



May 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

The Increased concerns over Greek sovereign debt and possible contagion effects consumed global markets throughout May and hampered stock markets throughout the world resulting in the most significant market declines in quite some time. 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% from their recent highs. In particular, the downgrading of Greek sovereign debt and the instability that it has caused in the EURO monetary unit required unprecedented financial intervention by the IMF and the other stronger EURO members to stabilize the situation. Investors worldwide sought the perceived "comparative" safety of the US dollar and gold which seemed to be the only beneficiaries during the month of May.

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 50 declined by -3.67% and -8.20% respectively. Economic conditions in Canada continue to remain stronger than in the US. Q1 GDP continues to outpace that in the United States and the Canadian housing and financial sectors remain comparatively much stronger than in the United States. The ecological and economic impact created by the BP oil spill disaster in the Gulf and the looming hurricane season creates a very uncertain impact on the US economy. Increased political tensions in the mid-east and between North and South Korea are also factors which could create more periods of market instability.

In short, the interconnectivity of global economies and financial interdependence was once again demonstrated in May. The impact of these global events has caused an increase in market volatility and once again demonstrated the extent to which equity markets across the world are correlated in times of global instability.

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 May 31, 2010	Year to Date May 31, 2010
TSX	-3.67%	0.14%
S&P 500	-8.20%	-2.30%
DJII	-7.92%	-2.79%
NASDAQ	-8.29%	-0.53%

Distributions (by record date)

	XMF.A	XMF.PR.B	XMF.PR.C	Total
Total to Date	\$0.9000	\$1.0315	\$0.0000	\$1.9315
2010 YTD	\$0.0000	\$0.0938	\$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:	2,846,795
Inception Date:	April 18, 2007
Capital Reorganization Date:	Mar 23, 2010
Termination Date:	Dec 1, 2014
Net Asset Value:	\$8.09 (May 31/10)

Cash Weighting:	14%
Canadian Equity Weighting:	86%

XMF.PR.B Trading Price:	\$5.11 (May 31/10)
Current Yield:	7.3% annually*
Market Capitalization:	\$14,547,122

*Last distribution annualized.

XMF.PR.C Trading Price:	\$1.54 (May 31/10)
Market Capitalization:	\$4,384,064

XMF.A Trading Price:	\$0.60 (May 31/10)
Market Capitalization:	\$1,708,077

Holding	Symbol
Manulife Financial	MFC



Company News

Manulife % return for May 2010:	-1.8%
Manulife % return year-to-date 2010:	-6.9%
Dividend Yield on Manulife shares:	2.89%