
Premium Income Corporation

Semi-Annual Report 2024



Letter to Shareholders

We are pleased to present the 2024 semi-annual report containing the management report of fund performance and the unaudited financial statements for Premium Income Corporation (the “Fund”).

The Canadian banks generated strong returns for the fiscal semi-annual period ended April 30, 2024 as markets started to price in the end of central bank tightening, declining inflation as well as a soft landing for the economy. Broader equity markets continued their strong run in 2024 after recovering in late October 2023 when the U.S. Federal Reserve Board announced it had finished raising rates. For the six-month period, the Canadian Banks posted a total return of 18.9 percent, outperforming the broader S&P/TSX Composite Index total return of 16.9 percent. Although reported earnings for the Canadian banks were down during the period compared to the previous year due to higher provisions for credit losses and slower loan growth, capital markets related revenues such as trading and wealth management were better than expected. The Fund’s shares provided positive returns during the period, enhanced by the high distribution rates paid on both classes of shares.

The net asset value of the Fund increased 14.9 percent from \$15.46 per Unit at October 31, 2023 to \$17.77 per Unit at April 30, 2024. The Fund paid cash distributions of \$0.43 per Preferred share and \$0.41 per Class A share during the period. The net realized gain on options amounted to nil per Unit for the period compared to \$0.17 per Unit for the same period last year. For a detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all shareholders for their continued support and encourage shareholders to review the detailed information contained within the semi-annual report.



John P. Mulvihill
Chairman & CEO
Mulvihill Capital Management Inc.

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with cumulative preferential quarterly cash distributions of \$0.215625 per share, to provide Class A shareholders with quarterly cash distributions equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the Fund's portfolio in any year, net of expenses and loss carryforwards, exceed the amount of the distributions paid on the Preferred shares, and to return the original issue price to holders of both Preferred shares and Class A shares upon windup of the Fund. A Unit of the Fund consists of one Preferred share and one Class A share. The shares are listed on the Toronto Stock Exchange under the ticker symbols PIC.PR.A for the Preferred shares and PIC.A for the Class A shares.

To accomplish its objectives, the Fund invests at least 75 percent of its net asset value ("NAV") in common shares of 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") and may also invest up to 25 percent of its NAV in common shares of National Bank of Canada. In addition, the Fund may purchase public investment funds including exchange-traded funds and other Mulvihill Funds (provided that no more than 15 percent of the NAV of the Fund may be invested in securities of other Mulvihill Funds) that provide exposure to such common shares.

The Fund employs an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Premium Income Corporation [PIC.PR.A/PIC.A]

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended April 30, 2024 of Premium Income Corporation (the “Fund”). The unaudited semi-annual condensed financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@mulvihill.com or by visiting our website at www.mulvihill.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended April 30, 2024, cash distributions of \$0.43 per share were paid to Preferred shareholders, compared to \$0.43 in the same period last year and cash distributions of \$0.41 per share were paid to Class A shareholders compared to \$0.41 per share in the same period last year.

Since the inception of the Fund in October 1996, the Fund has paid total cash distributions of \$23.93 per Preferred share and \$28.68 per Class A share.

Revenue and Expenses

The Fund’s total revenue was \$0.46 per Unit for the six months ended April 30, 2024, up \$0.03 per Unit compared to the same period last year. Total expenses were \$0.12 per Unit, down \$0.01 compared to the same period last year. The Fund’s net realized and unrealized gain was a gain of \$2.74 per Unit for the six months ended April 30, 2024 compared to a net realized and unrealized loss of \$0.32 in the same period last year.

Net Asset Value

The net asset value of the Fund per Unit increased 14.9 percent from \$15.46 per Unit at October 31, 2023 to \$17.77 per Unit at April 30, 2024. The aggregate net asset value of the Fund increased \$80.8 million, from \$236.8 million at October 31, 2023 to \$317.6 million at April 30, 2024, reflecting an operating profit of \$49.7 million, cash distributions of \$14.1 million to Preferred and Class A shareholders and proceeds from issuance of Units, net of issue costs, of \$45.2 million.

Recent Development

On January 8, 2024, the Fund established an at-the-market equity program (“ATM Program”) that allows the Fund to issue shares of the Fund to the public from time to time, at the Fund’s discretion, effective until September 24, 2024, unless terminated prior to such date by the Fund. Any Class A Shares or Preferred Shares sold in the ATM Program will be sold through the Toronto Stock Exchange (“TSX”), or any other marketplace in Canada on which the Fund’s shares are listed, quoted or otherwise traded, at the prevailing market price at the time of sale. Sales of Class A Shares and Preferred Shares through the ATM Program will be made pursuant to the terms of an Equity Distribution Agreement dated January 8, 2024 with National Bank Financial Inc. (the “Agent”).

Related Party Transactions

Mulvihill Capital Management Inc. (“Mulvihill”), as the Investment Manager of the Fund, manages the 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 Mulvihill dated October 17, 1996 and amended as of October 8, 2010.

Management Report of Fund Performance

Mulvihill is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 17, 1996 and amended as of October 8, 2010. As such, Mulvihill is responsible for providing or arranging for required administrative services to the Fund.

Mulvihill is paid the fees described under the Management Fees section of this report.

During the period, no recommendations or approvals were required to be sought from the Independent Review Committee (“IRC”) concerning related party transactions.

Independent Review Committee

National Instrument 81-107 – Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert G. Bertram, R. Peter Gillin and Dr. Robert Bell.

Premium Income Corporation [PIC.PR.A/PIC.A]

Management Report of Fund Performance

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. Information for the period ended April 30, 2024 is derived from the Fund's unaudited semi-annual condensed financial statements.

| | Six months ended April 30, 2024 | |
|--|------------------------------------|---------------|
| NET ASSETS PER UNIT | | |
| Net Assets, beginning of period⁽¹⁾ | \$ | 15.46 |
| INCREASE (DECREASE) FROM OPERATIONS | | |
| Total revenue | | 0.46 |
| Total expenses | | (0.12) |
| Realized gain (loss) for the period | | 0.10 |
| Unrealized gain (loss) for the period | | 2.64 |
| Total Increase (Decrease) from Operations⁽²⁾ | | 3.08 |
| DISTRIBUTIONS | | |
| Preferred Share | | |
| From net investment income | | (0.31) |
| Non-taxable distributions | | (0.12) |
| Total Preferred Share Distributions | | (0.43) |
| Class A Share | | |
| Non-taxable distributions | | (0.41) |
| From capital gains | | - |
| Total Class A Share Distributions | | (0.41) |
| Total Distributions⁽³⁾ | | (0.84) |
| Net Assets, end of period⁽¹⁾ | \$ | 17.77 |

(1) All per Unit figures are derived from the Fund's unaudited condensed financial statements for the six months ended April 30, 2024 and audited financial statements for the years ended October 31. Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

| | Six months ended April 30, 2024 | |
|--|------------------------------------|----------------------------|
| RATIOS/SUPPLEMENTAL DATA | | |
| Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions) | \$ | 317.60 |
| Net Asset Value (\$millions) | \$ | 47.93 |
| Number of Preferred shares outstanding | | 17,978,191 |
| Number of Class A shares outstanding | | 17,290,091 |
| Management expense ratio ⁽¹⁾ | | 1.23%⁽⁴⁾ |
| Portfolio turnover rate ⁽²⁾ | | 21.72% |
| Trading expense ratio ⁽³⁾ | | 0.10%⁽⁴⁾ |
| Net Asset Value per Unit ⁽⁵⁾ | \$ | 17.77 |
| Closing market price – Preferred | \$ | 14.25⁽⁶⁾ |
| Closing market price – Class A | \$ | 4.11⁽⁶⁾ |

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER, including Preferred share distributions, is 6.27%, 6.04%, 5.19%, 5.42%, 6.12% and 5.45% for the six months ended April 30, 2024, and years ended October 31, 2023, 2022, 2021, 2020 and 2019 respectively.

Management Report of Fund Performance

The information for the years ended October 31 is derived from the Fund's audited annual financial statements.

| | | Years ended October 31 | | | | |
|--|----|------------------------|----------|----------|----------|----------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 |
| | \$ | 19.26 | \$ 22.54 | \$ 15.95 | \$ 20.70 | \$ 20.81 |
| | | 0.84 | 0.95 | 0.82 | 0.87 | 0.88 |
| | | (0.25) | (0.28) | (0.25) | (0.23) | (0.27) |
| | | 0.99 | 2.30 | 1.71 | (2.13) | 0.58 |
| | | (3.90) | (4.59) | 5.91 | (1.89) | 0.54 |
| | | (2.32) | (1.62) | 8.19 | (3.38) | 1.73 |
| | | (0.76) | (0.86) | (0.86) | (0.82) | (0.81) |
| | | (0.10) | — | — | (0.04) | (0.05) |
| | | (0.86) | (0.86) | (0.86) | (0.86) | (0.86) |
| | | (0.81) | (0.20) | (0.73) | (0.50) | — |
| | | — | (0.61) | — | — | (0.81) |
| | | (0.81) | (0.81) | (0.73) | (0.50) | (0.81) |
| | | (1.67) | (1.67) | (1.59) | (1.36) | (1.67) |
| | \$ | 15.46 | \$ 19.26 | \$ 22.54 | \$ 15.95 | \$ 20.70 |

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses, excluding Preferred share distributions, and is calculated based on the weighted average number of Units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of Units outstanding during the period.

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

| | | Years ended October 31 | | | | |
|--|----|------------------------|------------|------------|------------|------------|
| | | 2023 | 2022 | 2021 | 2020 | 2019 |
| | \$ | 236.79 | \$ 256.53 | \$ 297.19 | \$ 214.43 | \$ 278.26 |
| | \$ | 7.13 | \$ 56.71 | \$ 99.42 | \$ 12.76 | \$ 76.60 |
| | | 15,310,591 | 13,321,291 | 13,184,191 | 13,444,291 | 13,444,291 |
| | | 15,379,791 | 13,321,291 | 13,184,191 | 13,444,291 | 13,444,291 |
| | | 1.25% | 1.23% | 1.21% | 1.20% | 1.21% |
| | | 66.08% | 52.48% | 60.49% | 97.13% | 54.99% |
| | | 0.09% | 0.07% | 0.03% | 0.14% | 0.08% |
| | \$ | 15.46 | \$ 19.26 | \$ 22.54 | \$ 15.95 | \$ 20.70 |
| | \$ | 13.09 | \$ 13.39 | \$ 15.40 | \$ 12.60 | \$ 14.41 |
| | \$ | 3.95 | \$ 6.25 | \$ 6.80 | \$ 3.26 | \$ 6.30 |

(2) 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.

(3) Trading expense ratio represents total commissions expressed as a percentage of daily average net asset value during the period.

(4) Annualized.

(5) Net Asset Value per Unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

(6) The last day with an executed trade was April 26, 2024.

Management Report of Fund Performance

Management Fees

Mulvihill, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as $\frac{1}{12}$ of 0.80 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. Mulvihill also makes all decisions as to the purchase and sale of securities in the Fund’s portfolio and as to the execution of all portfolio and other transactions.

Mulvihill, as the Manager of the Fund, is entitled to fees under the Management Agreement calculated monthly as $\frac{1}{12}$ of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Past Performance

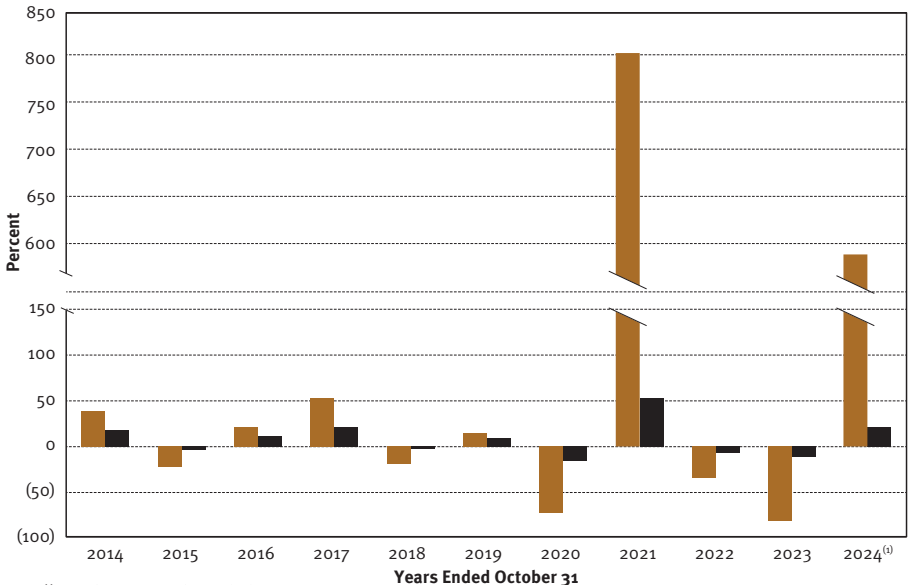
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

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

Year-By-Year Returns

The following bar chart illustrates how the Fund’s total return varied from year to year for each of the past ten years and for the six months ended April 30, 2024. The chart also shows, in percentage terms, how much an investment made on November 1 in each year would have increased or decreased by the end of that fiscal year or April 30, 2024 for the six months ended.

Total Return



⁽ⁱ⁾ For the six months ended April 30, 2024.

■ Class A Total Return
■ Fund Total Return

Portfolio Manager Report

The Canadian banks generated strong returns for the fiscal semi-annual period ended April 30, 2024 as markets started to price in the end of central bank tightening, declining inflation as well as a soft landing for the economy. Broader equity markets continued their strong run in 2024 after recovering in late October 2023 when the U.S. Federal Reserve Board announced it had finished raising rates. For the six-month period, the Canadian Banks posted a total return of 18.9 percent, outperforming the broader S&P/TSX Composite Index total return of 16.9 percent.

Although reported earnings for the Canadian banks were down during the period compared to the previous year due to higher provisions for credit losses and slower loan growth, capital markets related revenues such as trading and wealth management were better than expected. During the period, the Toronto-Dominion Bank announced it would incur approximately \$500 million in after-tax costs related to its Anti-Money Laundering practices in the United States.

The net asset value of the Fund increased 14.9 percent from \$15.46 per Unit at October 31, 2023 to \$17.77 per Unit at April 30, 2024. The Fund paid cash distributions of \$0.43 per Preferred share and \$0.41 per Class A share during the period. The net realized gain on options amounted to nil per Unit for the period compared to \$0.17 per Unit for the same period last year. For a detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report.

Unlike the previous year, the Fund maintained a fully invested position throughout most of the period with an average cash position of 2.7 percent compared to 7.6 percent the previous year. The higher cash position last year was partially utilized as collateral to write cash covered puts. During the period, the Fund generated a net realized gain on options of nil per Unit compared to \$0.17 per Unit for the same period last year.

Premium Income Corporation [PIC.PR.A/PIC.A]

Management Report of Fund Performance

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.mulvihill.com.

Asset Mix

April 30, 2024

| | % OF NET ASSET VALUE⁽¹⁾ |
|---------------------------------|---|
| Financial Institutions | 75.5% |
| Exchange-Traded Funds | 14.6% |
| Cash and Short-Term Investments | 9.7% |
| Other Assets (Liabilities) | 0.2% |
| | 100.0% |

(1) The Net Asset Value excludes the Redeemable Preferred Share liability.

Portfolio Holdings

April 30, 2024

| | % OF NET ASSET VALUE⁽¹⁾ |
|---------------------------------|---|
| The Bank of Nova Scotia | 16.9% |
| National Bank of Canada | 15.8% |
| Royal Bank of Canada | 14.9% |
| Exchange-Traded Funds | 14.6% |
| Bank of Montreal | 14.5% |
| The Toronto-Dominion Bank | 13.4% |
| Cash and Short-Term Investments | 9.7% |

(1) The Net Asset Value excludes the Redeemable Preferred Share liability.

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.

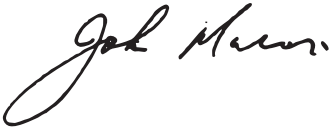
Management’s Responsibility for Financial Reporting

The accompanying condensed financial statements of Premium Income Corporation (the “Fund”) and all the information in this semi-annual report are the responsibility of the management of Mulvihill Capital Management Inc. (the “Manager”) and have been approved by the Fund’s Board of Directors (the “Board”).

The condensed financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with the condensed financial statements. The material accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended October 31, 2023.

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 independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting matters, and to review the annual report, the financial statements and the independent auditor’s report. Deloitte LLP, the Fund’s independent auditor, has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill
Director
Mulvihill Capital Management Inc.



John D. Germain
Director
Mulvihill Capital Management Inc.

June 13, 2024

Notice to Shareholders

The accompanying unaudited condensed financial statements for the six months ended April 30, 2024 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed Financial Statements

Statements of Financial Position

As at April 30, 2024 (Unaudited) and October 31, 2023 (Audited)

| | Note | April 30, 2024 | Oct. 31, 2023 |
|---|------|----------------------|---------------------|
| ASSETS | | | |
| Financial assets at fair value through profit or loss | 2 | \$ 286,478,324 | \$ 228,896,668 |
| Short-term investments | 2 | 30,338,382 | 3,261,192 |
| Dividends receivable | | 1,848,322 | 1,518,607 |
| Interest receivable | | 42,112 | 15,980 |
| Cash | | 585,611 | 3,463,253 |
| Subscriptions receivable | | 1,530,850 | – |
| TOTAL ASSETS | | 320,823,601 | 237,155,700 |
| LIABILITIES | | | |
| Accrued management fees | 4 | 233,355 | 181,153 |
| Due to brokers | | 1,798,758 | – |
| Derivative liabilities | 2 | 987,900 | – |
| Accrued liabilities | | 204,676 | 181,865 |
| Redeemable Preferred shares | | 269,672,865 | 229,658,865 |
| Class B shares | | 1,000 | 1,000 |
| TOTAL LIABILITIES | | 272,898,554 | 230,022,883 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES | | \$ 47,925,047 | \$ 7,132,817 |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE | | \$ 2.7718 | \$ 0.4638 |

The notes are an integral part of the condensed financial statements.

Premium Income Corporation [PIC.PR.A/PIC.A]

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended April 30 (Unaudited)

| | Note | 2024 | 2023 |
|--|------|----------------------|-----------------------|
| INCOME | | | |
| Dividend income | | \$ 7,262,530 | \$ 5,544,993 |
| Interest income | | 159,683 | 315,014 |
| Net realized gain on investments at fair value through profit or loss | | 1,562,517 | 10,632,201 |
| Net realized gain on options at fair value through profit or loss | | – | 2,239,733 |
| Net change in unrealized gain/(loss) on investments at fair value through profit or loss | | 42,657,804 | (17,274,244) |
| TOTAL INCOME, NET | | 51,642,534 | 1,457,697 |
| EXPENSES | | | |
| Management fees | 4 | 1,338,298 | 1,165,200 |
| Administrative and other expenses | | 131,098 | 164,936 |
| Transaction fees | 5 | 152,556 | 195,245 |
| Custodian fees | | 30,188 | 29,612 |
| Audit fees | | 42,953 | 42,497 |
| Director fees | 4 | 11,100 | 9,917 |
| Independent review committee fees | 4 | 6,386 | 6,943 |
| Legal fees | | 46,671 | 37,843 |
| Shareholder reporting costs | | 29,177 | 25,687 |
| Harmonized sales tax | | 151,465 | 141,641 |
| TOTAL EXPENSES | | 1,939,892 | 1,819,521 |
| OPERATING PROFIT/(LOSS) | | 49,702,642 | (361,824) |
| Preferred share distributions | 3 | (7,326,826) | (5,894,472) |
| INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES | 6 | \$ 42,375,816 | \$ (6,256,296) |
| INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE | 6 | \$ 2.6186 | \$ (0.4617) |

The notes are an integral part of the condensed financial statements.

Condensed Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

Six months ended April 30 (Unaudited)

| | 2024 | 2023 |
|--|-------------------|--------------------|
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF PERIOD | \$ 7,132,817 | \$ 56,707,853 |
| Increase/(decrease) in Net Assets Attributable to Holders of Class A Shares | 42,375,816 | (6,256,296) |
| Class A Share Capital Transactions | | |
| Proceeds from issuance of Class A Shares, net of issue costs | 5,176,257 | 2,579,741 |
| Class A Share Distributions | | |
| Non-taxable distributions | (6,759,843) | (5,545,966) |
| Changes in Net Assets Attributable to Holders of Class A Shares during the Period | 40,792,230 | (9,222,521) |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD | \$ 47,925,047 | \$ 47,485,332 |

Statements of Cash Flows

Six months ended April 30 (Unaudited)

| | 2024 | 2023 |
|--|----------------------|---------------------|
| Cash Flows Provided By (Used In) Operating Activities | | |
| Operating Profit/(Loss) | \$ 49,702,642 | \$ (361,824) |
| Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities | | |
| Net realized gain on investments at fair value through profit or loss | (1,562,517) | (10,632,201) |
| Net realized gain on options at fair value through profit or loss | - | (2,239,733) |
| Net change in unrealized (gain)/loss on investments at fair value through profit or loss | (42,657,804) | 17,274,244 |
| (Increase)/decrease in dividends receivable and interest receivable | (355,847) | 285,729 |
| Increase in accrued management fees and accrued liabilities | 75,013 | 9,556 |
| Purchase of investment securities | (70,651,118) | (114,194,847) |
| Proceeds from disposition of investment securities | 60,076,441 | 161,893,951 |
| | (5,373,190) | 52,034,875 |
| Cash Flows Provided By (Used In) Financing Activities | | |
| Preferred share distributions | (7,326,826) | (5,894,472) |
| Class A share distributions | (6,759,843) | (5,545,966) |
| Proceeds from issuance of Units, net of issue costs | 43,659,407 | 10,852,241 |
| | 29,572,738 | (588,197) |
| Net increase in Cash and Cash Equivalents during the Period | 24,199,548 | 51,446,678 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 6,724,445 | 2,560,578 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 30,923,993 | \$ 54,007,256 |
| Cash and Cash Equivalents are comprised of: | | |
| Cash | \$ 585,611 | \$ 1,781,023 |
| Short-Term Investments | 30,338,382 | 52,226,233 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 30,923,993 | \$ 54,007,256 |
| Dividends received | \$ 6,932,815 | \$ 5,955,289 |
| Interest received | \$ 133,551 | \$ 190,447 |

The notes are an integral part of the condensed financial statements.

Premium Income Corporation [PIC.PR.A/PIC.A]

Schedule of Investments

As at April 30, 2024 (Unaudited)

| | Number of Shares/ Contracts | Average Cost/ Proceeds | Fair Value | % of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares |
|---|-----------------------------------|---------------------------|----------------|--|
| INVESTMENTS | | | | |
| Short-Term Investments | | | | |
| Treasury Bills | | | | |
| Canadian Treasury Bill, 4.91%, May 23, 2024 | 30,470,000 | \$ 30,338,382 | \$ 30,338,382 | |
| Total Treasury Bills | | 30,338,382 | 30,338,382 | 9.6% |
| Total Short-Term Investments | | \$ 30,338,382 | \$ 30,338,382 | 9.6% |
| Canadian Common Shares | | | | |
| Financials | | | | |
| Bank of Montreal | 374,800 | \$ 49,209,330 | \$ 46,089,156 | |
| National Bank of Canada | 455,300 | 42,119,768 | 50,328,862 | |
| Royal Bank of Canada | 355,600 | 47,138,753 | 47,362,364 | |
| The Bank of Nova Scotia | 847,500 | 60,507,071 | 53,528,100 | |
| The Toronto-Dominion Bank | 522,500 | 44,118,393 | 42,672,575 | |
| Total Financials | | 243,093,315 | 239,981,057 | 75.5% |
| Total Canadian Common Shares | | \$ 243,093,315 | \$ 239,981,057 | 75.5% |
| Exchange-Traded Funds | | | | |
| Mulvihill Canadian Bank Enhanced Yield ETF | 6,539,700 | \$ 53,111,264 | \$ 46,497,267 | |
| Total Exchange-Traded Funds | | \$ 53,111,264 | \$ 46,497,267 | 14.6% |
| Options | | | | |
| Written Put Options (100 shares per contract) | | | | |
| Canadian Imperial Bank of Commerce – May 2024 @ \$67 | (3,700) | \$ (699,300) | \$ (987,900) | |
| Total Written Put Options | | (699,300) | (987,900) | (0.3)% |
| Total Options | | \$ (699,300) | \$ (987,900) | (0.3)% |
| Adjustment for transaction fees | | (309,439) | | |
| TOTAL INVESTMENTS | | \$ 326,233,522 | \$ 315,828,806 | 99.4% |
| OTHER NET ASSETS | | | 1,770,106 | 0.6% |
| NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES | | | | |
| | | | \$ 317,598,912 | 100.0% |

Notes to the Condensed Financial Statements

April 30, 2024 (Unaudited)

1. Basis of Presentation

The semi-annual condensed financial statements for Premium Income Corporation (the “Fund”) have been prepared in compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

These semi-annual condensed financial statements follow the same accounting policies and method of application as, and should be read in conjunction with, the most recent audited financial statements for the year ended October 31, 2023.

These condensed financial statements were approved by the Board of Directors on June 13, 2024.

2. Risks Associated with Financial Instruments

The various types of risks that are associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended October 31, 2023.

Credit Risk

The counterparties to the Fund’s derivative financial instruments had a short-term credit rating of A-1 or higher (October 31, 2023 – A-1 or higher) by Standard & Poor’s Ratings Services.

Liquidity Risk

The amounts in the table are the contractual undiscounted cash flows:

| | As at April 30, 2024 Financial Liabilities | | |
|-----------------------------|---|--------------|----------------|
| | On Demand | < 3 months | Total |
| Accrued management fees | \$ – | \$ 233,355 | \$ 233,355 |
| Derivative Liabilities | – | 987,900 | 987,900 |
| Accrued liabilities | – | 204,676 | 204,676 |
| Due to broker | – | 1,798,758 | 1,798,758 |
| Redeemable Preferred shares | 269,672,865 | – | 269,672,865 |
| Class B shares | 1,000 | – | 1,000 |
| Class A shares | 47,925,047 | – | 47,925,047 |
| | \$ 317,598,912 | \$ 3,224,689 | \$ 320,823,601 |

| | As at October 31, 2023 Financial Liabilities | | |
|-----------------------------|---|------------|----------------|
| | On Demand | < 3 months | Total |
| Accrued management fees | \$ – | \$ 181,153 | \$ 181,153 |
| Accrued liabilities | – | 181,865 | 181,865 |
| Redeemable Preferred shares | 229,658,865 | – | 229,658,865 |
| Class B shares | 1,000 | – | 1,000 |
| Class A shares | 7,132,817 | – | 7,132,817 |
| | \$ 236,792,682 | \$ 363,018 | \$ 237,155,700 |

Premium Income Corporation [PIC.PR.A/PIC.A]

Notes to the Condensed Financial Statements

April 30, 2024 (Unaudited)

Market Risk

Price Risk

Approximately 90 percent (October 31, 2023 – 97 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at April 30, 2024 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at April 30, 2024, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$14.3 million (October 31, 2023 – \$11.4 million) respectively or 4.5 percent (October 31, 2023 – 4.8 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

In the Manager's opinion, a portfolio that is subject to covered call option writing or purchased put options has a degree of protection against falling share prices in a downward trending market.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

| | April 30, 2024 | Oct. 31, 2023 |
|-----------------------|-------------------|------------------|
| Financials | 83.8% | 87.0% |
| Exchange-Traded Funds | 16.2% | 13.0% |

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at April 30, 2024 and October 31, 2023.

| | As at April 30, 2024 | | | |
|------------------------|----------------------|---------------|---------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Canadian Common Shares | \$ 239,981,057 | \$ – | \$ – | \$ 239,981,057 |
| Exchange-Traded Funds | 46,497,267 | – | – | 46,497,267 |
| Short-Term Investments | – | 30,338,382 | – | 30,338,382 |
| Options | – | (987,900) | – | (987,900) |
| | \$ 286,478,324 | \$ 29,350,482 | \$ – | \$ 315,828,806 |

| | As at October 31, 2023 | | | |
|------------------------|------------------------|--------------|---------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Canadian Common Shares | \$ 199,117,534 | \$ – | \$ – | \$ 199,117,534 |
| Exchange-Traded Funds | 29,779,134 | – | – | 29,779,134 |
| Short-Term Investments | – | 3,261,192 | – | 3,261,192 |
| | \$ 228,896,668 | \$ 3,261,192 | \$ – | \$ 232,157,860 |

Notes to the Condensed Financial Statements

April 30, 2024 (Unaudited)

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended April 30, 2024 and during the year ended October 31, 2023.

3. Shares

For the six months ended April 30, 2024, cash distributions paid to Preferred shareholders were \$7,326,826 (April 30, 2023 – \$5,894,472) representing a payment of \$0.43 (April 30, 2023 – \$0.43) per Preferred share and cash distributions paid to Class A shareholders were \$6,759,843 (April 30, 2023 – \$5,545,966) representing a payment of \$0.41 (April 30, 2023 – \$0.41) per Class A share.

During the six months ended April 30, 2024, 1,910,300 Units (April 30, 2023 – 551,500 Units) were issued for proceeds, net of issue costs, of \$45,190,257 (April 30, 2023 – \$10,852,241). During the six months ended April 30, 2024 and 2023, no Units were redeemed.

During the six months ended April 30, 2024 and the year ended October 31, 2023, share transactions were as follows:

| | April 30, 2024 | Oct. 31, 2023 |
|---|-------------------|------------------|
| Redeemable Preferred Shares | | |
| Shares outstanding, beginning of period | 15,310,591 | 13,321,291 |
| Shares issued | 2,667,600 | 1,989,300 |
| Shares outstanding, end of period | 17,978,191 | 15,310,591 |
| Class A Shares | | |
| Shares outstanding, beginning of period | 15,379,791 | 13,321,291 |
| Shares issued | 1,910,300 | 2,058,500 |
| Shares outstanding, end of period | 17,290,091 | 15,379,791 |
| Class B Shares | | |
| Shares outstanding, beginning and end of period | 1,000 | 1,000 |

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended April 30, 2024 were \$1,338,298 (April 30, 2023 – \$1,165,200) of which \$233,355 (April 30, 2023 – \$189,199) was unpaid.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended April 30, 2024 were \$11,100 (April 30, 2023 – \$9,917).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended April 30, 2024 were \$6,386 (April 30, 2023 – \$6,943).

(d) The Fund may invest in units of other funds managed by the Manager. The Fund's ownership in Mulvihill Canadian Bank Enhanced Yield ETF ("CBNK") was 49.2% as at April 30, 2024 (October 31, 2023 – 47.6%).

Premium Income Corporation [PIC.PR.A/PIC.A]

Notes to the Condensed Financial Statements

April 30, 2024 (Unaudited)

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended April 30, 2024 and 2023 is disclosed below:

| | April 30, 2024 | April 30, 2023 |
|--------------------------------------|-------------------|-------------------|
| Soft Dollars | \$ 126,302 | \$ 128,652 |
| Percentage of Total Transaction Fees | 82.8% | 65.9% |

6. Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the six months ended April 30, 2024 and 2023 is calculated as follows:

| | April 30, 2024 | April 30, 2023 |
|---|-------------------|-------------------|
| Increase/(decrease) in Net Assets Attributable to Holders of Class A Shares | \$ 42,375,816 | \$ (6,256,296) |
| Weighted Average Number of Class A Shares Outstanding during the Period | 16,182,545 | 13,551,238 |
| Increase/(decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share | \$ 2.6186 | \$ (0.4617) |

**Investment Funds Managed by
Mulvihill Capital Management Inc.**

EXCHANGE-TRADED FUNDS

Mulvihill Canadian Bank Enhanced Yield ETF (CBNK)
Mulvihill Premium Yield ETF (MPY)
Mulvihill U.S. Health Care Enhanced Yield ETF (XLVE)

MUTUAL FUNDS

Mulvihill Premium Yield Fund

SPLIT SHARES

Premium Income Corporation (PIC.PR.A, PIC.A)
S Split Corp. (SBN.PR.A, SBN)
Top 10 Split Trust (TXT.PR.A, TXT.UN)
World Financial Split Corp. (WFS.PR.A, WFS)

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