



As at December 30, 2011

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.

Capital Share (XMF.A)

The Capital Shares participate in any net asset value growth over \$10 per unit. These shares are highly leveraged to any change in the value of the Manulife common shares. In addition, dividends would be paid if and when the net asset value exceeds \$15.00.

Class I Preferred Share (XMF.PR.B)

Class I Preferred Shares receive cumulative monthly dividends to yield 7.5% of its \$5 par value. These shares have excellent asset coverage and their dividends are funded by dividends received on the underlying portfolio and income generated from the covered call writing program.

Class II Preferred Share (XMF.PR.C)

The Class II Preferred Shares have a par value of \$5 and are entitled to the assets of the company above \$5 per unit to a maximum of \$5. In addition, the Class II Preferred Shares are entitled to receive dividends at a rate of 7.5% once the net asset value of the company exceeds \$12.50.

Note: On March 23, 2010 a Capital Reorganization of M Split was completed. For complete details, please [click here](#) to view the Information Circular dated December 23, 2009.

Commentary

Macro headlines emanating from Europe continued to dominate financial markets. The ongoing and prolonged European debt crisis continued to dictate market sentiment in December as investors remained concerned about the adverse implications that a contagion of the crisis could have on the world economy. The European Central bank provided a significant amount of low cost funding to several large European Banks which appeared to have a stabilizing impact towards the end of the month. In addition, the continued political instability in Washington has added a further level of uncertainty for investors. Some seasonal year end factors such as tax loss selling and asset reallocation were observed in many sectors as the year closed out. US economic indicators continued to point to a steady, albeit modest recovery, which is being offset by the prospect of deteriorating expectations for the European economy and slowing growth in China.

Although markets continued to be dominated by these macro developments and concerns, valuations remain relatively attractive in this low interest rate environment. 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. Overall broad market returns for 2011 as shown below were reflective of the suboptimal macro-economic and political environment. As most market participants maintained their focus on these macro factors as indicated by extremely high fixed income allocations, any relief in these overall factors could provide the impetus for a meaningful market rally in 2012. Due to increased market volatility in the recent months, the covered call writing program has added a higher level of income to supplement dividend income earned in the portfolio.

	One Month to Dec 30, 2011	Year to Date Dec 30, 2011
TSX	-2.04%	-11.07%
S&P 500	0.85%	0.00%
DJII	1.43%	5.53%
NASDAQ	-0.58%	-1.80%

Distributions (by record date)

	XMF.A	XMF.PR.B	XMF.PR.C	Total
Total to Date	\$0.9000	\$1.6252	\$0.0000	\$2.5252
2011 YTD	\$0.0000	\$0.3750	\$0.0000	\$0.3750
2010	\$0.0000	\$0.3125	\$0.0000	\$0.3125
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:	2,735,138
Inception Date:	April 18, 2007
Capital Reorganization Date:	March 23, 2010
Termination Date:	December 1, 2014
Net Asset Value:	\$4.83
Cash Weighting:	7%
Canadian Equity Weighting:	93%
XMF.PR.B Trading Price:	\$4.65
Current Yield*:	8.1%
Market Capitalization:	\$12,718,392
<i>*Last distribution annualized.</i>	
XMF.PR.C Trading Price:	\$0.40
Market Capitalization:	\$1,094,055.20
XMF.A Trading Price:	\$0.04
Market Capitalization:	\$109,405.52

Holding

Symbol

Manulife Financial	MFC
--------------------	-----



Company News

Manulife % return for Dec 2011:	-1.3%
Manulife % return year-to-date 2011:	-36.7%
Dividend Yield on Manulife shares:	4.79%