



As at February 28, 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 (YCM.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

The North American financial markets continue to show signs of improvement in the first two months of 2011. The US housing market and unemployment market continue to exert a drag on the US economy. Other measures of economic activity including manufacturing activity and retail sales seemed to suggest that the economy continues to improve, albeit at a fairly modest pace. The question of whether this economic growth can become sustainable without the continued record levels of fiscal and monetary stimulus remains to be answered in the coming months and years. Geopolitical concerns have also come into play with certain aspects of investments and will need to be continually monitored for their impact going forward.

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. Many Canadian companies held in the portfolios are expected to raise their dividends over the next 6 months. During the bank earnings release this month two banks increased their annual dividends; Bank of Nova Scotia by 6% and TD Bank by 8%. The dividend income continues to be supplemented by income generated from the covered call writing program.

Distributions (by record date)

	XMF.A	XMF.PR.B	XMF.PR.C	Total
Total to Date	\$0.9000	\$1.3127	\$0.0000	\$2.2127
2011 YTD	\$0.0000	\$0.0625	\$0.0000	\$0.0625
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:	2,735,610
Inception Date:	April 18, 2007
Capital Reorganization Date:	March 23, 2010
Termination Date:	December 1, 2014
Net Asset Value:	\$8.07
Cash Weighting:	5%
Canadian Equity Weighting:	95%
XMF.PR.B Trading Price:	\$5.38
Current Yield*:	7.0%
Market Capitalization:	\$14,717,582
<i>*Last distribution annualized.</i>	
XMF.PR.C Trading Price:	\$2.44
Market Capitalization:	\$6,674,888.40
XMF.A Trading Price:	\$0.61
Market Capitalization:	\$1,668,722.10

Holding

Symbol

Manulife Financial	MFC
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Company News

Manulife % return for Feb 2011:	5.2%
Manulife % return year-to-date 2011:	7.1%
Dividend Yield on Manulife shares:	2.83%

	One Month to Feb 28, 2011	Year to Date Feb 28, 2011
TSX	4.31%	5.16%
S&P 500	3.20%	5.53%
DJII	2.81%	5.60%
NASDAQ	3.04%	4.88%

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