

# Monthly Update

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

|         | One Month to<br>June 30, 2011 | Year to Date<br>June 30, 2011 |
|---------|-------------------------------|-------------------------------|
| TSX     | -3.64%                        | -1.06%                        |
| S&P 500 | -1.83%                        | 5.01%                         |
| DJII    | -1.24%                        | 7.23%                         |
| NASDAQ  | -2.18%                        | 4.55%                         |

## Distributions (by record date)

|                      | FTU           | FTU.PR.A        | Total           |
|----------------------|---------------|-----------------|-----------------|
| <b>Total to Date</b> | <b>\$3.70</b> | <b>\$2.7820</b> | <b>\$6.4820</b> |
| 2011 YTD             | \$0.00        | \$0.2625        | \$0.2625        |
| 2010                 | \$0.00        | \$0.4438        | \$0.4438        |
| 2009                 | \$0.00        | \$0.0438        | \$0.0438        |
| 2008                 | \$0.30        | \$0.5250        | \$0.8250        |
| 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

The North American financial markets weakened during the month largely as result of US economic data suggesting the economic recovery had begun to moderate significantly. The impact of the Japanese tsunami disaster on the supply chain for the automotive and technology industry was a contributing factor for some of the slower economic growth. Higher commodity prices, especially energy costs were also seen to be impacting growth.

The U.S. housing market and unemployment market continue to exert a drag on the U.S. economy. The anticipated end of the US Federal Reserve's "QE2" policy at the end of June has also been a source of apprehension by market participants. Market participants have worried that the removal of this major source of monetary stimulus will adversely impact equity markets which has in large part been credited for fueling a significant increase in equity markets since its announcement and implementation in the fall of 2010. The question of whether this economic growth can become sustainable without the continued record levels of fiscal and monetary stimulus remains to be answered in the coming months and years. European debt worries have also been weighing heavily on the market.

Canadian economic indicators generally remain relatively strong with housing and employment conditions much stronger than most other developed economies.

Record low interest rates in North America are expected to remain until economic growth is deemed to be on a self sustaining growth path. In the context of these low rates, 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 from the covered call writing program.

## Details

|                             |                   |
|-----------------------------|-------------------|
| Gross Proceeds:             | \$121,857,000     |
| Units Issued:               | 4,875,000         |
| Inception Date:             | February 15, 2005 |
| Termination Date:           | December 1, 2012  |
| Net Asset Value             | \$5.27            |
| Cash Weighting:             | 0%                |
| U.S. Equity Weighting:      | 100%              |
| Portfolio Currency Hedging: | 80-90%            |
| FTU.PR.A Trading Price:     | \$5.50            |
| Current Yield*:             | 9.55%             |
| Market Capitalization:      | \$16,948,118      |
| FTU Trading Price:          | \$0.58            |
| Current Yield*:             | 0.00%             |
| Market Capitalization:      | \$1,787,256       |

\*Last distribution annualized.

## Top Holdings (sorted by weight)

J.P. Morgan Chase & Co.  
 Goldman Sachs Group Inc.  
 Bank of America Corp.  
 CME Group Inc.  
 Fifth Third Bancorporation  
 US Bancorp.  
 American Express Company  
 Morgan Stanley  
 SunTrust Banks Inc.  
 Citigroup Inc.  
 State Street Corp  
 Knight Capital Group Inc.  
 Bank of New York Mellon Corp.  
 City National Corporation  
 Wells Fargo & Co.

Weightings subject to change at any time.