

Mulvihill Structured Products



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2006

Mulvihill Premium Canadian Bank Fund

Premium Income Corporation

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 six months ended April 30, 2006 of Premium Income Corporation, which operates as Mulvihill Premium Canadian Bank Fund (the “Fund”). The April 30, 2006 semi-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. You can also get a copy of the annual financial statements at your request and at no cost by using one of these methods.

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.

Mulvihill Premium Canadian Bank Fund

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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.

Summary of Investment Portfolio

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on our website at www.mulvihill.com.

Asset Mix

April 30, 2006

	% of Net Assets*
Financial Institutions	88%
Cash and Short-Term Investments	13%
Other Net Assets (Liabilities)	(1)%

*The Net Assets excludes the Preferred share liability.

Portfolio Holdings

	% of Net Assets*
• Royal Bank of Canada	20%
• The Bank of Nova Scotia	19%
• The Toronto-Dominion Bank	19%
• Bank of Montreal	16%
• Canadian Imperial Bank of Commerce	14%
• Cash and Short-Term Investments	13%

*The Net Assets excludes the Preferred share liability.

Mulvihill Premium *Canadian Bank Fund*

Management Report on Fund Performance

Results of Operations

The net asset value of the Fund at April 30, 2006 was \$26.70 per unit compared to \$25.75 per unit at October 31, 2005. The Fund's Preferred shares, listed on the Toronto Stock Exchange as PIC.PR.A, closed on April 30, 2006 at \$16.19. The Fund's Class A shares, listed on the Toronto Stock Exchange as PIC.A, closed on April 30, 2006, at \$10.92. Each unit consists of one Preferred share and one Class A share together.

Distributions totalling \$0.44 per share were made to the Preferred shareholders during the first six months of the fiscal period. Class A shareholders received \$0.60 per share, comprised of \$0.40 in regular quarterly distributions and \$0.20 in special distributions beyond the target level.

All five banks produced positive returns for the six month period ended April 30, 2006. The Canadian Imperial Bank of Commerce and the Royal Bank of Canada led the group with a total return of 16.5 percent each, while The Bank of Nova Scotia lagged with a total return of 9.9 percent.

The compound total return for the Fund for the six months ended April 30, 2006, including reinvestment of distributions, was 7.8 percent. This performance reflects the overweight allocation to The Bank of Nova Scotia shares in the Fund's portfolio, as well as the cash position maintained during the period and the cost of the protective put options which were purchased to hedge a portion of the portfolio's downside risk. The six months compound total return for the Class A shares, including reinvestment of distributions, was 14.5 percent.

Mulvihill Premium Canadian Bank Fund

Management Report on 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. The information for the years ended

	Six months ended April 2006
DATA PER UNIT	
Net Asset Value, beginning of period⁽¹⁾	\$ 25.75
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.40
Total expenses	(0.14)
Realized gains (losses) for the period	1.22
Unrealized gains (losses) for the period	0.51
Total Increase (Decrease) from Operations⁽²⁾	1.99
DISTRIBUTIONS	
From taxable income	(0.31)
From capital gains	(0.73)
Total Distributions⁽³⁾	(1.04)
Net Asset Value, end of period⁽¹⁾	\$ 26.70

(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, net of withholding taxes and foreign exchange gains (losses), less expenses, excluding Preferred share

RATIOS/SUPPLEMENTAL DATA

	Six months ended April 2006
Net Assets, excluding Preferred share liability (\$millions)	\$ 509.22
Net Assets (\$millions)	\$ 221.68
Number of units outstanding	19,074,439
Management expense ratio ⁽¹⁾	1.06% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	88.57%
Trading expense ratio ⁽³⁾	0.07%
Closing market price - Preferred	\$ 16.19
Closing market price - Class A	\$ 10.92

(1) Management expense ratio is the ratio of all fees and expenses, including goods and services 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 excluding the special resolution expense is 1.17%.

(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments,

Mulvihill Premium Canadian Bank Fund

Management Report on Fund Performance

October 31 is derived from the Fund's audited annual financial statements. Information for the period ended April 30, 2006 is derived from the Fund's unaudited semi-annual financial statements.

Years ended October 31				
2005	2004	2003	2002	2001
\$ 25.96	\$ 25.55	\$ 23.38	\$ 25.26	\$ 27.35
0.81	0.80	0.76	0.75	0.98
(0.27)	(0.31)	(0.65)	(0.31)	(0.34)
1.73	1.39	1.22	1.81	2.56
(0.41)	0.87	3.26	(1.82)	(2.26)
1.86	2.75	4.59	0.43	0.94
(0.64)	(0.48)	(0.65)	(0.54)	(0.54)
(1.44)	(1.61)	(1.44)	(1.74)	(2.49)
(2.08)	(2.09)	(2.09)	(2.28)	(3.03)
\$ 25.75	\$ 25.96	\$ 25.55	\$ 23.38	\$ 25.26

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 asset value as calculations are based on the weighted average number of units outstanding during the period.

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

Years ended October 31				
2005	2004	2003	2002	2001
\$ 491.14	\$ 496.60	\$ 322.93	\$ 93.02	\$ 100.50
\$ 203.44	\$ 207.79	\$ 132.18	\$ 33.33	\$ 40.81
19,074,439	19,126,246	12,638,400	3,979,300	3,979,300
1.05%	1.20%	2.62%	1.20%	1.23%
171.56%	157.22%	150.14%	90.63%	110.05%
0.10%	0.12%	0.19%	0.06%	0.10%
\$ 16.30	\$ 16.12	\$ 16.09	\$ 15.07	\$ 15.40
\$ 10.50	\$ 12.40	\$ 11.40	\$ 10.24	\$ 12.45

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 an annualized percentage of daily average net assets during the period.

(4) Annualized.

Mulvihill Premium *Canadian Bank Fund*

Management Report on Fund Performance

Management Fees

Mulvihill Capital Management (“MCM”) is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 0.80 percent of the net assets of the Fund at each month end, excluding the liability for Redeemable Preferred shares and the unamortized premium on the issue of Preferred shares. Services received under the Investment Management Agreement include the making of all investment decisions and the writing of covered call options 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 percent of the net assets of the Fund at each month end, excluding the liability for Redeemable Preferred shares and the unamortized premium on the issue of Preferred shares. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

The Canadian Banks continue to demonstrate positive fundamentals and profitability with strong capital positions and high ROE’s. Although the 10-year Government of Canada bond yield increased in the period by approximately 30 basis points to 4.5 percent, the 3.0 percent dividend yield on the Big 5 Banks continues to lend yield support and the P/E multiple of the banks relative to the broad market is still attractive.

On the retail side, loan growth has been very strong with continued strength from the consumer as well as a pick up in commercial lending. Net interest margins continued to stabilize for most banks during the period although Bank of Montreal and The Bank of Nova Scotia experienced some compression in the period due to the Bank of Montreal’s U.S. Harris operations and The Bank of Nova Scotia’s aggressive deposit pricing. Loans losses continue to be modest given the ongoing strength in the domestic economy.

On the wholesale front, capital markets activity remains robust with strong M&A and trading activity. Wealth management earnings also continue to be strong due to positive mutual fund flows around RSP season and better equity markets. With excess capital sitting on their balance sheets, the banks will continue to increase their dividends and buyback stock while looking for potential acquisitions outside of the domestic market.

Mulvihill Premium Canadian Bank Fund

Management Report on Fund Performance

Past Performance

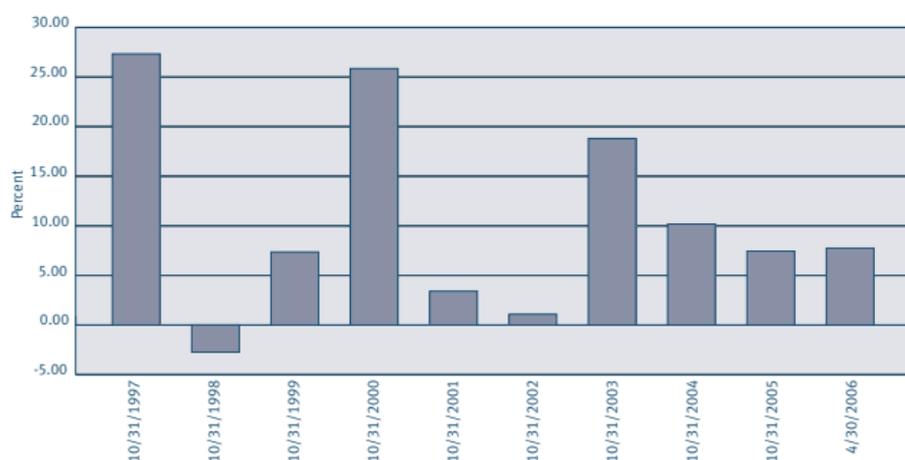
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,
- (2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) 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 illustrates how the Fund's total return for each of the past nine years including for the six month period ended April 30, 2006 has varied from year to year. The chart also shows, in percentage terms, how much an investment made on October 31 in each year or the date of inception in 1996 would have increased or decreased by the end of that fiscal year, or April 30, 2006 for the six months then ended.

Annual Total Return



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.

Management's Responsibility for Financial Reporting

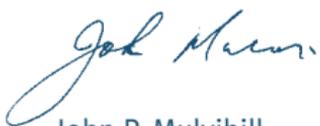
The accompanying financial statements of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Fund Services Inc., (the "Manager"), and have been approved by 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 semi-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 annual financial statements for the year ended October 31, 2005.

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 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, the Fund's independent auditors, has full and unrestricted access to the Audit Committee and the Board.

The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by Canadian Institute of Chartered Accountants.



John P. Mulvihill
Director
Mulvihill Fund Services Inc.



Sheila S. Szela
Director
Mulvihill Fund Services Inc.

June 2006

Mulvihill Premium Canadian Bank Fund

Financial Statements

Interim Statements of Financial Position

April 30, 2006 (Unaudited) and October 31, 2005 (Audited)

	2006	2005
ASSETS		
Investments at market value (cost - \$428,461,457; 2005 - \$427,963,230)	\$ 450,730,177	\$ 440,552,003
Short-term investments (cost - \$65,737,919; 2005 - \$51,383,194)	65,737,919	51,383,194
Cash	1,590	657
Interest, dividends and other receivables	1,598,840	1,008,837
TOTAL ASSETS	\$ 518,068,526	\$ 492,944,691
LIABILITIES		
Due to brokers - investments	\$ 8,376,200	\$ -
Accrued liabilities	468,684	472,297
Redemptions payable	-	1,333,947
	8,844,884	1,806,244
Redeemable preferred shares	286,116,585	286,116,585
Unamortized premium on issue of preferred shares	1,426,100	1,584,556
	296,387,569	289,507,385
EQUITY		
Class A and Class B shares	193,516,309	193,516,309
Retained earnings	28,164,648	9,920,997
	221,680,957	203,437,306
TOTAL LIABILITIES AND EQUITY	\$ 518,068,526	\$ 492,944,691
Number of Units Outstanding	19,074,439	19,074,439
Net Asset Value per Unit		
Preferred share	\$ 15.00	\$ 15.00
Class A share	11.70	10.75
	\$ 26.70	\$ 25.75

Mulvihill Premium Canadian Bank Fund

Financial Statements

Interim Statements of Operations and Retained Earnings

For the six months ended April 30 (Unaudited)

	2006	2005
REVENUE		
Interest	\$ 1,435,593	\$ 1,862,289
Dividends	6,267,317	5,888,275
	<u>7,702,910</u>	<u>7,750,564</u>
Net realized gains on investments	20,462,922	13,702,478
Net realized gains on derivatives	2,791,410	3,444,378
Total Net Realized Gains	<u>23,254,332</u>	<u>17,146,856</u>
TOTAL REVENUE	<u>30,957,242</u>	<u>24,897,420</u>
EXPENSES		
Management fees	2,306,935	2,194,385
Administrative and other expenses	141,676	137,558
Custodian fees	39,989	45,180
Audit fees	32,799	27,713
Director fees	10,363	9,434
Legal fees	3,300	605
Shareholder reporting costs	26,044	28,337
Capital tax	(5,870)	–
Goods and services tax	173,189	170,552
TOTAL EXPENSES	<u>2,728,425</u>	<u>2,613,764</u>
Net Realized Income before Preferred Share Transactions	28,228,817	22,283,656
Preferred share distributions	<u>(8,378,906)</u>	<u>(8,387,681)</u>
Net Realized Income	19,849,911	13,895,975
Change in unrealized appreciation of investments during the period	9,679,947	(8,994,200)
Change in unrealized depreciation of short-term investments during the period	–	25,994
Total Change in Unrealized Appreciation/Depreciation	9,679,947	(8,968,206)
Amortization of premium on issue of preferred shares	158,456	159,571
NET INCOME FOR THE PERIOD	\$ 29,688,314	\$ 5,087,340

Mulvihill Premium Canadian Bank Fund

Financial Statements

Interim Statements of Operations and Retained Earnings (continued)

For the six months ended April 30 (Unaudited)

	2006	2005
NET INCOME PER CLASS A SHARE		
(based on the average number of Class A shares outstanding during the period of 19,074,439; 2005 - 19,146,246)		
	\$ 1.56	\$ 0.27
RETAINED EARNINGS		
Balance, beginning of period	\$ 9,920,997	\$ 13,716,131
Net income for the period	29,688,314	5,087,340
Distributions on Class A shares	(11,444,663)	(11,475,748)
BALANCE, END OF PERIOD	\$ 28,164,648	\$ 7,327,723

Interim Statements of Changes in Net Assets

For the six months ended April 30 (Unaudited)

	2006	2005
NET ASSETS, BEGINNING OF PERIOD	\$ 203,437,306	\$ 207,789,282
Net Realized Income before Preferred Share Transactions	28,228,817	22,283,656
Amortization of Premium on Issue of Preferred Shares	158,456	159,571
Distributions		
Preferred shares	(8,378,906)	(8,387,681)
Class A shares	(11,444,663)	(11,475,748)
	(19,823,569)	(19,863,429)
Change in Unrealized Appreciation/Depreciation of Investments	9,679,947	(8,968,206)
Changes in Net Assets during the Period	18,243,651	(6,388,408)
NET ASSETS, END OF PERIOD	\$ 221,680,957	\$ 201,400,874

The statement of changes in net assets excludes cash flows pertaining to proceeds and redemptions of Preferred shares. During the period, amounts paid for the redemption of Preferred shares were nil (2005 - nil). Proceeds from Preferred shares issued, net of issue costs, were nil (2005 - nil).

Mulvihill Premium Canadian Bank Fund

Financial Statements

Interim Statements of Changes in Investments

For the six months ended April 30 (Unaudited)

	2006	2005
INVESTMENTS AT MARKET VALUE, BEGINNING OF PERIOD	\$ 440,552,003	\$ 364,035,243
Unrealized appreciation of investments, beginning of period	(12,588,773)	(20,368,069)
Investments at Cost, Beginning of Period	427,963,230	343,667,174
Cost of Investments Purchased during the Period	379,096,837	256,527,427
Cost of Investments Sold during the Period		
Proceeds from sales	401,852,942	270,520,504
Net realized gains on sales	23,254,332	17,146,856
	378,598,610	253,373,648
Investments at Cost, End of Period	428,461,457	346,820,953
Unrealized Appreciation of Investments, End of Period	22,268,720	11,373,869
INVESTMENTS AT MARKET VALUE, END OF PERIOD	\$ 450,730,177	\$ 358,194,822

Mulvihill Premium Canadian Bank Fund

Financial Statements

Statement of Investments

April 30, 2006 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Bankers' Acceptance			
The Bank of Nova Scotia - May 29, 2006	5,000,000	\$ 4,953,400	\$ 4,953,400
Treasury Bills			
Government of Canada - June 15, 2006	35,530,000	35,233,863	35,233,863
Government of Canada - July 13, 2006	25,795,000	25,550,656	25,550,656
Total Treasury Bills		60,784,519	60,784,519
		65,737,919	65,737,919
Accrued Interest			207,893
TOTAL SHORT-TERM INVESTMENTS		\$ 65,737,919	\$ 65,945,812

INVESTMENTS

Canadian Common Shares

Bank of Montreal	1,305,000	\$ 82,873,861	\$ 84,394,350
Canadian Imperial Bank of Commerce	850,000	67,233,698	70,337,500
Royal Bank of Canada	2,150,000	95,486,346	102,856,000
The Bank of Nova Scotia	2,090,000	92,914,222	97,226,800
The Toronto-Dominion Bank	1,550,000	91,685,437	96,797,500
Total Canadian Common Shares		\$430,193,564	\$ 451,612,150

	Number of Contracts	Average Cost	Market Value
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OPTIONS

Purchased Put Options (100 shares per contract)

Bank of Montreal - July 2006 @ \$61	1,500	\$ 121,500	\$ 68,726
Canadian Imperial Bank of Commerce - May 2006 @ \$76	900	98,100	1
Canadian Imperial Bank of Commerce - August 2006 @ \$80	1,100	99,000	135,626
Royal Bank of Canada - August 2006 @ \$45	1,500	81,000	73,779
The Bank of Nova Scotia - May 2006 @ \$43	1,100	68,200	1
The Bank of Nova Scotia - May 2006 @ \$44	1,300	69,550	1,950
The Toronto-Dominion Bank - May 2006 @ \$57	240	21,360	-
The Toronto-Dominion Bank - June 2006 @ \$62	1,000	70,440	133,041
Total Purchased Put Options		629,150	413,124

Mulvihill Premium Canadian Bank Fund

Financial Statements

Statement of Investments (continued)

April 30, 2006 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS (continued)			
Written Cash Covered Put Options (100 shares per contract)			
Royal Bank of Canada - May 2006 @ \$48	(2,000)	(108,000)	(137,492)
The Bank of Nova Scotia - May 2006 @ \$46	(990)	(50,490)	(12,078)
The Toronto-Dominion Bank - May 2006 @ \$65	(1,000)	(48,000)	(234,476)
Total Written Cash Covered Put Options		(206,490)	(384,046)
Written Covered Call Options (100 shares per contract)			
Bank of Montreal - May 2006 @ \$67	(4,350)	\$ (172,580)	(13,787)
Canadian Imperial Bank of Commerce - May 2006 @ \$85	(2,160)	(211,600)	(59,815)
Canadian Imperial Bank of Commerce - June 2006 @ \$85	(1,500)	(144,000)	(100,017)
Canadian Imperial Bank of Commerce - June 2006 @ \$86	(1,000)	(105,000)	(40,554)
Royal Bank of Canada - May 2006 @ \$50	(6,050)	(261,600)	(55,819)
Royal Bank of Canada - June 2006 @ \$48	(1,400)	(67,200)	(119,193)
Royal Bank of Canada - June 2006 @ \$49	(3,695)	(175,322)	(226,722)
The Bank of Nova Scotia - May 2006 @ \$48	(1,260)	(77,490)	(5,289)
The Bank of Nova Scotia - May 2006 @ \$49	(4,750)	(275,600)	(19,659)
The Bank of Nova Scotia - June 2006 @ \$46	(1,500)	(90,000)	(131,871)
The Bank of Nova Scotia - June 2006 @ \$47	(1,750)	(99,750)	(93,399)
The Bank of Nova Scotia - June 2006 @ \$49	(1,600)	(80,000)	(14,722)
The Toronto-Dominion Bank - May 2006 @ \$65	(2,750)	(196,625)	(29,783)
The Toronto-Dominion Bank - May 2006 @ \$66	(1,500)	(105,000)	(1)
The Toronto-Dominion Bank - May 2006 @ \$67	(1,500)	(93,000)	(420)
Total Written Covered Call Options		(2,154,767)	(911,051)
TOTAL OPTIONS		\$ (1,732,107)	\$ (881,973)
TOTAL INVESTMENTS		\$428,461,457	\$450,730,177

Mulvihill Premium *Canadian Bank Fund*

Notes to Financial Statements

April 30, 2006

1. Corporation 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. Basis of Presentation

The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended October 31, 2005.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended October 31, 2005.

3. Comparative Figures

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

Mulvihill Premium *Canadian Bank Fund*

Hybrid Income Funds

Managed by Mulvihill Structured Products

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 Premium Canadian Fund

Mulvihill Premium Oil & Gas Fund

Mulvihill Premium 60 Plus Fund

Mulvihill Premium Canadian Bank Fund

Mulvihill Premium Global Plus Fund

Mulvihill Premium Split Share Fund

Mulvihill Premium Global Telecom Fund

Mulvihill World Financial Split Fund

Mulvihill Top 10 Canadian Financial Fund

Mulvihill Top 10 Split Fund

Mutual Funds Managed by

Mulvihill Capital Management

Mulvihill Canadian Money Market Fund

Mulvihill Canadian Bond Fund

Mulvihill Global Equity Fund

Premium Global Income Fund

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for address changes.*