

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

	One Month to <u>Jan 29, 2010</u>	Year to Date <u>Jan 29, 2010</u>
TSX	-5.55%	-5.55%
S&P 500	-3.70%	-3.70%
DJII	-3.46%	-3.46%
NASDAQ	-5.37%	-5.37%

## Distributions (by record date)

	LFE	LFE.PR.A	Total
<b>Total to Date</b>	<b>\$5.00</b>	<b>\$2.5133</b>	<b>\$7.5133</b>
2010 YTD	\$0.10	\$0.0438	\$0.1438
2009	\$0.60	\$0.5250	\$1.1250
2008	\$1.10	\$0.5250	\$1.6250
2007	\$1.20	\$0.5250	\$1.7250
2006	\$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

January started off with a rather lackluster beginning, unable to continue the broad market indices rally from December 2009. Although economic conditions are continuing to improve, double digit unemployment in the U.S. is likely to keep fiscal and monetary stimulus in place for some time to come. The low levels of interest rates around the world are proving to provide significant fuel to propel the prices of financial assets and some commodities. As Canadian and U.S. government fixed income yields continue to remain at very low absolute and relative rates, this should continue to be very supportive to the strong dividend paying companies.

Overall confidence in the U.S. financial system continues to improve as some of the larger U.S. Banks continue to repay government funds and raise private capital. However, credit expansion through lending is still very sluggish and this will likely have the effect of dampening the recovery as many small businesses in particular have not been able to access capital. Concerns over commercial real estate and a still weak U.S. housing market continue to weigh on the prospect of a more robust recovery. A surprisingly strong housing market has continued to provide support to the Canadian economy.

Attractive dividend yields, low historic valuations and significant option premiums available in the marketplace continue to bode well for the portfolio. The Manager continues to actively manage the relative weightings of the companies held within the portfolio.

## Details

Gross Proceeds:	\$241,751,950
Units Issued:	9,670,078
Inception Date:	April 18, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$15.41 (Jan 29/10)
<i>*Reflects potential full warrant dilution.</i>	
Cash Weighting:	10%
Equity Weighting:	90%

<b>LFE.PR.A</b> Trading Price:	\$10.17 (Jan 29/10)
Current Yield:	5.2% annually
Asset Coverage:	154%
Market Capitalization:	\$90,232,094
<b>LFE</b> Trading Price:	\$5.89 (Jan 29/10)
Current Yield:	20.4% annually*
Market Capitalization:	\$52,258,312

*\*Last distribution annualized.*

## Core Holdings By Weight

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

*Weightings subject to change at any time.*