



Annual Report
November 30, 2007

This report may contain forward-looking statements about the Company. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Company action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events, and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Company. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Company currently anticipates that subsequent events and developments may cause the Company’s views to change, the Company does not undertake to update any forward-looking statements.

MANAGEMENT REPORT OF FUND PERFORMANCE

NOVEMBER 30, 2007

This is the annual Management Report of Fund Performance (MRFP) for **M Split Corp.** for the period ended November 30, 2007. This MRFP contains financial highlights but does not contain the complete financial statements of the Company. The annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at www.m-split.com or by writing to the Company at Investor Relations, Royal Trust Tower, 77 King Street West, P.O. Box 341, Toronto, Ontario, M5K 1K7.

These reports are available to view and download at www.m-split.com or www.sedar.com.

INVESTMENT OBJECTIVES AND STRATEGIES

M Split Corp. invests primarily in common shares of Manulife Financial Corporation. In order to supplement the dividends received from Manulife Financial Corp., the Company will from time to time write covered call options in respect of some or all of the common shares in the portfolio.

The Company has two types of shares:

Priority Equity Shares	Class A Shares
<p>The investment objectives with respect to the Priority Equity Shares are as follows:</p> <ol style="list-style-type: none">To provide holders with fixed cumulative preferential monthly cash dividends in an amount of \$0.04375 per Priority Equity Share to yield 5.25% per annum on the original issue price, andOn or about December 1, 2014 (the termination date) to pay holders the original issue price (\$10) of those shares.	<p>The investment objectives with respect to the Class A shares are as follows:</p> <ol style="list-style-type: none">To provide holders with regular monthly cash distributions targeted to be \$0.05 per Class A Share to yield 6.0% per annum on the original issue price; andOn or about December 1, 2014 (the termination date) to pay holders the original issue price (\$10) of those shares.

RISKS

The risks of investing in the Company remain as discussed in the Annual Information Form dated February 21, 2008.

RESULTS OF OPERATIONS

Distributions to both Class A shareholders and Priority Equity shareholders were made at the targeted rates during the period and the net asset value per unit was \$19.32 as at November 30, 2007. The dividend income in the portfolio was supplemented by a limited covered call writing program which provides some additional income to the portfolio.

RECENT DEVELOPMENTS

The Canadian Institute of Chartered Accountants (CICA) has issued new standards for the fair valuation and recording of portfolio investments for fiscal years beginning on or after October 1, 2006 (see note 2 in the annual financial statements for further details). Basically, the new standards require that portfolio investments be measured based on the last bid price of a security rather than the last traded price (as previously had been the case). The annual financial statements attached reflect these changes. The implementation of these new valuation standards is immaterial to the Company as can be seen in note 2 which presents the actual impact of this change on the net asset value per unit.

Distributions

Class A Shares	Priority Equity Shares
Class A shareholders are entitled to receive regular monthly cash dividends initially targeted to be \$0.05 per Class A Share to yield 6% per annum on the original issue price. Dividends paid during the period were made at the targeted rate for a total of \$0.35 per share	Priority Equity shareholders are entitled to receive regular monthly cash dividends in the amount of \$0.04375 per Priority Equity Share to yield 5.25% per annum on the original issue price. Dividends paid during the period were paid at the targeted rate for a total of \$0.3252 per share.

RELATED PARTY TRANSACTIONS

The Investment Manager and Manager earn fees from the Company as described below in the Management Fees section.

MANAGEMENT FEES

The Investment Manager is entitled to a base management fee payable monthly in arrears at an annual rate equal to 0.55% of the Company's Net Asset Value calculated as at the last Valuation Date in each month. The Manager is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% of the Company's Net Asset Value calculated as at the last Valuation Date in each month.

Total management fees of \$371,287 paid for the period ended November 30, 2007 include the base management fee and the administration fee. The base management fee was used by the Investment Manager to pay costs for the managing of the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Company, which includes all operational, financial accounting, shareholder reporting and all regulatory reporting requirements.

SUMMARY OF INVESTMENT PORTFOLIO

All holdings as at November 30, 2007

Investment	Weighting (%)
Manulife Financial Corporation	96.8
Total long positions as a percentage of net assets	96.8
Other net assets	3.2

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

FINANCIAL HIGHLIGHTS

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

THE COMPANY'S NET ASSET VALUE (NAV) PER UNIT

	2007 ⁽²⁾
Net asset value per unit, beginning of the period ⁽¹⁾	\$18.97 ⁽³⁾
Increase (decrease) from operations	
Total revenue	0.30
Total expenses	(0.13)
Realized gains for the period	0.08
Unrealized gains for the period	0.77
Total increase from operations ⁽⁴⁾	1.02
Distributions ⁽⁵⁾	
Taxable Dividends	(0.59)
Capital Gains	(0.09)
Total annual distributions	(0.68)
Net asset value per unit, as at November 30	19.32
Net asset value per Priority Equity share	10.00
Net asset value per Class A share	9.32
Net asset value per unit at November 30	19.32

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

⁽²⁾ Initial period was from April 18, 2007 to November 30, 2007

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

⁽⁴⁾ Total increase from operations is calculated based on the weighted average number of units outstanding during the year

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

RATIOS AND SUPPLEMENTAL DATA

	2007 ⁽¹⁾
Net assets (millions)	\$91.8
Number of units outstanding ⁽²⁾	4,753,400
Base Management expense ratio ⁽³⁾	1.08%
Management expense ratio including one time initial offering expenses ⁽⁴⁾	6.27%
Portfolio turnover rate ⁽⁵⁾	5.0%
Trading expense ratio ⁽⁶⁾	0.11%
Closing market price (TSX): Priority Equity shares	\$10.10
Closing market price (TSX): Class A shares	\$7.30

⁽¹⁾ Results for the period April 18, 2007 (inception) to November 30, 2007

⁽²⁾ This information is provided as at November 30

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

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

⁽⁵⁾ The Company's portfolio turnover rate indicates how actively the Company's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Company buying and selling all of the securities in its portfolio once in the course of the year. The Company employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds

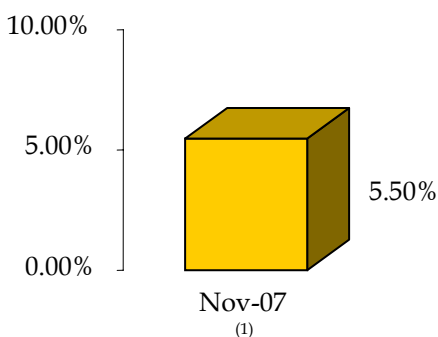
⁽⁶⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net assets during the period.

PAST PERFORMANCE

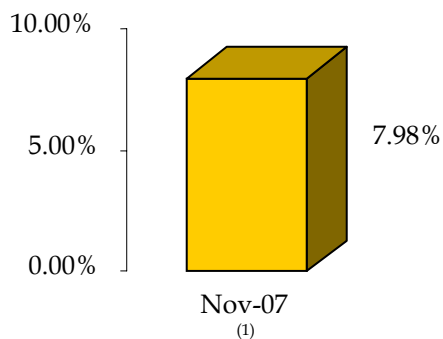
The past performance of the net asset value per unit (1 Priority Equity share and 1 Class A share), the Priority Equity share on net asset value basis, and the Class A share on a net asset value basis for the annual periods ending November 30 is presented in the bar charts below. With respect to the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

- The performance information shown assumes that all cash distributions made by the Company during the periods shown were reinvested in the applicable additional securities of the Company,
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and,
- Past performance of the Company does not necessarily indicate how it will perform in the future.

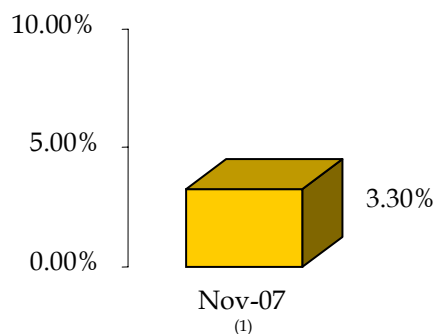
Net Asset Value per Unit



Class A Share



Priority Equity Share



(1) Based on initial period from April 18, 2007 to November 30, 2007

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of M Split Corp. (the "Company") and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors of the Company.

The Company maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with Canadian generally accepted accounting principles and may include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Company are described in Note 2 to the financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

The Company, with the approval of its Board of Directors, has appointed the external firm PricewaterhouseCoopers LLP as the auditors of the Company. They have audited the financial statements of the Company in accordance with Canadian generally accepted auditing standards to enable them to express to shareholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

AUDITOR'S REPORT

February 7, 2008

Auditors' Report
To the Shareholders of M Split Corp.

We have audited the statement of portfolio investments of M Split Corp. (the "Company") as at November 30, 2007, the statement of financial position as at November 30, 2007 and the statement of operations, changes in shareholders' equity and cash flow for the period from April 18, 2007 (date of commencement) to November 30, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2007 and the results of its operations and cash flow for the period from April 18, 2007 to November 30, 2007 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario

M SPLIT CORP.
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2007

	2007 (\$)
ASSETS	
Investments - at fair value (note 2)	88,661,950
Cash	3,204,151
Interest, dividends and other receivables	504,360
Total Assets	92,370,461
LIABILITIES	
Fees and other accounts payable	111,263
Dividends payable	445,631
Priority Equity shares (note 3)	47,534,000
	48,090,894
SHAREHOLDERS' EQUITY	
Class A and Class B shares (note 4)	42,876,585
Retained earnings	1,402,982
	44,279,567
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	92,370,461
Number of units (1 Priority Equity share and 1 Class A share) outstanding	4,753,400
Net asset value per unit (GAAP) (note 2)	\$19.32
Net asset value per Priority Equity share (GAAP)	\$10.00
Net asset value per Class A share (GAAP)	\$9.32
Net asset value per unit (Transactional)	\$19.32

Approved on behalf of the Board of Directors



Wayne Finch
 Chairman and Chief Investment Officer



Peter Cruickshank
 Managing Director and Chief Financial Officer

M SPLIT CORP.**STATEMENT OF OPERATIONS AND RETAINED EARNINGS****FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007**

	For the period from April 18, 2007 to Nov 30, 2007 (\$)
INCOME	
Dividends	1,372,480
Interest	43,779
	<u>1,416,259</u>
EXPENSES (NOTE 5)	
Management fees	371,287
Service fees	132,471
Audit fees	19,120
Directors' fees	12,781
Custodian fees	18,124
Legal fees	381
Shareholder reporting costs	18,852
Other operating costs	9,650
Goods and services tax	27,068
	<u>609,734</u>
Net investment income before distributions on Priority Equity shares	806,525
Distributions on Priority Equity shares (note 3 and 6)	(1,564,598)
Net investment (loss) for the period	(758,073)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND OPTIONS AND TRANSACTION COSTS	
Net realized gain on investments and options	359,155
Change in unrealized appreciation of investments	3,676,687
Transaction costs on purchase and sale of investments (notes 2 and 5)	(101,872)
Net gain on investments and options for the period	3,933,970
Increase in net assets from operations for the period	3,175,897
Retained earnings - Beginning of period	-
Transitional adjustment for new accounting policy (note 2)	-
Net allocation on retractions	(89,245)
Distributions on Class A shares (note 4 and 6)	(1,683,670)
Retained earnings - End of period	1,402,982
Increase in net assets from operations per Class A share	0.67

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

M SPLIT CORP.**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007**

	For the period from April 18, 2007 to Nov 30, 2007 (\$)
Shareholders' equity - Beginning of period	-
Transitional adjustment on adopting new accounting pronouncement (note 2)	-
Adjusted Shareholders' equity - Beginning of period	-
Increase in net assets from operations for the period	3,175,897
Gross proceeds from issue of Class A shares	48,200,000
Agents' fees and filing costs in connection with the initial public offering	(4,723,684)
Net proceeds from issue of Class A shares (note 4)	<u>43,476,316</u>
Net proceeds from issue of Class B shares (note 4)	1,000
Class A share redemptions	(689,976)
DISTRIBUTIONS ON CLASS A SHARES	
From return of capital	(1,683,670)
	<u>(1,683,670)</u>
Increase in net assets for the period	<u>44,279,567</u>
Shareholders' equity - End of period	<u>44,279,567</u>

M SPLIT CORP.**STATEMENT OF CASH FLOW****FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007**

	For the period from April 18, 2007 to Nov 30, 2007 (\$)
CASH FLOW FROM OPERATING ACTIVITIES	
Net investment income for the period	(758,073)
Proceeds from sale of investments	3,998,000
Purchase of investments	(88,725,980)
Net change in receivable balances	(504,360)
Net change in payable balances	556,894
Cash flow from operations	<u>(85,433,519)</u>
CASH FLOW FROM SHAREHOLDER ACTIVITIES	
Gross proceeds from the issue of Class A shares and Priority Equity shares*	96,401,000
Agents' fee and filing costs in connection with the initial public offering	(4,723,684)
Amount paid on redemption of Class A shares and Priority Equity shares	(1,355,976)
Distribution on Class A shares	<u>(1,683,670)</u>
Cash flow from Shareholder activities	88,637,670
Net increase in cash for the period	3,204,151
Cash, beginning of period	<u>-</u>
Cash, end of period	<u>3,204,151</u>

*includes 1,000 Class B shares

M SPLIT CORP.
STATEMENT OF PORTFOLIO INVESTMENTS
AS AT NOVEMBER 30, 2007

No. of shares	Description	Average cost/ (Premiums received) (\$)	Market value (\$)
	Canadian Core Common Equities		
2,127,500	Manulife Financial Corporation	85,167,324	88,886,950
	Total Canadian Core Common Equities (100.3%)	<u>85,167,324</u>	<u>88,886,950</u>
	Call Options written (100 shares per contract)		
	Canadian call options written		
(1,000)	Manulife Financial Corp., December 2007 @ \$40	(101,000)	(225,000)
	Total Canadian call options written (-0.3%)	<u>(101,000)</u>	<u>(225,000)</u>
		<u>85,066,324</u>	<u>88,661,950</u>
	Less adjustment for transaction costs	<u>(81,061)</u>	
	Total Investments (100%)	<u>84,985,263</u>	<u>88,661,950</u>

The Statement of Portfolio Investments is at November 30, 2007 and may or may not be indicative of the current portfolio.

M SPLIT CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007

1. Incorporation

M Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on February 12, 2007 and began investment operations on April 18, 2007. The manager of the Company is Quadravest Inc. (the Manager) and the investment manager is Quadravest Capital Management Inc. (Quadravest). All shares outstanding on December 1, 2014, the termination date of the Company, will be redeemed by the Company on that date.

2. Summary of Significant Accounting Policies

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

New Accounting Standards

The Canadian Institute of Chartered Accountants (CICA) issued Section 3855 of the CICA Handbook, "Financial Instruments-Recognition and Measurement", which established standards for the fair valuation and recording of portfolio investments effective for fiscal years beginning on or after October 1, 2006. Section 3855 requires that securities be valued at fair value, which in an active market will commonly be measured based on the last bid price for the security.

National Instrument 81-106, section 14.2, issued by the Canadian Securities Administrators ("CSA") in 2005, requires the net asset value of an investment fund to be calculated in accordance with Canadian GAAP. NAV per Unit on any given day is equivalent to the difference between the aggregate value of the assets of the Company and the aggregate value of the liabilities (excluding the Priority Equity share liability of the Company) divided by the number of units outstanding on that day). The CSA has granted relief to investment funds from complying on a temporary basis with Section 3855, for the purposes of calculating and reporting net asset value (other than for financial reporting purposes) until September 30, 2008, to permit further review of the impact this pronouncement has on the redemption price of an investment fund ("Transactional"). Depending on the outcome of this review, the method by which net asset value is calculated as governed by Section 3855 may result in a change to the Transactional NAV on such date. In accordance with the relief granted by the CSA, a reconciliation of the net asset value calculated in accordance with Section 3855 of an investment fund (GAAP NAV) is required to be disclosed. The Company has applied this change on a retroprospective basis. The reconciliation of the Company's Transactional NAV (i.e. based on last traded price of portfolio securities) and the GAAP NAV (i.e. based on last bid price of portfolio securities) is presented in the following table:

M SPLIT CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007

2. Summary of Significant Accounting Policies (continued)

	GAAP NAV	Difference	Transactional NAV
30 November 2007	\$91,813,567	\$30,000	\$91,843,567

	GAAP NAV per unit	Difference	Transactional NAV
30 November 2007	\$19.32	-	\$19.32

Transaction costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Company are recognized as an expense in the Statement of Operations and Retained Earnings. The transaction costs for investments held at November 30, 2007 are shown separately on the Statement of Portfolio Investments.

Valuation of Investments

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

- Shares or other securities for which market quotations are readily available are valued at the closing bid price.
- Listed options are valued at market values as reported on recognized exchanges.
- The value of any forward contract will be the market value on the valuation date if the position in the forward contract were to be closed out.

Investment Transactions and Income Recognition

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

M SPLIT CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007

2. Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements

In October 2006, the Accounting Standards Board issued CICA Handbook Section 3862, "Financial Instruments - Disclosure" and Section 3863, "Financial Instruments - Presentation." The new standards enhance existing disclosure and presentation of financial instruments and have been carried forward unchanged. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. These new standards will only impact the disclosure and presentation of financial instruments held by the Company and will not impact the calculation of the Company's assets.

3. Priority Equity Shares

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

Issued and outstanding	November 30, 2007
4,753,400 Priority Equity shares	\$47,534,000
Priority Equity share transactions	
Beginning of period	-
Issued during the period	4,820,000
Redemptions during the period	(66,600)
End of period	4,753,400

On April 18, 2007, 4,500,000 Priority Equity shares were issued at \$10 per share. An additional 320,000 shares were issued at \$10 per share on May 3, 2007.

Priority Equity shares are entitled to cumulative monthly cash dividends of \$0.04375 per Priority Equity share. All Priority Equity shares outstanding on December 1, 2014 will be redeemed by the Company on that date. For accounting purposes, the Priority Equity shares have been presented as liabilities in the financial statements in accordance with Section 3861 of the CICA Handbook.

Priority Equity shares trade under the symbol "XMF.PR.A" on the Toronto Stock Exchange (TSX). Priority Equity shares trading price on the TSX was \$10.10 as at November 30, 2007. Priority Equity shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Priority Equity share and a Class A share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the transactional net asset value per unit on the last day of October. Priority Equity shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a Recirculation Agreement, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Priority Equity shares or Class A shares tendered for retraction.

M SPLIT CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007

3. Priority Equity Shares (continued)

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

4. Class A Shares and Class B Shares

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

Issued and outstanding	November 30, 2007
4,753,400 Class A shares	\$42,875,585
1,000 Class B shares	\$1,000
	<hr/>
	\$42,876,585

Class A share transactions	
Beginning of period	-
Issued during the period	4,820,000
Redemptions during the period	(66,000)
End of period	<hr/>
	4,753,400

Class A shares were issued at \$10 per share. Class A distributions are targeted at \$0.05 per month per share. All Class A shares outstanding on December 1, 2014 will be redeemed by the Company on that date.

Class A shares trade under the symbol "XMF" on the Toronto Stock Exchange (TSX). Class A shares trading price on the TSX was \$7.30 as at November 30, 2007. Class A shares may be surrendered at any time for retraction at specified retraction amounts, but will be retracted only on the last day of each month. Shareholders who concurrently retract a Class A share and a Priority Equity share (together, a "unit") in the month of October in each year will be entitled to receive an amount equal to the transactional net asset value per unit on the last day of October. Class A shares retracted in any other month will receive a retraction price based on a discounted specified retraction formula. Under the terms of a Recirculation Agreement, the Company may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Priority Equity shares or Class A shares tendered for retraction.

The Priority Equity shares rank in priority to the Class A shares with respect to the payment of dividends. Upon termination of the Company, Class A shareholders will receive an amount equal to the transactional net asset value per unit less \$10 (the redemption value of the Priority Equity shares).

M SPLIT CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007

4. Class A Shares and Class B Shares (continued)

On April 18, 2007, the Company issued 4,500,000 Class A shares for gross proceeds of \$45,000,000. Agents' fees of \$4,050,000 and filing costs of \$385,684 were incurred in connection with this offering. On May 3, 2007, the Company issued an additional 320,000 Class A shares for gross proceeds of \$3,200,000. Agents' fees of \$288,000 were incurred in connection with this offering.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of \$1.00 per share. Class B shareholders are entitled to one vote per share. On April 18, 2007, the Company issued \$1,000 Class B shares to M Split Corp. Holding Trust for cash consideration of \$1,000.

5. Expenses

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

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

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable in arrears at an annual rate equal to 0.55% of the transactional net assets of the Company, which includes the outstanding Priority Equity shares, calculated as at each monthly valuation date.

Total management fees of \$371,287 incurred during the period include the administration fee and base management fee. The brokerage commissions paid during the period by the Company for its portfolio transactions were \$101,872.

6. Distributions

The Company's investment objectives are to provide steady monthly distributions to both the Priority Equity and Class A shareholders while returning the original issue price to each shareholder on the termination date of the Company on December 1, 2014. Distributions per share were as follows:

	November 30, 2007
Priority Equity shares	\$0.3252
Class A shares	\$0.35

M SPLIT CORP.**NOTES TO FINANCIAL STATEMENTS****FOR THE PERIOD FROM APRIL 18, 2007 TO NOVEMBER 30, 2007**

7. Income Taxes

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

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

8. Financial Instruments and Risk Management

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

Quadravest Capital Management Inc.

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

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

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

Board of Directors

Wayne Finch,
Chairman and Managing Director and
Chief Investment Officer

Peter Cruickshank,
Managing Director and
Chief Financial Officer

Laura Johnson
Managing Director and
Portfolio Manager

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

Michael W. Sharp
Blake, Cassels & Graydon LLP

John Steep
President, S Factor Consulting Inc.

Corporate Details

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

Transfer Agent
Computershare
100 University Avenue
Toronto, Ontario M5J 2Y1

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

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

Quadravest Capital Management Inc.

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

Telephone: 416-304-4440
Fax: 416-304-4441
Website: www.m-split.com
E-mail: info@quadravest.com

MSplit