



June 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

Continued concerns over Greek sovereign debt and possible contagion effects, a possible Chinese slowdown and the specter of faltering growth in the U.S was a recipe for stock market stagnation during the month of June. Continued stock market weakness in June added to the May market declines. After almost 13 months of improving economic growth and stock market recovery from the March 2009 lows, most broad based global markets have now experienced a market correction of at least 10% to 15% from their recent highs.

Despite an improving earnings profile from most North American companies, North American markets suffered in tandem with these events. The TSX 60 and the S&P 500 declined by -4.28% and -5.39% respectively in the month of June. The economy and stock markets seem to have reached a critical juncture as market participants are increasingly questioning the durability and robustness of the recovery as many of the government sponsored stimulus measures come to an end. High unemployment, continued housing weakness and ballooning deficits in the U.S continue to act as a significant headwind for a more robust economic recovery. The Canadian economy is clearly doing better than most other developed countries but will be adversely impacted if worldwide growth slows due to its dependence on resource exports.

The impact of these global events and the highly divergent and changing views among market participants of how the economy will behave over the next 6 to 12 months continues to increase daily market volatility as the market reacts to various economic data.

On a positive note, this increase in market volatility has increased option premium levels available for the Fund's covered call writing program. The Fund will try to take advantage of these periods of instability to generate higher income for the Fund. The valuations of the companies in the portfolio generally remain at very reasonable levels when measured by price to earnings ratios. Dividend yields should act as a major support at these current market prices.

In order for North American economies to sustain continued economic growth, there needs to be a greater transition from government led growth created through very stimulative fiscal and monetary policies, to private

economic growth through the free market capitalist system. If this transition is successful, the companies in the portfolio will be significant beneficiaries of this growth.

	One Month to June 30, 2010	Year to Date June 30, 2010
TSX	-3.98%	-3.85%
S&P 500	-5.39%	-7.57%
DJII	-3.58%	-6.27%
NASDAQ	-6.55%	-7.05%

Distributions (by record date)

	XMF.A	XMF.PR.B	XMF.PR.C	Total
Total to Date	\$0.9000	\$1.0627	\$0.0000	\$1.9627
2010 YTD	\$0.0000	\$0.1250	\$0.0000	\$0.0938
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:	2,813,010
Inception Date:	April 18, 2007
Capital Reorganization Date:	Mar 23, 2010
Termination Date:	Dec 1, 2014
Net Asset Value:	\$7.08 (June 30/10)

Cash Weighting:	15%
Canadian Equity Weighting:	85%

XMF.PR.B Trading Price:	\$5.15 (June 30/10)
Current Yield:	7.3% annually*
Market Capitalization:	\$14,487,002

*Last distribution annualized.

XMF.PR.C Trading Price:	\$1.54 (June 30/10)
Market Capitalization:	\$4,332,035

XMF.A Trading Price:	\$0.36 (June 30/10)
Market Capitalization:	\$1,012,684

Holding	Symbol
Manulife Financial	MFC



Company News

Manulife % return for June 2010:	-14.1%
Manulife % return year-to-date 2010:	-20.1%
Dividend Yield on Manulife shares:	3.37%

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