

# 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           |
|----------------------|-----------------|-----------------|-----------------|
| <b>Total to Date</b> | <b>\$5.2316</b> | <b>\$3.3477</b> | <b>\$8.5793</b> |
| 2011 YTD             | \$0.6250        | \$0.4167        | \$1.0417        |
| 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

October was an exceptional month for the North American financial markets, despite uncertainties of spillover effects of the debt crisis surrounding the Eurozone countries. Market sentiment and performance continued to be dictated by macroeconomic and political events during the month. Increased market volatility was observed as European leaders hammered out an agreement intended to stabilize the Greek sovereign debt crisis. Global markets rallied sharply toward the end of the month as investors welcomed the specific details contained in the Greece bailout plan. The extent of extremely positive market reaction underlies the importance of resolving the Eurozone debt crisis to the financial markets. The potential success of this plan and future actions to deal with the Greek sovereign debt crisis and other distressed Eurozone countries will have a significant impact on global financial markets. In addition, investors will also continue to focus on U.S. efforts to deal with extraordinary large and growing government deficits.

Notwithstanding overall macro 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. 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>Oct 31, 2011 | Year to Date<br>Oct 31, 2011 |
|---------|------------------------------|------------------------------|
| TSX     | 5.40%                        | -8.86%                       |
| S&P 500 | 10.77%                       | -0.35%                       |
| DJII    | 9.54%                        | 3.26%                        |
| NASDAQ  | 11.14%                       | 1.19%                        |

## Details

|                            |                   |
|----------------------------|-------------------|
| Gross Proceeds:            | \$60,000,000      |
| Units Issued:              | 2,400,000         |
| Inception Date:            | November 16, 2005 |
| Termination Date:          | December 1, 2012  |
| Net Asset Value            | \$17.22           |
| Cash Weighting:            | 11%               |
| Canadian Equity Weighting: | 89%               |
| PDV.PR.A Trading Price:    | \$10.00           |
| Current Yield*:            | 5.0%              |
| Asset Coverage:            | 172%              |
| Market Capitalization:     | \$16,389,600      |
| PDV Trading Price:         | \$7.05            |
| Current Yield*:            | 10.6%             |
| Market Capitalization:     | \$11,554,668      |

*\*Last distribution annualized.*

## Top Holdings (sorted by weight)

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

*Weightings subject to change at any time.*