



April 11, 2014

Dear Shareholders:

A special meeting (the "meeting") of shareholders of TDb Split Corp. ("TDb Split") will be held at 11:00 a.m. on Wednesday, May 14, 2014 at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, 40th floor, Commerce Court West, Toronto, Ontario.

The primary purpose of the meeting is to consider and vote upon a special resolution that would allow shareholders to maintain their investment beyond the scheduled termination date of December 1, 2014. The special resolution, if approved, would change the termination date to December 1, 2019.

The reasons for the term extension proposal are as follows:

- **Shareholders will have the opportunity to continue to participate in any continued strengthening of TD Bank common shares.**

TD Bank common shares have experienced a significant recovery from the March 2009 lows. TD Bank has also resumed its historical trend as an above average dividend growth stock with its dividend now having increased by 54.1% since 2010. The net asset value per unit of TDb Split has increased from \$9.94 on March 15, 2009 to \$14.54 on March 31, 2014 after the payment of \$0.04375 in Priority Equity share dividends each month during the period.

- **Class A Shareholders could continue to benefit on a leveraged basis to any market appreciation or dividend increases in the TD Bank common shares (held in the portfolio) over the extended time period.**

Class A shares had a 65.4% increase in the net asset value attributable to Class A shares in the one year period ended November 30, 2013 (most recent fiscal year end) reflecting the leveraged participation in the continued strengthening of the market price of TD Bank common shares held in the portfolio. Class A shares would continue to receive monthly dividends of \$0.05 in each month in which the net asset value is above \$12.50. The current yield on the Class A shares was 11.54% as at April 9, 2014.

- **Priority Equity shareholders could continue to benefit from an attractive dividend yield.**

Priority Equity shareholders have received 80 consecutive monthly distributions since inception for a total of \$3.49 per share. The current yield on the Priority Equity shares was 5.22% as at April 9, 2014.

- **Extending the term allows for the continuation of active management of the portfolio.**

The following changes will also be implemented if the extension resolution is approved.

TDb Split is also proposing some administrative changes that do not affect the operation of the Fund or the attributes of the shares. These proposed changes include a) removing the reference to the fixed termination date in the wording of TDb Split's investment objective, b) allowing TDb Split to pay a special non cash dividend to Class A shares where the sole purpose of making such a dividend would be to avoid having to pay net tax on TDb Split.

TDb Split also proposes to decrease the fee on monthly retractions from 4% to 2% and for such reduced fee to be paid to the Manager. The Manager expects that this change may improve trading prices relative to the net asset value for TDb Split during certain periods for all shareholders, and would potentially provide all shareholders with increased payments on the exercise of the monthly retraction right.

The Board of Directors of TDb Split has determined that the special resolutions are in the best interests of TDb Split and its shareholders. Accordingly, the Board of Directors recommends that shareholders vote FOR the special resolutions. The Independent Review Committee of TDb Split has also unanimously determined that the calling and holding of the Special Meeting to consider the matters described in the Circular, on terms set forth in the Circular, achieves a fair and reasonable result for shareholders.

If you are a shareholder of TDb Split, you are strongly encouraged to vote on the special resolutions by completing and returning the enclosed Proxy using any of the methods described as soon as possible, and no later than May 12, 2014 at 11:00 am.

Sincerely,

A handwritten signature in black ink, appearing to read 'Wayne Finch', with a stylized flourish extending to the right.

Wayne Finch
President and Chief Executive Officer
TDb Split



TDb SPLIT CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

Special Meeting to be held at 11:00 a.m.

On Wednesday, May 14, 2014

At the offices of Blake, Cassels & Graydon LLP

199 Bay Street

40th Floor

Commerce Court West

Toronto, Ontario

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT a special meeting of the holders (the **Shareholders**) of the Priority Equity Shares and Class A Shares (collectively, the **Shares** and together a **Unit**) of TDb Split Corp. (the **Company**) will be held at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, 40th Floor, Toronto, Ontario, on Wednesday, May 14, 2014 at 11:00 a.m. for the following purposes:

- (a) to consider and, if thought advisable, to approve a special resolution (the text of which is set out as Appendix A to the Management Information Circular dated April 11, 2014 which accompanies this Notice of Special Meeting of Shareholders (the **Circular**)):
 - (i) authorizing the board of directors of the Company (the **Board of Directors**) to amend the articles of incorporation of the Company, as amended (the **Articles**), to extend the term of the Company as follows:
 - (A) to extend the termination date of the Company from December 1, 2014 to, initially, December 1, 2019;
 - (B) to provide Shareholders with the “2014 Special Retraction Right” in connection with such extension, as described in the Circular;
 - (C) to provide the Company with a special redemption right in respect of the Priority Equity Shares or Class A Shares in connection with the implementation of the 2014 Special Retraction Right, if necessary or desirable so as to ensure that after such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding;
 - (D) to permit a subdivision or consolidation of the Priority Equity Shares or the Class A Shares to the extent that the Board of Directors in its discretion considers such subdivision or consolidation necessary or advisable in connection with the implementation of the 2014 Special Retraction Right, so as to ensure that after such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding;
 - (E) to provide for an additional extension of the term of the Company for a five year period beginning on December 1, 2019 if the Board of Directors so determines, and for further extensions for additional terms of five years each thereafter, and to provide Shareholders with a “Continuing Special Retraction Right” in connection with each such extension as described in the Circular;
 - (F) to provide for a special redemption of the Priority Equity Shares or Class A Shares in connection with any implementation of a Continuing Special Retraction Right if necessary or desirable to ensure that after each such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding; and
 - (G) to permit a subdivision or consolidation of the Priority Equity Shares or the Class A Shares to the extent that the Board of Directors in its discretion considers such subdivision or consolidation necessary or advisable in connection with any implementation of the Continuing Special Retraction Right, so as to ensure that after each such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding;
 - (ii) authorizing the Board of Directors to amend the Articles to permit the Company to be terminated prior to any scheduled termination date in the discretion of Quadravest Capital Management Inc. (the **Manager**), the Company’s manager and investment manager, if

the Priority Equity Shares or the Class A Shares are delisted on the Toronto Stock Exchange or if the net asset value of the Company declines to less than \$5,000,000;

- (iii) authorizing the Board of Directors to amend the Articles to permit the Company to amend the dividend entitlement of the Priority Equity Shares so as to provide the Company with the right to establish the rate or amount of cumulative preferential monthly dividends to be paid on the Priority Equity Shares for the five year renewal period commencing December 1, 2019, and in respect of any subsequent five year renewal term;
 - (iv) changing the wording of the Company's investment objective, not impacting the management of the Company's assets, as more particularly set out in the Circular; and
 - (v) permitting the Company to pay special year-end non-cash dividends on the Class A Shares even if, after payment of such a dividend, the net asset value per Unit would be less than \$20.00, where the purpose of such a special dividend in a year would be to reduce or eliminate the amount of net tax payable by the Company under the *Income Tax Act* (Canada) for that year;
- (b) to consider and, if thought advisable, to approve a resolution (the text of which is set out as Appendix A to the Circular, authorizing the Board of Directors to amend the Articles to decrease the discount to net asset value applicable to monthly redemptions of Shares from 4% to 2%, and to amend the terms of the investment management agreement with the Manager to provide for the amount of the reduced discount to be paid to the Manager; and
- (c) to transact such further and other business as may properly come before the special meeting or any adjournment or adjournments thereof (the **Meeting**).

Shareholders will be entitled to vote separately as a class on the resolutions referred to above.

The specific details of the foregoing matters to be put before the Meeting, and the text of the resolutions in substantially the form in which they will be put to Shareholders at the Meeting, are set forth in the Circular.

All Shareholders are invited to attend the Meeting but beneficial Shareholders will not be recognized at the Meeting for purposes of voting their Shares in person or by way of proxy unless they comply with certain procedures. If you are a beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so. Shareholders that are unable to attend have the right to appoint a person other than the person specified in the form of proxy to attend and act on such Shareholder's behalf at the Meeting. Such right may be exercised by inserting the name of the person to be appointed in the space provided, or by completing another proper form of proxy. A person appointed as a proxyholder need not be a Shareholder of the Company.

The Priority Equity Shares and the Class A Shares of the Company were deposited in "book entry only" form; therefore CDS & Co., the nominee of CDS Clearing and Depository Services Inc., is the only registered holder of the Priority Equity Shares and the Class A Shares. Accordingly, all non-registered Shareholders who receive these materials through their broker or other intermediary and wish to vote on the special resolution must complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary.

To be effective, a proxy must be received by the Proxy Department of Computershare Investor Services Inc. or by the Chairman of the Meeting not later than May 12, 2014 at 11:00 a.m., or in the case of any adjournment of the Meeting, not less than 48 hours (Saturdays, Sundays and holidays excepted) prior to the time of the adjournment.

DATED at Toronto, Ontario this 11th day of April, 2014.

By Order of the Board of Directors
of TDb Split Corp.

A handwritten signature in black ink, appearing to read 'Wayne Finch', with a stylized flourish at the end.

WAYNE FINCH
President and Chief Executive Officer

TDb SPLIT CORP.
MANAGEMENT INFORMATION CIRCULAR FOR THE
SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 14, 2014

This management information circular (the **Circular**) is furnished in connection with the solicitation by the directors (the **Board of Directors**) of TDb Split Corp. (the **Company**) and by its investment fund manager, Quadravest Capital Management Inc. (the **Manager**), of proxies to be used at the special meeting of the holders (the **Shareholders**) of the Priority Equity Shares and the Class A Shares (collectively, the **Shares** and together a **Unit**) of the Company to be held on Wednesday, May 14, 2014, or at any adjournment of such special meeting (the **Meeting**). References to **Management** in this Circular refer to the Board of Directors and the Manager collectively. All references to time in this Circular or and the accompanying Notice of Special Meeting of Shareholders are to local time in Toronto, Ontario.

Shareholders are being asked at the Meeting to consider and, if thought advisable, to approve a special resolution, the text of which is set out as Appendix A to this Circular:

- (a) to authorize the Board of Directors to amend the articles of incorporation of the Company, as amended (the **Articles**), to extend the term of the Company, as follows:
 - (i) to extend the termination date of the Company from December 1, 2014 to, initially, December 1, 2019;
 - (ii) to provide Shareholders with the “2014 Special Retraction Right” in connection with such extension, as described in this Circular;
 - (iii) to provide the Company with a special redemption right in respect of the Priority Equity Shares or Class A Shares in connection with the implementation of the 2014 Special Retraction Right, if necessary or desirable so as to ensure that after such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding;
 - (iv) to permit a subdivision or consolidation of the Priority Equity Shares or the Class A Shares to the extent that the Board of Directors in its discretion considers such subdivision or consolidation necessary or advisable in connection with the implementation of the 2014 Special Retraction Right, so as to ensure that after any such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding;
 - (v) to provide for an additional extension of the term of the Company for a five year period beginning on December 1, 2019 if the Board of Directors so determines, and for further extensions for additional terms of five years each thereafter, and to provide Shareholders with a “Continuing Special Retraction Right” in connection with each such extension as described in the Circular;
 - (vi) to provide for a special redemption of the Priority Equity Shares or Class A Shares in connection with any implementation of a Continuing Special Retraction Right if necessary or desirable to ensure that after any such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding; and

- (vii) to permit a subdivision or consolidation of the Priority Equity Shares or the Class A Shares to the extent that the Board of Directors in its discretion considers such subdivision or consolidation necessary or advisable in connection with any implementation of the Continuing Special Retraction Right, so as to ensure that after each such implementation an equal number of Priority Equity Shares and Class A Shares remain outstanding;
- (b) to authorize the Board of Directors to amend the Articles to permit the Company to be terminated prior to any scheduled termination date in the discretion of the Manager if the Priority Equity Shares or the Class A Shares are delisted on the Toronto Stock Exchange (**TSX**) or if the net asset value of the Company declines to less than \$5,000,000;
- (c) to authorize the Board of Directors to amend the Articles to permit the Company to amend the dividend entitlement of the Priority Equity Shares so as to provide the Company with the right to establish the rate or amount of cumulative preferential monthly dividends to be paid on the Priority Equity Shares for the five year renewal period commencing December 1, 2019, and in respect of any subsequent five year renewal term;
- (d) to change the wording of the Company's investment objective, not impacting the management of the Company's assets, as more particularly set out herein; and
- (e) to authorize the Board of Directors to amend the Articles to permit the Company to pay special year-end non-cash dividends on the Class A Shares even if, after payment of such a dividend, the net asset value per Unit would be less than \$20.00, where the purpose of such a special dividend in a year would be to reduce or eliminate the amount of net tax payable by the Company under the *Income Tax Act* (Canada) (the **Tax Act**) for that year.

Shareholders are also being asked at the Meeting to consider and, if thought advisable, to approve a special resolution, the text of which is set out as Appendix A to this Circular, to authorize the Board of Directors to amend the Articles to decrease the discount to net asset value applicable to monthly redemptions of Shares from 4% to 2%, and to amend the terms of the investment management agreement between the Company and the Manager dated July 27, 2007 (the **Investment Management Agreement**), to provide for the amount of this reduced discount to be paid to the Manager.

VOTING RIGHTS, RECORD DATE, QUORUM AND PROXY INFORMATION

To be used at the Meeting, a proxy must be deposited with Computershare Investor Services Inc. at 100 University Avenue, Toronto, Ontario M5J 2Y1 (or, if by facsimile, sent to: 416-263-9524 or 1-866-249-7775) or with the Chairman of the Meeting at any time up to 11:00 a.m. on May 12, 2014 or, in the case of any adjournment of the Meeting, not less than 48 hours (Saturdays, Sundays and holidays excepted) prior to the time of the adjournment.

Only holders of record of Priority Equity Shares or Class A Shares at the close of business on April 9, 2014 will be entitled to vote their Shares in respect of the matters to be voted on at the Meeting. With respect to each matter properly brought before the Meeting, a Shareholder shall be entitled to one vote for each Share registered in the name of such Shareholder. Holders of Priority Equity Shares and Class A Shares of the Company will be entitled to vote separately as a class on the special resolutions which, to be effective, must be approved by not less than 66 2/3% of the votes cast by the holders of each such class, respectively, at the Meeting.

Pursuant to the Articles, a quorum at the Meeting will consist of two or more Shareholders present in person or represented by proxy holding not less than 10% of the outstanding Class A Shares or

Priority Equity Shares, as applicable, of the Company. If the quorum requirement is not satisfied within one-half hour of the scheduled time for the Meeting, then the Meeting will be adjourned by the Chairman of the Meeting to 11:00 a.m. on May 16, 2014. At such adjourned Meeting, the Shareholders then present in person or represented by proxy will form a quorum.

Appointment of Proxy Holders

Shareholders who are unable to be present at the Meeting may still vote through the use of proxies. If you are a Shareholder, you should complete, execute and return the enclosed proxy form. By completing and returning the enclosed proxy form, you can participate in the Meeting through the person or persons named on the form.

Discretionary Authority of Proxies

The proxy form confers discretionary authority upon the Management appointees named therein with respect to such matters, including without limitation such amendment or variation to the special resolutions being considered at the Meeting, as, though not specifically set forth in the Notice of Special Meeting of Shareholders, may properly come before the Meeting. The Company does not know of any such matter which may be presented for consideration at the Meeting. However, if any such matter is presented, the proxy will be voted thereon in accordance with the best judgment of the Management appointees named in the proxy form.

On any ballot that may be called for at the Meeting, all Shares in respect of which the Management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the Shareholder signing the proxy form. If no such specification is made, then the Shares will be voted in favour of the matters identified in the Notice of Special Meeting of Shareholders.

Alternate Proxy

A Shareholder has the right to appoint a person other than the Management appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided, or by completing another proxy form. Proxy forms which appoint persons other than the Management appointees whose names are printed on the form should be submitted to the Company and the person so appointed should be notified. A person acting as proxy need not be a Shareholder.

On any ballot that may be called for at the Meeting, all Shares in respect of which the person named in a proxy form has been appointed to act shall be voted in accordance with the specification of the Shareholder signing such proxy form. If no such specification is made, then the Shares may be voted in accordance with the best judgment of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any other matters that may properly come before the Meeting, and will be voted on such amendments and other matters in accordance with the best judgment of the person named in such proxy form.

Revocation of Proxies

A Shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the Shareholder or by the Shareholder's attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the Shareholder or by the Shareholder's attorney, who is authorized in writing, to or at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the

Chairman of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A Shareholder may also revoke a proxy in any other manner permitted by law.

Solicitation of Proxies and Meeting Costs

The costs of sending the Notice of Special Meeting of Shareholders and soliciting proxies for the Meeting, as well as the other costs of the Meeting, will be paid for by the Company. Solicitation of proxies will be by mail and may be supplemented by telephone or other personal contact by officers or employees of the Manager. The Company will, as required by law, also reimburse brokers, custodians, nominees and fiduciaries for their proper charges and expenses incurred in forwarding this Circular and related materials to beneficial owners of Shares.

The Company will also pay a dealer whose clients hold Priority Equity Shares or Class A Shares of the Company a fee of \$0.05 in respect of each Share voted by the client of such dealer in favour of the special resolutions, to a maximum payment of \$1,000 per beneficial holder, and provided that such client does not retract the Shares so voted pursuant to the 2014 Special Retraction Right.

Advice to Beneficial Holders

The information set forth in this section is of significant importance to beneficial holders of Priority Equity Shares and Class A Shares, as the Shares are held in the name of CDS & Co., the nominee of CDS Clearing and Depository Services Inc. (**CDS**), and not in the name of the beneficial holders of the Shares. The Company utilizes the “book entry only” system of registration and thus Shareholders do not hold their Shares in their own name (such Shareholders being **Beneficial Shareholders**). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting. Shares held by brokers or their nominees through CDS & Co. can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, CDS & Co. and brokers/nominees are prohibited from voting Shares for their client(s). The Company does not know for whose benefit the Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for purposes of voting their Shares in person or by way of proxy unless they comply with the procedure designated below.

Applicable securities laws or policies require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to that provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholders. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (**Broadridge**). Broadridge typically prepares a voting instruction form which it mails to the Beneficial Shareholders and asks Beneficial Shareholders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that form to vote Shares directly at the Meeting; the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have the Shares voted.**

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

Forward Looking Information

Certain statements included in this Circular constitute forward-looking statements. The forward-looking statements are not historical facts but reflect the Company's or the Manager's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the future net asset value of the Company or the ability of the Company to pay dividends. Although the Company and the Manager believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. Neither the Company nor the Manager undertakes any obligation to update publicly or otherwise revise any forward-looking statement or information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

DESCRIPTION OF THE COMPANY

Information About the Company

This section provides selected information about the Company. Additional information about the Company is available in its annual information form dated February 26, 2014 (the **Annual Information Form**), the audited annual financial statements of the Company for the year ended November 30, 2013 and the annual management report of fund performance for such period, and the Company's quarterly portfolio disclosure as at February 28, 2014. Such documents are available on the Company's website, from the Manager upon request or (with the exception of the quarterly portfolio disclosure report) on SEDAR at www.sedar.com.

Incorporation and Public Offerings

The Company is a mutual fund corporation incorporated under the laws of Ontario by articles of incorporation dated May 24, 2007, as amended July 26, 2007. The Company was created to provide exposure to the common shares of The Toronto-Dominion Bank (the **Bank**). The principal office address of the Company is 77 King Street West, Suite 4500, Toronto, Ontario M5K 1K7 and its website address is www.TDbSplit.com. The Manager is the manager and investment manager for the Company. The principal office address of the Manager is at 77 King Street West, Suite 4500, Toronto, Ontario M5K 1K7, and its website address is www.quadravest.com.

On August 7, 2007, the Company completed its initial public offering of 1,750,000 Priority Equity Shares and 1,750,000 Class A Shares pursuant to a prospectus dated July 27, 2007 (the **Initial Prospectus**).

Priority Equity Shares and the Class A Shares are issued only on the basis that an equal number of Priority Equity Shares and Class A Shares will be issued and outstanding at all times. The Priority Equity Shares and the Class A Shares are listed on the TSX under the symbols XTD.PR.A and XTD, respectively.

Investment Objective

The Company's current investment objective with respect to the Priority Equity Shares is (i) to provide holders of the Priority Equity Shares with fixed cumulative preferential monthly cash dividends in the amount of \$0.04375 per Priority Equity Share to yield 5.25% per annum on the original issue price of the Priority Equity Shares; and (ii) on or about December 1, 2014, or such other date as the Company may be terminated (the **Termination Date**), to pay the holders of the Priority Equity Shares the original issue price of the Priority Equity Shares (the **Priority Equity Share Repayment Amount**).

The Company's current investment objective with respect to the Class A Shares is (i) to provide holders of Class A Shares with regular monthly cash dividends targeted to be \$0.05 per Class A Share to yield 6.0% per annum on the original issue price of the Class A Shares, once the net asset per Unit exceeds \$12.50; and (ii) on or about the Termination Date, to pay the holders of Class A Shares at least the original issue price of the Class A Shares. Holders of the Class A Shares will also be entitled to receive, on at the time of the final redemption of such shares on the Termination Date, the balance, if any, of the value of the Company remaining after returning the original issue price to the holders of each class of shares of the Company.

It is proposed that the wording of the Company's investment objective be amended, as discussed under "*Matters to be Voted on at the Meeting – Change to the Wording of the Company's Investment Objective*".

The Company invests in common shares of the Bank. To supplement the dividends earned on those common shares and to reduce risk, the Company will from time to time write covered call options in respect of all or a part of common shares of the Bank that it holds. The number of such common shares that are the subject of call options and the terms of such options will vary from time to time as determined by the Manager. In addition, the Company may also write cash covered put options or purchase call options with the effect of closing out existing call options written by the Company and may also purchase put options in order to protect the Company from declines in the market prices of the common shares of the Bank that it holds.

The Company is subject to certain investment restrictions, as set out in the Annual Information Form.

Priority Equity Portfolio Protection Plan

The Company has adopted a strategy (the **Priority Equity Portfolio Protection Plan**) intended to provide that the Priority Equity Share Repayment Amount will be paid in full to holders of the Priority Equity Shares on the Termination Date.

The Priority Equity Portfolio Protection Plan provides that if the net asset value of the Company declines below the Required Amount (as defined below), the Manager will liquidate a portion of the common shares of the Bank held by the Company and use the net proceeds to acquire qualifying debt securities (the **Permitted Repayment Securities**) in order to cover the Priority Equity Share Repayment Amount in the event of further declines in the net asset value of the Company. To qualify as Permitted Repayment Securities, debt securities must be issued or guaranteed by the government of Canada or a province or the government of the United States, or be short term commercial paper with a rating of at least R-1 (mid) by DBRS Limited or the equivalent rating from another rating organization. The Company would also be permitted to use forward agreements in connection with the implementation of the Priority Equity Protection Plan, but does not currently intend to do so.

Under the Priority Equity Portfolio Protection Plan, the amount of the Company's net assets, if any, required to be allocated to Permitted Repayment Securities (the **Required Amount**) will be determined such that (i) the net asset value of the Company, less the value of the Permitted Repayment Securities held by the Company, is at least 125% of (ii) the Priority Equity Share Repayment Amount, less the amount anticipated to be received by the Company in respect of its Permitted Repayment Securities on the Termination Date.

The Company may unwind the Priority Equity Portfolio Protection Plan by selling Permitted Repayment Securities and using the net proceeds from such sale to purchase additional common shares of the Bank if, and then only to the extent, the value of the Permitted Repayment Securities exceeds the

Required Amount. The Company may also implement the Priority Equity Portfolio Protection Plan at an earlier stage than the Plan calls for.

The Company implemented the Priority Equity Portfolio Protection Plan in November 2008 and unwound it on July 15, 2010. It was again implemented in November 2011. During the fiscal year ended November 30, 2012 and 2013, the Portfolio was rebalanced as necessary to meet the requirement of the Priority Equity Portfolio Protection Plan. As at March 31, 2014 (the last Valuation Date (as defined in the Annual Information Form) for the Company prior to the date of this Circular), the net asset value per Unit of the Company was \$14.54.

Share Capital

The Company is authorized to issue an unlimited number of Priority Equity Shares and Class A Shares and 1,000 Class B Shares, of which as at the date of this Circular there are issued and outstanding 1,000 Class B Shares, 1,667,260 Priority Equity Shares and 1,667,260 Class A Shares.

Net Assets and Trading Prices

The net assets of the Company as at March 31, 2014 were approximately \$24.2 million and the net asset value per Unit was \$14.54. The closing trading price of the Priority Equity Shares and Class A Shares on the TSX on April 9, 2014 was \$10.06 and \$5.20, respectively.

Dividends

The Company pays, as and when declared by the Board of Directors, a fixed cumulative preferential monthly dividend of \$0.04375 per Priority Equity Share to holders of Priority Equity Shares of record on the last day of each month.

Regular monthly dividends were paid to holders of Priority Equity Shares each month during the Company's last fiscal year ended November 30, 2013.

The Class A Share conditions provide that the Company may pay dividends on the Class A Shares in such amounts as are determined by the Board of Directors in its discretion. The current policy of the Board of Directors is to pay monthly non-cumulative dividends of at least \$0.05 per Class A Share to the holders of Class A Shares. In addition, if any amounts remain available for the payment of dividends, a special year-end dividend of such amount will be payable to Class A shareholders of record on the last day of November in each year. No regular monthly dividends will be paid on the Class A Shares in any month as long as any dividends on the Priority Equity Shares are then in arrears or so long as the net asset value per Unit is equal to or less than \$12.50. Additionally, no special year-end dividends may be paid if after payment of such a dividend the net asset value per Unit would be less than \$20.00 (see "*Matters to be Voted on at the Meeting – Change of Year End Distribution Rules*" for a proposed change to this restriction). The amount of dividends in any particular month will be determined by the Board of Directors of the Company on the advice of the Manager, having regard to the investment objectives of the Company, the net income and net realized capital gains of the Company during the month and in the year to date, the net income and net realized capital gains of the Company anticipated in the balance of the year, the net asset value per Unit and dividends paid in previous months.

Regular monthly dividends were paid to holders of Class A Shares in eight of the months during the Company's last fiscal year ended November 30, 2013.

The Manager

For a description of the Manager, see the Annual Information Form. The Manager receives management fees for its services to the Company as portfolio manager under the Investment Management Agreement, and receives administration fees for its services to the Company as investment fund manager under a management agreement dated July 27, 2007 between the Company and Quadravest Inc., assigned to the Manager effective June 1, 2010. For the fiscal year of the Company ended November 30, 2013, and for the period from December 1, 2013 to March 31, 2014, the Manager received aggregate fees under such agreements of \$141,711 and \$51,252 from the Company, respectively. Certain of the officers and directors of the Company are also officers and directors of the Manager. These directors and officers do not receive any additional compensation from the Company for acting as directors and officers of the Company.

MATTERS TO BE VOTED ON AT THE MEETING

1. Extension of the Termination Date of the Company

The Articles of the Company currently provide that the Priority Equity Shares and the Class A Shares shall be redeemed by the Company on the Termination Date, which is currently scheduled for December 1, 2014. Shareholders are being asked to pass the special resolution which would, among other things, extend the Termination Date initially to December 1, 2019. The reasons for the term extension proposal are as follows:

- ***Extending the life of the Company would allow Shareholders to participate in any continued strengthening of the common shares of the Bank***

The Company originally began operations on August 7, 2007. During the period from September 2007 to March 2009, the TSX declined by 44.8% from the peak to trough and Bank's common shares also declined by 43.0% during this period. Since 2009, governments across the world have intervened through massive monetary and fiscal stimulus in an attempt to aid the recovery in economies and markets. Over the last several years the North American economies and markets have responded and significantly improved.

The Bank's common shares have experienced a significant recovery from the March 2009 lows. The Bank has also resumed its historical trend as an above-average dividend growth stock over the last few years, with its dividend now having increased by 54.1% since 2010. The current yield of the Bank common shares as at March 26, 2014 was 3.6%.

As a result of the improvement in the Bank's common shares, the net asset value per Unit of the Company has improved from \$9.94 on March 15, 2009 to \$14.54 on March 31, 2014 after the payment of \$0.04375 in Priority Equity Share dividends each month during the period. The net asset value of the Company attributable to the Class A Shares increased by 65.4% in the fiscal year of the Company ended November 30, 2013.

The extension of the term to December 1, 2019 would allow Class A Shareholders to continue to participate on a leveraged basis to any continued strengthening in the Bank's common shares over the extension period. Priority Equity Shareholders would also continue to benefit through a continued stream of attractive monthly dividends at an annual rate of 5.25% based on the original issue price of \$10.00.

- ***Long term investors may benefit from an expanded time horizon***

The proposal to extend the termination date to at least December 1, 2019 will facilitate greater investment flexibility for both existing Shareholders and potential new investors. An extended time horizon for the Company would allow current investors to continue to receive their current monthly distributions beyond December 1, 2014 as well as have an opportunity to have greater flexibility over the timing of any potential exit from their investment. Shareholders will continue to be able to have the opportunity to sell their investment in the market as well as have their regular monthly and annual retraction opportunities. Shareholders who do not wish to continue investing in the Company would be given the 2014 Special Retraction Right, as discussed below, which would allow them to retract their investment in the Company this year on terms similar to those that would apply on the termination of the Company. A longer term horizon should also make the Company more attractive to potential investors as they would have reduced market timing risk with a fund that has a time horizon of more than five years. This could have a favorable impact on the trading price of one or both classes of Shares.

- ***Extending the term allows for the continuation of active Portfolio management***

In the absence of the extension proposal, the Manager would have to begin winding down the investments in the Company in the fall of 2014. In particular, the income enhancement strategy (covered call writing strategy) employed by the Company would be adversely impacted in the final months before wind-up. This could result in the Company generating less income in the final months due to decreased market exposure.

Accordingly, Shareholders are being asked to extend the Termination Date of the Company initially by five years (from the current scheduled date) to December 1, 2019. If the special resolution is approved, the Priority Equity Shares and the Class A Shares will continue to be listed and trade on the TSX and holders will also continue to have their normal monthly and annual retraction rights, as described in the Annual Information Form, until the final redemption of all the Shares.

2014 Special Retraction Right

If the extension of the termination date to December 1, 2019 is approved at the Meeting, the Company will also amend the Articles to provide Shareholders with a special retraction right (the **2014 Special Retraction Right**) which is designed to provide Shareholders with an opportunity to retract their Shares in June 2014 and receive a retraction price that is calculated in the same way that such price would be calculated if the Company were to terminate on December 1, 2014 as originally contemplated.

If the extension of the Termination Date is approved, a Shareholder who retracts a Class A Share under the 2014 Special Retraction Right will receive a retraction price per Class A Share equal to the net asset value per Unit calculated on June 13, 2014, less \$10.00. A Shareholder who retracts a Priority Equity Share under the 2014 Special Retraction Right will receive a retraction price per Priority Equity Share equal to the lesser of (i) \$10.00 and (ii) the net asset value per Unit calculated on June 13, 2014. Shareholders wishing to take advantage of the 2014 Special Retraction Right must surrender their Shares for retraction no later than the close of business on June 4, 2014. Payment for the Class A Shares or Priority Equity Shares so tendered for retraction pursuant to the 2014 Special Retraction Right will be made no later than June 27, 2014.

Implementing the 2014 Special Retraction Right

As noted above, Shares are issued on the basis that there will be an equal number of Priority Equity Shares and Class A Shares outstanding. As a result of the expected exercise of the 2014 Special Retraction Right, the Company may need to take steps to equalize the number of Shares of each class outstanding, depending upon the number of Shares of each class that are retracted. A number of options are open to the Company in this regard.

The special resolution will permit the Articles to be amended to provide the Company with a redemption right (the **2014 Special Redemption Right**) which will allow it to redeem on a pro rata basis such number of Priority Equity Shares (if more Class A Shares are tendered for redemption under the 2014 Special Retraction Right) or such number of Class A Shares (if more Priority Equity Shares are tendered for redemption under the 2014 Special Retraction Right) as is required to achieve an equality of outstanding Shares of each class.

The redemption price paid in the case of a redemption of Priority Equity Shares under the 2014 Special Redemption Right would be the lesser of \$10.00 and the net asset value per Unit as at June 13, 2014 plus accrued and unpaid dividends to the date of redemption; the redemption price paid in the case of a redemption of Class A Shares in respect of the 2014 Special Redemption Right would be the net asset value per Unit as at June 13, 2014 less \$10.00 plus all declared and unpaid dividends to the date of redemption. Payment would be made no later than June 27, 2014.

Also, the Company may, and the special resolution will permit the Company to, file an amendment to its Articles to effect a subdivision of its outstanding Class A Shares if more Class A Shares are retracted under the 2014 Special Retraction Right than Priority Equity Shares, or if more Priority Equity Shares are retracted under the 2014 Special Retraction Right than Class A Shares, effect a consolidation of its outstanding Class A Shares, in each case on a basis that will maintain an equal number of Class A Shares and Priority Equity Shares outstanding.

It is also possible that the Company might be able to achieve an equality of outstanding Shares of each Class following the exercise of the 2014 Special Retraction Right through a private placement of Shares of the Class for which there were the greater number of redemption requests, in an amount sufficient to achieve such equality, or it might be able to recirculate (that is, find purchasers for) a sufficient number of Shares of the Class for which there were the greater number of redemption requests, again in an amount sufficient to achieve such equality, or some combination of these two options.

The method or methods to be used by the Company to achieve such equality will be determined by the Board of Directors in its discretion, assisted by the recommendation of the Manager in this regard, having regard to which options or combination of options which are considered to be in the best interests of Shareholders in light of all the circumstances then prevailing. A press release will be issued providing details of the method or methods to be used by the Company to achieve an equality of Shares of both Classes and confirming the exact timing thereof.

Additional Extensions for Terms of Five Years

By approving the special resolution to extend the Termination Date of the Company to December 1, 2019, Shareholders will also be approving the extension of the Company for an additional term of five years as determined by the Board of Directors of the Company. The Termination Date may then be further extended for additional successive terms of five years each in the discretion of the Board of Directors. Shareholders will be able to redeem their Shares in connection with any such five year extension by exercising an additional retraction right (the **Continuing Special Retraction Right**) which is again designed to provide Shareholders with an opportunity to retract their Shares and receive a retraction price that is calculated in the same way that such price would be calculated if the Company were to terminate on its scheduled Termination Date.

A Shareholder who retracts a Class A Share under the Continuing Special Retraction Right will receive a retraction price per Class A Share equal to the net asset value per Unit calculated on November 30 of the year in which the Termination Date is extended, less \$10.00. A Shareholder who retracts a Priority Equity Share under the Continuing Special Retraction Right will receive a retraction price per Priority Equity Share equal to the lesser of (i) \$10.00 and (ii) the net asset value per Unit calculated on November 30 of such year. Shareholders wishing to take advantage of the Continuing Special Retraction

Right must surrender their Shares for retraction no later than the close of business on November 1 of the year in which the Termination Date is extended (or, if such November 1 is not a business day, on the immediately preceding business day). Payment for the Class A Shares or Priority Equity Shares so tendered for retraction pursuant to the Continuing Special Retraction Right will be made no later than December 15 of such year (or, if December 15 is not a business day, the immediately succeeding business day).

The Company will issue a press release at least 60 days prior to any scheduled Termination Date, indicating whether the term of the Company will be extended or not and, if it is to be extended, advising Shareholders of their Continuing Special Retraction Right.

The ability to extend the Termination Date as discussed above will save the Company all of the associated costs of holding a special Shareholders meeting while still retaining each Shareholders' right to retract their Shares on the same basis as if a Termination Date had occurred.

Implementing the Continuing Special Retraction Right

As noted above, Shares are issued on the basis that there will be an equal number of Priority Equity Shares and Class A Shares outstanding. As a result of any exercise of a Continuing Special Retraction Right, the Company may need to take steps to equalize the number of Shares of each class outstanding, depending upon the number of Shares of each class that are retracted.

As noted above, the special resolution will permit the Articles to be amended to provide the Company with the Special Redemption Right as a means of ensuring that an equal number of Priority Equity Shares and Class A Shares outstanding following the exercise of the 2014 Special Retraction Right. The Special Redemption Right will also apply in respect of any exercise of the Continuing Special Retraction right, as it will allow the Company to redeem such number of Priority Equity Shares (if more Class A Shares are tendered for redemption under the Continuing Special Retraction Right) or such number of Class A Shares (if more Priority Equity Shares are tendered for redemption under the Continuing Special Retraction Right) as is required to achieve an equality of outstanding Shares of each class. The redemption price paid in the case of a redemption of Priority Equity Shares under the Special Redemption Right would be the lesser of \$10.00 and the net asset value per Unit as at the otherwise scheduled termination date; the redemption price paid in the case of a redemption of Class A Shares under the Special Redemption Right would be the net asset value per Unit as at such date less \$10.00.

The special resolution would also authorize the filing of articles of amendment to effect a consolidation or subdivision of Priority Equity Shares or Class A Shares following any exercise of the Continuing Special Retraction Right, if necessary to equalize the number of Shares of each class outstanding thereafter.

II. Early Termination Prior to a Termination Date

In addition to extending the termination date for the Company, the special resolution would permit the Articles to be amended to provide that the Company could be terminated in the discretion of the Manager if the Priority Equity Shares or the Class A Shares are delisted by the TSX, or if the net asset value of the Company declines to less than \$5,000,000, a level the Manager views as generally constituting the Company uneconomic to maintain. This would protect investors from retaining an investment in a fund the assets of which were insufficient from a cost and efficiency standpoint for it to continue as an effective investment option.

In the event the Company were to receive notice from the TSX that the Priority Equity Shares and the Class A Shares are to be delisted by the TSX, or if the net asset value of the Company were on any Valuation Date be less than \$5,000,000 (each such event a **Liquidation Event**), the Manager could

determine to cause the Company to redeem all outstanding Priority Equity Shares and Class A Shares on a date determined by the directors of the Company (the **Liquidation Date**) upon payment:

- (a) of an amount (the **Priority Equity Share Liquidation Redemption Amount**) in respect of each Priority Equity Share to be so redeemed equal to (i) (A) the net asset value of the Company on the Liquidation Date multiplied by a fraction, the numerator of which is the volume-weighted average trading price on the TSX (the **VWAP**) of the Priority Equity Shares calculated over the 20 trading days ending immediately prior to the announcement by the Company of the occurrence of the Liquidation Event and the denominator of which is the aggregate VWAP of the Priority Equity Shares and the Class A Shares calculated over the 20 trading days ending immediately prior to such announcement, divided by (B) the number of Priority Equity Shares outstanding on the Liquidation Date, plus (ii) all accrued and unpaid and declared and unpaid dividends on a Priority Equity Share to be so redeemed to but excluding the Liquidation Date; and
- (b) of an amount (the **Class A Share Liquidation Redemption Price**) in respect of each Class A Share to be so redeemed equal to (i) (A) the net asset value of the Company on the Liquidation Date multiplied by a fraction, the numerator of which is the VWAP of the Class A Shares calculated over the 20 trading days ending immediately prior to the announcement by the Company of the occurrence of the Liquidation Event and the denominator of which is the aggregate VWAP of the Priority Equity Shares and the Class A Shares calculated over the 20 trading days ending immediately prior to such announcement, divided by (B) the number of Class A Shares outstanding on the Liquidation Date, plus (ii) all declared and unpaid dividends on a Capital Share to be so redeemed to but excluding the Liquidation Date.

The Company shall, at least 30 days prior to the Liquidation Date, provide notice to each person who is a registered holder of Priority Equity Shares or Class A Shares of the intention of the Company to redeem such Shares. Such notice shall set out the Liquidation Date and the manner and place or places within Canada at which such Shares will be so redeemed.

III. Changes to the Dividend Entitlement for the Priority Equity Shares

The special resolution will permit the Company to file an amendment to the Articles that will permit it to determine the rate of cumulative preferential monthly dividends for the Priority Equity Shares for the five year renewal period commencing December 1, 2019, and in respect of any subsequent five year renewal term. Such determination will be made no later than September 30 (or the first business day thereafter, if September 30 is not a business day) each year during the term of the Company and announced by press release.

This change will provide the Board of Directors with the opportunity to make any appropriate changes to the amounts paid on the Priority Equity Shares in the context of market conditions existing at the relevant time. As there would no longer be a fixed Termination Date for the Company, the Board of Directors believes it important to provide for additional flexibility in this regard.

IV. Change to the Wording of the Company's Investment Objective

NI 81-102 requires Shareholder approval for any change to the fundamental investment objective for an investment fund such as the Company, and a similar requirement is contained in the Articles. As set forth above, the current investment objective of the Company was drafted with reference to the original issue price of the Priority Equity Shares and the Class A Shares, and also contemplated a fixed term for the Company. The Manager believes that the concept of the original issue price of the Shares has little relevance to today's Shareholders, who are far more likely to have acquired their Shares through

purchases made on the TSX, at prices quite different from the original issue prices, than to have acquired such Shares at the original issue price under the Initial Prospectus in 2007. In addition, the reference to a fixed termination date in the current investment objectives will be obsolete if the extension of the Termination Date is approved.

Accordingly, Shareholders will be asked, as part of the extension of the term of the Company, to approve a change to the wording of the Company's investment objective as follows:

The Company's investment objective with respect to the Priority Equity Shares is (a) to provide holders of Priority Equity Shares with cumulative preferential monthly cash dividends, the amount of which is fixed by the board of directors of the Company in respect of each five-year term of the Company; and (b) on the Termination Date, to pay the holders of the Priority Equity Shares an amount per Priority Equity Share equal to the Priority Equity Share Repayment Amount of \$10.00.

The Company's investment objective with respect to the Class A Shares is (a) to provide holders of Class A Shares with regular monthly cash distributions, in an amount to be determined by the board of directors of the Company; and (b) to permit such holders to participate in all growth in the net asset value of the Company above \$10.00 per Unit, by paying such holders, on or about the Termination Date, such amounts as remain in the Company on the Termination Date after paying the Priority Equity Share Repayment Amount to the holders of the Priority Equity Shares.

The Company's current monthly distribution policy with respect to the Class A Shares would not change as a result of this change to the Company's investment objective, and these changes will have no impact on the management of the Company's assets.

V. Change in Payments for Regular Monthly Retractions

For all monthly retractions other than the December retraction in each year, Shareholders currently receive a retraction price based on a discount to the then applicable net asset value of the Company. That is, holders of Priority Equity Shares are entitled to receive a price per share equal to the lesser of (i) \$10.00 and (ii) 96% of the net asset value per Unit determined as of the applicable retraction date, less the cost to the Company of the purchase of a Class A Share in the market for cancellation and less any other applicable costs. Holders of Class A Shares are entitled to receive a retraction price per share equal to 96% of the net asset value per Unit determined as of the applicable retraction date, less the cost to the Company of the purchase of a Priority Equity Share in the market for cancellation and less any other applicable costs.

Shareholders are being asked at the Meeting to approve a reduction in the discount to net asset value applicable on monthly redemptions of Shares from 4% to 2%. That is, holders of Priority Equity Shares would be entitled to receive a price per share equal to the lesser of (i) \$10.00 and (ii) 98% of the net asset value per Unit determined as of the applicable retraction date, less the cost to the Company of the purchase of a Class A Share in the market for cancellation and less any other applicable costs and holders of Class A Shares would be entitled to receive a retraction price per share equal to 98% of the net asset value per Unit determined as of the applicable retraction date, less the cost to the Company of the purchase of a Priority Equity Share in the market for cancellation and less any other applicable costs. The Manager expects that this change may improve trading prices relative to the net asset value for the Company during certain periods, for all Shareholders, and would provide for an increased payment to Shareholders exercising their monthly retraction rights.

The Manager believes that reducing the discount could reasonably be expected over time to have the effect of increasing the use of the monthly retraction feature. Increased use of this feature would have

the effect of reducing the size of the Company and the management fees that would otherwise be payable to the Manager. It is therefore proposed that the 2% discount would be payable to the Manager to partially compensate the Manager for this reduction in management fees. Under NI 81-102, securityholder approval is required for this change of fees and accordingly, Shareholders are being asked to approve this change to the Investment Management Agreement. The Board of Directors has agreed, subject to receipt of the necessary Shareholder approvals, to so amend the Investment Management Agreement.

VI. Change to the Year-End Distribution Rules

Under the Articles, as noted above, the Company is prohibited from paying any distributions to holders of Class A Shares, beyond the regular monthly dividends, if the effect of paying such a special dividend would be that the net asset value per Unit would decline to less than \$20.00. Under the Tax Act, to the extent that the Company earns net income (other than taxable dividends from taxable Canadian corporations and taxable capital gains) such as interest, dividends from corporations other than taxable Canadian corporations or certain gains from the disposition of a security under a derivative forward agreement, the Company will be subject to income tax on such income and no refund will be available in respect thereof. To the extent that the Company earns net income that consists of taxable dividends from taxable Canadian corporations and taxable capital gains, the Company is effectively exempted from tax on such amounts (or entitled to refunds of taxes paid on such amounts) to the extent such amounts are paid to Shareholders.

The Company is proposing to amend the Articles so as to permit the Company to pay special year-end dividends on the Class A Shares even if, after payment of such a dividend, the net asset value per Unit would be less than \$20.00, where the purpose of such a special dividend in a year would be to reduce or eliminate the amount of net tax payable by the Company under the Tax Act for that year. Any dividends so declared would be payable in additional Class A Shares, and not in cash, and following the payment the Articles would be further amended to effect a Share consolidation, so that after such payment, the Shareholder would hold the same number of Class A Shares as were held immediately prior to such payment. This Share consolidation would also restore the net asset value per Unit to the same amount as immediately before the year end distribution.

Special distributions received by a holder of Class A Shares would be taxable as either “capital gains dividends” or ordinary dividends, even though such dividends are not paid in cash. Shareholders should refer to the Annual Information Form for the tax implications of receiving such dividends.

RECOMMENDATION OF THE BOARD OF DIRECTORS AND INDEPENDENT REVIEW COMMITTEE

The Board of Directors of the Company has unanimously approved each of the matters to be voted on at the Meeting, with directors who are officers of the Manager declaring an interest and refraining from voting on the payment of the 2% monthly retraction discount to the Manager.

On February 24, 2014, the Independent Review Committee (**IRC**) for the Company advised the Manager that it was of the view that the calling and holding of the Meeting for the purpose of having Shareholders consider the matters set forth in this Circular achieves a fair and reasonable result for Shareholders, based on the Manager’s preliminary advice as to the matters to be voted on at the Meeting. On April 9, 2014, the IRC confirmed its recommendation in this regard, based on its review of the final form of this Circular.

INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSALS

The Manager receives the management and administration fees as more fully described in the Annual Information Form. If the resolution approving the extension of the Termination Date of the Company is passed, the Manager will continue to receive these fees during each extension period. . If the resolution regarding the change in the discount to net asset value applicable to monthly redemptions is passed, the Investment Management Agreement would also be amended to provide for the payment to the Manager of the 2% monthly retraction discount, as discussed above.

VOTING SECURITIES AND PRINCIPAL HOLDERS

All of the issued and outstanding Class B Shares of the Company are owned by the TDb Split Corp. Holding Trust (the **Trust**), a trust of which S. Wayne Finch is the trustee and the holders of the Priority Equity Shares and Class A Shares outstanding from time to time are the principal beneficiaries. The Trust, as the sole holder of the Class B Shares, has approved matters to be voted on at the Meeting.

As of April 11, 2014, to the knowledge of the directors and officers of the Company, no person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the voting rights attached to the Priority Equity Shares or the Class A Shares of the Company.

VOTING ON THE PROPOSED CHANGES

Shareholders are being asked at the Meeting to pass a special resolution substantially in the form attached hereto as Appendix "A" to approve the amendments to the Articles of the Company regarding the extension of the term of the Company and related matters discussed in the Circular. Shareholders are also being asked at the Meeting to pass a special resolution regarding an amendment to the Articles to change the discount to net asset value applicable to monthly redemptions from 4% to 2%, and a related amendment to the Investment Management Agreement to provide for this amount to be paid to the Manager.

These special resolutions, to be effective, requires the approval of not less than two-thirds of the votes cast by Shareholders of each class present in person or by proxy at the Meeting. These special resolutions may, by their terms, not be proceeded with by the Board of Directors of the Company at any time prior to the filing of articles of amendment without further notice to, or action on the part of, Shareholders if the Board of Directors determines in its sole judgment that it would be inadvisable for the Company to proceed with the amendments to the Articles discussed in this Circular.

APPROVAL BY THE BOARD OF DIRECTORS

The contents and mailing to Shareholders of this Circular have been approved by the Board of Directors of the Company.

April 11, 2014.



S. WAYNE FINCH
President and Chief Executive Officer
of TDb Split Corp.

**APPENDIX “A”
SPECIAL RESOLUTIONS OF TDb SPLIT CORP.**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The articles of incorporation of TDb Split Corp. (the “Company”), as amended (the “Articles”), be further amended to extend the term of the Company, as follows:
 - a. to extend the termination date of the Company from December 1, 2014 to, initially, December 1, 2019;
 - b. to provide holders of the Priority Equity Shares and the Class A Shares with the 2014 Special Retraction Right, as described in the Management Information Circular of the Company dated April 11, 2014 (the “Circular”);
 - c. to provide for the Special Redemption Right, as defined in the Circular;
 - d. to permit the filing of future articles of amendment to consolidate or subdivide the outstanding Priority Equity Shares or Class A Shares as necessary to equalize the number of such Shares of each class outstanding following any exercise of the 2014 Special Retraction Right;
 - e. to provide for the extension of the Company beyond December 1, 2019 for additional terms of five years each and provide for the Continuing Special Retraction Right, as defined in the Circular;
 - f. to provide for a special redemption of the Priority Equity Shares or the Class A Shares in connection with any implementation of the Continuing Special Retraction Right; and
 - g. to permit the filing of future articles of amendment to consolidate or subdivide the outstanding Priority Equity Shares or Class A Shares as necessary to equalize the number of such Shares of each class outstanding following any exercise of the Continuing Retraction Right;

all as more particularly described in the Circular.
2. The Articles be further amended to provide for the early termination of the Company in the discretion of Quadravest Capital Management Inc. (the “Manager”), the Company’s manager and investment manager, if the Priority Equity Shares or the Class A Shares are delisted by the Toronto Stock Exchange, or if the net asset value declines to less than \$5,000,000.
3. The Articles be further amended to permit the Company to amend the dividend entitlement of the Priority Equity Shares so as to provide the Company with the right to establish the rate or amount of cumulative preferential monthly dividends to be paid on the Priority Equity Shares for the for the five year renewal period commencing December 1, 2019, and in respect of any subsequent five year renewal term.
4. The wording of the Company’s investment objective be changed, as more particularly set out in the Circular.

5. The Articles be further amended so as to permit the Company to pay special year-end dividends on the Class A Shares even if, after payment of such a dividend, the net asset value per Unit would be less than \$20.00, where the purpose of such a special dividend in a year would be to reduce or eliminate the amount of net tax payable by the Company under the *Income Tax Act* (Canada) for that year.
6. The Board of Directors and officers of the Company be and they are hereby authorized and directed to take such action and to execute and deliver all such documentation as may be necessary or desirable for the implementation of this special resolution.
7. Notwithstanding the provisions hereof, the Board of Directors of the Company may revoke this special resolution at any time prior to the endorsement by the Director of the Certificate of Amendment under the *Business Corporations Act* (Ontario) giving effect hereto without further approval of the shareholders of the Company.

BE IT FURTHER RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The Articles be further amended to decrease the discount to net asset value applicable to monthly redemptions of Shares from 4% to 2% and that the Board of Directors be authorized to amend the terms of the investment management agreement between the Company and the Manager dated July 27, 2007 (the “Investment Management Agreement”), to provide for the amount of this reduced discount to be paid to the Manager.
2. The Board of Directors and officers of the Company be and they are hereby authorized and directed to take such action and to execute and deliver all such documentation as may be necessary or desirable for the implementation of this special resolution.
3. Notwithstanding the provisions hereof, the Board of Directors of the Company may revoke this special resolution at any time prior to the endorsement by the Director of the Certificate of Amendment under the *Business Corporations Act* (Ontario) giving effect hereto without further approval of the shareholders of the Company.

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