



## INDEPENDENT REVIEW COMMITTEE

### Report in Respect of the Fiscal Year Ended November 30, 2011 for:

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| <i>Canadian Banc Corp.</i>                         | <i>Canadian Life Companies<br/>Split Corp.</i> | <i>Capital Gains Income<br/>STREAMS Corporation</i> |
| <i>Commerce Split Corp.<br/>(Original and New)</i> | <i>Dividend 15 Split Corp.</i>                 | <i>Dividend 15 Split Corp. II</i>                   |
| <i>Dividend Select 15 Corp.</i>                    | <i>Financial 15 Split Corp.</i>                | <i>Financial 15 Split Corp. II</i>                  |
| <i>Income STREAMS III<br/>Corporation</i>          | <i>M Split Corp.</i>                           | <i>Prime Dividend Corp.</i>                         |
| <i>TDb Split Corp.</i>                             | <i>US Financial 15 Split Corp.</i>             |   |

### Report in Respect of the Fiscal Year Ended December 31, 2011 for:

#### *Income Financial Trust*

Quadravest Capital Management Inc. (“Quadravest”) is the manager (within the meaning of such term in National Instrument 81-102 – *Mutual Funds* (“NI 81-102”)) and portfolio adviser (within the meaning of such term in NI 81-102) of 14 investment fund corporations and one investment fund trust (each a “Fund” and collectively the “Funds”), the shares or units of which are listed on the Toronto Stock Exchange. Each of the Funds is subject to National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”).

As required by NI 81-107, Quadravest has established an independent review committee (“IRC”) for the Funds, to which Quadravest must refer conflict of interest matters for review or approval. NI 81-107 imposes obligations upon Quadravest to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide assistance to the IRC in carrying out its functions.

The IRC is required to report to securityholders of the Funds in respect of each fiscal year of the Funds. This report of the IRC relates to Canadian Banc Corp., Capital Gains Income STREAMS Corporation, Dividend 15 Split Corp., Dividend 15 Split Corp. II, Dividend Select 15 Corp., Financial 15 Split Corp., Financial 15 Split Corp. II, Income STREAMS III Corporation, M Split

Corp., New Commerce Split Corp., Original Commerce Split Corp., Prime Dividend Corp., TDb Split Corp. and US Financial 15 Split Corp., each of which has a fiscal year end of November 30 in each year. It also relates to Income Financial Trust, which has a fiscal year end of December 31 in each year. A "Reporting Period" for purposes of this Report is the fiscal year of each Fund commencing on December 1, 2010 and ending on November 30, 2011, or commencing on January 1, 2011 and ending on December 31, 2011, as applicable.

In February 2012, all of the outstanding shares of Split Yield Corporation listed on the Toronto Stock Exchange were delisted and redeemed by such corporation. Accordingly, this report does not relate to this investment fund.

### **Composition of the IRC**

A single IRC has been established in respect of all of the Funds collectively. Gordon A. M. Currie, William C. Thornhill and John D. Steep are currently the members of the IRC. Each of the members of the IRC believes he is, and has received advice of counsel that he is, "independent" of Quadrainvest for purposes of NI 81-107.

Mr. Currie, who acts as the chairman of the IRC, is the Executive Vice President and Chief Legal Officer of George Weston Limited, which he joined in 2005. Prior to that, he was the General Counsel of Direct Energy, the North American subsidiary of Centrica plc. Prior to that, he was a partner at Blake, Cassels & Graydon LLP, specializing in securities law, having joined the firm in 1983.

Mr. Thornhill is currently the President of William C. Thornhill Consulting Inc. Until July 2005, he was the Vice-Chairman of Quadrainvest. Prior to joining Quadrainvest, Mr. Thornhill spent over 30 years in the financial services business and held a number of senior positions at a major Canadian trust company including Executive Vice-President, Products, Senior Vice-President, Finance, and Vice-President, Treasury and Corporate Investments. Mr. Thornhill is a director of each of the Funds other than Income Financial Trust. Mr. Thornhill also serves on the IRC of the CIBC mutual funds.

Mr. Steep is currently the President of S Factor Consulting Inc. Prior to retiring in 2002, Mr. Steep spent over 30 years in the financial services business and retired as a Senior Vice-President at a major Canadian chartered bank. Mr. Steep is a director of each of the Funds other than Income Financial Trust.

Each of the members of the IRC agreed to so act effective May 1, 2007 in respect of all Funds other than Dividend Select 15 Corp. Upon the initial public offering of securities of Dividend Select 15 Corp. in October 2010, the IRC agreed that it would act as the IRC of this Fund as well.

There have been no changes to the composition of the IRC since its formation. On June 1, 2010, Quadrainvest assumed responsibilities as manager of the Funds from its affiliate, Quadrainvest Inc., pursuant to an assignment of the relevant management contracts, and at such time the composition of the IRC was confirmed by Quadrainvest.

None of the members of the IRC owns any shares or units of any of the Funds as at the date of this report.

### **Compensation**

Members of the IRC each currently receive compensation of \$15,000 per annum (\$25,000 per annum for the chairman of the IRC) plus reimbursement of expenses. The costs of this compensation are apportioned among the Funds in Quadravest's discretion but in accordance with its allocation policies in this regard. The amount of compensation so allocated to a particular Fund in a fiscal year is disclosed in the Fund's annual information form in respect of that fiscal year.

The initial compensation for IRC members was set by the predecessor manager to Quadravest and applied until April 30, 2009. The IRC has been entitled to set its own compensation for periods subsequent to April 30, 2009. Decisions in this regard are based on its assessment of the amount of time and effort involved in acting as the IRC of the Funds and its understanding what other investment funds are then paying for comparable services.

No direct expenses were reimbursed to IRC members during the Reporting Periods of the Funds. While each member of the IRC has been indemnified out of the assets of each Fund, no claim was made under any such indemnity in respect of a Fund during the Reporting Period for that Fund.

### **Activities of the IRC**

The IRC met on February 15, 2011 and was provided with a report by Quadravest on the following policies and procedures of Quadravest, which had been prepared or revised to reflect the provisions of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Responsibilities:

- (a) Statement of Policies with respect to the Use of Soft Dollars;
- (b) Statement of Policies with respect to Inter-Fund Trading;
- (c) Statement of Policies regarding the Purchase of Securities of Related or Connected Issuers and of Certain Other Issuers;
- (d) Statement of Policies Regarding the Fairness in the Allocation of Investment Opportunities;
- (e) Statement of Policies Regarding Referral Arrangements
- (f) Statement of Policies Regarding Allocation of Common Expenses; and
- (g) Statement of Policies Regarding Correction of Fund Valuation / Pricing Errors.

At such meeting, certain standing instructions were also considered by the IRC, following a report from Quadravest as to their use during the previous Reporting Period of the Funds, as follows:

- (a) standing instructions relating to the Statement of Policies with respect to the Use of Soft Dollars;
- (b) standing instructions relating to the Statement of Policies with respect to Inter-Fund Trading; and

- (c) standing instructions relating to the Statement of Policies regarding the Purchase of Securities of Related or Connected Issuers and of Certain Other Issuers.

Such standing instructions were confirmed by the IRC in respect of the ensuing fiscal years of the Funds.

At such meeting, it was also confirmed that the three executive officers of Quadrainvest had made the required statutory declarations regarding their compliance with the personal trading policies of Quadrainvest in respect of the calendar year ended December 31, 2010.

At such meeting, following discussions with Quadrainvest and consistent with the recommendation made by Quadrainvest to the IRC in this regard, the IRC indicated that its current intention was to maintain its compensation at \$15,000 per member per annum (\$25,000 per annum for the chairman of the IRC) plus reimbursement of expenses for the period from May 1, 2011 to April 30, 2012.

On September 22, 2011, the IRC met to review and make a recommendation on the Manager's decision to call a special meeting of shareholders of Canadian Banc Corp. (formerly Canadian Banc Recovery Corp.) and Prime Dividend Corp. to extend the termination date of each Fund as more specifically described in the Management Information Circular (the "Circulars") for each Fund dated September 27, 2011. The IRC unanimously determined that the calling and holding of the special meetings for the purpose of having the shareholders of the Funds consider the matters described in the Circulars, on the terms set forth in the Circulars, achieved a fair and reasonable result for such shareholders.

### **Availability of this Report**

This Report is required to be filed on SEDAR (the System for Electronic Document Analysis and Retrieval, found at [www.sedar.com](http://www.sedar.com)) and on each Fund's website. A copy was delivered to Quadrainvest on the date hereof. A Fund is required to provide a copy of this report to securityholders of the Fund free of charge upon request to the Fund at Investor Relations, Royal Trust Tower, 77 King Street West, P.O. Box 341, Toronto, Ontario M5K 1K7.

February 22, 2012.