

May 31
2005

Dividend 15 Split Corp

Semi-annual Report

unaudited



QUADRAVEST
CAPITAL MANAGEMENT

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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, Vice Chairman
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

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

Dividend 15 Split Corp

Message to Shareholders

The Corporation achieved its distribution objectives for both classes of shares for the for the six month period while also increasing the net asset value by \$1.11 per unit to \$25.64 (after all distributions paid) as at May 31, 2005.

The core portfolio remains invested in the 15 selected Canadian large capitalization companies which rank among the highest dividend yielding stocks on the TSX. The 15 stocks include companies from the financial services, utilities, telecommunications, media and resource sectors.

As at May 31, 2005, the Corporation's portfolio consisted of the 15 selected stocks as well as investments in Manulife Financial Corp, Sun Life Financial Inc. and CI Fund Management Inc. which were selected as part of the 15% allocation to other equity issuers.

The portfolio remains well diversified with most holdings in the 4 to 8% range. The dividend income in the portfolio continues to be supplement by a limited covered call writing program which provides additional income to the portfolio while also providing some downside protection to the portfolio.

The financial services and utility stocks in the portfolio have continued to benefit from relatively low interest rates while the resource stocks have seen dramatic increases in earnings as a result of increasing global economic growth which has fuelled higher commodity prices.

We would like to thank investors for their participation in this offering and look forward to achieving the objectives of the Corporation

A handwritten signature in black ink, appearing to read 'Wayne Finch', with a long horizontal stroke extending to the right.

Wayne Finch
Chairman and
Chief Investment Officer

Dividend 15 Split Corp

Investment Objectives

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

- Bank of Montreal
- The Bank of Nova Scotia
- BCE Inc.
- Brascan Corporation
- Canadian Imperial Bank of Commerce
- Dofasco Inc.
- Enbridge Inc.
- National Bank of Canada
- Noranda Inc.
- Royal Bank of Canada
- TELUS Corporation
- The Thomson Corporation
- The Toronto-Dominion Bank
- TransAlta Corporation
- TransCanada Corporation

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. The Company will be managed in a manner to ensure that it remains as Canadian property for registered plans. 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:

- a) 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
- b) 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:

- a) 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
- b) on or about December 1, 2009 (the termination date), to pay holders at least the original issue price (\$15) of those shares



Dividend 15 Split Corp

Ten Largest Holdings

(common equity)

as at May 31, 2005

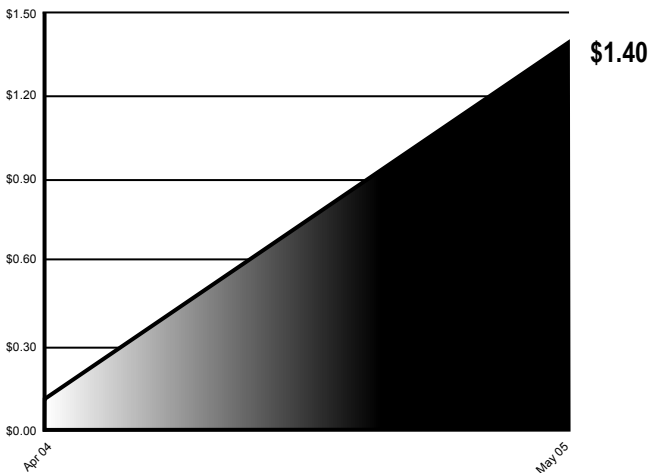
- | | |
|---------------------------------------|----------------------------|
| 1. Canadian Imperial Bank of Commerce | 6. Royal Bank of Canada |
| 2. TransAlta Corporation | 7. National Bank of Canada |
| 3. BCE Inc. | 8. Toronto-Dominion Bank |
| 4. TELUS Corporation | 9. The Thomson Corporation |
| 5. Brascan Corp. | 10. Bank of Montreal |

Note: Holdings are as at May 31, 2005 and may at any time be materially different.

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 six month period were at the targeted rate for a total of \$0.60 per share. A total of 14 distributions totalling \$1.40 per Class A share have been paid since inception.

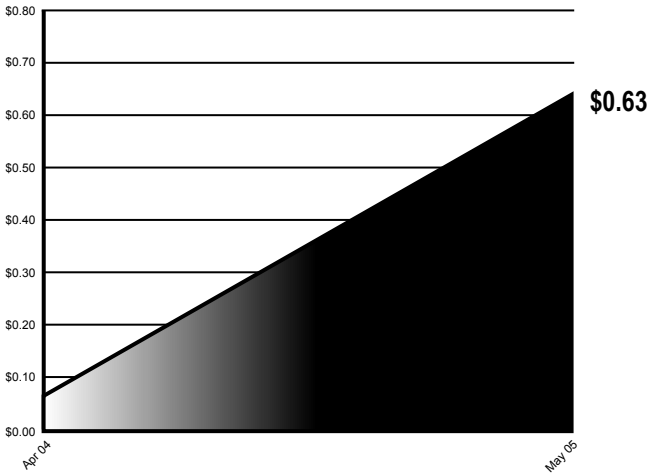
Cumulative Distributions since inception



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 six month period were at the fixed rate for a total of \$0.2625 per share. A total of 14 distributions totalling \$0.63 per Preferred share have been paid since inception.

Cumulative Distributions since inception





Dividend 15 Split Corp

Statements of Financial Position

As at May 31, 2005 (unaudited) and as at November 30, 2004 (audited)

Assets	2005	2004
	(\$)	(\$)
Investments - at market value (cost-\$179,719,098)	205,355,001	198,543,964
Cash	10,909,180	8,437,694
Interest, dividends and other receivables	468,706	537,894
Receivable in respect of investments sold	-	30,562
Total Assets	<u>216,732,887</u>	<u>207,550,114</u>
Liabilities		
Fees and other accounts payable	164,867	270,920
Capital tax payable	-	9,000
Distributions Payable	1,207,500	1,207,500
Preferred shares (note 3)	84,000,000	84,000,000
	<u>85,372,367</u>	<u>85,487,420</u>
Shareholders' Equity		
Class A and Class B shares (note 4)	115,421,000	115,421,000
Retained earnings	15,939,520	6,641,694
	<u>131,360,520</u>	<u>122,062,694</u>
Liabilities & Shareholders' Equity	<u>216,732,887</u>	<u>207,550,114</u>

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 six month period ending May 31, 2005
and for the period March 16, 2004 to May 31, 2004

	2005 (\$)	2004 (\$)
Income		
Dividends	3,263,620	745,881
Interest	10,977	43,837
	<u>3,274,597</u>	<u>789,718</u>
Expenses (note 5)		
Management fees	801,925	309,182
Service fees	225,213	-
Other operating expenses	164,462	185,329
Capital Tax	215	-
Goods and services tax	67,647	34,616
	<u>1,259,426</u>	<u>529,127</u>
Net investment income (loss) before distributions on Preferred shares	2,015,135	260,591
Distributions on Preferred shares (notes 3 and 7)	(2,205,000)	(911,232)
Net investment (loss) for the period	(189,865)	(650,641)
Realized and unrealized gain (loss) on investments and options		
Net realized loss on investments and options (note 6)	1,738,009	(90,787)
Change in unrealized appreciation of investments	12,760,187	645,461
Change in unrealized depreciation of foreign exchange	29,495	12,620
	<u>14,527,691</u>	<u>567,294</u>
Net gain on investments and options for the period	14,527,691	567,294
Increase in net assets from operations	14,337,826	(83,347)
Retained earnings - Beginning of period	6,641,694	-
Distributions on Class A shares (notes 4 and 7)	(5,040,000)	(1,680,000)
Retained earnings - End of period	15,939,520	(1,763,347)
Increase (decrease) in net assets from operations per Class A share	\$1.71	(\$0.01)

Dividend 15 Split Corp

Statements of Changes in Shareholders' Equity

For the six month period ending May 31, 2005
and for the period March 16, 2004 to May 31, 2004.

	2005 (\$)	2004 (\$)
Increase in net assets from operations	14,337,826	(83,347)
Net proceeds from issue of Class A shares (note 4)	-	115,420,000
Net proceeds from issue of Class B shares (note 4)	-	1,000
	-	<u>115,421,000</u>
Distributions on Class A shares (note 7)	(5,040,000)	(1,680,000)
Increase in net assets for the period	9,297,826	113,657,653
Shareholders' equity - Beginning of period	122,062,694	-
Shareholders' equity - End of period	<u>131,360,520</u>	<u>113,657,653</u>

Dividend 15 Split Corp

Statement of Cash Flow

For the six month period ended May 31, 2005
and the period of March 16, 2004 to May 31, 2004

	2005 (\$)	2004 (\$)
Increase in net assets from operations for the period	14,337,826	(83,347)
Adjustments to reconcile net cash provided by (used) in operations		
Net realized loss (gain) on investments and options	(1,762,382)	86,943
Net change in unrealized gain on investments and options	(12,760,187)	(645,461)
Net change in receivable balances	99,750	(313,314)
Net change in payable balances	(115,053)	7,703,374
Purchase of investments	(7,088,462)	(168,517,166)
Proceeds from sale of investments and options	14,799,994	278,516
Cash flow from Shareholder activities		
Net proceeds from issue of shares	-	199,421,000
Distributions on Class A shares	(5,040,000)	(1,680,000)
Net increase (decrease) in cash	2,471,486	36,250,545
Cash, beginning of period	8,437,694	0
Cash, end of period	10,909,180	36,250,545

Dividend 15 Split Corp

Statement of Portfolio Investments

As at May 31, 2005 (unaudited)

No. of shares	Description	Average cost/ (Premiums received) (\$)	Market value(\$)
Canadian Equities			
200,000	Bank of Montreal	10,678,932	11,052,000
206,600	Bank of Nova Scotia	7,310,334	8,212,350
550,000	BCE Inc.	15,301,853	15,823,500
284,800	Brascan Corp.	9,432,242	13,784,320
255,000	Canadian Imperial Bank of Commerce	17,535,405	18,510,450
549,800	CI Fund Management Inc.	8,746,247	9,511,540
200,700	Dofasco Inc.	7,525,200	6,843,870
295,000	Enbridge Inc.	7,612,422	9,853,000
150,000	Manulife Financial Corp.	7,355,720	8,650,500
227,400	National Bank of Canada	10,169,793	12,013,542
405,800	Noranda Inc.	8,890,672	8,120,058
170,900	Royal Bank of Canada	10,831,758	12,817,500
205,200	Sun Life Financial Inc.	7,402,131	8,115,660
150,000	Telus Corporation	3,666,000	6,270,000
220,000	Telus Corporation Non Voting	4,878,950	8,859,400
262,600	Thomson Corp.	10,979,926	11,110,606
213,000	Toronto-Dominion Bank	9,843,679	11,414,670
793,000	TransAlta Corporation	13,700,014	15,931,370
285,900	TransCanada Corporation	8,152,674	8,677,065
	Total Equities (100.1%)	<u>180,013,948</u>	<u>205,571,401</u>
Call Options written (100 shares per contract)			
Canadian call options written			
(200)	Bank of Montreal, July 2005 @ \$58	(7,300)	(4,000)
(300)	Bank of Montreal, June 2005 @ \$56	(23,400)	(10,500)
(500)	Bank of Nova Scotia, July 2005 @ \$40	(30,750)	(30,000)
(500)	Bank of Nova Scotia, June 2005 @ \$40	(22,250)	(17,500)
(400)	Canadian Imperial Bank of Commerce, July 2005 @ \$78	(17,400)	(5,400)
(200)	Canadian Imperial Bank of Commerce, June 2005 @ \$76	(12,600)	(2,000)
(1,000)	Dofasco Inc., June 2005 @ \$38	(73,500)	(4,000)
(500)	Royal Bank of Canada, July 2005 @ \$78	(34,250)	(30,000)
(500)	Telus Corporation, June 2005 @ \$42	(39,000)	(37,500)
(500)	Thomson Corporation, June 2005 @ \$44	(14,000)	(7,500)
(400)	Toronto Dominion Bank, July 2005 @ \$52	(20,400)	(68,000)
	Total call options written (-0.1%)	<u>(294,850)</u>	<u>(216,400)</u>
	Total Investments (100%)	<u>179,719,098</u>	<u>205,355,001</u>



Dividend 15 Split Corp

Notes to Financial Statements

For the period ended May 31, 2005 (unaudited)

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. Shares or other securities for which market quotations are not readily available are valued at fair market values as determined by the Manager.
- 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 period ended May 31, 2005 (unaudited)

3. Preferred shares

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

Issued and outstanding	May 31, 2005	May 31, 2004
8,400,000 Preferred shares	<u>84,000,000</u>	<u>84,000,000</u>

Preferred shares were issued at \$10 per share. 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 \$10.70 as at May 31, 2005. 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 October in each year will be entitled to receive an amount equal to the net asset value per unit on the last day of October. 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 May 31, 2005 was \$25.64. Under the terms of a Recirculation Agreement, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction.

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

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>	May 31, 2005	May 31, 2004
8,400,000 Class A shares	115,420,000	115,420,000
1,000 Class B shares	<u>1,000</u>	<u>1,000</u>
	<u>115,421,000</u>	<u>115,421,000</u>

Class A shares were issued at \$15 per share. 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.

Dividend 15 Split Corp

Notes to Financial Statements

For the period ended May 31, 2005 (unaudited)

Class A shares trade under the symbol "DFN" on the Toronto Stock Exchange (TSX). Class A shares trading price on the TSX was \$14.80 as at May 31, 2005. 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 October in each year will be entitled to receive an amount equal to the net asset value per unit on the last day of October. 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 May 31, 2005 was \$25.64. Under the terms of a Recirculation Agreement, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Preferred shares or Class A shares tendered for retraction.

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

On March 16, 2004, the Company issued 8,000,000 Class A shares for a gross proceeds of \$109,900,000. An additional 400,000 Class A shares were issued on April 6, 2004 for net proceeds of \$5,520,000.

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. Issue costs of \$10,080,000 and filing fees of \$500,000 were incurred in connection with this offering.

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 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 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.

The Manager also pays the service fee to each dealer whose clients hold Class A Shares. The service fee is calculated and paid at the end of each calendar quarter and is equal to 0.50% annually of the value of the Class A Shares held by clients of the dealer. Total management fees of \$801,925 (2004-\$309,182) incurred during the period include the administration fee and base management fee.

Dividend 15 Split Corp

Notes to Financial Statements

For the period ended May 31, 2005 (unaudited)

5. Expenses (continued)

The management expense ratio is calculated as being the total expenses incurred by the Company, including GST, as a percentage of the weighted average of shareholders equity and the Preferred shares of the Company, and is expressed on an annualized basis. The management expense ratio for the Company was 1.18% (May 31, 2004 -1.31%) of average net assets for the period.

6. Net realized gain on investments and options

The net realized gain on sale of investments and options (excluding short-term notes) was as follows:

	May 31, 2005	May 31, 2004
Proceeds on sale of investments and options	14,799,994	278,516
Less cost of investments sold:		
Investments at average cost		
Beginning of period	185,668,248	-
Cost of investments purchased	7,088,462	168,517,166
Investments at average cost - End of period	(179,719,098)	(168,151,707)
Investments sold during the period	<u>13,037,612</u>	<u>365,459</u>
	1,762,382	(86,943)
Net realized gain (loss) on foreign exchange	(24,373)	(3,844)
Net realized gain (loss) on investments and options	<u>1,738,009</u>	<u>(90,787)</u>

7. 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:

	May 31, 2005	May 31, 2004
Preferred shares	\$ 0.2625	\$0.108
Class A shares	0.60	\$0.20

Dividend 15 Split Corp

Notes to Financial Statements

For the period ended May 31, 2005 (unaudited)

8. 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.

9. 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.

10. Statement of portfolio transactions

Additional unaudited information concerning the portfolio transactions for the Company for the period ended May 31, 2005 can be obtained without charge by writing to Quadravest Inc. at 77 King Street West, P.O. Box 341, Toronto, Ontario M5K 1K7.

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. 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 Quadravest.

Quadravest's investment strategy combines equity investments with covered call writing. Quadravest has completed initial public offerings for thirteen products in excess of \$2 billion.





QUADRAVEST
CAPITAL MANAGEMENT

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