



August 2008

Monthly Update

M-Split Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in common shares of Manulife Financial, a leading Canadian based Global Financial Services company offering financial products and wealth management services. Two types of shares are available, a Class A and a Preferred (Priority Equity Share).

Objectives

Preferred Shares (TSX: XMF.PR.A):

(i) to provide holders of the Preferred Shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield **5.25% per annum** on the original issue price; and (ii) on or about December 1, 2014 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares by way of the Portfolio Protection Plan.

Class A Shares (TSX: XMF):

(i) to provide holders of the Class A Shares with regular monthly cash dividends initially targeted to be \$0.05 per Class A Share to yield **6.0% per annum** on the original issue price; and (ii) on or about December 1, 2014 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

Distributions (by record date)

	XMF	XMF.PR.A	Total
Total to Date	\$0.8000	\$0.7190	\$1.5190
2008 YTD	\$0.4000	\$0.3500	\$0.7500
2007	\$0.4000	\$0.3690 ⁽¹⁾	\$0.7690

(1) Initial distribution for the period Apr 18/07 to Jun 29/07.

Commentary

Overall financial markets continue to be adversely impacted by the confluence of record high commodity prices and the continuing credit related problems originating from the US sub prime lending market. These conditions have caused economic growth to slow considerably in both Canada and the United States while at the same time high commodity prices are beginning to lead to a marked increase in inflationary pressures. The month of August was better for investors with slightly positive monthly returns for both the TSX and the S&P 500, though year-to-date both indices have negative returns. It is difficult to know when these conditions will ease, however the financial markets tend to act as a leading indicator and have in the past anticipated economic recoveries, sometimes 6 to 12 months in advance of the actual pick up in economic activity. Based on market recoveries over the past 25 years, the financial services sector has quite often been among the strongest leading sectors.

The market price of Manulife common stock increased approx. 1.0% during the month of August.

Details

Gross Proceeds:	\$96,400,000
Units Issued:	4,820,000
Inception Date:	April 18, 2007
Termination Date:	Dec 1, 2014
Net Asset Value:	\$17.16 (Aug 29/08)
Cash Weighting:	0%
Canadian Equity Weighting:	100%
XMF.PR.A Trading Price:	\$9.84 (Aug 29/08)
Current Yield:	5.3% annually
Asset Coverage:	172%
Market Capitalization:	\$46,308,024
XMF Trading Price:	\$6.60 (Aug 29/08)
Current Yield:	9.1% annually
Market Capitalization:	\$31,060,260

Holding

Symbol

Manulife Financial MFC



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