



UPDATE

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

	FTU	FTU.PR.A	Total
Total to Date	\$0.70	\$0.3258	\$1.0258
2005 YTD	\$0.70	\$0.3258*	\$1.0258

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

Commentary

US Bancorp (USB)

USB recently reported Q2 earnings of \$0.60, slightly ahead of estimates. Strong fee income growth and reduced share count were contributors to the strong results. Continued fee income growth, continued share buybacks and growth in commercial loan demand bode well going forward. Estimates continue to forecast double digit earnings growth for the foreseeable future. The stock is also supported by a strong dividend yield of 4%.

U.S. Bancorp, with assets of over \$200 billion, is the 6th largest financial services holding company in the United States. The company operates approximately 2,400 banking offices and 5,000 ATMs providing a full line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

Details

Gross Proceeds:	\$121,875,000
Units Issued:	4,875,000
Inception Date:	Feb 15, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$22.03 (Sep 30/05)

Cash Weighting:	7%
U.S. Equity Weighting:	93%
Portfolio Currency Hedging:	70%-80%

FTU.PR.A Issue Price	\$10.00
Trading Price:	\$10.99 (Sep 30/05)
Current Yield:	4.8% annually

FTU Issue Price:	\$15.00
Trading Price:	\$10.50 (Sep 30/05)
Current Yield:	11.4% annually

Holdings Sorted By Weight

Holdings Sorted By Weight	Symbol
Citigroup	C
US Bancorp	USB
Morgan Stanley	MWD
Merrill Lynch	MER
JP Morgan & Co.	JPM
American International Group	AIG
Bank of America	BAC
The Goldman Sachs Group	GS
Lehman Brothers	LEH
American Express	AXP
SunTrust Banks	STI
Wells Fargo	WFC
Wachovia	WB
Fifth Third Bancorp	FITB
Washington Mutual	WM

Weightings subject to change at any time.