



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2003

Mulvihill Premium *U.S. Fund*

First Premium U.S. Income Trust



Message to Unitholders

As of June 30, 2003, the net assets of the Fund were \$142.5 million, or \$13.95 per unit, down marginally from \$14.38 per unit at the end of 2002. The Fund's units, listed on the Toronto Stock Exchange as FPU.UN, closed the six-month period trading at \$13.58 per unit.

Distributions during the first two quarters amounted to \$6.3 million, or \$0.60 per unit. The net assets decline during the period was largely due to the large depreciation of the U.S. dollar versus its Canadian counterpart which offset all of the positive U.S. equity markets returns for the first half resulting in negative returns to Canadian investors. A portion of the Fund's U.S. dollar exposure was hedged in foreign exchange markets, partially insulating the fund from the full impact of the U.S. dollar's decline.

The Fund has sufficient capital loss carryforward amounts to shelter realized gains in the current period and provide both non-capital and capital loss carryforwards for future periods. As a result, distributions in the current period were non-taxable and will reduce each unitholders cost base.

The geopolitical uncertainties that caused markets to retest lows in March 2003 are easing, and with continued low interest rates and an improving corporate profit picture, investor confidence is returning. A strong market rebound in the second quarter pushed all U.S. equity market indices to positive return levels for the year to date. The sectors recording the largest gains included information technology, consumer discretionary and utilities, while consumer staples and telecommunications experienced the lowest returns. The Fund benefited from being over weighted in information technology, and under weighted in consumer staples.

U.S. economic indicators have been mixed, but are showing increasing signs of recovery. Volatility was higher in the first quarter while equity markets have rallied in the second quarter. Sufficient volatility exists to allow the Fund to continue generating option premiums through its ongoing option-writing programs.

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

August 2003

Mulvihill Premium U.S. Fund

Financial Statements

Interim Statements of Net Assets

June 30, 2003 (Unaudited) and December 31, 2002 (Audited)

	2003	2002
ASSETS		
Investments at market value (average cost - \$149,449,853; 2002 - \$163,742,796)	\$ 119,846,105	\$ 125,282,051
Short-term investments (average cost - \$23,874,395; 2002 - \$40,538,510)	23,758,107	40,562,749
Cash	197,802	11,180
Interest receivable	34,280	150,326
Dividends receivable	78,046	141,302
Due from brokers	177,873	1,215,859
TOTAL ASSETS	144,092,213	167,363,467
LIABILITIES		
Redemptions payable	1,295,103	11,168,606
Accrued liabilities	324,343	311,200
Due to brokers	14,517	551
TOTAL LIABILITIES	1,633,963	11,480,357
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 142,458,250	\$ 155,883,110
Number of Units Outstanding	10,211,332	10,841,735
Net Asset Value per Unit	\$ 13.9510	\$ 14.3781

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2003	2002
REVENUE		
Dividends	\$ 881,379	\$ 1,066,726
Interest, net of foreign exchange	(668,642)	(659,264)
Withholding tax	(126,422)	(147,596)
TOTAL REVENUE	86,315	259,866
EXPENSES		
Management fees	1,280,076	1,828,821
Custodian and other fees	135,512	115,550
Goods and services tax	98,376	136,106
TOTAL EXPENSES	1,513,964	2,080,477
Net Investment Loss	(1,427,649)	(1,820,611)
Loss on sale of investments and options	(5,879,931)	(1,420,826)
Change in unrealized depreciation of investments and foreign currency	8,716,401	(35,924,196)
Net Gain (Loss) on Investments	2,836,470	(37,345,022)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ 1,408,821	\$ (39,165,633)
Net Investment Loss per Unit	\$ (0.1341)	\$ (0.1531)
Net Gain (Loss) on Investments per Unit	0.2665	(3.1408)
TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 10,644,644; 2002 - 11,890,293)		
	\$ 0.1324	\$ (3.2939)

Mulvihill Premium U.S. Fund

Financial Statements

Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2003	2002
NET ASSETS, BEGINNING OF PERIOD	\$ 155,883,110	\$ 234,069,011
Total Results of Financial Operations	1,408,821	(39,165,633)
Unit Transactions		
Amount paid for units redeemed	(8,546,712)	(1,255,681)
Proceeds from reinvestment of distributions	-	133,207
	(8,546,712)	(1,122,474)
Distributions to Unitholders		
Non-taxable distribution	(6,286,969)	(11,904,468)
Changes in Net Assets during the Period	(13,424,860)	(52,192,575)
NET ASSETS, END OF PERIOD	\$ 142,458,250	\$ 181,876,436
Net Asset Value per Unit	\$ 13.9510	\$ 15.3836
Distribution per Unit		
Non-taxable distribution	\$ 0.6000	\$ 1.0000

Statement of Investments

June 30, 2002 (Unaudited)

	Par Value	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Treasury Bills			
Government of Canada - August 28, 2003	4,400,000	\$ 4,364,801	\$ 4,364,801
Government of Canada - September 25, 2003	8,745,000	8,671,843	8,671,842
Government of Canada, USD - August 5, 2003	2,350,000	3,174,010	3,189,807
Government of Canada, USD - September 19, 2003	2,300,000	3,103,315	3,117,251
Total Treasury Bills		19,313,969	19,343,701
Discount Commercial Paper			
Canadian Wheat Board, USD - August 6, 2003	100,000	137,049	135,578
Canadian Wheat Board, USD - August 8, 2003	150,000	207,453	203,360

Financial Statements

Statement of Investments (continued)

June 30, 2002 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS (continued)			
Discount Commercial Paper (continued)			
Province of Ontario, USD			
- July 16, 2003	400,000	579,874	541,984
Province of Ontario, USD			
- July 22, 2003	375,000	543,698	508,058
Province of Quebec, USD			
- July 17, 2003	850,000	1,162,972	1,153,206
Total Discount Commercial Paper		2,631,046	2,542,186
Promissory Notes			
Province of Ontario, USD			
- July 22, 2003	650,000	937,760	880,600
Province of Nova Scotia			
- September 9, 2003	1,000,000	991,620	991,620
Total Promissory Notes		1,929,380	1,872,220
		23,874,395	23,758,107
Accrued Interest			34,280
TOTAL SHORT-TERM INVESTMENTS		\$23,874,395	\$23,792,387

INVESTMENTS

United States Common Shares

Consumer Discretionary

Clear Channel Communications, Inc.	68,000	\$ 4,094,809	\$ 3,916,627
The Walt Disney Co.	145,000	4,516,482	3,891,123
Viacom Inc., Class B	64,000	3,396,823	3,796,676

Total Consumer Discretionary **12,008,114** **11,604,426**

Consumer Staples

The Coca-Cola Co.	55,500	4,226,892	3,499,810
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Energy

Exxon Mobil Corporation	95,000	6,036,865	4,635,311
Schlumberger Limited	60,000	6,458,948	3,878,147

Total Energy **12,495,813** **8,513,458**

Financials

American Express Company	74,000	4,186,334	4,203,894
American International Group Inc.	22,500	2,680,580	1,686,957
Bank of America Corporation	7,500	858,517	805,366
Citigroup Inc.	98,000	6,630,138	5,699,145
Merrill Lynch & Co.	71,500	4,306,259	4,534,995
Morgan Stanley	88,000	5,662,043	5,111,621
U.S. Bancorp	101,500	3,209,475	3,378,874

Total Financials **27,533,346** **25,420,852**

Mulvihill Premium U.S. Fund

Financial Statements

Statement of Investments (continued)

June 30, 2002 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)			
United States Common Shares (continued)			
Health Care			
Amgen Inc.	49,000	4,721,266	4,390,206
Johnson & Johnson Inc.	46,000	3,841,705	3,231,382
Medtronic Inc.	30,000	2,143,563	1,955,379
Pfizer Inc	133,100	7,973,782	6,176,019
Total Health Care		18,680,316	15,752,986
Industrials			
General Electric Company	113,000	7,572,170	4,403,495
Tyco International Ltd.	125,000	3,165,054	3,223,637
United Technologies Corporation	43,000	4,723,935	4,138,334
Total Industrials		15,461,159	11,765,466
Information Technology			
Cisco Systems Inc.	306,000	10,377,381	6,897,754
IBM Corporation	44,500	6,355,579	4,988,315
Intel Corporation	235,500	10,380,043	6,650,586
Microsoft Corporation	156,000	8,821,072	5,428,428
Oracle Corporation	249,000	5,787,784	4,066,715
Texas Instruments Incorporated	139,000	3,754,646	3,324,048
Total Information Technology		45,476,505	31,355,846
Materials			
Alcoa Inc.	65,000	3,770,277	2,252,130
Du Pont (E.I.) de Nemours & Co.	55,000	3,511,792	3,111,812
Total Materials		7,282,069	5,363,942
Telecommunication Services			
SBC Communications Inc.	87,000	3,424,799	3,020,300
Verizon Communications Inc.	60,000	4,793,843	3,216,164
Total Telecommunication Services		8,218,642	6,236,464
Total United States Common Shares		\$151,382,856	\$ 119,513,250
Forward Exchange Contracts			
Sold USD \$12,315,000, Bought CAD \$17,923,155 @ 0.68710 - July 23, 2003			\$ 1,164,405
Total Forward Exchange Contracts			\$ 1,164,405

Financial Statements

Statement of Investments (continued)

June 30, 2003 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS			
Written Cash Covered Put Options (100 shares per contract)			
American International Group Inc. - July 2003 @ \$57	190	\$ (40,809)	\$ (55,615)
The Procter & Gamble Company - July 2003 @ \$91	300	(60,928)	(82,936)
Total Written Cash Covered Put Options		(101,737)	(138,551)
Written Covered Call Options (100 shares per contract)			
Alcoa Inc. - July 2003 @ \$27	325	(24,155)	(8,162)
American Express Company - July 2003 @ \$44	490	(51,851)	(573)
Amgen Inc. - July 2003 @ \$66	370	(85,034)	(86,739)
Cisco Systems Inc. - July 2003 @ \$18	1,530	(89,254)	(11,180)
Citigroup Inc. - July 2003 @ \$45	735	(85,501)	(41,713)
Clear Channel Communications, Inc. - July 2003 @ \$43	510	(90,430)	(78,019)
The Coca-Cola Co. - July 2003 @ \$47	555	(45,448)	(10,678)
Du Pont (E.I.) de Nemours & Co. - July 2003 @ \$45	550	(55,075)	(315)
Exxon Mobil Corporation - July 2003 @ \$38	950	(38,080)	(3,338)
General Electric Company - July 2003 @ \$29	565	(36,082)	(27,464)
IBM Corporation - July 2003 @ \$86	222	(59,124)	(16,576)
Intel Corporation - July 2003 @ \$22	1,177	(102,609)	(15,860)
Johnson & Johnson Inc. - July 2003 @ \$54	370	(63,143)	(5,165)
Johnson & Johnson Inc. - July 2003 @ \$56	90	(9,801)	(628)
Medtronic Inc. - July 2003 @ \$49	300	(31,009)	(953)
Merrill Lynch & Co. - July 2003 @ \$48	535	(89,024)	(46,871)
Microsoft Corporation - July 2003 @ \$25	780	(73,784)	(58,011)
Morgan Stanley - July 2003 @ \$49	660	(124,684)	-
Oracle Corporation - July 2003 @ \$14	1,245	(85,839)	(9,791)
Pfizer Inc. - July 2003 @ \$34	380	(30,339)	(51,023)
Pfizer Inc. - July 2003 @ \$37	618	(54,336)	(25,293)
SBC Communications Inc. - July 2003 @ \$27	435	(26,556)	(2,618)
Schlumberger Limited - July 2003 @ \$50	450	(51,361)	-
Texas Instruments Incorporated - July 2003 @ \$19	695	(66,115)	(17,547)
The Walt Disney Co. - July 2003 @ \$21	725	(57,397)	(8,544)
Tyco International Ltd. - July 2003 @ \$19	1,250	(68,240)	(73,984)
United Technologies Corporation - July 2003 @ \$74	430	(94,627)	(27,797)
U.S. Bancorp - July 2003 @ \$25	760	(32,155)	(21,388)
Verizon Communications Inc. - July 2003 @ \$40	300	(27,562)	(19,339)
Viacom Inc., Class B - July 2003 @ \$47	640	(82,651)	(23,430)
Total Written Covered Call Options		(1,831,266)	(692,999)
TOTAL OPTIONS		\$ (1,933,003)	\$ (831,550)
TOTAL INVESTMENTS		\$ 149,449,853	\$ 119,846,105

Mulvihill Premium U.S. Fund

Notes to Financial Statements

1. Basis of Presentation

The interim financial statements for First Premium U.S. Income Trust (the “Fund”) have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2002.

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, 2002.

2. Normal Course Issuer Bid

The Toronto Stock Exchange recently accepted a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 1,061,173 units, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases would be made in the open market through facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of April 27, 2004 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2003, no units have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investors Services at the address below.

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, 2003 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto ON M5H 3T9.

Mulvihill Hybrid Income Funds

Hybrid Income Funds

Managed by Mulvihill Structured Products

Mulvihill Platinum

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*

Mulvihill Premium

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

Mulvihill Summit

Mulvihill Summit *Digital World 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 *Global Income Fund*
Premium *Canadian Income Fund*

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Mulvihill

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Mulvihill Structured Products

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