

Please read this material carefully as you are required to make a decision prior to 5:00 p.m. (local time in Toronto, Ontario) on November 3, 2014. If you are uncertain as to how to deal with it you should contact your investment dealer, stock broker, bank manager or other professional advisor.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This offering is made in each of the provinces of Canada. The securities to which this offering relates have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States of America or to any resident thereof. See “*Details of the Offering – Shareholders Outside Canada*”.

Rights Offering

August 6, 2014

Dividend Select



DIVIDEND SELECT 15 CORP.

77 King Street West, Suite 4500, Toronto, Ontario M5K 1K7

OFFERING OF 7,678,237 RIGHTS TO SUBSCRIBE FOR UP TO 1,919,559 EQUITY SHARES

Price: Four Rights and a subscription price per Equity Share of \$10.32

To the Shareholders of Dividend Select 15 Corp.:

Dividend Select 15 Corp. (the “Company”) is issuing to the holders (“Shareholders”) of its Equity Shares (“Equity Shares”) of record as at the close of business on August 25, 2014 (the “Record Date”) rights (the “Rights”) to subscribe for and purchase from the Company an aggregate of up to 1,919,559 Equity Shares, at a price (the “Subscription Price”) of \$10.32, on the terms set forth herein (the “Offering”). Each Shareholder of record on the Record Date will receive one Right for each Equity Share held. Four Rights entitle the holder to acquire one Equity Share upon payment of the Subscription Price.

Number of Rights: 7,678,237.

Record Date: August 25, 2014.

Expiry Date and Time: 5:00 p.m. (local time in Toronto, Ontario) (the “Expiry Time”) on November 3, 2014 (the “Expiry Date”). **Rights not exercised at or before the Expiry Time on the Expiry Date will be void and of no value.**

Subscription Price per Equity Share: \$10.32 (the “Subscription Price”).

Basic Subscription Privilege: Each Shareholder of record on the Record Date is entitled to receive one Right for each Equity Share held. Every four Rights held by a holder of Rights will entitle the holder to subscribe for one Equity Share at the Subscription Price per Equity Share (the “Basic Subscription Privilege”). See “*Basic Subscription Privilege*”.

Maximum Number of Equity Shares Issuable: 1,919,559 Equity Shares, assuming the exercise of all Rights issued pursuant to the Offering. There is no minimum number of Equity Shares issuable pursuant to the Offering.

Estimated Expenses: The estimated expenses of this Offering are approximately \$385,000 (assuming full subscription under this Offering).

**Standby
Commitment:** None.

**Additional
Subscription
Privilege:** Persons who subscribe in full under the Basic Subscription Privilege may also subscribe *pro rata* for additional Equity Shares not subscribed for initially, if any, on the basis set forth herein (the “Additional Subscription Privilege”). See “*Additional Subscription Privilege*”.

The Rights are fully transferable by holders.

The Equity Shares are listed on the Toronto Stock Exchange (the “TSX”). The closing price of the Equity Shares on the TSX on August 5, 2014 was \$9.81. The TSX has conditionally approved the listing of the Rights and the Equity Shares issuable on the exercise of the Rights, subject to the Company fulfilling all of the requirements of the TSX on or before October 28, 2014. Trading in the Rights on the TSX will cease at 12:00 noon (local time in Toronto, Ontario) on the Expiry Date.

Subscriptions for Equity Shares made in connection with this Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Equity Shares once submitted. Rights certificates will not be issued to Shareholders in connection with the Offering.

The Company utilizes the book-entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”). A subscriber may subscribe for Equity Shares by instructing the CDS Participant (as hereinafter defined) holding the subscriber’s Rights to exercise all or a specified number of such Rights and concurrently forwarding the subscription price for each Equity Share subscribed for to the CDS Participant which holds the subscriber’s Rights. Subscribers wishing to subscribe for additional Equity Shares under the additional subscription privilege must forward their request to their CDS Participant prior to the Expiry Time, along with payment for the additional Equity Shares requested. Any excess funds will be returned by mail, or credited to a subscriber’s account with its CDS Participant, without interest or deduction.

Shareholders that wish to acquire Equity Shares pursuant to this Offering must provide the CDS Participant holding their Rights with instructions and the required payment sufficiently in advance of the Expiry Date to permit the proper exercise of their Rights. CDS Participants will have an earlier deadline for receipt of instructions and payment.

If a Shareholder elects not to exercise the Rights issued hereunder, or elects to sell those Rights, the percentage ownership of the Company held by that Shareholder will be reduced as a result of the exercise of Rights by others. See “*Details of the Offering – Risk Factors*”.

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DIVIDEND SELECT 15 CORP.

Dividend Select 15 Corp. (the “Company”) is a mutual fund corporation incorporated under the laws of the Province of Ontario by certificate and articles of incorporation dated August 26, 2010, as amended effective October 27, 2010. Quadravest Capital Management Inc. (“Quadravest”) is the manager and investment manager for the Company under an agreement (the “Management and Investment Management Agreement”) dated October 27, 2010. The principal office address of the Company is 77 King Street West, Suite 4500, Toronto, Ontario M5K 1K7.

Quadravest is the manager and investment manager of 11 other public mutual fund corporations and one public mutual fund trust with total assets under management of approximately \$1.5 billion. The principal office address of Quadravest is at 77 King Street West, Suite 4500, Toronto, Ontario M5K 1K7, and its website address is www.quadravest.com. RBC Investor Services Trust (the “Custodian”) acts as custodian of the assets of the Company and is responsible for certain aspects of the day-to-day administration of the Company, including processing redemptions, calculating net asset values, net income and net realized capital gains of the Company and maintaining the books and records of the Company. The address of the Custodian is 155 Wellington Street West, Toronto, Ontario M5V 3L3.

Equity Shares are listed on the Toronto Stock Exchange (“TSX”) where they trade under the symbol “DS”. As at the date hereof, there are 7,678,237 Equity Shares outstanding. The net asset value of the Company as at August 5, 2014 was approximately \$77.7 million and the net asset value per Equity Share was \$10.12.

The Company has been created to provide investors with an opportunity to invest in a portfolio (the “Portfolio”) of 15 Canadian companies (the “Portfolio Companies”) whose shares offer investors an above-average dividend yield, and which have shown solid earnings growth and have a history of capital appreciation. The Portfolio Companies will be selected from among 19 companies (the “Portfolio Universe”) listed on the TSX set out below:

Bank of Montreal	Husky Energy Inc.	The Bank of Nova Scotia
BCE Inc.	National Bank of Canada	The Toronto-Dominion Bank
Canadian Imperial Bank of Commerce	Power Corporation of Canada	Thomson Reuters Corporation
CI Financial Corp.	Royal Bank of Canada	TMX Group Inc.
Enbridge Inc.	Sun Life Financial Inc.	TransAlta Corporation
EnCana Corporation	TELUS Corporation	TransCanada Corporation
Great-West Lifeco Inc.		

The selection of the Portfolio Companies from among the Portfolio Universe will be made by Quadravest, based on its assessment from time to time as to which companies in the Portfolio Universe have the most stable dividends and attractive growth potential. The Portfolio will be actively managed by Quadravest.

The Company’s investment objectives are to provide holders of Equity Shares of the Company (“Shareholders”) with (i) monthly cash distributions, plus (ii) the opportunity for capital appreciation, through investment in the common shares of the Portfolio Companies. There can be no assurance the Company’s investment objectives will be achieved.

The initial distribution target established by the Company is to pay regular monthly cash distributions of \$0.0583 per Equity Share to yield 7.00% per annum on the original issue price of \$10.00 per Equity Share. The Company will establish periodic distribution targets based on the actual and expected dividends

received by the Company on the Portfolio, actual and expected net premiums received from call options written on the securities in the Portfolio and the estimated expenses of the Company, among other factors.

To supplement the dividends earned on the Portfolio and to reduce risk, the Company will from time to time write covered call options in respect of all or part of the Portfolio. The individual securities within the Portfolio which are subject to call options and the terms of such options will vary from time to time based on QuadraVest's assessment of the market. The Company's call option writing program is actively managed by QuadraVest taking into account current market conditions, current dividend yields and option premiums available from the companies in the Portfolio Universe.

In addition to writing covered call options, 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 Portfolio Companies or other Portfolio securities that it holds. The Company may enter into trades to close out positions in such permitted derivatives. The Company may also use derivatives for hedging purposes as QuadraVest determines appropriate from time to time.

The Company has no current intention of lending its portfolio securities, but is not precluded from doing so. If it chooses to lend its Portfolio securities, the Company will do so pursuant to the requirements in this regard set out in National Instrument 81-102 *Mutual Funds* ("NI 81-102").

Capitalization

The following table sets forth the capitalization of the Company before and after giving effect to the proceeds of this Offering:

	Authorized	Outstanding as at November 30, 2013	Outstanding as at August 6, 2014	Outstanding as at August 6, 2014 after giving effect to the Offering⁽¹⁾
Equity Shares	Unlimited	8,154,120	7,678,237	9,597,796
Class B Shares	1,000	1,000	1,000	1,000

Notes:

(1) Assuming full subscription under this Offering, ignoring rounding due to fractions.

Fees and Expenses Payable by the Company

The following table sets out the fees and expenses payable by the Company. The fees and expenses payable by the Company will reduce the value of an investment in the Company.

<u>Type of Fee</u>	<u>Amount and Description</u>
Fees Payable in Connection with the Offering:	The Company will pay a subscription fee of \$0.18 per Equity Share in respect of each subscription procured by a CDS Participant (as defined below) on behalf of its clients.
Expenses of the Offering:	The expenses of the Offering (including the costs of printing and preparing this circular, legal expenses of the Company, marketing expenses and

certain other expenses) will be paid by the Company out of the gross proceeds of the Offering.

Management Fee and Service Fee:

Pursuant to a management and investment management agreement between the Company and Quadravest Inc. dated October 27, 2010 (the “**Management Agreement**”), Quadravest is entitled to a management fee payable monthly in arrears at an annual rate equal to 0.75% of the Net Asset Value calculated as at the last date in each month (a “**Valuation Date**”), plus an amount equal to the service fee (the “**Service Fee**”) described below. The Company will also pay any goods and services taxes or harmonized sales taxes applicable to this management fee.

Quadravest will pay the Service Fee to each dealer whose clients hold Equity Shares. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the value of the Equity Shares held by clients of the dealer.

Operating Expenses of the Company:

In addition to the Service Fee and management fee referred to above, the Company will pay for all other expenses incurred in connection with the operation and administration of the Company, estimated to be approximately \$250,000 per annum. These expenses are expected to include, without limitation, mailing and printing expenses for periodic reports to Shareholders; fees payable to the Company’s custodian for acting as custodian of the assets of the Company and performing certain administrative services; fees payable to the Company’s registrar and transfer agent with respect to the Equity Shares; fees payable to the independent directors of the Company and the Company’s IRC (as defined below); fees payable to the auditor and legal advisors of the Company; regulatory filing and stock exchange fees (including any such fees payable by Quadravest in respect of the services it provides to the Company); and expenditures incurred upon the dissolution of the Company. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which Quadravest is entitled to indemnity by the Company. The Company will also be responsible for all commissions and other costs of Portfolio transactions.

REASON FOR THE OFFERING

The reason for the Offering is to provide the Company with additional capital that can be used to capitalize on certain attractive Portfolio investment opportunities that Quadravest foresees arising over the next few months. By raising additional cash through the Offering, Quadravest will be able to continue pursuing investment opportunities that it considers attractive. In addition, the successful completion of the Offering may also increase the trading liquidity of the Equity Shares and reduce the management expense ratio of the Company.

The Independent Review Committee of the Company, each member of which is independent of the Company and Quadravest, is of the view that the making of the Offering achieves a fair and reasonable result for Shareholders.

DETAILS OF THE OFFERING

Issue of Rights

All Shareholders of the Company at the close of business on August 25, 2014 (the “Record Date”) shall receive Rights on the basis of one Right for each Equity Share held on such date. The Rights permit the holders thereof to subscribe for and purchase from the Company an aggregate of 1,919,559 Equity Shares. The Rights are fully transferable by the holders thereof. See “*Details of the Offering – Sale or Transfer of Rights*” and “*Statement as to Resale Restrictions*”.

Subscription Basis

Four Rights entitle the holder to subscribe for one Equity Share at a price per Equity Share (the “Subscription Price”) of \$10.32, all as described below under “*How to Subscribe for Equity Shares – Basic Subscription Privilege*”. Fractional Equity Shares will not be issued and a Shareholder holding a total number of Rights not equally divisible by four will not be entitled to subscribe for an additional Equity Share with any remainder of less than four Rights.

Time and Date of Expiry

The Rights will be eligible for exercise on and following August 26, 2014 and will expire at 5:00 p.m. (local time in Toronto, Ontario) (the “Expiry Time”) on November 3, 2014 (the “Expiry Date”). Holders who exercise their Rights pursuant to the terms and conditions contained herein will not become Shareholders of record until shortly following the Expiry Date. **Rights not exercised by the Expiry Time on the Expiry Date will be void.**

Listing

The Rights will be listed and posted for trading on the TSX until 12:00 noon (local time in Toronto, Ontario) on the Expiry Date.

Subscription Fee

The Company will pay a subscription fee of \$0.18 per Equity Share in respect of each subscription procured by a CDS Participant (as defined below) on behalf of its clients.

Sale or Transfer of Rights

Holders of Rights may, instead of exercising their Rights to subscribe for Equity Shares, sell or transfer their Rights. Sales or transfers of ownership of Rights will be effected only through records maintained by CDS or its nominee for such Rights with respect to interests of CDS Participants and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Holders of Rights who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of their Rights, may do so only through CDS Participants.

The Rights, like the Equity Shares, are issued in book-entry form through CDS. Accordingly, holders of Rights who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Equity Shares, namely, by providing instructions to the CDS Participant holding their Equity Shares or Rights in accordance with the policies and procedures of the CDS Participant.

Risk Factors

An investment in the Company is subject to certain risks, as more fully described in the Company's annual information form dated February 26, 2014 under "*Risk Factors*". **Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Company's annual information form and other public filings before making an investment decision.**

The Subscription Price is not an indication of value.

The Subscription Price is \$10.32 for each Equity Share purchased, which is a price equal to 102% of the net asset value per Equity Share on August 5, 2014, the most recently calculated net asset value prior to the date of this Circular. The Subscription Price was determined by the Company and Shareholders should not consider the Subscription Price as an indication of the Company's current or future value.

A decline in the market price of the Equity Shares may occur.

As at the date of this Circular, the trading price of the Equity Shares is below the Subscription Price, and the Company can make no assurance that any future trading price for the Equity Shares will be above the Subscription Price. Future trading prices of the Equity Shares may change positively or negatively from the current trading price depending on various factors including the Company's operations and overall conditions affecting the Portfolio.

Exercises of Rights may not be revoked.

Subscribers may not revoke or change the exercise of Rights after they send in their subscription forms and payment, even if the trading price of the Equity Shares subsequently declines below the Subscription Price, resulting in a loss on investment upon the exercise of the Rights.

Shareholders need to act promptly and follow subscription instructions.

Shareholders who desire to purchase Equity Shares in this Offering must act promptly to ensure that all required forms and payments are actually received by the Subscription Agent prior to the Expiry Time on the Expiry Date of November 3, 2014. If Shareholders fail to complete and sign the required subscription forms, send an incorrect payment amount, or otherwise fail to follow the subscription procedures that apply to the exercise of Rights by the holder, the Subscription Agent may, depending on the circumstances, reject the subscription or accept it to the extent of the payment received. None of the Company, QuadraVest or the Subscription Agent undertakes to Subscribers that it will, or will attempt to, correct an incomplete or incorrect subscription form or payment. The Company has the sole discretion to determine whether an exercise of Rights properly follows the subscription procedures.

Significant sales of Rights and the Equity Shares, or the perception that significant sales may occur in the future, could adversely affect the market price for the Rights and Equity Shares.

The sale of substantial amounts of the Rights and the Equity Shares could adversely affect the price of these securities. The Company cannot foresee the impact of such potential sales on the market, but it is possible that if a significant percentage of such available Equity Shares and Rights are attempted to be sold within a short period of time, the market for the Equity Shares and the Rights would be adversely affected. Even if a substantial number of sales do not occur within a short period of time, the mere existence of this "market overhang" could have a negative impact on the market for the Equity Shares and the Rights.

Shareholders who do not exercise their Rights will experience dilution.

If Shareholders do not exercise all of their Rights pursuant to the Basic Subscription Privilege, their current percentage ownership in the Company will be diluted by the issuance of Equity Shares upon the exercise of Rights by other Shareholders.

There can be no assurance that an active trading market for the Rights will exist.

Although the Company expects that the Rights will be listed on the TSX, there can be no assurance that an active or any trading market in the Rights will develop or that Rights can be sold on the TSX at any time. The TSX has conditionally approved the listing of the Rights distributed under this Circular and the Equity Shares issuable upon the exercise thereof on the TSX. Listing will be subject to the Company fulfilling all of the requirements of the TSX.

SUBSCRIPTION AGENT

Computershare Investor Services Inc. has been appointed the agent of the Company (the “Subscription Agent”) to: (i) receive subscriptions and payments from CDS Clearing and Depository Services Inc. (“CDS”) for the Equity Shares and Additional Equity Shares (as hereinafter defined) subscribed for under the Basic Subscription Privilege and under the Additional Subscription Privilege, respectively; and (ii) perform the services relating to the exercise of the Rights. The Company will pay for all such services of the Subscription Agent.

CERTIFICATES

Except as otherwise provided below, the Rights will be issued in “book-entry only” form. On the Record Date, the Company will cause one or more global Rights certificates to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no holder of Rights will be entitled to a certificate or other instrument from the Company or CDS evidencing that holder’s ownership of Rights, and no holder of Rights will be shown on the records maintained by CDS except through a book-entry account of a CDS participant (“CDS Participant”) acting on behalf of such holder. The Company expects that each Shareholder will receive a confirmation of the number of Rights owned from its respective CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS Participants include securities dealers, banks and trust companies. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

The Equity Shares issuable on the exercise of the Rights will be issued in “book-entry only” form through CDS. Upon the completion of the subscription for Equity Shares (including Additional Equity Shares) under the Offering, the Company will cause the global certificate(s) representing the Equity Shares, which are registered in the name of CDS, to be amended accordingly. No subscriber of Equity Shares under the Offering will be entitled to a certificate or other instrument from the Company or CDS evidencing such subscriber’s ownership of Equity Shares issued on the exercise of the Rights, and no such subscriber will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such subscriber. The Company expects that each subscriber of Equity Shares under the Offering will receive a confirmation of the number of Equity Shares owned from its respective CDS Participant in accordance with the practices and procedures of that CDS Participant.

Neither the Company, Quadravest nor the Subscription Agent will have any liability for (i) the records maintained by CDS relating to the Rights or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or

representation made or given by CDS and made or given herein with respect to the rules and regulations of CDS or any action to be taken by CDS or at the direction of CDS Participants.

The Rights will be issued in fully registered form to holders or their nominees other than CDS or its nominee if (i) the Company determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and the Company is unable to locate a qualified successor, (ii) the Company at its option elects to do so, or is required by law to do so, (iii) the Company elects to terminate the book-entry system through CDS, or (iv) CDS's book-entry system ceases to exist. The ability of a person having an interest in Rights outstanding in "book-entry only" form to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

HOW TO EXERCISE THE RIGHTS

Basic Subscription Privilege

To determine the maximum whole number of Equity Shares for which subscription may be made under the Offering, divide the number of Rights by four (the "Basic Subscription Privilege").

The subscriber may subscribe for the resulting whole number of Equity Shares (ignoring fractions) or any lesser whole number of Equity Shares by instructing the CDS Participant holding the subscriber's rights to exercise all or a specified number of such rights and forwarding the Subscription Price for each Equity Share subscribed for to the CDS Participant which holds the subscriber's Rights.

The full Subscription Price must be received by the CDS Participant sufficiently in advance of the Expiry Date to permit the proper exercise of the Rights.

Rights are not qualified for sale under the securities laws of the United States of America and accordingly shall not be delivered to a national or resident of the United States of America (see "*How to Exercise the Rights – Shareholders Outside Canada*"). Payment of the Subscription Price will constitute a representation to the CDS Participant that the subscriber is not a national or resident of the United States of America, its territories or possessions or the agent of any such person and is not purchasing Equity Shares for resale to any such person.

Subscriptions for Equity Shares made in connection with this Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Equity Shares once submitted. If a holder of Rights is unsure how to subscribe, that person should contact his or her investment dealer, stock broker or the Subscription Agent or any member firm of the Investment industry Regulatory Organization of Canada, or other qualified professional advisor.

Additional Subscription Privilege

Each holder of Rights who has initially subscribed for all of the Equity Shares to which he or she is entitled pursuant to the Basic Subscription Privilege has the right to subscribe for additional Equity Shares, if available, at a price equal to the Subscription Price for each additional Equity Share (collectively, the "Additional Equity Shares").

The number of Additional Equity Shares available for all additional subscriptions will be the difference, if any, between the number of Equity Shares issuable upon exercise of Rights and the total number of Equity Shares subscribed for pursuant to the Basic Subscription Privilege at the Expiry Date (the "Additional Subscription Privilege"). Subscription for Additional Equity Shares will be received subject

to allotment only and the number of Additional Equity Shares, if any, which may be allotted to each subscriber will be equal to the lesser of: (a) the number of Additional Equity Shares which that subscriber has subscribed for under the Additional Subscription Privilege; and (b) the product (disregarding fractions) obtained by multiplying the number of Additional Equity Shares by a fraction, the numerator of which is the number of Rights exercised by that subscriber under the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights exercised under the Basic Subscription Privilege by all subscribers under the Additional Subscription Privilege. If any holder of Rights has subscribed for fewer Additional Equity Shares than such holder's *pro rata* allotment of Additional Equity Shares, the excess Additional Equity Shares will be allotted in a similar manner among the subscribers who were allotted fewer Additional Equity Shares than they subscribed for.

To apply for Additional Equity Shares under the Additional Subscription Privilege, holders of Rights must forward their request to a CDS Participant prior to the Expiry Date. Payment for Additional Equity Shares, in the same manner as for the Basic Subscription Privilege, must accompany the request when it is delivered to the CDS Participant. Any excess funds will be returned by mail, or credited to a subscriber's account with its CDS Participant, without interest or deduction. Payment of such price must be received by the Subscription Agent prior to the Expiry Time on the Expiry Date, failing which the subscriber's entitlement to such Equity Shares shall terminate.

Shareholders Outside Canada

Rights issued to, and that would otherwise be received by, Shareholders whose recorded address is in the United States of America will be delivered to and held on their behalf by, their CDS Participant.

The Equity Shares are not registered under the United States Securities Act of 1933, as amended. This Offering is made in Canada and not in the United States of America or any territory or possession thereof. This Offering is not, and under no circumstances is to be construed as, an offering of any Rights or Equity Shares for sale in the United States of America or any territory or possession thereof or an offering to any national or resident of the United States of America or any territory or possession thereof or a solicitation therein of any offer of Rights or Equity Shares. Accordingly, neither a subscription nor an application for Additional Equity Shares will be accepted from any person, or his agent, who appears to be, or who the Company has reason to believe is, a national or resident of the United States of America or its territories or possessions (a "United States Shareholder").

The CDS Participant(s) for United States Shareholders may, prior to the Expiry Date, as agent for and on behalf of the United States Shareholders, attempt to sell the Rights issued to such United States Shareholders at the price or prices it determines in its sole discretion. Any proceeds received by the CDS Participant(s) with respect to such Rights will be delivered by the CDS Participant(s) mailing cheques in Canadian funds as soon as practicable to such United States Class Shareholders at their last recorded addresses or held for the account of such Shareholder as such Shareholder may direct.

Shareholders resident outside Canada are cautioned that the acquisition and disposition of Rights and Equity Shares may have tax consequences in the jurisdiction where they reside and in Canada which are not described herein.

STATEMENT AS TO RESALE RESTRICTIONS

Securities legislation in Canada restricts the ability of a holder to trade the Rights, and the Equity Shares issued on exercise of the Rights, without certain conditions having been fulfilled or applicable prospectus requirements having been complied with. The following is a general summary of the foregoing provisions governing the first trades in the Rights and the Equity Shares issued on exercise of the Rights

in the jurisdictions in Canada in which this Offering is being made. Additional restrictions apply to “insiders” of the Company and holders of securities who are “control persons” or the equivalent or who are deemed to be part of what is commonly referred to as a “control block” in respect of the Company for purposes of applicable securities legislation. **However, each holder is urged to consult his professional advisors to determine the exact conditions and restrictions applicable to such right to trade in securities.**

Pursuant to National Instrument 45-102 *Resale of Securities*, the first trade in securities issued in reliance upon the prospectus exemptions of applicable Canadian securities legislation is exempt from the prospectus requirements of such legislation if: (a) the issuer is a “reporting issuer” in a jurisdiction of Canada for the four months immediately preceding the trade; (b) the trade is not a “control distribution” as described in applicable securities legislation; (c) no unusual effort is made to prepare the market or to create a demand for the securities; (d) no extraordinary commission or consideration is paid in respect of such trade; and (e) if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of applicable securities legislation.

The Company has been a reporting issuer since November 18, 2010 in each of the provinces of Canada. Holders of Rights or Equity Shares issued in reliance upon applicable exemptions from prospectus requirements in any Canadian province will be permitted to freely trade their securities so long as the foregoing conditions are met or must rely on other exemptions under applicable securities legislation in order to effect trades of the securities.

The foregoing is a summary only and is not intended to be exhaustive. Holders should consult with their advisors concerning restrictions on resale, and should not resell their securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

UNDELIVERABLE DOCUMENTS

If any Rights offering documents are returned to a CDS Participant prior to the Expiry Date as undeliverable, the respective Rights may be sold and the net proceeds held by the CDS Participant for the account of the Shareholders whose Rights offering documents were undeliverable, and in the event such proceeds are not claimed within one year of the expiry of the Offering, such proceeds will be paid to the Company.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) and the regulations thereunder (the “Tax Act”) with respect to the receipt, exercise and disposition of Rights under the Offering. This summary is only applicable to a Shareholder who is resident in Canada, deals at arm’s length and is not affiliated with the Company, has not entered and will not enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the Rights or Equity Shares and holds its Equity Shares, and will hold its Rights, and the Equity Shares issued pursuant to the exercise of the Rights, as capital property. Rights and Equity Shares will generally be considered to be capital property to a Shareholder unless they are held in the course of carrying on a business of trading or dealing in securities or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade. A Shareholder whose Equity Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Equity Shares and every other “Canadian security” (as defined in the Tax Act) owned by such Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Such an election would not apply in respect of

the Rights. Shareholders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

This summary is based on the current provisions of the Tax Act and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “CRA”) made publicly available in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”). No assurances can be given that the Proposed Amendments will be enacted as proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in the law or administrative policies or assessing practices, whether by way of legislative, governmental or judicial decision or action, nor does it take into account provincial or foreign tax legislation or considerations.

This summary does not apply to a Shareholder that is a “financial institution” as defined in section 142.2 of the Tax Act or a “specified financial institution” as defined for purposes of the Tax Act, nor does it apply to a taxpayer an interest in which is a tax shelter investment for the purposes of the Tax Act.

This summary is of a general nature only and does not take into account or consider the tax laws of any province or territory or of any jurisdiction outside Canada. Shareholders should consult the Company’s annual information form dated February 26, 2014, for a summary of the principal Canadian federal income tax considerations relating to the Equity Shares. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder, and no representations concerning the tax consequences to any particular shareholder are made. Shareholders should consult their own tax advisors regarding the income tax considerations applicable to them having regard to their particular circumstances.

Receipt of Rights

No amount will be required to be included in computing the income of a Shareholder as a consequence of acquiring Rights under the Offering. The cost of a Right received under the Offering will be nil. The cost of a Right acquired by a Shareholder will be averaged with the adjusted cost base to the Shareholder immediately before such acquisition of all other Rights held as capital property at the time of such acquisition to determine the adjusted cost base of each such Right to the Shareholder.

Exercise of Rights

The exercise of Rights will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized on the exercise of Rights. An Equity Share acquired by a Shareholder upon the exercise of Rights will have a cost to the Shareholder equal to the aggregate of the Subscription Price for such Equity Share and the adjusted cost base, if any, to the Shareholder of the Rights so exercised. The cost of an Equity Share acquired by a Shareholder upon the exercise of Rights will be averaged with the adjusted cost base to the Shareholder immediately before such acquisition of all other Equity Shares held as capital property at the time of such acquisition to determine the adjusted cost base of each such Equity Share to the Shareholder.

Disposition and Expiry of Rights

Upon the disposition of a Right by a Shareholder, other than pursuant to the exercise thereof, the Shareholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are less than) the adjusted cost base, if any, of the Right to the Shareholder. Upon the expiry of an unexercised Right, a Shareholder will realize a capital loss equal to the adjusted cost base, if any, of the Right to the Shareholder. One half of a capital gain (a “taxable

capital gain”) will be included in the Shareholder’s income, and one half of a capital loss (an “allowable capital loss”) may be deducted against taxable capital gains in accordance with the detailed rules in the Tax Act in that regard. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act. Capital gains realized by a Shareholder that is an individual or a trust, other than certain trusts, may give rise to alternative minimum tax under the Act.

Eligibility for Investment

Provided that the Rights and the Equity Shares issued on the exercise of Rights are listed on a designated stock exchange for purposes of the Tax Act (which currently includes the TSX) at any time, such Rights and Equity Shares, respectively, will be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan, registered disability savings plan and tax-free savings account (“TFSA”) (collectively, “Registered Plans”) at that time. Prospective investors should consult their own tax advisors as to the effect of holding or exercising Rights in a registered education savings plan.

Notwithstanding the foregoing, if the Rights or the Equity Shares are a “prohibited investment” for the purposes of a TFSA, a RRSP or a RRIF, the holder of such TFSA or the annuitant of such RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Rights and the Equity Shares will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant thereof, as the case may be, (i) deals at arm’s length with the Company, for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, Equity Shares will not be a “prohibited investment” if such Equity Shares are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP or RRIF. Prospective purchasers who intend to hold Rights or Equity Shares in a TFSA, RRSP or RRIF are advised to consult their own tax advisors.

DESCRIPTION OF THE EQUITY SHARES OF THE COMPANY

The Company is authorized to issue an unlimited number of transferable, redeemable Equity Shares and 1,000 Class B voting non-participating shares. All Equity Shares have equal rights and privileges, described in the Company’s annual information form. Certain of such rights and privileges are described below; such description is qualified in its entirety by the discussion in such annual information form.

Distributions

The initial distribution target established by the Company is to pay regular monthly cash distributions of \$0.0583 per Equity Share to yield 7.00% per annum on the original issue price of the Equity Shares to Shareholders of record on the last business day of each month (each a “Dividend Record Date”). The Company will monitor this distribution target on a monthly basis and amend it as required, taking into account the actual and expected dividends received by the Company on the Portfolio, actual and expected net premiums received from call options written on the securities in the Portfolio and the estimated expenses of the Company, among other factors. The amount of the monthly distributions may fluctuate from month to month and there can be no assurance that the Company will make any distributions in any particular month or months.

Distributions declared by the Board of Directors of the Company will be payable to Shareholders of record at 5:00 p.m. (Toronto time) on the applicable Dividend Record Date with payment being made within 15 days thereafter. Distributions paid on the Equity Shares may consist of ordinary dividends, capital gains dividends which are treated as realized capital gains, and non-taxable returns of capital.

Retraction Privileges

Subject always to the Company's right to suspend retractions in the circumstances described in the Company's annual information form, Equity Shares may be retracted at the option of Shareholders on the last business day of each month (a "Monthly Retraction Date"). In order to effect such a retraction, the Equity Shares must be surrendered for retraction to Computershare Investor Services Inc. ("Computershare"), the Company's registrar and transfer agent, by no later than 5:00 p.m. (Toronto time) on the date which is 20 business days prior to the Monthly Retraction Date. Payment of the retraction price will be made on or before the 15th business day of the following month (the "Retraction Payment Date"). Shareholders surrendering an Equity Share for retraction, except in connection with the Annual Retraction Date (as defined below), will receive a retraction price equal to the lesser of (i) 95% of the weighted average trading price of the Equity Shares on the TSX (or on such other principal exchange or market on which the Equity Shares are quoted for trading as may from time to time be applicable) for the 10 business days immediately preceding the applicable Monthly Retraction Date, (ii) 100% of the closing market price of an Equity Share on the applicable Monthly Retraction Date, and (iii) 95% of the net asset value of an Equity Share on the last business day of the month; less in each case any costs associated with the retraction including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. Equity Shares may also be retracted by the holder effective the last business day in March (the "Annual Retraction Date") in each year. Equity Shares properly surrendered for retraction at least 20 business days prior to the Annual Retraction Date will be retracted on such Annual Retraction Date, and payment of the retraction price will be made on or before the Retraction Payment Date. Shareholders retracting Equity Shares on an Annual Retraction Date will be entitled to receive a retraction price per Equity Share equal to the net asset value per Equity Share on the Annual Retraction Date, less any costs associated with the retraction including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. Any unpaid distribution payable on or before the Monthly or Annual Retraction Date in respect of Equity Shares tendered for retraction will also be paid on or before the Retraction Payment Date.

Shareholder Matters

Except as required by law or set out below, holders of Equity Shares will not be entitled to receive notice of, to attend or to vote at any meeting of shareholders of the Company.

The following matters require the approval of the holders of Equity Shares by a majority vote (other than matters which require approval by a two-thirds majority vote under the *Business Corporations Act* (Ontario)) at a meeting called and held for such purpose:

- (a) a change in the fundamental investment objectives of the Company;
- (b) a change in the investment restrictions of the Company as described under "*Investment Restrictions*" in the Company's annual information form;
- (c) any change in the basis of calculating fees or other expenses that are charged to the Company which could result in an increase in charges to the Company;
- (d) the introduction of a fee or expense to be charged to the Company or directly to Shareholders by the Company or QuadraVest that could result in an increase in charges to the Company or Shareholders;

- (e) the approval to the appointment of a successor to Quadravest as the manager and investment manager of the Company following its resignation or assignment of the Management and Investment Management Agreement, unless an affiliate is appointed;
- (f) the removal of Quadravest as the manager and investment manager of the Company and the appointment of a successor or successors in the event Quadravest is insolvent, or is in breach or default of its obligations under the Management and Investment Management Agreement and such breach or default is not cured within 30 days of notice of such breach or default being given to Quadravest;
- (g) any other change of manager of the Company unless an affiliate of Quadravest becomes the manager;
- (h) a decrease in the frequency of calculating the net asset value;
- (i) any merger of the Company for which Shareholder approval under NI 81-102 would be required;
- (j) any change to the Company's termination date except as provided under "*Termination of the Company – Early Termination*" in the Company's annual information form;
- (k) an amendment, modification or variation in the provisions or rights attaching to the Equity Shares or Class B Shares; and
- (l) any other matter for which the approval of the holders of the Equity Shares is required under the provisions of the *Business Corporations Act* (Ontario) or NI 81-102, each as amended from time to time.

Each Equity Share will have one vote at such a meeting. Ten per cent of the outstanding Equity Shares represented in person or by proxy at the meeting will constitute a quorum. If no quorum is present, the holders of Equity Shares then present will constitute a quorum at an adjourned meeting.

Reporting to Shareholders

The Company will deliver (or, if permitted by law, make available) to each Shareholder annual and semi-annual financial statements of the Company, annual and interim management reports of fund performance and such additional or other statements or reports as may be required by law. Each Shareholder will be mailed annually, no later than February 28, information necessary to enable such Shareholder to complete an income tax return with respect to amounts paid or payable by the Company in respect of the preceding taxation year of the Company.

Listing

The outstanding Equity Shares of the Company are listed on the TSX under the symbol "DS". The TSX has conditionally approved the listing and posting for trading of the Rights offered pursuant to this Offering and the Equity Shares to be issued upon the exercise of the Rights.

Price Ranges

The following table sets forth the market price range of the Equity Shares on the TSX for the periods indicated.

<u>Trading Date</u>	<u>High</u>	<u>Low</u>
2013		
July	\$9.40	\$9.05
August	\$9.30	\$9.07
September	\$9.28	\$9.08
October	\$9.39	\$9.01
November	\$9.68	\$9.37
December	\$9.70	\$9.32
2014		
January	\$9.78	\$9.35
February	\$9.73	\$9.33
March	\$9.79	\$9.55
April	\$9.80	\$9.50
May	\$10.10	\$9.70
June	\$10.04	\$9.70
July	\$10.09	\$9.76

On August 5, 2014, the closing price of the Equity Shares on the TSX was \$9.81. As at August 5, 2014, the net asset value per Equity Share was \$10.12.

Book-Entry System

Registration of interests in and transfers of the Equity Shares will be made only through the book-entry only system administered by CDS through a CDS Participant. All rights of an owner of Equity Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Equity Shares. The ability of a beneficial owner of Equity Shares to pledge such Equity Shares or otherwise take action with respect to such owner's interest in such Equity Shares (other than through a CDS Participant) may be limited due to the lack of a certificate.

An owner of Equity Shares who desires to exercise redemption privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to redeem Equity Shares, no later than 5:00 p.m. (Toronto time) on the relevant notice date. An owner who desires to redeem Equity Shares should ensure that the CDS Participant is provided with notice (the "Redemption Notice") of his or her intention to exercise the redemption privilege sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The Redemption Notice will be available from a CDS Participant or Computershare, the Company's transfer agent and registrar. Any expense associated with the preparation and delivery of redemption notices will be for the account of the owner exercising the redemption privilege.

By causing a CDS Participant to deliver to CDS a notice of the owner's intention to redeem Equity Shares, an owner shall be deemed to have irrevocably surrendered his or her Equity Shares for

redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any Redemption Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect, and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Company to the CDS Participant or the owner.

The Company has the option to terminate registration of its Equity Shares through the book-entry only system, in which case certificates for Equity Shares in fully registered form would be issued to beneficial owners of such Equity Shares, or their nominees.

USE OF PROCEEDS

The approximate net proceeds to be derived by the Company from the subscription by the Shareholders, if all Equity Shares offered are subscribed for and taken up are estimated to be approximately \$19,429,456, after deduction of estimated expenses of this Offering of approximately \$385,000. The net proceeds from the subscriptions for Equity Shares offered hereunder will be used to acquire additional Portfolio securities in accordance with the Company's investment objectives and strategy.

INTENTION OF INSIDERS TO EXERCISE RIGHTS

To the knowledge of the Company, none of the insiders of the Company, including the directors and officers of the Company and Quadravest, own Equity Shares of the Company and accordingly will not receive Rights pursuant to the Offering.

OWNERSHIP OF SECURITIES

To the knowledge of the Company, other than CDS, as at August 5, 2014, no person owns, beneficially or of record, either directly or indirectly, or exercises control or direction, over more than 10% of the outstanding Equity Shares.

CHANGES IN OWNERSHIP OF SECURITIES

To the best of the knowledge and belief of Quadravest, there have been no transfers of Equity Shares that have materially affected control of the Company. In addition, except as otherwise disclosed herein, there have been no undisclosed material changes in the business or operations of the Company since November 30, 2013, the date of the last audited financial statements of the Company.

AUDITOR, REGISTRAR AND TRANSFER AGENT

The auditor of the Company is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario. Computershare, at its principal offices in Toronto, is the registrar and transfer agent for the Equity Shares of the Company.

WEBSITE

Additional information about the Company is available in its annual information form, management reports of fund performance and financial statements. These documents are available on the Company's website at www.dividendselect15.com. These documents and other information about the Company, such as past prospectuses, information circulars and material contracts, are also available through SEDAR (the System for Electronic Document Analysis and Retrieval) at www.sedar.com.