



# UPDATE

Financial 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 financial services companies, made up of Canadian and U.S. issuers. Two types of shares are available, a Class A and a Preferred.

## Objectives

### Preferred Shares (TSX: FFN.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, 2009 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

### Class A Shares (TSX: FFN):

(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, 2009 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

## Distributions

| Total to Date | \$0.40 | \$0.1974  | \$0.5974 |
|---------------|--------|-----------|----------|
| Record Date   | FFN    | FFN.PR.A  | Total    |
| Feb 28/05     | \$0.10 | \$0.0438  | \$0.1438 |
| Jan 31/05     | \$0.10 | \$0.0438  | \$0.1438 |
| Dec 31/04     | \$0.10 | \$0.0438  | \$0.1438 |
| Nov 30/04     | \$0.10 | \$0.0662* | \$0.1662 |

\*For the period Oct 15/04 to Nov 30/04 (initial distribution)

## Commentary

Manulife Financial (TSX: "MFC") is a leading Canadian based financial services group serving millions of customers in 19 countries worldwide. Total funds under management were \$348 billion (\$C) as at December 31, 2004. MFC is the second largest North American life insurer by market capitalization, generating approximately 23% of its earnings in Canada, about 50% in the U.S. and the remainder in Asia and reinsurance.

Manulife Financial reported 4<sup>th</sup> quarter results on February 10<sup>th</sup> with increased profits that were 77% higher than the same period in 2003. The strong fourth quarter earnings reflect contribution from the John Hancock unit (Canada's biggest insurer), strong sales growth, improved profitability due to product restructuring and strong investment, credit and equity market performance. Stock performance has been strong producing a 32% increase year over year ending December 31, 2004.

BMO Financial Group (TSX: "BMO") reported 1<sup>st</sup> quarter results on Feb 22/05 with a rise in profit and a 15% earnings growth. BMO also raised its quarterly dividend to \$0.46 per share, up 4.5% from \$0.44 per share last quarter.

MFC and BMO are holdings of Financial 15 Split Corp II.

## Details

|                             |                     |
|-----------------------------|---------------------|
| Gross Proceeds:             | \$167,500,000       |
| Units Issued:               | 6,700,000           |
| Inception Date:             | Oct 15, 2004        |
| Termination Date:           | Dec 1, 2009         |
| Net Asset Value:            | \$23.97 (Feb 28/05) |
| Cash Weighting:             | 5%                  |
| U.S. Equity Weighting:      | 29%                 |
| Canadian Equity Weighting:  | 66%                 |
| <b>FFN.PR.A</b> Issue Price | \$10.00             |
| Trading Price:              | \$10.50 (Feb 28/05) |
| Current Yield:              | 5.0% annually       |
| <b>FFN</b> Issue Price:     | \$15.00             |
| Trading Price:              | \$14.97 (Feb 28/05) |
| Current Yield:              | 8.0% annually       |

## Holdings Sorted By Weight Symbol

|                                    |       |
|------------------------------------|-------|
| Canadian Imperial Bank of Commerce | CM-T  |
| Merrill Lynch                      | MER-N |
| Manulife Financial                 | MFC-T |
| CI Fund Management                 | CIX-T |
| Sun Life Financial                 | SLF-T |
| Great-West Lifeco                  | GWO-T |
| National Bank                      | NA-T  |
| Citigroup                          | C-N   |
| JP Morgan                          | JPM-N |
| Royal Bank                         | RY-T  |
| Bank of Montreal                   | BMO-T |
| Bank of America                    | BAC-N |
| Toronto-Dominion Bank              | TD-T  |
| Wells Fargo                        | WFC-N |
| Bank of Nova Scotia                | BNS-T |

Weightings subject to change at any time.