

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	\$5.1691	\$3.3061	\$8.4752
2011 YTD	\$0.5000	\$0.3333	\$0.8333
2010	\$0.7500	\$0.5000	\$1.2500
2009	\$0.5000	\$0.5000	\$1.0000
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

The North American financial markets continued to weaken during the month largely as a result of US economic data suggesting the economic recovery had begun to moderate significantly. Global economic indicators have deteriorated with several Euro zone countries having to consider significant reductions in spending to reign in record deficits. Market participants are concerned that this will further impact growth in these countries with a spillover to overall world growth. As mentioned in previous commentaries, the key question of whether economic growth can become sustainable without the continued record levels of fiscal and monetary stimulus, remains to be answered in the coming months and years.

Canadian economic indicators generally remain relatively strong with housing and employment conditions much stronger than most other developed economies. Although it should be noted that Canadian economic growth did stall out in the second quarter and could continue to deteriorate if global financial conditions worsen. Record low interest rates in North America are expected to remain until economic growth is deemed to be on a self sustaining growth path. In the context of these low rates, 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. The dividend income continues to be supplemented by income generated from the covered call writing overlay on the companies in the Portfolio.

	One Month to Aug 31, 2011	Year to Date Aug 31, 2011
TSX	-1.37%	-5.02%
S&P 500	-5.68%	-3.08%
DJII	-4.36%	0.31%
NASDAQ	-6.42%	-2.77%

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	November 16, 2005
Termination Date:	December 1, 2012
Net Asset Value	\$17.50
Cash Weighting:	8%
Canadian Equity Weighting:	92%
PDV.PR.A Trading Price:	\$10.10
Current Yield*:	5.0%
Asset Coverage:	175%
Market Capitalization:	\$16,553,496
PDV Trading Price:	\$6.85
Current Yield*:	10.9%
Market Capitalization:	\$11,226,876

**Last distribution annualized.*

Top Holdings (sorted by weight)

TransAlta Corporation
 Toronto-Dominion Bank
 AGF Management Ltd.
 Canadian Imperial Bank of Commerce
 TransCanada Corp.
 Power Financial Corp.
 IGM Financial Inc.
 CI Financial Corp.
 TMX Group Inc.
 BCE Inc.
 Bank of Nova Scotia
 Royal Bank of Canada
 Bank of Montreal
 Great-West Lifeco Inc.
 National Bank of Canada
 Manulife Financial Corporation
 Sun Life Financial Inc.

Weightings subject to change at any time.