



# UPDATE

Canadian Life Companies Split Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified, high quality portfolio consisting of four Canadian Life Insurance companies. Two types of shares are available, a Class A and a Preferred.

## Objectives

### Preferred Shares (TSX: LFE.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: LFE):

(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)

|               | LFE    | LFE.PR.A  | Total    |
|---------------|--------|-----------|----------|
| Total to Date | \$2.00 | \$0.8945  | \$2.8945 |
| 2006 YTD      | \$1.20 | \$0.5250  | \$1.7250 |
| 2005          | \$0.80 | \$0.3695* | \$1.1695 |

\*Initial distribution for the period Apr 18/05 to May31/05.

## Commentary

On December 18th Canadian Life Companies Split declared its regular monthly distribution for record Dec 29, 2006, payable Jan 10, 2007. The LFE Class A share will be paid at the annual targeted rate of 8% and the LFE.PR.A will be paid at the fixed rate of 5.25% annually.

Sun Life Financial increased their dividend by 9% to \$1.20 per share annually (July 2006). Great West Life increased their dividend by 7% to \$0.96 per share annually (August 2006). Manulife increased their dividend 14% to \$0.80 per share annually (November 2006).

The average dividend yield earned on the net asset value is currently 2.4%.

Total return for LFE ending Dec 31, 2006 was 12.0% (inclusive of distributions).

## Details

|                             |                     |
|-----------------------------|---------------------|
| Gross Proceeds:             | \$207,551,950       |
| Units Issued:               | 8,302,078           |
| Inception Date:             | April 18, 2005      |
| Termination Date:           | Dec 1, 2012         |
| Net Asset Value:            | \$27.04 (Dec 29/06) |
| Cash Weighting:             | 11%                 |
| Canadian Equity Weighting:  | 89%                 |
| <b>LFE.PR.A</b> Issue Price | \$10.00             |
| Trading Price:              | \$11.15 (Dec 29/06) |
| Current Yield:              | 4.7% annually       |
| <b>LFE</b> Issue Price:     | \$15.00             |
| Trading Price:              | \$16.00 (Dec 29/06) |
| Current Yield:              | 7.5% annually       |

## Core Holdings By Weight

## Symbol

|                     |     |
|---------------------|-----|
| Sun Life Financial  | SLF |
| Manulife Financial  | MFC |
| Great-West Lifeco   | GWO |
| Industrial Alliance | IAG |

Weightings subject to change at any time.