

Mulvihill Structured Products



Mulvihill

Hybrid Income Funds

Semi-Annual Report 2002



Mulvihill Premium U.S. Fund

First Premium U.S. Income Trust

Notice To Unitholders

Change of Record Date for Regular Distributions

The Fund is hereby providing notice to unitholders that it intends to change the record date for its regular distributions to unitholders. Regular distributions will now be payable to unitholders of record on the fifteenth (15th) day of each month (or on the first business day thereafter if the 15th day is not a business day) and will continue to be paid on or about the last business day of each quarter.

The Fund's Manager, Mulvihill Fund Services Inc., will amend the trust agreement governing the Fund in order to make this change. This amendment will be effective on or about September 13, 2002. As a result the December 31, 2002 distribution, when declared, will be payable to unitholders of record as of December 16, 2002.

As of June 30, 2002, the net assets of the Fund were \$181.9 million, or \$15.38 per unit, a decline from net assets of \$234.1 million, or \$19.67 per unit, at the end of 2001. Regular distributions totalling \$11.9 million, or \$1.00 per unit, were made for the first two quarters, maintaining the Fund's target return of 8%, based on the initial unit price of \$25.00. These distributions were non-taxable, as tax losses generated during the period offset income earned to pay distributions. The Fund's units on the Toronto Stock Exchange closed the period at \$14.24.

The decline in net assets was mainly due to weak equity markets, which reduced the value of the Fund's stock portfolio. The decline in the value of the U.S. dollar versus its Canadian counterpart also had a negative impact on net asset value of the fund.

All U.S. market indices showed negative returns for the period, with the hardest hit sectors being information technology, telecommunications services and health care. Some sectors, such as consumer staples, energy and materials, showed modest gains. The U.S. economy is showing signs of recovery, but equity markets are still in decline. Investor confidence has been severely shaken by a series of corporate scandals involving flawed accounting and negligent governance. Diminishing demand for U.S. assets among foreign investors is now undermining the U.S. dollar. Market volatility increased sharply towards the end of the second quarter, and this condition is continuing. The Fund benefits from higher volatility levels, because this facilitates earning higher amounts of premium income from option writing.

The Fund's portfolio is presently well diversified, and a strong defensive cash position is being maintained. Significant premium income is continuing to be generated through active option writing programs.

We would like to take this opportunity to thank the Fund's unitholders for their continuing support.

August 2002

Mulvihill Premium *U.S. Fund*

Financial Statements

Interim Statements of Net Assets

	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
Assets		
Investments at market value (average cost - \$180,786,011; 2001 - \$192,691,975)	\$ 123,602,632	\$ 170,998,693
Short-term investments (average cost - \$56,441,635; 2001 - \$65,205,111)	56,297,840	65,496,208
Cash	246,851	284,528
Dividends receivable	61,476	80,089
Interest receivable	95,202	136,002
Subscriptions receivable	–	111,622
Due from broker	3,170,907	193,385
	183,474,908	237,300,527
Liabilities		
Due to brokers	2,408	2,820,562
Redemptions payable	1,255,681	–
Accrued liabilities	340,383	410,954
	1,598,472	3,231,516
Net Assets, Represented by Unitholders' Equity	\$ 181,876,436	\$ 234,069,011
Number of Units Outstanding	11,822,714	11,901,171
Net Asset Value per Unit	\$ 15.3836	\$ 19.6677

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2002	2001
Revenue		
Dividends	\$ 1,066,726	\$ 1,171,206
Interest, net of foreign exchange	(659,264)	2,755,390
Withholding tax	(147,596)	(164,321)
	259,866	3,762,275
Expenses		
Management fees	1,828,821	2,211,117
Custodian and other fees	115,550	137,204
Goods and services tax	136,106	164,382
	2,080,477	2,512,703
Net Investment Income (Loss)	(1,820,611)	1,249,572
Gain (Loss) on Sale of Investments and Options	(1,420,826)	12,144,225
Change in Unrealized Depreciation of Investments and Foreign Currency	(35,924,196)	(19,213,768)
Net Loss on Investments	(37,345,022)	(7,069,543)
Total Results of Financial Operations	\$ (39,165,633)	\$ (5,819,971)
Net Investment Income (Loss) per Unit	\$ (0.1531)	\$ 0.1052
Net Loss on Investments per Unit	(3.1408)	(0.5950)
Total Results of Financial Operations per Unit (based on the weighted average number of units outstanding during the period of 11,890,293; 2001 - 11,881,914)	\$ (3.2939)	\$ (0.4898)

Mulvihill Premium U.S. Fund

Financial Statements

Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2002	2001
Net Assets, Beginning of Period	\$ 234,069,011	\$ 260,312,334
Total Results of Financial Operations	(39,165,633)	(5,819,971)
Unit Transactions		
Amount paid for units redeemed	(1,255,681)	–
Proceeds from reinvestment of distributions	133,207	109,304
	(1,122,474)	109,304
Distributions to Unitholders		
From net investment income	–	(1,249,572)
From net realized gain on sale of investments and options	–	(10,632,342)
Non-taxable distribution	(11,904,468)	–
	(11,904,468)	(11,881,914)
Changes in Net Assets During the Period	(52,192,575)	(17,592,581)
Net Assets, End of Period	\$ 181,876,436	\$ 242,719,753
Net Asset Value per Unit	\$ 15.3836	\$ 20.4237
Distribution per Unit		
From net investment income	\$ –	\$ 0.1052
From net realized gain on sale of investments and options	–	0.8948
Non-taxable distribution	1.0000	–
	\$ 1.0000	\$ 1.0000

Mulvihill Premium U.S. Fund

Financial Statements

Statement of Investments

June 30, 2002 (Unaudited)

	PAR VALUE/ NO. OF SHARES	AVERAGE COST	MARKET VALUE
Short-term Investments			
Treasury Bills			
Government of Canada, USD - August 28, 2002	1,050,000	\$ 1,590,614	\$ 1,592,490
Government of Canada, USD - September 5, 2002	3,200,000	4,870,116	4,846,132
Government of Canada - July 4, 2002	1,860,000	1,850,211	1,850,211
Government of Canada - July 18, 2002	125,000	124,329	124,329
Government of Canada - September 12, 2002	24,635,000	24,476,171	24,476,171
Government of the United States, USD - July 5, 2002	10,000	15,337	15,179
Government of the United States, USD - July 25, 2002	1,200,000	1,821,320	1,822,622
Total Treasury Bills		34,748,098	34,727,134
Discount Commercial Paper			
Province of British Columbia, USD - September 5, 2002	2,675,000	4,097,046	4,051,444
Canada Mortgage & Housing Corp. - July 2, 2002	4,045,000	4,018,465	4,018,465
Export Development Corp., USD - September 26, 2002	150,000	227,186	227,186
Farm Credit Corp. - September 12, 2002	1,000,000	993,170	993,170
Province of Ontario, USD - August 22, 2002	3,210,000	4,901,018	4,860,873
Province of Ontario, USD - September 3, 2002	4,900,000	7,456,652	7,419,568
Total Discount Commercial Paper		21,693,537	21,570,706
		56,441,635	56,297,840
Accrued Interest		-	95,202
Total Short-term Investments		\$56,441,635	\$56,393,042
Investments			
Canadian Common Shares			
Information Technology			
Nortel Networks Corporation	170,000	\$ 8,635,921	\$ 374,899
Total Canadian Common Shares		\$ 8,635,921	\$ 374,899
United States Common Shares			
Consumer Discretionary			
AOL Time Warner Inc.	137,500	\$ 7,974,217	\$ 3,076,189
General Motors Corporation	33,400	3,184,272	2,715,137
McDonald's Corporation	90,000	4,306,647	3,894,237
The Home Depot Inc.	80,000	6,030,810	4,468,982
Wal-Mart Stores, Inc.	65,000	5,980,353	5,438,168
Total Consumer Discretionary		27,476,299	19,592,713

Mulvihill Premium U.S. Fund

Financial Statements

Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
Investments (continued)			
United States Common Shares (continued)			
Consumer Staples			
PepsiCo Inc.	25,000	1,915,342	1,832,672
The Procter & Gamble Company	40,000	5,747,096	5,432,617
Total Consumer Staples		7,662,438	7,265,289
Energy			
Exxon Mobil Corporation	95,000	6,036,866	5,912,306
Schlumberger Limited	60,000	6,458,948	4,243,281
Total Energy		12,495,814	10,155,587
Financials			
American Express Company	30,000	1,808,105	1,657,161
American International Group Inc.	35,000	4,430,467	3,631,960
Bank of America Corporation	40,000	4,578,757	4,280,391
Citigroup Inc.	104,816	7,847,432	6,147,808
J.P. Morgan Chase and Co.	90,000	5,518,398	4,642,971
Merrill Lynch & Co.	50,000	4,466,218	3,079,801
U.S. Bancorp	10,600	370,393	376,435
Total Financials		29,019,770	23,816,527
Health Care			
Amgen Inc.	52,500	5,058,499	3,343,980
Bristol-Myers Squibb Company	90,000	8,678,049	3,517,817
Pfizer Inc.	65,000	4,116,395	3,460,023
Pharmacia Corporation	70,000	5,626,749	3,987,012
Total Health Care		23,479,692	14,308,832
Industrials			
General Electric Company	135,000	9,046,398	5,964,548
Honeywell International Inc.	35,000	1,979,689	1,875,333
United Technologies Corporation	53,500	5,877,453	5,524,859
Total Industrials		16,903,540	13,364,740
Information Technology			
Cisco Systems Inc.	160,000	7,323,310	3,394,625
IBM Corporation	32,500	5,688,203	3,558,881
Intel Corporation	130,000	7,857,198	3,612,264
Microsoft Corporation	90,000	10,661,489	7,407,948
Oracle Corporation	175,000	4,957,517	2,520,494
Texas Instruments Incorporated	100,000	6,454,841	3,604,508
Total Information Technology		42,942,558	24,098,720

Mulvihill Premium U.S. Fund

Financial Statements

Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
Investments (continued)			
United States Common Shares (continued)			
Materials			
Alcoa Inc.	100,000	5,800,426	5,041,748
International Paper Company	60,000	4,810,476	3,976,822
Total Materials		10,610,902	9,018,570
Telecommunication Services			
Verizon Communications Inc.	70,000	5,592,817	4,274,460
Total United States Common Shares		\$176,183,830	\$125,895,438

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
Options			
Written Covered Put Options (100 shares per contract)			
American Express Company - July 2002 @ \$38	(300)	\$ (90,208)	\$ (100,379)
Cisco Systems Inc. - July 2002 @ \$15	(250)	(26,877)	(56,843)
Total Written Covered Put Options		(117,085)	(157,222)

Written Covered Call Options (100 shares per contract)			
Alcoa Inc. - July 2002 @ \$37	(500)	(66,846)	(1,194)
American Express Company - August 2002 @ \$40	(300)	(97,972)	(40,425)
American International Group Inc. - July 2002 @ \$66	(175)	(41,142)	(95,691)
American International Group Inc. - July 2002 @ \$69	(175)	(35,424)	(16,712)
Amgen Inc. - July 2002 @ \$46	(260)	(63,055)	(13,639)
AOL Time Warner Inc. - August 2002 @ \$15	(675)	(121,139)	(139,225)
AOL Time Warner Inc. - July 2002 @ \$16	(350)	(41,949)	(7,565)
AOL Time Warner Inc. - July 2002 @ \$17	(350)	(42,545)	(2,505)
Bank of America Corporation - August 2002 @ \$74	(225)	(96,114)	(35,465)
Bank of America Corporation - July 2002 @ \$73	(175)	(57,603)	(2,508)
Bristol-Myers Squibb Company - July 2002 @ \$28	(225)	(38,031)	(9,465)
Bristol-Myers Squibb Company - July 2002 @ \$31	(450)	(97,947)	(2,142)
Cisco Systems Inc. - July 2002 @ \$16	(450)	(68,386)	(29,504)
Cisco Systems Inc. - July 2002 @ \$17	(400)	(43,002)	(73)
Citigroup Inc. - July 2002 @ \$39	(700)	(130,218)	(167,146)

Mulvihill Premium U.S. Fund

Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
Investments (continued)			
Options (continued)			
Written Covered Call Options (100 shares per contract)			
Exxon Mobil Corporation - August 2002 @ \$40	(300)	(56,081)	(94,695)
Exxon Mobil Corporation - August 2002 @ \$40	(300)	(56,081)	(85,860)
Exxon Mobil Corporation - July 2002 @ \$41	(350)	(58,526)	(62,674)
General Electric Company - August 2002 @ \$31	(675)	(151,937)	(119,558)
General Electric Company - July 2002 @ \$31	(675)	(99,748)	(25,811)
General Motors Corporation			
- August 2002 @ \$57	(250)	(78,229)	(70,939)
The Home Depot Inc. - August 2002 @ \$31	(400)	(88,820)	(45,858)
The Home Depot Inc. - July 2002 @ \$38	(400)	(54,105)	(52,684)
Honeywell International Inc.			
- September 2002 @ \$37	(350)	(113,094)	(59,196)
IBM Corporation - July 2002 @ \$74	(325)	(67,094)	(107,241)
Intel Corporation - July 2002 @ \$22	(650)	(103,819)	(5,644)
International Paper Company - July 2002 @ \$44	(600)	(137,148)	(92,814)
J.P. Morgan Chase & Co. Inc.			
- August 2002 @ \$34	(450)	(69,663)	(98,949)
J.P. Morgan Chase & Co. Inc.			
- July 2002 @ \$34	(450)	(55,317)	(60,200)
McDonald's Corporation - August 2002 @ \$29	(450)	(58,816)	(46,749)
McDonald's Corporation - July 2002 @ \$31	(450)	(66,346)	(9,472)
Merrill Lynch & Co. - July 2002 @ \$41	(300)	(60,957)	(59,369)
Microsoft Corporation - August 2002 @ \$56	(400)	(145,054)	(143,110)
Microsoft Corporation - July 2002 @ \$59	(450)	(120,411)	(24,948)
Nortel Networks Corporation, USD			
- July 2002 @ \$2	(850)	(15,569)	(3,258)
Nortel Networks Corporation, USD			
- July 2002 @ \$2	(850)	(20,268)	(569)
Oracle Corporation - July 2002 @ \$9	(900)	(85,486)	(148,269)
PepsiCo Inc. - August 2002 @ \$51	(250)	(60,329)	(18,686)
Pfizer Inc. - July 2002 @ \$36	(650)	(59,611)	(29,875)
Pharmacia Corporation - July 2002 @ \$44	(550)	(108,844)	(581)
The Procter & Gamble Company - July 2002 @ \$90	(100)	(39,183)	(32,258)
The Procter & Gamble Company - July 2002 @ \$91	(100)	(35,034)	(16,459)
The Procter & Gamble Company - July 2002 @ \$92	(200)	(80,167)	(2,129)
Schlumberger Limited - July 2002 @ \$50	(200)	(36,020)	(4,044)
Schlumberger Limited - July 2002 @ \$51	(200)	(35,261)	(2,076)
Texas Instruments Incorporation			
- July 2002 @ \$26	(500)	(69,055)	(49,695)
United Technologies Corporation			
- August 2002 @ \$69	(285)	(103,712)	(113,269)
United Technologies Corporation			
- July 2002 @ \$71	(250)	(121,181)	(35,116)
Verizon Communications Inc.			
- July 2002 @ \$39	(350)	(72,520)	(150,025)
Verizon Communications Inc.			
- July 2002 @ \$44	(350)	(81,583)	(23,683)
Wal-Mart Stores, Inc. - August 2002 @ \$58	(300)	(97,045)	(28,124)
Wal-Mart Stores, Inc. - July 2002 @ \$57	(350)	(113,168)	(23,337)
Total Written Covered Call Options		(3,916,655)	(2,510,483)
Total Options		\$ (4,033,740)	\$ (2,667,705)
Total Investments		\$180,786,011	\$123,602,632

Notes to the Financial Statements

June 30, 2002 (Unaudited)

1. Basis of Presentation

These interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2001 as not all disclosures required by Canadian generally accepted accounting principles for annual financial statements have been presented.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2001.

Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium U.S. Fund for the period ended June 30, 2002 may be obtained without charge by writing to:

Mulvihill Premium U.S. Fund
Investor Relations
121 King Street West, Suite 2600
Toronto, Ontario M5H 3T9

Visit our website at www.mulvihill.com
for additional information on all
Mulvihill Hybrid Income Funds.

**Other Hybrid Income Funds Managed
by Mulvihill Structured Products**

Mulvihill Premium Funds

Mulvihill Premium *Canadian Fund*
Mulvihill Premium *Oil & Gas Fund*
Mulvihill Premium *60 Plus Fund*
Mulvihill Premium *Global Plus Fund*
Mulvihill Premium *Canadian Bank Fund*
Mulvihill Premium *Global Telecom Fund*
Mulvihill Premium *Split Share Fund*

Mulvihill Summit Fund

Mulvihill Summit *Digital World Fund*

Mulvihill Platinum Funds

Mulvihill Pro-AMS *U.S. Fund*
Mulvihill Pro-AMS *RSP Fund*
Mulvihill Pro-AMS *100 Plus (Cdn \$) Fund*
Mulvihill Pro-AMS *100 Plus (U.S. \$) Fund*
Mulvihill Pro-AMS *RSP Split Share Fund*

**Mutual Funds Managed by
Mulvihill Capital Management**

Mulvihill Canadian *Money Market Fund*
Mulvihill Canadian *Bond Fund*
Mulvihill Canadian *Equity Fund*
Mulvihill Global *Equity Fund*
Mulvihill U.S. *Equity Fund*
Premium Canadian *Income Fund*
Premium Global *Income Fund*

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Notes



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