



August 2010

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. Three types of shares are available, a Capital share, a Class I Preferred and a Class II Preferred.

On March 23, 2010 a Capital Reorganization of M Split was completed.

Holders of Priority Equity Shares (Symbol: **XMF.PR.A**) received the following securities in exchange for each Priority Equity Share held: One \$5.00 Class I Preferred Share (Symbol: **XMF.PR.B**); One \$5.00 Class II Preferred Share (Symbol: **XMF.PR.C**); One 2011 Warrant (Symbol: **XMF.WT**); and One 2012 Warrant (Symbol: **XMF.WT.A**).

Since more Priority Equity Shares were tendered for retraction under the special retraction right than Class A Shares, the outstanding Class A Shares were consolidated. This was done to ensure there is an equal number of Capital Shares, Class I Preferred Shares and Class II Preferred Shares outstanding.

Holders of Class A Shares (Symbol: **XMF**) received 0.944808 of a Capital Share (Symbol: **XMF.A**) in exchange for each Class A Share held.

For complete details, please [click here](#) to view the Information Circular dated December 23, 2009.

Commentary

North American financial markets generally tracked lower during August as the preponderance of macro economic data pointed to slowing growth. Specifically, Q2 US GDP was revised downward and new data points pertaining to US housing and unemployment continued to point to a below average recovery.

The Canadian economy is clearly doing better than most other developed countries but will be adversely impacted if US growth remains below average since it remains Canada's most important trading partner.

As mentioned in previous commentaries, market participants will continue to carefully scrutinize every piece of economic data in order to try and ascertain the shape and durability of this economic recovery. Sustained economic growth will require a greater transition from government led growth to private economic growth.

The valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios and current dividend yields and this should continue to act as a major support at these current market prices.

Distributions (by record date)

	XMF.A	XMF.PR.B	XMF.PR.C	Total
Total to Date	\$0.9000	\$1.1252	\$0.0000	\$2.0252
2010 YTD	\$0.0000	\$0.1875	\$0.0000	\$0.1875
2009	\$0.0000	\$0.0438	\$0.0000	\$0.0438
2008	\$0.5000	\$0.5250	\$0.0000	\$1.0250
2007	\$0.4000	\$0.3690 ⁽¹⁾	\$0.0000	\$0.7690

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

Details

Units Outstanding:	2,735,610
Inception Date:	April 18, 2007
Capital Reorganization Date:	Mar 23, 2010
Termination Date:	Dec 1, 2014
Net Asset Value:	\$5.61 (Aug 31/10)
Cash Weighting:	13%
Canadian Equity Weighting:	87%
XMF.PR.B Trading Price:	\$4.53 (Aug 31/10)
Current Yield:	8.3% annually*
Market Capitalization:	\$12,392,313
<small>*Last distribution annualized.</small>	
XMF.PR.C Trading Price:	\$1.39 (Aug 31/10)
Market Capitalization:	\$3,802,498
XMF.A Trading Price:	\$0.20 (Aug 31/10)
Market Capitalization:	\$547,122

Holding

Symbol

Manulife Financial

MFC



Company News

Manulife % return for Aug 2010:	-27.4%
Manulife % return year-to-date 2010:	-38.6%
Dividend Yield on Manulife shares:	4.38%

	One Month to Aug 31, 2010	Year to Date Aug 31, 2010
TSX	1.71%	1.43%
S&P 500	-4.75%	-5.90%
DJII	-4.31%	-3.96%
NASDAQ	-6.24%	-6.84%

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