

Monthly Update

Prime Dividend Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified portfolio consisting of dividend yielding Canadian companies. Two types of shares are available, a Class A and a Preferred.

Distributions (by record date)

	PDV	PDV.PR.A	Total
Total to Date	\$3.6691	\$2.3061	\$5.9752
2009 YTD	\$0.2500	\$0.3333	\$0.5833
2008	\$0.9535	\$0.5648	\$1.5183
2007	\$1.2156	\$0.6854	\$1.9010
2006	\$1.1625	\$0.6500	\$1.8125
2005	\$0.0875	\$0.07247	\$0.15997

**Initial distribution for the period Nov 16/05 to Dec 31/05.*

Commentary

August continued to raise hopes for a second half economic recovery as certain key economic indicators continued to improve. The volume of new home sales in both Canada and the United States increased in August helping to lower housing inventories in both countries. The price performance of housing in Canada remains very resilient. The monthly unemployment numbers in both Canada and United States showed further improvement in August. Of particular note was an increase in commodity prices which appears to be indicative of a rebound in economic growth, especially in the developing economies. Financial services companies, which have raised significant amounts of capital in recent months, continued an impressive recovery as share prices continue to rebound from their March lows. The historic low interest rate environment appears to be providing very favorable conditions for these companies to rebuild their earnings power. In particular Q3 reported earnings from the Canadian banks generally surpassed analyst's estimates and led to improved share price performance.

During the month of August, the TSX topped the 11,000 mark for the first time in over 10 months and the S&P 500 reached an impressive 50% recovery in the past 5 months since its March low making it the third strongest recovery on record.

It appears that governments around the world continue to ensure that fiscal and monetary conditions are supportive of economic growth. The popular cash for clunkers program in the United States proved to be an example of the supportive measures governments are willing to undertake to stimulate growth.

The historic high levels of low yielding cash and money market instruments "sitting on the sidelines" could prove to be a catalyst for further market gains if investors shift some of this money towards equities.

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

	One Month to Aug 31, 2009	Year to Date Aug 31, 2009
TSX	0.75%	20.92%
S&P 500	3.36%	12.99%
DJII	3.54%	8.20%
NASDAQ	1.54%	27.40%

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$18.07 (Aug 31/09)

Cash Weighting:	7%
Canadian Equity Weighting:	93%

PDV.PR.A Trading Price:	\$10.00 (Aug 31/09)
Current Yield:	5.0% annually*
Asset Coverage:	181%
Market Capitalization:	\$17,776,900

PDV Trading Price:	\$6.94 (Aug 31/09)
Current Yield:	10.8% annually*
Market Capitalization:	\$12,337,169

**Last distribution annualized.*

Top Holdings (sorted by weight)

TMX Group Inc.	X
AGF Management	AGF
TransCanada Corporation	TRP
Royal Bank of Canada	RY
TransAlta Corporation	TA
IGM Financial	IGM
Power Financial	PWF
Bell Canada Inc.	BCE
Toronto-Dominion Bank	TD
Manulife Financial	MFC
CI Financial Income Fund	CIX
Canadian Imperial Bank of Commerce	CM
National Bank of Canada	NA
Bank of Montreal	BMO
Bank of Nova Scotia	BNS
Great-West Lifeco	GWO
Sun Life Financial	SLF

Weightings subject to change at any time.