issue of Preferred shares (note 3)	632,813	-
Preferred shares (note 3)	94,035,000	84,000,000
	<u>98,137,325</u>	<u>90,831,397</u>
Shareholders' Equity		
Class A and Class B shares (note 4)	131,770,140	115,421,000
Retained earnings	49,373,421	33,925,614
	<u>181,143,561</u>	<u>149,346,614</u>
Total Liabilities & Shareholders' Equity	<u>279,280,886</u>	<u>240,178,011</u>
*cost \$212,132,551 (2006); \$175,768,908 (2005)		
Number of units (1 Preferred share and 1 Class A share) outstanding	9,403,500	8,400,000
Net asset value per unit	\$29.33	\$27.78
Net asset value per Preferred share	\$10.00	\$10.00
Net asset value per Class A share	\$19.33	\$17.78

Approved on behalf of the Board of Directors



Wayne Finch
Chairman and
Chief Investment Officer



Peter Cruickshank
Managing Director and
Chief Financial Officer

Dividend 15 Split Corp.

Statements of Operations and Retained Earnings

For the years ended November 30

	2006	2005
	(\$)	(\$)
Income		
Dividends	7,888,193	6,510,198
Interest	80,254	33,093
	<u>7,968,447</u>	<u>6,543,291</u>
Expenses (note 5)		
Management fees	2,059,970	1,665,326
Performance fees	1,651,818	5,314,680
Service fees	907,762	696,675
Audit fees	18,176	16,637
Directors' fees	43,462	43,500
Custodian fees	50,329	46,335
Legal fees	29,167	4,217
Shareholder reporting costs	43,632	3,043
Other operating expenses	116,348	251,411
Capital tax	31,415	400
Goods and services tax	626,888	142,133
	<u>5,578,967</u>	<u>8,184,357</u>
Net investment income (loss)		
before distributions on Preferred shares	2,389,480	(1,641,066)
Distributions on Preferred shares (note 3 and 6)	(5,018,735)	(4,410,000)
Net investment (loss) for the year	(2,629,255)	(6,051,066)
Realized and unrealized gain		
on investments and options		
Net realized gain on investments and options	29,930,660	13,330,232
Change in unrealized appreciation of investments	6,440,515	34,255,259
Change in unrealized appreciation of foreign exchange	-	29,495
	<u>36,371,175</u>	<u>47,614,986</u>
Net gain on investments and options for the year	36,371,175	47,614,986
Amortization of premium on issue of Preferred shares	278,437	-
Increase in net assets from operations for the year	34,020,357	41,563,920
Retained earnings - Beginning of year	33,925,614	6,641,694
Distributions on Class A shares (note 4 and 6)	(18,572,550)	(14,280,000)
Retained earnings - End of year	49,373,421	33,925,614
Increase in net assets from operations		
per Class A share	3.53	4.95

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

Dividend 15 Split Corp.

Statements of Changes in Shareholders' Equity

For the years ended November 30

	2006 (\$)	2005 (\$)
Shareholders' equity - Beginning of year	149,346,614	122,062,694
Increase in net assets from operations	34,020,357	41,563,920
Gross proceeds from issue of Class A shares	22,173,750	-
Agents' fees and filing costs in connection with the initial public offering	(1,850,525)	-
Net proceeds from issue of Class A shares (note 4)	<u>20,323,225</u>	<u>-</u>
Redemption of Class A shares	(3,974,085)	-
Distributions on Class A shares		
From net realized gains	(18,572,550)	(8,920,232)
From return of capital	-	(5,359,768)
	<u>(18,572,550)</u>	<u>(14,280,000)</u>
Increase in net assets for the year	31,796,947	27,283,920
Shareholders' equity - End of year	<u>181,143,561</u>	<u>149,346,614</u>

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

Dividend 15 Split Corp.

Statements of Cash Flow

For the years ended November 30

	2006 (\$)	2005 (\$)
Cash flow from Operating activities		
Net investment (loss)	(2,629,255)	(6,051,066)
Proceeds from sale of investments	75,255,372	59,542,265
Purchase of investments	(81,688,355)	(36,312,693)
Net change in receivable balances	7,189,270	(7,259,471)
Net change in payable balances	(3,361,885)	5,343,977
Change in unrealized appreciation (depreciation) of foreign exchange	-	29,495
Cash flow from operations	(5,234,853)	15,292,507
Cash flow from Shareholder activities		
Gross proceeds from the issue of Class A shares and Preferred shares	35,235,000	-
Agents' fee and filing costs in connection with the secondary offering	(1,850,525)	-
Amount paid on redemption of Class A shares and Preferred shares	(6,089,085)	-
Distributions on Class A shares	(18,572,550)	(14,280,000)
Cash flow from Shareholder activities	8,722,840	(14,280,000)
Net increase in cash	3,487,987	1,012,507
Cash, beginning of year	9,450,201	8,437,694
Cash, end of year	12,938,188	9,450,201

Dividend 15 Split Corp.

Statement of Portfolio Investments

As at November 30, 2006

No. of shares	Description	Average cost/ (Premiums received) (\$)	Market value(\$)
Core 15 Canadian Common Equities			
250,800	Bank of Montreal	14,387,752	17,152,212
233,600	Bank of Nova Scotia	9,168,163	12,135,520
695,658	BCE Inc.	19,243,996	19,513,207
255,000	Canadian Imperial Bank of Commerce	17,923,810	22,873,500
198,440	Canadian International LP (CI Financial)	6,006,779	5,209,050
689,060	CI Financial	20,356,804	18,087,825
255,500	Enbridge Inc.	6,563,216	10,271,100
382,000	Manulife Financial Corporation	12,131,476	14,409,040
227,400	National Bank of Canada	10,169,793	14,417,160
328,800	Royal Bank of Canada	12,240,533	17,518,464
335,200	Sun Life Financial Inc.	13,178,054	16,341,000
220,000	Telus Corporation	4,878,950	12,089,000
318,300	Thomson Corp.	13,356,430	15,504,393
227,000	Toronto-Dominion Bank	11,677,601	15,202,190
766,700	TransAlta Corporation	13,487,002	19,765,526
331,600	TransCanada Corp.	9,912,423	12,813,024
	Total Core Canadian Common Equities (91.6%)	<u>194,682,782</u>	<u>243,302,211</u>
Other Canadian Common Equities			
896,800	AGF Management Ltd., Class 'B'	17,857,510	22,958,080
	Total Other Canadian Common Equities (8.6%)	<u>17,857,510</u>	<u>22,958,080</u>
	Total Canadian Common Equities	<u>212,540,292</u>	<u>266,260,291</u>
No. of Contracts	Call Options written (100 shares per contract) Canadian call options written		
(300)	Bank of Montreal, December 2006 @ \$72	(18,000)	(2,250)
(600)	Bank of Nova Scotia, January 2007 @ \$54	(16,800)	(16,500)
(300)	Bank of Nova Scotia, January 2007 @ \$52	(33,183)	(28,500)
(400)	Canadian Imperial Bank of Commerce, December 2006 @ \$90	(41,496)	(42,000)
(200)	Canadian Imperial Bank of Commerce, December 2006 @ \$95	(11,700)	(2,000)
(400)	Manulife Financial Corp., January 2007 @ \$37	(37,400)	(58,000)
(500)	National Bank of Canada, January 2007 @ \$66	(39,000)	(27,500)
(300)	Royal Bank of Canada, January 2007 @ \$55	(27,900)	(27,000)
(400)	Royal Bank of Canada, January 2007 @ \$56	(25,400)	(14,000)
(550)	Sun Life Financial Inc., January 2007 @ \$50	(35,013)	(49,500)
(1,600)	TransAlta Corporation, January 2007 @ \$25	(76,800)	(184,000)
(700)	TransAlta Corporation, January 2007 @ \$26	(12,600)	(49,000)
(400)	Toronto-Dominion Bank, December 2006 @ \$66	(32,449)	(56,000)
	Total call options written (-0.2%)	<u>(407,741)</u>	<u>(556,250)</u>
	Total Investments (100%)	<u>212,132,551</u>	<u>265,704,041</u>

The Statement of Portfolio Investments is at November 30, 2006 and may or may not be indicative of the current portfolio. Due to tax considerations, the level of option premiums outstanding at year end may not be indicative of options outstanding during the year.

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

Dividend 15 Split Corp.

Notes to Financial Statements

For the years ended November 30, 2006 and 2005

1. Incorporation

Dividend 15 Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on January 9, 2004 and began investment operations on March 16, 2004. The manager of the Company is Quadravest Inc. (the Manager) and the investment manager is Quadravest Capital Management Inc. (Quadravest). All shares outstanding on December 1, 2009, the termination date of the Company, will be redeemed by the Company on that date.

2. Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amount of assets, liabilities, income and expenses during the reporting periods. The following is a summary of the significant accounting policies followed by the Company. Actual results could differ from these estimates.

Valuation of investments

Investments are recorded in the financial statements at their market values at the end of the period, determined as follows:

- Shares or other securities for which market quotations are readily available are valued at the closing sale price or, if there is no sale price, the average of the closing bid and ask prices.
- Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

Investment transactions and income recognition

- Investment transactions are accounted for on the trade date.
- Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis.
- Option fees paid or received are deferred and included in investments on the statements of financial position. Realized capital gains or losses are recognized in the statements of operations when options are exercised, expire or are closed out.
- Deferred gains and losses on options are recognized in investments and as a component of net unrealized appreciation (depreciation) in the value of investments in shareholders' equity.
- Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned.
- Net realized gains and losses on investments include net realized gains or losses from foreign currency changes.

Dividend 15 Split Corp.

Notes to Financial Statements

For the years ended November 30, 2006 and 2005

3. Preferred shares

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

Issued and outstanding	November 30, 2006	November 30, 2005
9,403,500 Preferred shares (2005-8,400,000)	<u>\$94,035,000</u>	<u>\$84,000,000</u>
Preferred share transactions	2006	2005
Beginning of year	8,400,000	8,400,000
Issued during the year	1,215,000	-
Redemptions during the year	(211,500)	-
End of year	<u>9,403,500</u>	<u>8,400,000</u>

A total of 1,215,000 Preferred shares were issued at \$10.75 per share during the period. A total of \$911,250 representing the premium received above the par value of the Preferred shares will be amortized into income over the remaining term of the Preferred shares. Preferred shares are entitled to fixed, cumulative monthly cash dividends of \$0.04375 per Preferred share. All Preferred shares outstanding on December 1, 2009 will be redeemed by the Company on that date. For accounting purposes, the Preferred shares have been presented as liabilities in the financial statements in accordance with Section 3860 of the CICA Handbook.

Preferred shares trade under the symbol "DFN.PR.A" on the Toronto Stock Exchange (TSX). Preferred shares trading price on the TSX was \$10.60 as at November 30, 2006 (November 30, 2005-\$10.90). Preferred shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Preferred share and a Class A share (together, a "unit") in the month of August in each year will be entitled to receive an amount equal to the net asset value per unit on the last day of August. Preferred shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. The net asset value per unit as at November 30, 2006 was \$29.33 (November 30, 2005-\$27.78). Under the terms of a Recirculation Agreement, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction.

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

4. Class A shares and Class B shares

Authorized

An unlimited number of Class A shares
1,000 Class B shares

<u>Issued and outstanding</u>	November 30, 2006	November 30, 2005
9,403,500 Class A shares (2005 -8,400,000)	\$131,769,140	\$115,420,000
1,000 Class B shares	\$1,000	\$1,000
	<u>\$131,770,140</u>	<u>\$115,421,000</u>
Class A share transactions	2006	2005
Beginning of year	8,400,000	8,400,000
Issued during the year	1,215,000	-
Redemptions during the year	(211,500)	-
End of year	<u>9,403,500</u>	<u>8,400,000</u>

Dividend 15 Split Corp.

Notes to Financial Statements

For the years ended November 30, 2006 and 2005

Class A shares were originally issued at \$15 per share. On December 29, 2005, a secondary offering resulted in the issue of 1,140,000 Class A shares at \$18.25 per share for gross proceeds of \$20,805,000. An additional 75,000 shares were issued on January 19, 2006 for gross proceeds of \$1,368,750. Agents' fees of \$1,500,525 and filing fees of \$350,000 were incurred in connection with this offering resulting in net proceeds of \$20,323,225. Class A share distributions are targeted at \$0.10 per month. All Class A shares outstanding on December 1, 2009 will be redeemed by the Company on that date.

Class A shares trade under the symbol "DFN" on the Toronto Stock Exchange (TSX). Class A shares trading price on the TSX was \$18.35 as at November 30, 2006 (November 30, 2005-\$18.40). Class A shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Class A share and an Preferred share (together, a "unit") in the month of August in each year will be entitled to receive an amount equal to the net asset value per unit on the last day of August. Class A shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. The net asset value per unit as at November 30, 2006 was \$29.33 (November 30, 2005-\$27.78). Under the terms of a Recirculation Agreement, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction.

The Preferred shares rank in priority to the Class A shares 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).

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 March 16, 2004, the Company issued 1,000 Class B shares to Quadravest Capital Management Inc., the Company's investment manager, for cash consideration of \$1,000.

5. Expenses

The Company is responsible for all expenses incurred in connection with the operation and administration of the Company, including, but not limited to, ongoing custodian, transfer agent, legal and audit expenses.

Pursuant to the administration agreement, the Manager is entitled to an administration fee payable monthly in arrears at an annual rate of 0.10% of the net assets of the Fund, which includes the outstanding Preferred shares, calculated as at each monthly valuation date and an amount equal to the service fee payable to dealers on the Class A Shares at a rate of 0.50% per annum.

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 assets of the Company which include the outstanding Preferred shares, calculated as at each monthly 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 \$2,059,970 (November 30, 2005-\$1,665,326) incurred during the period include the administration fee and base management fee. In 2006, the company achieved a total return of 15.2% (24.9% in 2005) on a net asset value per unit basis including distributions. This exceeded the minimum bonus threshold return of 12% per annum and allowed the Investment Manager to earn a performance fee of 17.6 cents per unit in 2006 (63.3 cents per unit in 2005).

Dividend 15 Split Corp.

Notes to Financial Statements

For the years ended November 30, 2006 and 2005

5. Expenses (continued)

Total brokerage commissions paid during the year by the Company for its portfolio transactions was \$103,575 (2005-\$117,336).

6. Distributions

The Company's investment objectives are to provide steady monthly distributions to both the Preferred and Class A shareholders while returning the original issue price to each shareholder on the termination date of the Company on December 1, 2009.

Distributions per share were as follows:

	November 30, 2006	November 30, 2005
Preferred shares	\$0.525	\$0.525
Class A shares	\$1.95	\$1.70

7. Income Taxes

The Company is a mutual fund corporation as defined in the Income Tax Act (Canada) (the Act) and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Company is generally subject to a tax of 33-1/3% under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends.

The Company is also a financial intermediary corporation as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

8. Financial instruments and risk management

The fair values of the Company's assets and liabilities are affected by changes in interest rates and equity markets. The Company manages these risks through the use of various risk limits and trading strategies.

Notes

Notes

Quadravest Capital Management Inc.

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

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

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

Board of Directors

Wayne Finch,
Chairman and
Chief Investment Officer

Peter Cruickshank,
Managing Director and
Chief Financial Officer

Laura Johnson,
Managing Director and
Portfolio Manager

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

Michael W. Sharp
Blake, Cassels & Graydon LLP

John Steep
Consultant

Corporate Details

Auditors

PricewaterhouseCoopers LLP
77 King Street West, P.O. Box 82
Toronto, Ontario M5K 1G8

Transfer Agent

Computershare
100 University Avenue
Toronto, Ontario M5J 2Y1

Legal Counsel

Blake, Cassels & Graydon LLP
Commerce Court West
Toronto, Ontario M5L 1A9

Custodian

RBC Dexia
Royal Trust Tower, 77 King Street West
11th Floor, Toronto, Ontario M5W 1P9

DIVIDEND  *15 SPLIT*

77 King Street West,
P.O. Box 341, Toronto, ON
M5K 1K7

Tel: 416.304.4443
Toll: 877.4QUADRA
or 877.478.2372
Fax: 416.304.4441

info@quadravest.com
www.quadravest.com