

US Financial 15 Split Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified, high quality portfolio consisting of 15 U.S. financial services companies. Two types of shares are available, a Class A and a Preferred.

Objectives

Preferred Shares (TSX: FTU.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, 2012 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

Class A Shares (TSX: FTU):

(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, 2012 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

Distributions (by record date)

	FTU	FTU.PR.A	Total
Total to Date	\$3.70	\$1.8570	\$5.5570
2008 YTD	\$0.30	\$0.3500	\$0.6500
2007	\$1.20	\$0.5250	\$1.7250
2006	\$1.20	\$0.5250	\$1.7250
2005	\$1.00	\$0.4570*	\$1.4570

*Initial Distribution was for the period Feb 15/05 to Apr 29/05

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.

Details

Gross Proceeds:	\$121,875,000
Units Issued:	4,875,000
Inception Date:	Feb 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$12.09 (Aug 29/08)

Cash Weighting:	0%
U.S. Equity Weighting:	100%
Portfolio Currency Hedging:	50%-60%

FTU.PR.A Trading Price:	\$7.50 (Aug 29/08)
Current Yield:	7.0% annually
Market Capitalization:	\$34,689,000

FTU Trading Price:	\$3.79 (Aug 29/08)
Current Yield:	18.5% annually
Market Capitalization:	\$17,529,508

Top Holdings (Sorted by weight)

US Bancorp	USB
Goldman Sachs	GS
Bank of America	BAC
Morgan Stanley	MWD
JPMorgan Chase & Co.	JPM
PNC Financial Services	PNC
Wells Fargo	WFC
Citigroup	C
American Express	AXP
SunTrust Banks	STI
Merrill Lynch	MER
Fifth Third Bancorp	FITB
Wachovia	WB
American International Group	AIG
Washington Mutual	WM

Weightings subject to change at any time.