



September 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 North American financial markets achieved very significant gains in the month of September. Although the various economic data points continue to show a very sluggish and mixed recovery, stock market valuations especially in context within the record low interest rate environment appear to be relatively attractive. Impetus for the latest market move appears to have resulted in part from the recent US Federal Reserve minutes of the last meeting which made it clear that monetary policy will continue to be highly accommodative for as long as it takes for the recovery to become sustainable. The prospect of more quantitative easing and a corresponding weaker US dollar is perceived by most market participants as positive for US stocks. In addition, increasing prospects of political gridlock in the United States over the remaining 2 years of the Obama administration appear to be potentially supportive for the market going forward.

The Canadian economy continues to be among the leaders of 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. The dividend income continues to be supplemented by income generated by the covered call writing program.

	One Month to Sept 30, 2010	Year to Date Sept 30, 2010
TSX	3.82%	5.30%
S&P 500	8.76%	2.34%
DJII	7.72%	3.45%
NASDAQ	12.04%	4.38%

## Distributions (by record date)

	XMF.A	XMF.PR.B	XMF.PR.C	Total
Total to Date	\$0.9000	\$1.1565	\$0.0000	\$2.0565
2010 YTD	\$0.0000	\$0.2188	\$0.0000	\$0.2188
2009	\$0.0000	\$0.0438	\$0.0000	\$0.0438
2008	\$0.5000	\$0.5250	\$0.0000	\$1.0250
2007	\$0.4000	\$0.3690 <sup>(1)</sup>	\$0.0000	\$0.7690

<sup>(1)</sup> 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:	\$6.03 (Sept 30/10)
Cash Weighting:	12%
Canadian Equity Weighting:	88%
<b>XMF.PR.B</b> Trading Price:	\$4.80 (Sept 30/10)
Current Yield:	7.8% annually*
Market Capitalization:	\$13,130,928
<small>*Last distribution annualized.</small>	
<b>XMF.PR.C</b> Trading Price:	\$1.45 (Sept 30/10)
Market Capitalization:	\$3,966,634
<b>XMF.A</b> Trading Price:	\$0.28 (Sept 30/10)
Market Capitalization:	\$765,971

## Holding

## Symbol

Manulife Financial

MFC



## Company News

Manulife % return for Sept 2010:	9.4%
Manulife % return year-to-date 2010:	-32.9%
Dividend Yield on Manulife shares:	4.01%

77 King Street West, P.O. Box 341, Toronto, ON M5K 1K7 416-304-4443 1-877-478-2372

www.m-split.com

info@quadravest.com