

Monthly Update

Prime Dividend Corp is an Investment Corporation designed to pay monthly cash dividends. The Corporation invests in a diversified portfolio consisting of high quality 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	\$3.4191	\$2.0144	\$5.4335
2009 YTD	\$0.0000	\$0.0417	\$0.0417
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

Financial markets continued to experience severe volatility through the month of January as most stock markets across the world hit new lows during the month. The theme of unprecedented government intervention continued as governments attempted to use a myriad of fiscal and monetary tools to stabilize the financial system and stimulate their economies. Notwithstanding the massive amounts of capital that have been injected into financial services companies around the world, the credit "freeze" still presents a major problem as lending activity has diminished to record low levels. The lack of available credit to even the most creditworthy corporations is weighing on economic growth. Unemployment levels are rising and even economic growth in China has started to falter. President elect Obama has telegraphed a very significant fiscal stimulus that will be announced in early February. Record levels of redemptions in mutual funds and the continued de-leveraging of hedge funds continues to dominate trading patterns and has resulted in almost indiscriminate broad based selling as these funds are forced to raise cash. On the monetary front, central banks around the world continue to aggressively cut administered interest rates to multi-decade lows. At some point the cumulative impacts from these massive fiscal and monetary stimulus measures will begin to have traction and ignite the economic recovery.

The table below indicates the depth of this market downturn.

	One month to Jan 31, 2009	One year ending Dec 31, 2008
TSX	-3.3%	-35.0%
S&P 500	-8.5%	-38.5%
DJII	-8.8%	-33.8%
NASDAQ	-6.4%	-40.5%

When capital market liquidation slows or ceases and investors return to fundamentals of the underlying companies, we believe the portfolio will be fairly rewarded. Attractive dividend yields, low valuations and significant option premiums available in the market place all bode well for the portfolio. The Manager continues to actively manage the relative weightings of the companies held within the portfolio.

Details

Gross Proceeds:	\$60,000,000
Units Issued:	2,400,000
Inception Date:	Nov 16, 2005
Termination Date:	Dec 1, 2012
Net Asset Value:	\$13.93 (Jan 30/09)
Cash Weighting:	3%
Canadian Equity Weighting:	97%
PDV.PR.A Trading Price:	\$9.37 (Jan 30/09)
Current Yield:	5.3% annually
Asset Coverage:	139%
Market Capitalization:	\$20,313,785
PDV Trading Price:	\$3.16 (Jan 30/09)
Market Capitalization:	\$6,850,754

Top Holdings (sorted by weight)

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

Weightings subject to change at any time.