

Dividend 15 Split Corp II is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified, high quality portfolio consisting of 15 high-yielding Canadian companies. Two types of shares are available, a Class A and a Preferred.

Objectives

Preferred Shares (TSX: DF.PR.A):

(i) to provide holders of the Preferred Shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield **5.25% per annum** on the original issue price; and (ii) on or about December 1, 2014 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

Class A Shares (TSX: DF):

(i) to provide holders of the Class A Shares with regular monthly cash dividends initially targeted to be \$0.10 per Class A Share to yield **8.0% per annum** on the original issue price; and (ii) on or about December 1, 2014 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

Distributions (by record date)

	DF	DF (specials)	DF.PR.A	Total
Total to Date	\$2.10	-	\$0.9397	\$3.0397
2008 YTD	\$0.80	-	\$0.3500	\$1.1500
2007	\$1.20	-	\$0.5250	\$1.7250
2006 (initial)	\$0.10	-	\$0.06473 ⁽¹⁾	\$0.16473

(1) Initial distribution for the period Nov 16/06 to Dec 31/06.

Commentary

Overall financial markets continue to be adversely impacted by the confluence of record high commodity prices and the continuing credit related problems originating from the US sub prime lending market. These conditions have caused economic growth to slow considerably in both Canada and the United States while at the same time high commodity prices are beginning to lead to a marked increase in inflationary pressures. The month of August was better for investors with slightly positive monthly returns for both the TSX and the S&P 500, though year-to-date both indices have negative returns. It is difficult to know when these conditions will ease, however the financial markets tend to act as a leading indicator and have in the past anticipated economic recoveries, sometimes 6 to 12 months in advance of the actual pick up in economic activity. Based on market recoveries over the past 25 years, the financial services sector has quite often been among the strongest leading sectors.

Toronto Dominion Bank (TMX: TD) increased their quarterly dividend to \$0.61 per share, a 3% increase (Aug/08).

The Dividend 15 Split II portfolio has a current dividend yield of approximately 3.8%.

Details

Gross Proceeds:	\$139,750,000
Units Issued:	5,590,000
Inception Date:	Nov 16, 2006
Termination Date:	Dec 1, 2014
Net Asset Value:	\$20.31 (Aug 29/08)
Cash Weighting:	6%
Canadian Equity Weighting:	94%
DF.PR.A Trading Price:	\$10.28 (Aug 29/08)
Current Yield:	5.1% annually
Asset Coverage:	203%
Market Capitalization:	\$57,465,200
DF Trading Price:	\$10.44 (Aug 29/08)
Current Yield:	11.5% annually
Market Capitalization:	\$58,359,600

Top Holdings (sorted by weight)

TransAlta	TA
Bell Canada Inc.	BCE
CI Fund Management	CIX
AGF Management	AGF
TransCanada Corporation	TRP
Canadian Imperial Bank of Commerce	CM
Manulife Financial	MFC
Enbridge Inc.	ENB
Thomson Corp	TOC
Royal Bank	RY
National Bank of Canada	NA
Sun Life Financial	SLF
TMX Group Inc.	X
Toronto-Dominion Bank	TD
Bank of Montreal	BMO

Weightings subject to change at any time.