



As at December 30, 2011

# Monthly Update

**TDb Split Corp** is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in common shares of TD Bank, a leading Canadian Financial institution. Two types of shares are available, a Class A and a Preferred (Priority Equity Share).

## Commentary

Macro headlines emanating from Europe continued to dominate financial markets. The ongoing and prolonged European debt crisis continued to dictate market sentiment in December as investors remained concerned about the adverse implications that a contagion of the crisis could have on the world economy. The European Central bank provided a significant amount of low cost funding to several large European Banks which appeared to have a stabilizing impact towards the end of the month. In addition, the continued political instability in Washington has added a further level of uncertainty for investors. Some seasonal year end factors such as tax loss selling and asset reallocation were observed in many sectors as the year closed out. US economic indicators continued to point to a steady, albeit modest recovery, which is being offset by the prospect of deteriorating expectations for the European economy and slowing growth in China.

Although markets continued to be dominated by these macro developments and concerns, valuations remain relatively attractive in this low interest rate environment. 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. Overall broad market returns for 2011 as shown below were reflective of the suboptimal macro-economic and political environment. As most market participants maintained their focus on these macro factors as indicated by extremely high fixed income allocations, any relief in these overall factors could provide the impetus for a meaningful market rally in 2012. Due to increased market volatility in the recent months, the covered call writing program has added a higher level of income to supplement dividend income earned in the portfolio.

|         | One Month to<br>Dec 30, 2011 | Year to Date<br>Dec 30, 2011 |
|---------|------------------------------|------------------------------|
| TSX     | -2.04%                       | -11.07%                      |
| S&P 500 | 0.85%                        | 0.00%                        |
| DJII    | 1.43%                        | 5.53%                        |
| NASDAQ  | -0.58%                       | -1.80%                       |

## Distributions (by record date)

|               | XTD                     | XTD.PR.A                | Total    |
|---------------|-------------------------|-------------------------|----------|
| Total to Date | \$1.9000                | \$2.3089                | \$4.2089 |
| 2011 YTD      | \$0.4500 <sup>(2)</sup> | \$0.5250                | \$0.9750 |
| 2010          | \$0.5000 <sup>(2)</sup> | \$0.5250                | \$1.0250 |
| 2009          | \$0.1500 <sup>(2)</sup> | \$0.5250                | \$0.6750 |
| 2008          | \$0.5500                | \$0.5250                | \$1.0750 |
| 2007          | \$0.2500                | \$0.2089 <sup>(1)</sup> | \$0.4589 |

(1) Initial distribution for the period Aug 7/07 to Dec 31/07.  
(2) Please review the [Annual Information Form](#).

## Details

|                            |                  |
|----------------------------|------------------|
| Gross Proceeds:            | \$35,000,000     |
| Units Issued:              | 1,750,000        |
| Inception Date:            | August 7, 2007   |
| Termination Date:          | December 1, 2014 |
| Net Asset Value:           | \$12.39          |
| Cash Weighting:            | 23%              |
| Canadian Equity Weighting: | 77%              |
| XTD.PR.A Trading Price:    | \$10.00          |
| Current Yield*:            | 5.3%             |
| Market Capitalization:     | \$16,672,600     |
| XTD Trading Price:         | \$2.98           |
| Current Yield*:            | 0.0%             |
| Market Capitalization:     | \$4,968,435      |

*\*Last distribution annualized.*

## Holding

## Symbol

Toronto-Dominion Bank TD



## TD Company News

|                                     |       |
|-------------------------------------|-------|
| TD Bank % return for Dec 2011:      | 3.8%  |
| TD Bank % return year-to-date 2011: | 2.7%  |
| Dividend Yield on TD Bank shares:   | 3.57% |

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