



## Hybrid Income Funds



Annual Report 2006

*Mulvihill Premium Canadian Bank Fund*

Premium Income Corporation









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## Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the year ended October 31, 2006 of Premium Income Corporation, which operates as Mulvihill Premium Canadian Bank Fund (the "Fund"). The annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at [www.mulvihill.com](http://www.mulvihill.com).

## Investment Objectives and Strategies

The Fund's investment objectives are:

- (1) to provide Preferred shareholders with cumulative preferential quarterly cash dividends of \$0.22 per quarter;
- (2) to provide Class A shareholders with all excess realized income of the Fund at each fiscal year end; and
- (3) to return, at a minimum, the original issue price to holders of both Preferred shares and Class A shares upon windup on November 1, 2010. The Fund has a dividend policy on the Class A shares of \$0.20 per quarter.

The Fund achieves its investment objectives by investing its net assets in a portfolio consisting of short-term investments and common shares issued by Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank. To generate additional returns above the dividend income generated by the portfolio, the Fund writes covered call options in respect of all or part of the securities in the Portfolio. By nature of the covered option writing strategy employed by the Fund, the average portfolio turnover rate will tend to be relatively high due to the exercise of options. From time to time, the Fund may hold a portion of its assets in cash equivalents, which may be utilized to provide cover in respect of the writing of cash covered put positions.

## Risk

The underlying portfolio holds securities selected from common shares issued by The Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (collectively the "Banks"). In addition, the process of writing covered call options on the securities held in the portfolio will tend to lower the volatility of the net asset value of the portfolio. Investors should be aware that the primary risks associated with the Fund relate to the non-diversified nature of the investment universe and the level of option volatility realized in undertaking the writing of covered call options.

Any capital appreciation in the value of the portfolio will be for the benefit of the holders of Class A shares. However, any decrease in the value of the portfolio or the dividends paid on the common shares of the corporations held in the portfolio will effectively first be for the account of the holders of Class A shares. The Class A shares will have no value on November 1, 2010 if the net asset value per unit on that date is less than or equal to \$15.00.

In order to generate income the Fund writes covered call options in respect of all or part of the securities held in the portfolio. During the course of this year, volatility has reached multi-year lows. Due to this low volatility, the Fund increased its investment position thereby providing greater income generating capabilities. To offset the risk of added equity exposure the Fund purchased protective puts to mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection.

### Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on our website at [www.mulvihill.com](http://www.mulvihill.com).

### Asset Mix

October 31, 2006

	% OF NET ASSETS*
Financial Institutions	85%
Cash and Short-Term Investments	15%
	100%

\* The Net Assets exclude the Preferred share liability.

### Portfolio Holdings

October 31, 2006

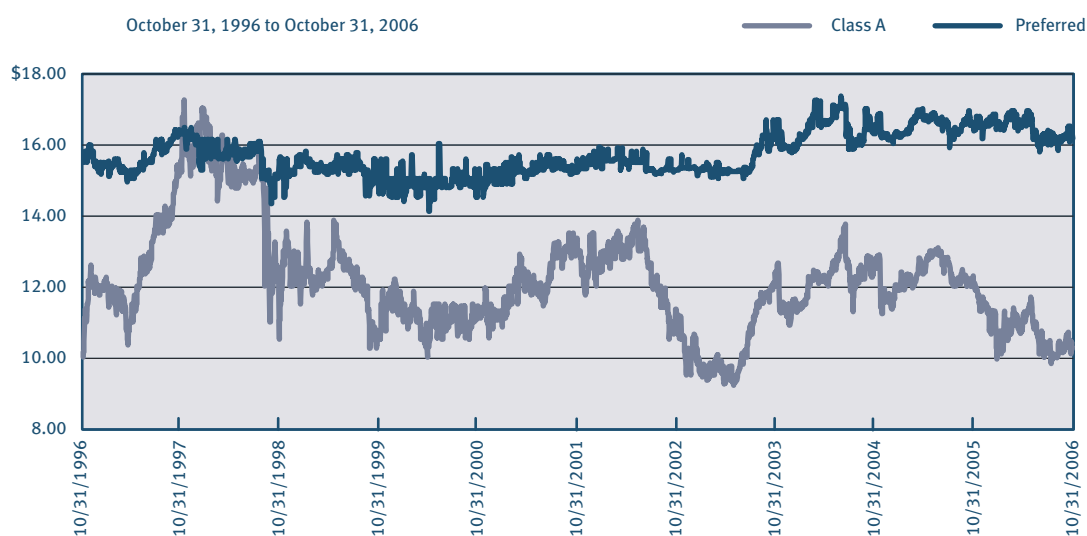
	% OF NET ASSETS*
Royal Bank of Canada	23%
The Toronto-Dominion Bank	20%
The Bank of Nova Scotia	19%
Cash and Short-Term Investments	15%
Bank of Montreal	12%
Canadian Imperial Bank of Commerce	11%
	100%

\* The Net Assets exclude the Preferred share liability.

## Distribution History

INCEPTION DATE: OCTOBER 1996	CLASS A REGULAR DISTRIBUTION	CLASS A SPECIAL DISTRIBUTION	TOTAL CLASS A DISTRIBUTION	REGULAR PREFERRED DISTRIBUTION
Total for 1997	\$ 0.80	\$ 1.90	\$ 2.70	\$ 0.877800
Total for 1998	0.80	0.50	1.30	0.884300
Total for 1999	0.80	0.40	1.20	0.888610
Total for 2000	0.80	0.60	1.40	0.880033
Total for 2001	0.80	1.35	2.15	0.884226
Total for 2002	0.80	0.60	1.40	0.884170
Total for 2003	0.80	0.40	1.20	0.892795
Total for 2004	0.80	0.40	1.20	0.889263
Total for 2005	0.80	0.40	1.20	0.877731
Total for 2006	0.80	0.40	1.20	0.875210
<b>Total Distributions to Date</b>	<b>\$ 8.00</b>	<b>\$ 6.95</b>	<b>\$ 14.95</b>	<b>\$ 8.834138</b>

## Trading History



## Results of Operations

For the fiscal year ended October 31, 2006, the net asset value of the Fund totalled \$503.7 million, or \$26.41 per unit compared to \$25.75 on October 31, 2005. The Fund's Preferred shares, listed on the Toronto Stock Exchange as PIC.PR.A, closed on October 31, 2006, at \$16.01 per share. The Fund's Class A shares, listed on the Toronto Stock Exchange as PIC.A, closed on October 31, 2006, at \$10.24 per share. Each unit consists of one Preferred share and One Class A share together.

Distributions totaling \$0.87521 were made to the Preferred shareholders during the fiscal year and distributions totalling \$1.20 were made to Class A shareholders (\$0.80 in regular distributions and \$0.40 in special distributions beyond the target level).

Volatility was low throughout the period, but remained sufficient to maintain the option writing program. However, due to this low volatility, the Fund increased its investment position thereby providing greater income generating capabilities. To offset the risk of added equity exposure, the Fund purchased protective put options to mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection.

The S&P/TSX Diversified Banks Index was up 21.3% and performed in line with the broader S&P/TSX Composite Index, which was up 21.7% during the fiscal period ending October 31, 2006. All of the 5 Banks experienced strong share price performance with the Canadian Imperial Bank of Commerce generating the highest return of 25.6% while The Bank of Nova Scotia generated the lowest return of 18.4%. The main reason for the strong growth was the combination of robust performance from the Banks' retail operation occurring in a low interest rate environment as well as strong wealth management earnings due to positive mutual fund flows. Investment Banking and trading revenues also continued to be very profitable for the banks during the fiscal period.

The one year compound return for the Fund, including reinvestment of distributions, was 10.9%. This performance reflects the underweight allocation to the Canadian Imperial Bank of Commerce shares in the Fund's portfolio, as well as the cash position maintained during the year and the cost of protective put options purchased. The one year compound return for the Class A shares,

including reinvestment of distributions, was 17.9%. For more detailed information on the investment returns, please see the Annual Total Return bar graph on page 6 and the Annual Compound Returns table on page 7 of this report.

### Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

Years ended October 31

	2006	2005	2004	2003	2002
THE FUND'S NET ASSET VALUE PER UNIT					
<b>Net Asset Value, beginning of year<sup>(1)</sup></b>	<b>\$ 25.75</b>	<b>\$ 25.96</b>	<b>\$ 25.55</b>	<b>\$ 23.38</b>	<b>\$ 25.26</b>
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	<b>0.86</b>	0.81	0.80	0.76	0.75
Total expenses	<b>(0.28)</b>	(0.27)	(0.31)	(0.65)	(0.31)
Realized gains (losses) for the period	<b>1.72</b>	1.73	1.39	1.22	1.81
Unrealized gains (losses) for the period	<b>0.44</b>	(0.41)	0.87	3.26	(1.82)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>2.74</b>	<b>1.86</b>	<b>2.75</b>	<b>4.59</b>	<b>0.43</b>
DISTRIBUTIONS					
<b>Preferred Share</b>					
From capital gains	<b>(0.20)</b>	(0.24)	(0.41)	(0.30)	(0.34)
From taxable income	<b>(0.68)</b>	(0.64)	(0.48)	(0.59)	(0.54)
<b>Total Preferred Share Distributions</b>	<b>(0.88)</b>	<b>(0.88)</b>	<b>(0.89)</b>	<b>(0.89)</b>	<b>(0.88)</b>
<b>Class A Share</b>					
From capital gains	<b>(1.20)</b>	(1.20)	(1.20)	(1.14)	(1.40)
From taxable income	<b>-</b>	-	-	(0.06)	-
<b>Total Class A Share Distributions</b>	<b>(1.20)</b>	<b>(1.20)</b>	<b>(1.20)</b>	<b>(1.20)</b>	<b>(1.40)</b>
<b>Total Annual Distributions</b>	<b>(2.08)</b>	<b>(2.08)</b>	<b>(2.09)</b>	<b>(2.09)</b>	<b>(2.28)</b>
<b>Net Asset Value, as at October 31</b>	<b>\$ 26.41</b>	<b>\$ 25.75</b>	<b>\$ 25.96</b>	<b>\$ 25.55</b>	<b>\$ 23.38</b>

(1) Net asset value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding Preferred shares of the Fund on that date divided by the number of units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue less expenses, excluding Preferred share distributions, and is calculated based on the weighted average number of units outstanding during the year. The schedule is not intended to total to the ending net asset value as calculations are based on the weighted average number of units outstanding during the year.

(3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution and were paid in cash.

### RATIOS/SUPPLEMENTAL DATA

Net Assets excluding Preferred share liability (\$millions) <sup>(1)</sup>					
	<b>\$ 503.69</b>	\$ 491.14	\$ 496.60	\$ 322.93	\$ 93.02
Net Assets (\$millions) <sup>(1)</sup>					
	<b>\$ 216.32</b>	\$ 203.44	\$ 207.79	\$ 132.18	\$ 33.33
Number of units outstanding <sup>(1)</sup>					
	<b>19,073,063</b>	19,074,439	19,126,246	12,638,400	3,979,300
Management expense ratio <sup>(2)</sup>					
	<b>1.08%</b>	1.05%	1.20%	2.62%	1.20%
Portfolio turnover rate <sup>(3)</sup>					
	<b>148.47%</b>	171.56%	157.22%	150.14%	90.63%
Trading expense ratio <sup>(4)</sup>					
	<b>0.07%</b>	0.10%	0.12%	0.19%	0.06%
Closing market price - Preferred					
	<b>\$ 16.01</b>	\$ 16.30	\$ 16.12	\$ 16.09	\$ 15.07
Closing market price - Class A					
	<b>\$ 10.24</b>	\$ 10.50	\$ 12.40	\$ 11.40	\$ 10.24

(1) This information is provided as at October 31. One unit represents one Class A and one Preferred share.

(2) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes and capital taxes but excluding income taxes and Preferred share distributions, charged to the Fund to average net assets, excluding the liability for the Redeemable Preferred shares. Management expense ratio for 2003 includes the special resolution expense. The management expense ratio for 2003 excluding the special resolution expense is 1.17%.

(3) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.

(4) Trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets during the period.

### Management Fees

Mulvihill Capital Management (“MCM”) is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 0.80% of the net assets of the Fund at each month end, excluding the liability for Redeemable Preferred shares and unamortized premium on issue of Preferred shares. Services received under the Investment Management Agreement include the making of all investment decisions for the Fund and the writing of covered call options for the Fund in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes all decisions as to the purchase and sale of securities in the Fund’s portfolio and the execution of all portfolio and other transactions.

Mulvihill Fund Services is entitled to fees under the Management Agreement calculated monthly as 1/12 of 0.10% of the net assets of the Fund at each month end, excluding the liability for Redeemable Preferred shares and unamortized premium on issue of Preferred shares. Services received under the Management Agreement included providing for or arranging for required administrative services to the Fund.

### Recent Developments

The Canadian banks continue to demonstrate strong fundamentals and profitability with strong capital positions, high returns on equity and low balance sheet risk. The 3.2% dividend yield on the Big 5 Banks relative to the 10-year Government of Canada bond yield at 4.0% continues to lend yield support and the price/ earnings multiple of the banks relative to the broad market is still attractive.

Although the outlook for retail earnings growth is expected to slow due to competition and pricing between banks for retail deposits and loans in Canada, as well as from an expected up tick in loan loss provisions from extraordinarily low levels going forward, net interest margins have started to stabilize/expand and wealth management earnings have been growing very strong due to strong mutual fund flows and better capital markets.

On the wholesale front, Capital Markets activity remains robust with strong merger and acquisition and trading activity. Due to the strong domestic competition between the Canadian banks we expect to see further acquisitions outside of the domestic market by the Canadian banks due to the excess capital sitting on their balance sheets. We also expect the banks to return some of this excess capital to shareholders in the form of increased dividends and share repurchases.

### Past Performance

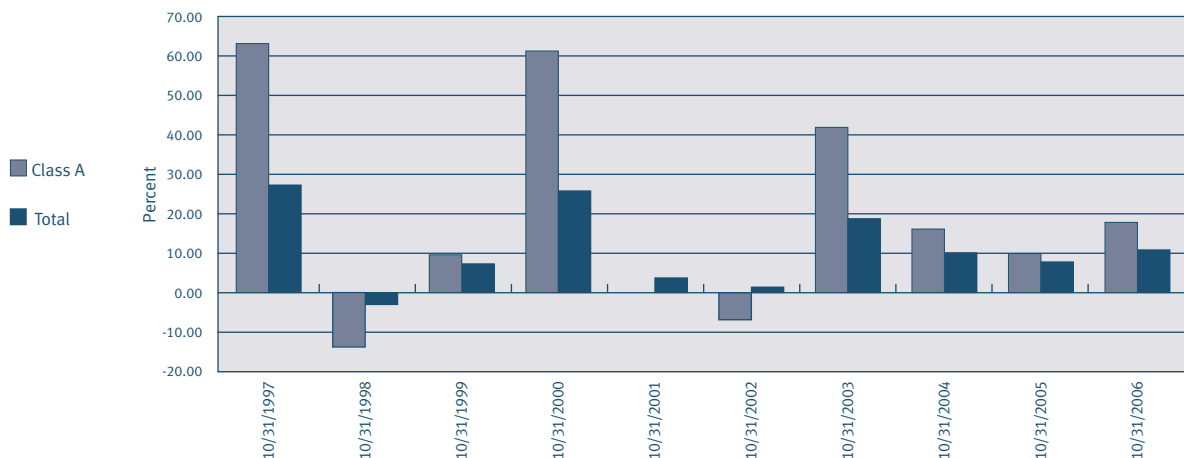
The chart below sets out the Fund’s year-by-year past performance. It is important to note:

- (a) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund;
- (b) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (c) the past performance of the Fund does not necessarily indicate how it will perform in the future.

### Year-By-Year Returns

The bar chart below shows the Fund’s annual total return in each of the past ten years varied from year to year. The chart also shows, in percentage terms, how much an investment made on November 1 in each year or the date of inception in 1996 would have increased or decreased by the end of that fiscal year.

### Annual Total Return





## Annual Compound Returns

The following table shows the Fund’s historical annual compound total return for the periods ended October 31, 2006, as compared to the performance of the Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Since Inception*
Mulvihill Premium Canadian Bank Fund	10.91%	9.50%	9.54%	13.16%
Mulvihill Premium Canadian Bank Fund – Preferred	5.96%	6.00%	6.02%	6.02%
Mulvihill Premium Canadian Bank Fund – Class A	17.92%	14.51%	14.70%	17.23%

In order to meet regulatory requirements, the performance of a broader based market index has been included below.

S&P/TSX Diversified Banks Index**	21.26%	18.14%	18.93%	17.58%
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\* From date of inception on October 30, 1996.

\*\* The Index is a subset of the S&P/TSX Financial Sector and comprised of the six largest banks on a market capitalization basis.

The equity performance benchmark shown here provides an approximate indication of how the Fund’s returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed this index; rather, its objectives are to pay out quarterly dividends and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to generate the distributions.

These investment strategies result in a rate of return for the Fund that differs from that of a conventional, fully-invested portfolio. During periods of strongly rising markets, the Fund’s approach will tend to underperform a comparable fully-invested portfolio of the same stocks as the Fund is not fully invested and writing covered call options generally limits portfolio performance to the option premium received. In periods of declining markets, however, the Fund’s defensive cash balances help to protect net asset value, and covered option writing income provides returns exceeding those of a conventional portfolio.

## Related Party Transactions

Mulvihill Capital Management Inc. (“MCM”) manages the Fund’s investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated October 17, 1996.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 17, 1996, and, as such, is responsible for providing or arranging for required administrative services to the Fund. Mulvihill is a wholly-owned subsidiary of MCM. These parties are paid the fees described under the Management Fees section of this report.

## Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund’s views to change, the Fund does not undertake to update any forward-looking statements.

## Management's Responsibility for Financial Reporting

The accompanying financial statements of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (the "Fund") and all the information in this annual report are the responsibility of the management of Mulvihill Fund Services Inc., (the "Manager"), and have been approved by the Board of Directors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 2 of the financial statements.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Audit Committee meets periodically with management and the external auditors to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the external auditors' report. Deloitte & Touche LLP has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill  
Director  
Mulvihill Fund Services Inc.  
November 20, 2006



Sheila S. Szela  
Director  
Mulvihill Fund Services Inc.

## To the Shareholders

We have audited the accompanying statement of investments of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (the "Fund") as at October 31, 2006, the statements of financial position as at October 31, 2006 and 2005, and the statements of operations and retained earnings, of changes in net assets and of changes in investments for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund and its investments as at the dates indicated above, and the results of its operations, the changes in its net assets, and the changes in its investments for the periods indicated above, in accordance with Canadian generally accepted accounting principles.

*Deloitte & Touche LLP*

Chartered Accountants  
Toronto, Ontario  
November 20, 2006



## Statements of Financial Position

October 31, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
Investments at market value (cost - \$404,053,874; 2005 - \$427,963,230)	\$ 425,082,153	\$ 440,552,003
Short-term investments (cost - \$77,254,134; 2005 - \$51,383,194)	77,250,012	51,383,194
Cash	1,470	657
Interest and dividends receivable	1,998,625	1,008,837
<b>TOTAL ASSETS</b>	<b>\$ 504,332,260</b>	<b>\$ 492,944,691</b>
<b>LIABILITIES</b>		
Accrued liabilities	\$ 609,563	\$ 472,297
Redemptions payable	36,338	1,333,947
	<b>645,901</b>	<b>1,806,244</b>
Redeemable preferred shares (Note 3)	286,095,945	286,116,585
Unamortized premium on issue of preferred shares	1,267,408	1,584,556
	<b>288,009,254</b>	<b>289,507,385</b>
<b>EQUITY</b>		
Class A and Class B shares (Note 3)	193,604,989	193,618,955
Retained earnings	22,718,017	9,818,351
	<b>216,323,006</b>	<b>203,437,306</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 504,332,260</b>	<b>\$ 492,944,691</b>
<b>Number of Units Outstanding (Note 3)</b>	<b>19,073,063</b>	<b>19,074,439</b>
<b>Net Asset Value per Unit</b>		
Preferred share (Note 2)	\$ 15.00	\$ 15.00
Class A share	11.41	10.75
	<b>\$ 26.41</b>	<b>\$ 25.75</b>

On Behalf of the Board of Directors



John P. Mulvihill, Director



Robert W. Korthals, Director

## Statements of Operations and Retained Earnings

Years ended October 31, 2006 and 2005

	2006	2005
<b>REVENUE</b>		
Interest	\$ 3,020,031	\$ 3,299,497
Dividends	13,342,797	12,147,227
	<b>16,362,828</b>	<b>15,446,724</b>
Net realized gains on investments	26,471,941	22,830,839
Net realized gains on short-term investments	–	10,864
Net realized gains on derivatives	6,315,858	10,256,225
<b>Total Net Realized Gains</b>	<b>32,787,799</b>	<b>33,097,928</b>
<b>TOTAL REVENUE</b>	<b>49,150,627</b>	<b>48,544,652</b>
<b>EXPENSES (Note 4)</b>		
Management fees	4,551,978	4,446,779
Administrative and other expenses	166,202	203,252
Custodian fees	80,549	80,050
Audit fees	31,800	25,900
Director fees	20,727	19,182
Legal fees	9,625	565
Shareholder reporting costs	64,042	41,984
Capital tax	163,430	39,973
Large corporations tax	7,600	–
Goods and services tax	322,341	336,063
<b>TOTAL EXPENSES</b>	<b>5,418,294</b>	<b>5,193,748</b>
<b>Net Realized Income before Income Tax Recovery and Preferred Share Transactions</b>	<b>43,732,333</b>	<b>43,350,904</b>
Income tax recovery	–	16,159
<b>Net Realized Income before Preferred Share Transactions</b>	<b>43,732,333</b>	<b>43,367,063</b>
Preferred share distributions (Note 6)	(16,694,139)	(16,787,699)
<b>Net Realized Income</b>	<b>27,038,194</b>	<b>26,579,364</b>
Change in unrealized appreciation of investments	8,439,506	(7,779,296)
Change in unrealized depreciation of short-term investments	(4,122)	25,994
<b>Total Change in Unrealized Appreciation/Depreciation</b>	<b>8,435,384</b>	<b>(7,753,302)</b>
Amortization of premium on issue of preferred shares (Note 3)	316,911	319,142
Gain on retraction of preferred shares	237	11,157
	<b>8,752,532</b>	<b>(7,423,003)</b>
<b>NET INCOME FOR THE YEAR</b>	<b>\$ 35,790,726</b>	<b>\$ 19,156,361</b>
<b>NET INCOME PER CLASS A SHARE</b>		
(based on the weighted average number of Class A shares outstanding during the year of 19,074,433; 2005 - 19,126,104)	<b>\$ 1.88</b>	<b>\$ 1.00</b>
<b>RETAINED EARNINGS</b>		
Balance, beginning of year	\$ 9,818,351	\$ 13,716,131
Net allocations on retractions	(1,732)	(102,646)
Net income for the year	35,790,726	19,156,361
Distributions on Class A shares	(22,889,328)	(22,951,495)
<b>BALANCE, END OF YEAR</b>	<b>\$ 22,718,017</b>	<b>\$ 9,818,351</b>

## Statements of Changes in Net Assets

Years ended October 31, 2006 and 2005

	2006	2005
NET ASSETS – CLASS A AND B SHARES, BEGINNING OF YEAR	\$ 203,437,306	\$ 207,789,282
<b>Net Realized Income before Preferred Share Transactions</b>	<b>43,732,333</b>	<b>43,367,063</b>
<b>Class A Share Capital Transactions</b>		
Amounts paid for shares redeemed (Note 3)	(15,698)	(556,842)
<b>Amortization of Premium on Issue of Preferred Shares</b>	<b>316,911</b>	<b>319,142</b>
<b>Gain on Retraction of Preferred Shares</b>	<b>237</b>	<b>11,157</b>
<b>Distributions (Note 6)</b>		
Preferred shares	(16,694,139)	(16,787,699)
Class A shares	(22,889,328)	(22,951,495)
	(39,583,467)	(39,739,194)
<b>Change in Unrealized Appreciation/Depreciation of Investments during the Year</b>	<b>8,435,384</b>	<b>(7,753,302)</b>
<b>Change in Net Assets during the Year</b>	<b>12,885,700</b>	<b>(4,351,976)</b>
NET ASSETS – CLASS A AND B SHARES, END OF YEAR	\$ 216,323,006	\$ 203,437,306

The statement of changes in net assets excludes cash flows pertaining to proceeds and redemptions of Preferred shares. During the year, amounts paid for the redemption of 1,376 Preferred shares (2005 - 51,807) totalled \$20,640 (2005 - \$777,105).

## Statements of Changes in Investments

Years ended October 31, 2006 and 2005

	2006	2005
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	\$ 440,552,003	\$ 364,035,243
Unrealized appreciation of investments, beginning of year	(12,588,773)	(20,368,069)
<b>Investments at Cost, Beginning of Year</b>	<b>427,963,230</b>	<b>343,667,174</b>
<b>Cost of Investments Purchased during the Year</b>	<b>629,008,190</b>	<b>683,987,339</b>
<b>Cost of Investments Sold during the Year</b>		
Proceeds from sales	685,705,345	632,778,347
Net realized gains on sales	32,787,799	33,087,064
	652,917,546	599,691,283
<b>Investments at Cost, End of Year</b>	<b>404,053,874</b>	<b>427,963,230</b>
<b>Unrealized Appreciation of Investments, End of Year</b>	<b>21,028,279</b>	<b>12,588,773</b>
INVESTMENTS AT MARKET VALUE, END OF YEAR	\$ 425,082,153	\$ 440,552,003



Statement of Investments

October 31, 2006

	Par Value/ Number of Shares	Average Cost	Market Value	% of Portfolio
<b>SHORT-TERM INVESTMENTS</b>				
<b>Treasury Bills</b>				
Government of Canada - January 25, 2007	110,000	\$ 108,846	\$ 108,846	0.1%
<b>Bankers Acceptance</b>				
Bank of Montreal - November 20, 2006	5,000,000	4,931,700	4,931,700	
Canadian Imperial Bank of Commerce - November 1, 2006	4,800,000	4,743,102	4,743,102	
Canadian Imperial Bank of Commerce - November 20, 2006	10,000,000	9,861,400	9,861,400	
Canadian Imperial Bank of Commerce - November 3, 2006	1,500,000	1,481,070	1,481,070	
National Bank Of Canada - November 24, 2006	4,300,000	4,241,778	4,241,778	
Royal Bank of Canada - January 31, 2007	10,000,000	9,781,300	9,781,300	
Royal Bank of Canada - November 6, 2006	11,550,000	11,401,613	11,401,613	
The Bank of Nova Scotia - November 24, 2006	10,000,000	9,856,500	9,856,500	
The Bank of Nova Scotia - November 3, 2006	2,100,000	2,073,498	2,073,498	
The Bank of Nova Scotia - November 6, 2006	3,000,000	2,959,380	2,959,380	
<b>Total Bankers Acceptance</b>		<b>61,331,341</b>	<b>61,331,341</b>	<b>78.3%</b>
<b>Bonds</b>				
Canada Mortgage & Housing Corporation, 5.25% - December 1, 2006	15,800,000	15,813,947	15,809,825	20.2%
		<b>77,254,134</b>	<b>77,250,012</b>	<b>98.6%</b>
<b>Accrued Interest</b>				
			<b>1,077,395</b>	<b>1.4%</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$ 77,254,134</b>	<b>\$ 78,327,407</b>	<b>100.0%</b>

INVESTMENTS

<b>Canadian Common Shares</b>				
Bank of Montreal	875,000	\$ 58,660,606	\$ 60,768,750	
Canadian Imperial Bank of Commerce	613,200	50,184,389	53,716,320	
Royal Bank of Canada	2,300,000	106,874,694	114,540,000	
The Bank of Nova Scotia	1,945,000	88,328,079	95,888,500	
The Toronto-Dominion Bank	1,570,000	97,223,365	102,207,000	
<b>Total Canadian Common Shares</b>		<b>\$401,271,133</b>	<b>\$427,120,570</b>	<b>100.5%</b>

	Number of Contracts	Average Cost/ Proceeds	Market Value	% of Portfolio
<b>OPTIONS</b>				
<b>Purchased Put Options</b> (100 shares per contract)				
Bank of Montreal - November 2006 @ \$62	2,600	\$ 407,400	\$ 81	
Bank of Montreal - January 2007 @ \$65	1,000	142,000	30,064	
Bank of Montreal - February 2007 @ \$65	2,400	289,200	118,795	
Bank of Montreal - February 2007 @ \$66	1,800	181,800	129,512	
Canadian Imperial Bank of Commerce - November 2006 @ \$77	1,000	171,900	137	
Canadian Imperial Bank of Commerce - December 2006 @ \$81	1,000	195,500	12,780	
Canadian Imperial Bank of Commerce - January 2007 @ \$78	400	92,800	5,663	
Canadian Imperial Bank of Commerce - February 2007 @ \$81	1,000	147,000	59,166	
Canadian Imperial Bank of Commerce - February 2007 @ \$82	500	68,000	43,747	
Royal Bank of Canada - November 2006 @ \$45	2,050	263,425	379	
Royal Bank of Canada - December 2006 @ \$48	2,000	284,000	91,432	
Royal Bank of Canada - December 2006 @ \$49	2,500	362,500	180,855	
Royal Bank of Canada - January 2007 @ \$49	4,600	600,300	499,560	
The Bank of Nova Scotia - November 2006 @ \$45	3,900	313,800	3,774	
The Bank of Nova Scotia - January 2007 @ \$47	4,900	441,000	235,842	
The Toronto-Dominion Bank - November 2006 @ \$55	1,000	149,000	—	
The Toronto-Dominion Bank - November 2006 @ \$57	2,200	331,100	53	
The Toronto-Dominion Bank - December 2006 @ \$61	2,500	380,000	39,915	
The Toronto-Dominion Bank - December 2006 @ \$62	1,200	193,800	38,874	
The Toronto-Dominion Bank - January 2007 @ \$62	1,500	255,000	92,001	
The Toronto-Dominion Bank - January 2007 @ \$64	1,900	266,000	266,192	
<b>Total Purchased Put Options</b>		<b>5,535,525</b>	<b>1,848,822</b>	<b>0.4%</b>

## Statement of Investments (continued)

October 31, 2006

	Number of Contracts	Average Cost	Market Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS (continued)				
<b>Written Cash Covered Put Options</b> (100 shares per contract)				
Bank of Montreal - November 2006 @ \$66	(290)	(26,680)	(2,077)	
Canadian Imperial Bank of Commerce - November 2006 @ \$84	(900)	(86,400)	(11,288)	
The Toronto-Dominion Bank - November 2006 @ \$65	(1,000)	(76,000)	(101,382)	
<b>Total Written Cash Covered Put Options</b>		<b>(189,080)</b>	<b>(114,747)</b>	0.0 %
<b>Written Covered Call Options</b> (100 shares per contract)				
Bank of Montreal - November 2006 @ \$69	(1,900)	(81,700)	(221,561)	
Bank of Montreal - December 2006 @ \$70	(3,900)	(309,200)	(461,150)	
Canadian Imperial Bank of Commerce - November 2006 @ \$85	(1,369)	(183,446)	(364,013)	
Canadian Imperial Bank of Commerce - November 2006 @ \$86	(1,500)	(160,500)	(317,335)	
Canadian Imperial Bank of Commerce - November 2006 @ \$88	(750)	(73,500)	(93,552)	
Royal Bank of Canada - November 2006 @ \$49	(3,010)	(134,377)	(344,618)	
Royal Bank of Canada - November 2006 @ \$50	(1,992)	(165,336)	(109,560)	
Royal Bank of Canada - December 2006 @ \$51	(3,350)	(284,750)	(189,191)	
The Bank of Nova Scotia - November 2006 @ \$47	(3,375)	(229,500)	(782,612)	
The Bank of Nova Scotia - November 2006 @ \$48	(2,125)	(140,250)	(337,686)	
The Bank of Nova Scotia - November 2006 @ \$49	(3,300)	(232,320)	(318,820)	
The Toronto-Dominion Bank - November 2006 @ \$65	(1,370)	(140,425)	(114,225)	
The Toronto-Dominion Bank - November 2006 @ \$66	(1,000)	(90,000)	(61,821)	
The Toronto-Dominion Bank - November 2006 @ \$67	(1,500)	(146,250)	(22,748)	
The Toronto-Dominion Bank - November 2006 @ \$68	(2,100)	(192,150)	(33,600)	
<b>Total Written Covered Call Options</b>		<b>(2,563,704)</b>	<b>(3,772,492)</b>	(0.9)%
<b>TOTAL OPTIONS</b>		<b>\$ 2,782,741</b>	<b>\$ (2,038,417)</b>	<b>(0.5)%</b>
<b>TOTAL INVESTMENTS</b>		<b>\$404,053,874</b>	<b>\$425,082,153</b>	<b>100.0 %</b>

## 1. Corporate Information

Premium Income Corporation (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on August 27, 1996. All shares outstanding on November 1, 2010 will be redeemed by the Fund on that date.

The Fund operates under the registered name Mulvihill Premium Canadian Bank Fund.

The Fund invests in a portfolio consisting principally of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank.

To generate additional returns above the dividend income earned on the portfolio, the Fund will from time to time write covered call options in respect of all or part of the common shares in the portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. The Fund may also use put options to preserve the value of the portfolio where appropriate. From time to time, the portfolio may include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province or short-term commercial paper issued by one or more of the Banks.

## 2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Fund are as follows:

### Valuation of Investments

Investments and short-term bonds are recorded in the financial statements at their fair market value at the end of the period, determined as follows:

Securities are valued at fair market value, which is determined by the closing sale price on the recognized stock exchange on which the securities are listed or principally traded. If no sale has taken place on that day, valuation will be the average of the bid and asked price.

Short-term investments excluding short-term bonds are valued at cost plus accrued interest which approximates market values.

Short-term bonds are valued at latest sale price (or at the average of the closing bid and offering price) as reported by a recognized investment dealer or valuation service.

Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

## Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

- (i) Expiration of written options whereby realized gains are equivalent to the premium received;
- (ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition or the related investments at the exercise price of the option; and
- (iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in net realized gains (losses) on derivatives.

Realized gains and losses relating to purchased put options may arise from:

- (i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid;
- (ii) Settlement of purchased put options whereby realized gains are equivalent to the difference between the exercise price of the option less the premium paid; and
- (iii) Sale of purchase put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in change in unrealized appreciation (depreciation) of investments. Premiums received on written put options that are exercised are included in the cost of the security purchased.

Credit ratings of counterparties are at or above approved credit ratings set out in National Instrument 81-102.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

### Redeemable Preferred Shares

Each Redeemable Preferred share is valued for financial statement purposes at the lesser of: (i) \$15.00; and (ii) the net asset value of the Fund divided by the number of Preferred shares outstanding.

### Premium on Preferred Shares

Premium on Preferred shares net of issue costs is amortized over the remaining life of the Fund. The premium on Preferred shares retracted will be recognized on the date they are retracted.



### Cash Flow Statements

Cash flow statements have not been prepared as all relevant information has been included in the Statement of Changes in Net Assets, Statement of Changes in Investments and elsewhere in these financial statements.

### New Accounting Standards

The Canadian Institute of Chartered Accountants issued new accounting standards relating to Financial Instruments which will be effective for the Fund from November 1, 2006. These new standards will impact certain financial statement accounting and disclosure including the valuation of securities at bid price and accounting for transaction costs.

However, as a result of regulatory relief received from the Canadian Securities Administrators, on implementation of the new standards, the above changes will not impact the net asset value per unit used to transact units of the Fund which will continue to be based upon securities valued at the last sale price.

### 3. Share Capital

The Fund is authorized to issue an unlimited number of Preferred shares and Class A shares and 1,000 Class B shares.

Preferred shares and Class A shares may be surrendered at any time for retraction at specified retraction amounts. Holders of Preferred shares and Class A shares may concurrently retract one Preferred share and one Class A share on an October 31 valuation date at their net asset values. Shares retracted at any other valuation date or not retracted concurrently at an October 31 valuation date will be retracted at a discount to net asset value. Under the terms of a Recirculation Agreement, the Fund may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Preferred shares and Class A shares tendered for retraction. The Preferred shares rank in priority to the Class A shares and the Class A shares rank in priority to the Class B shares with respect to the payment of dividends and repayment of capital on the dissolution, liquidation or winding up of the Fund.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of \$1.00 per share. Mulvihill Capital Management Inc. ("MCM") owns all of the issued and outstanding Class B shares.

Class B shares are entitled to one vote per share. Preferred shares and Class A shares are entitled to vote on certain shareholder matters.

The Fund's Preferred shares have been classified as liabilities in accordance with the accounting requirements of The Canadian Institute of Chartered Accountants. Accordingly, net income for the year is stated after Preferred share distributions.

1,376 (2005 - 51,807) each of Preferred shares and Class A shares with a total retraction value of \$36,338 (2005 - \$1,333,947) were redeemed during the year.

#### Issued and Outstanding

	2006	2005
19,073,063 Preferred shares (2005 - 19,074,439)	\$ 286,095,945	\$ 286,116,585
19,073,063 Class A shares (2005 - 19,074,439)	\$ 193,603,989	\$ 193,617,955
1,000 Class B shares (2005 - 1,000)	1,000	1,000
	<b>\$ 193,604,989</b>	<b>\$ 193,618,955</b>

### 4. Management Fees, Expenses and Management Expense Ratios

The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the custodian and manager in the ordinary course of business relating to the Fund's operations.

Fees are paid to Mulvihill Capital Management Inc. ("MCM") under the terms of an investment management agreement and to Mulvihill Fund Services Inc. ("Mulvihill") under the terms of a management agreement. The fees are comprised of monthly fees calculated at 1/12 of 0.80% and 1/12 of 0.10%, respectively, of the net assets of the Fund at each month end, excluding the liability for redeemable Preferred shares and unamortized premium on issue of Preferred shares.

### 5. Income Taxes

The Fund is a "mutual fund corporation" as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33 1/3% under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest income that is not offset by operating expenses and share issue expenses.

The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax. This tax was nil for 2006 (2005 - nil).

The Fund has offset the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends. As a result, the future tax liability for refundable taxes payable is eliminated.

## 6. Distributions

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Preferred shares are entitled to a cumulative preferential quarterly dividend of \$0.215625 per share payable on the last day of January, April, July and October in each year. To the extent that a quarterly dividend is a capital gains dividend funded by net realized capital gains or option premiums, holders of Preferred shares will receive an additional capital gains dividend of \$0.068 for each \$1.00 of Preferred share dividend so funded.

## 7. Commissions

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Total commissions paid in 2006 in connection with portfolio transactions were \$350,067 (2005 - \$501,654). Of this amount \$51,678 (2005 - \$75,174) was directed for payment of trading related goods and services.

## 8. Financial Instruments and Risk Management

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The Fund's financial instruments consist of cash, investments, and certain derivative contracts (options).

Risks of these contracts arise from the potential inability of the counterparties to meet the terms of their contracts and from future movement in stock values and interest rates. The maximum credit risk exposure is the aggregate of all contracts with a positive value as disclosed in the statement of investments. The Fund manages these risks through the use of various risk limits and trading strategies.

Investments and derivative contracts are carried at fair market values. Other financial instruments are carried at cost, which approximates fair value.

## 9. Comparative Figures

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Certain comparative figures have been reclassified to conform with the current year's presentation.

### Statement of Corporate Governance Practices

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Mulvihill Fund Services Inc. (the "Manager"), administers many functions associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for certain day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the external auditors to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, is evolving a best practices governance procedure.

The Fund maintains an Investor Relations line and web site to respond to inquiries from shareholders.





Mulvihill Capital Management is a leading independent investment manager responsible for managing more than \$2.6 billion in segregated and pooled funds on behalf of institutional and high net worth clients. Founded by Canada Trust in 1985, Mulvihill Capital Management emerged in 1995 as an independent company. Today, Mulvihill is managed by a cohesive team of senior managers and owners who have worked together for more than a decade. Our scale and independent structure allow us to provide our clients with a uniquely customized approach to asset management.

Mulvihill Capital Management operates three main lines of business:

- Mulvihill Institutional Asset Management → provides asset growth management of pension funds, corporations, management companies, endowment foundations and mutual funds with a wide variety of investment mandates. Our reputation has been built on the ability to provide customized portfolios that meet the stated needs of our clients.
- Mulvihill Wealth Management → offers a comprehensive specialized approach tailored to a client's personal investment strategies. Personalized service and customized reporting ensure that our clients are fully aware of the progress they are making.
- Mulvihill Structured Products → is responsible for the development and management of Mulvihill Hybrid Income Funds tailored to meet very specific investment objectives. Assets are generally managed to meet absolute rather than relative returns.

Mulvihill's Hybrid Income Funds are exchange-traded, equity-based funds that are enhanced by virtue of their broad distribution, special structure and performance characteristics. The Hybrid Income Funds are prime examples of our customized approach to asset management.

MULVIHILL HYBRID INCOME FUNDS	SYMBOL	HIGH	LOW
For the period November 1, 2005 to October 31, 2006			
<b>MULVIHILL PLATINUM</b>			
Mulvihill <i>Government Strip Bond Fund</i>	GSB.UN	\$ 20.95	\$ 19.07
Mulvihill <i>Pro-AMS U.S. Fund</i>	PAM.UN	\$ 21.90	\$ 20.44
Mulvihill <i>Pro-AMS 100 Plus (Cdn \$) Fund</i>	PRC.UN	\$ 18.80	\$ 16.05
Mulvihill <i>Pro-AMS 100 Plus (U.S.\$) Fund</i>	PRU.U	\$ 14.86	\$ 13.16
Mulvihill <i>Pro-AMS RSP Split Share Fund</i>	SPL.A/SPL.B	\$ 10.20/\$ 14.50	\$ 8.80/\$ 13.07
<b>MULVIHILL PREMIUM</b>			
Mulvihill <i>Premium Canadian Fund</i>	FPI.UN	\$ 19.99	\$ 16.60
Mulvihill <i>Premium Oil &amp; Gas Fund</i>	FPG.UN	\$ 14.21	\$ 10.95
Mulvihill <i>Premium 60 Plus Fund</i>	SIX.UN	\$ 18.75	\$ 16.15
Mulvihill <i>Premium Global Plus Fund</i>	GIP.UN	\$ 11.75	\$ 10.40
Mulvihill <i>Premium Canadian Bank Fund</i>	PIC.A/PIC.PR.A	\$ 11.70/\$ 16.94	\$ 9.82/\$ 15.51
Mulvihill <i>Premium Split Share Fund</i>	MUH.A/MUH.PR.A	\$ 8.65/\$ 16.05	\$ 6.31/\$ 15.14
Mulvihill <i>Premium Global Telecom Fund</i>	GT.A/GT.PR.A	\$ 0.28/\$ 12.24	\$ 0.14/\$ 10.35
Mulvihill <i>Top 10 Canadian Financial Fund</i>	TCT.UN	\$ 17.27	\$ 14.28
Mulvihill <i>Top 10 Split Fund</i>	TXT.UN/TXT.PR.A	\$ 13.00/\$ 13.50	\$ 8.45/\$ 12.42
Mulvihill <i>World Financial Split Fund</i>	WFS/WFS.PR.A	\$ 12.25/\$ 11.30	\$ 9.50/\$ 10.41

## **Board of Directors**

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**John P. Mulvihill**

Chairman & President,  
Mulvihill Capital Management Inc.

**Sheila S. Szela**

Vice President, Finance & CFO,  
Mulvihill Capital Management Inc.

**Michael M. Koerner\***

Corporate Director

**Robert W. Korthals\***

Corporate Director

**C. Edward Medland\***

President, Beauwood Investments Inc.

\*Audit Committee

## **Information**

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**Auditors:**

Deloitte & Touche LLP  
BCE Place  
181 Bay Street, Suite 1400  
Toronto, Ontario M5J 2V1

**Transfer Agent:**

Computershare  
100 University Avenue, 8th Floor  
Toronto, Ontario M5J 2Y1

**Shares Listed:**

Toronto Stock Exchange  
trading under  
PIC.A, PIC.PR.A

**Custodian:**

RBC Dexia Investor Services  
Royal Trust Tower  
77 King Street West, 11th Floor  
Toronto, Ontario M5W 1P9

Visit our website at [www.mulvihill.com](http://www.mulvihill.com) for additional information on all Mulvihill Hybrid Income Funds.

## **Hybrid Income Funds**

### **Managed by Mulvihill Structured Products**

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#### **Mulvihill Platinum**

*Mulvihill Government Strip Bond Fund*  
*Mulvihill Pro-AMS U.S. 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 Core Canadian Dividend Fund*  
*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 Split Share Fund*  
*Mulvihill Premium Global Telecom Fund*  
*Mulvihill Top 10 Canadian Financial Fund*  
*Mulvihill Top 10 Split Fund*  
*Mulvihill World Financial Split Fund*

### **Mutual Funds Managed by Mulvihill Capital Management**

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*Mulvihill Canadian Money Market Fund*  
*Mulvihill Canadian Bond Fund*  
*Mulvihill Global Equity Fund*  
*Premium Global Income Fund*

### **Head Office:**

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Mulvihill Capital Management Inc.  
121 King St. W., Suite 2600  
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M5H 3T9

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1 800 725-7172  
Fax: 416 681-3901  
e-mail: [hybrid@mulvihill.com](mailto:hybrid@mulvihill.com)

Contact your broker directly for address changes.



[www.mulvihill.com](http://www.mulvihill.com)

**Mulvihill Structured Products**

Investor Relations

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Mulvihill Capital Management Inc.

*Please contact your broker directly for address changes.*