



## Hybrid Income Funds



### Annual Report 2002

*Mulvihill Premium Canadian Bank Fund*

Premium Income Corporation



## Message to Shareholders

We are pleased to present the Fund's financial statements for the fiscal year ended October 31, 2002.

Despite general weakness in equity markets that undermined even strong financial sector performers, the Fund was able to maintain its long-standing record of paying superior returns to its shareholders.

During the fiscal year, preferred shareholders received \$0.88 per share in total distributions. Class A shareholders received \$1.40 per share, comprised of \$0.80 in regular distributions and \$0.60 in special distributions.

The Fund's dividend policy calls for distributions to Class A shareholders of \$0.20 per quarter, or \$0.80 per annum, which is equivalent to a yield of 8% on the original issue price. For preferred shareholders, the target is \$0.8625 per annum, equivalent to a yield of 5.75% on the Preferred shares par value of \$15.00.

The Toronto Stock Exchange's Financial Services Index showed stability and strength in the face of a broad market decline, but still lost some ground. The financial services sector outperformed the broad indices declining only 4.5% during the Fund's fiscal year compared to the total return of the broad based TSX/S&P Index declining nearly 9% during the same period. The Fund's Portfolio is now positioned to recover should improving economic conditions reduce credit quality concerns.

The underlying net asset value of the Corporation's Class A shares decreased from \$10.26 at the beginning of the fiscal year to \$8.38 on October 31, 2002, net of total distributions for the year of \$2.28 on both Class A and Preferred shares. The Fund's overall rate of return was 1.6%.

As you may be aware, the redemption date of the Fund is November 1, 2003. As a result, all Preferred shares and Class A shares then outstanding will be redeemed by the Fund unless otherwise determined by a majority vote of each class of shareholders. In order for each shareholder to assess the options available to the Fund, including redemption of all shares or extension of the Fund determined by a vote of both classes of shareholders at a special meeting called for such purpose, we will be sending to each shareholder an information package in the first half of 2003.



John P. Mulvihill

President

Mulvihill Capital Management Inc.



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## Investment Objectives

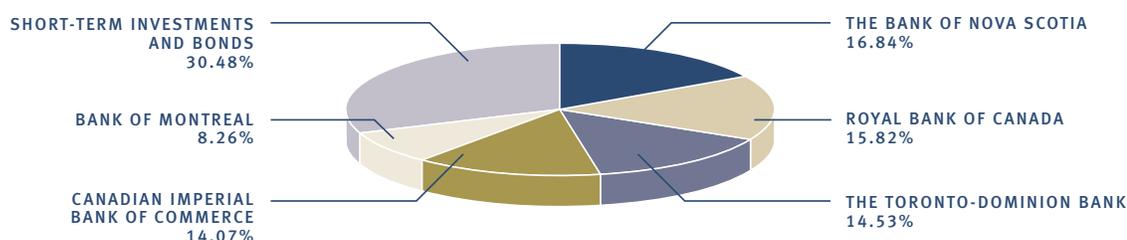
The Fund's investment objectives are (i) to provide Preferred shareholders with quarterly cash dividends to yield 5.75% per annum based on the original issue price; (ii) to provide Class A shareholders with all excess realized income of the Fund at each fiscal year end; and (iii) to return, at a minimum, the original issue prices of the shares to shareholders upon windup on November 1, 2003. The Fund has a dividend policy on the Class A shares of \$0.20 per quarter or 8% per annum based on the shares' issue price.

## Investment Strategy

The Fund achieves its investment objectives by investing its net assets in a portfolio consisting primarily of common shares issued by 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 generated by the portfolio, the Fund writes covered call options in respect of all or part of the securities in the Portfolio. 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.

## Asset Mix

October 31, 2002



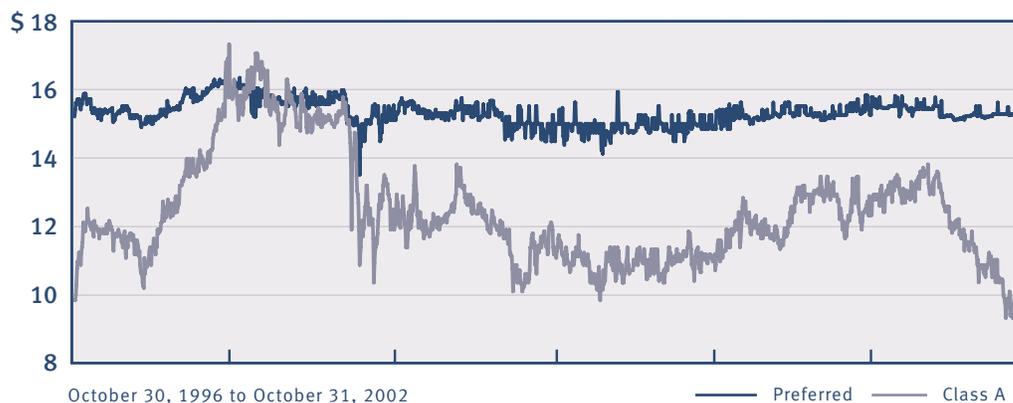
## Distribution History

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
January 2002	0.20	0.20	0.40	0.221204
April 2002	0.20	0.20	0.40	0.221055
July 2002	0.20	0.10	0.30	0.221076
October 2002	0.20	0.10	0.30	0.220835
Total for 2002	0.80	0.60	1.40	0.884170
<b>Total Distributions to Date</b>	<b>\$ 4.80</b>	<b>\$ 5.35</b>	<b>\$ 10.15</b>	<b>\$ 5.299139</b>

**Eligible Holdings:**

- Bank of Montreal
- The Bank of Nova Scotia
- Canadian Imperial Bank of Commerce
- Royal Bank of Canada
- The Toronto-Dominion Bank

**Trading History**



**Commentary**

A series of accounting and governance scandals as well as lingering effects of the severe slump in the telecommunications and other technology sectors created depressed conditions in equity markets throughout the year. The total return on the broad-based TSX/S&P Index declined by nearly 9% during the Fund’s fiscal year. The relative strength of the financial services sector allowed it to resist the downward trend to some degree, recording a lesser decline of about 4.5%.

Shares of Royal Bank of Canada, Bank of Montreal and The Bank of Nova Scotia all recorded modest gains for the 12 month period. However, both The Toronto-Dominion Bank and Canadian Imperial Bank of Commerce experienced declines due to their large losses on loans in the troubled telecommunications and energy sectors. Investor sentiment is still being negatively affected by weakening capital markets revenue and continuing credit quality problems in some areas.

On the positive side, retail banking revenues remain resilient, and net interest margins remain substantial, due to the continued steepness of the yield curve. These factors, enhanced by attractive dividend yields and continuing share buybacks, should generate renewed investor confidence in this sector in the coming year.

## 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, 2002, the statements of financial position as at October 31, 2002 and 2001, the statements of operations and retained earnings (deficit), of changes in net assets and of changes in investments for the years then ended, and the statements of financial highlights for each of the years in the five-year period ended October 31, 2002. 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, the changes in its investments and the financial highlights for the periods indicated above, in accordance with Canadian generally accepted accounting principles.

*Deloitte + Touche LLP*

Chartered Accountants  
Toronto, Ontario  
November 20, 2002

Statements of Financial Position

October 31, 2002 and 2001

	2002	2001
<b>ASSETS</b>		
Investments at market value (average cost - \$98,951,273; 2001 - \$99,179,430)	\$ 92,259,232	\$ 99,717,292
Short-term investments (average cost - \$24,796; 2001 - \$273,330)	24,796	273,330
Cash and cash equivalents	5,522	8,725
Interest, dividends and other receivables	824,764	600,415
<b>TOTAL ASSETS</b>	<b>\$ 93,114,314</b>	<b>\$ 100,599,762</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 92,698	\$ 98,180
Redeemable preferred shares (Note 4)	59,689,500	59,689,500
	<b>59,782,198</b>	<b>59,787,680</b>
<b>EQUITY</b>		
Class A and Class B shares (Note 4)	\$ 35,415,357	\$ 35,415,357
Retained earnings (deficit)	(2,083,241)	5,396,725
	<b>33,332,116</b>	<b>40,812,082</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 93,114,314</b>	<b>\$ 100,599,762</b>
<b>Net Asset Value per Class A Share</b>	<b>\$ 8.38</b>	<b>\$ 10.26</b>

On Behalf of the Board of Directors

  
John P. Mulvihill, Director

  
Robert W. Korthals, Director

## Statements of Operations and Retained Earnings (Deficit)

Years ended October 31, 2002 and 2001

	2002	2001
<b>REVENUE</b>		
Interest	\$ 794,692	\$ 1,675,924
Dividends	2,176,069	2,204,730
	<b>2,970,761</b>	<b>3,880,654</b>
Net realized gains on investments and options	7,186,264	10,176,265
<b>TOTAL REVENUE</b>	<b>10,157,025</b>	<b>14,056,919</b>
<b>EXPENSES (Note 5)</b>		
Management fees	933,728	976,299
Administrative and other expenses	129,066	122,951
Custodian fees	28,977	36,907
GST and capital taxes	155,639	202,585
<b>TOTAL EXPENSES</b>	<b>1,247,410</b>	<b>1,338,742</b>
Realized income before income taxes and distributions	8,909,615	12,718,177
Income tax expense (Note 6)	(70,280)	-
Net realized income before distributions	8,839,335	12,718,177
Preferred share distributions (Note 7)	(3,518,378)	(3,518,600)
Net realized income	5,320,957	9,199,577
Change in net unrealized appreciation/depreciation of investments during the year	(7,229,903)	(8,975,901)
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>\$ (1,908,946)</b>	<b>\$ 223,676</b>
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance, beginning of year	\$ 5,396,725	\$ 13,728,544
Net income (loss) for the year	(1,908,946)	223,676
Distributions on Class A shares	(5,571,020)	(8,555,495)
<b>BALANCE, END OF YEAR</b>	<b>\$ (2,083,241)</b>	<b>\$ 5,396,725</b>

### Statements of Changes in Net Assets

Years ended October 31, 2002 and 2001

	2002	2001
NET ASSETS, BEGINNING OF YEAR	\$ 40,812,082	\$ 49,143,901
Net realized income before distributions	8,839,335	12,718,177
Distributions (Note 7)		
Preferred shares	(3,518,378)	(3,518,600)
Class A shares	(5,571,020)	(8,555,495)
	<b>(9,089,398)</b>	<b>(12,074,095)</b>
Change in net unrealized appreciation/depreciation in market value of investments during the year	(7,229,903)	(8,975,901)
Change in net assets during the year	(7,479,966)	(8,331,819)
NET ASSETS, END OF YEAR	\$ 33,332,116	\$ 40,812,082

### Statements of Changes in Investments

Years ended October 31, 2002 and 2001

	2002	2001
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	\$ 99,717,292	\$ 98,232,345
Unrealized appreciation of investments, beginning of year	(537,862)	(9,513,763)
Investments at cost, beginning of year	99,179,430	88,718,582
Cost of investments purchased during the year	66,008,742	82,034,453
Cost of investments sold during the year		
Proceeds from sales	73,423,163	81,749,870
Net realized gains on sales	7,186,264	10,176,265
	<b>66,236,899</b>	<b>71,573,605</b>
Investments at cost, end of year	98,951,273	99,179,430
Unrealized appreciation/depreciation of investments, end of year	(6,692,041)	537,862
INVESTMENTS AT MARKET VALUE, END OF YEAR	\$ 92,259,232	\$ 99,717,292

## Statement of Investments

October 31, 2002

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
<b>SHORT-TERM INVESTMENTS</b>				
<b>Treasury Bills</b>				
Government of Canada - January 16, 2003		10,000	\$ 9,914	\$ 9,914
Government of Canada - February 13, 2003		15,000	14,882	14,882
<b>Total Treasury Bills</b>	100.0%		<b>\$ 24,796</b>	<b>\$ 24,796</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>	100.0%		<b>\$ 24,796</b>	<b>\$ 24,796</b>

## INVESTMENTS

## Bonds

Canada Mortgage and Housing Corporation - June 2, 2003		27,740,000	\$ 28,089,408	\$ 28,101,519
<b>Total Bonds</b>	30.5%		<b>\$ 28,089,408</b>	<b>\$ 28,101,519</b>

## Canadian Common Shares

Bank of Montreal		200,000	\$ 7,098,838	\$ 7,620,000
The Bank of Nova Scotia		340,000	16,043,476	15,599,200
Canadian Imperial Bank of Commerce		335,200	16,769,949	12,989,000
Royal Bank of Canada		270,000	13,544,681	14,690,700
The Toronto-Dominion Bank		456,900	17,709,271	13,410,015
<b>Total Canadian Common Shares</b>	69.7%		<b>\$ 71,166,215</b>	<b>\$ 64,308,915</b>

	% of Portfolio	Number of Contracts	Average Cost	Market Value
<b>Written Covered Call Options</b> (100 shares per contract)				
The Bank of Nova Scotia - November 2002 @ \$48		400	\$ (50,800)	\$ (29,014)
The Bank of Nova Scotia - November 2002 @ \$49		500	(69,000)	(33,019)
Royal Bank of Canada - November 2002 @ \$56		400	(55,800)	(28,652)
Royal Bank of Canada - November 2002 @ \$58		500	(65,500)	(21,767)
Royal Bank of Canada - January 2003 @ \$58		250	(63,250)	(38,750)
<b>Total Written Covered Call Options</b>	(0.2)%		<b>\$ (304,350)</b>	<b>\$ (151,202)</b>
<b>TOTAL INVESTMENTS</b>	100.0%		<b>\$ 98,951,273</b>	<b>\$ 92,259,232</b>

Statements of Financial Highlights

Years ended October 31

	2002	2001	2000	1999	1998
DATA PER CLASS A SHARE					
Net Asset Value, Beginning of Year	\$ 10.26	\$ 12.35	\$ 8.77	\$ 9.06	\$ 11.84
INCOME FROM INVESTMENT OPERATIONS					
Net investment income (loss)	(0.47)	(0.25)	(0.21)	(0.32)	(0.20)
Net gain (loss) on investments and options	(0.01)	0.31	5.19	1.23	(1.28)
<b>Total from Investment Operations</b>	<b>(0.48)</b>	<b>0.06</b>	<b>4.98</b>	<b>0.91</b>	<b>(1.48)</b>
DISTRIBUTION TO SHAREHOLDERS					
From net realized gain on sale of investments and options	(1.40)	(2.15)	(1.40)	(1.20)	(1.30)
<b>Net Asset Value, End of Year</b>	<b>\$ 8.38</b>	<b>\$ 10.26</b>	<b>\$ 12.35</b>	<b>\$ 8.77</b>	<b>\$ 9.06</b>
RATIOS/SUPPLEMENTAL DATA					
Total net assets, end of year (\$millions)	\$ 33.3	\$ 40.8	\$ 49.1	\$ 35.1	\$ 36.3
Average net assets (\$millions)	\$ 44.6	\$ 49.2	\$ 40.4	\$ 39.4	\$ 47.7
Management expense ratio	1.20%	1.23%	1.17%	1.22%	1.17%
Portfolio turnover rate	63%	75%	98%	62%	258%
Annual rate of return	(4.7)%	0.5%	56.8%	10.0%	(12.5)%

## 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, 2003 will be redeemed by the Fund on that date unless otherwise determined by a majority vote of each class of shareholders.

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. The following is a summary of the significant accounting principles:

### Investment valuation policies

Investments are recorded in the financial statements at their market value at the end of the period, determined as follows:

Shares or other securities for which market quotations are readily available are valued at the closing sale price or, if there is no sale price, the average of the closing bid and ask prices.

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

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

### Policies for the recognition of investment appreciation, depreciation and income

Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis.

Option fees received are deferred and included in investments on the statement of financial position so long as the options are outstanding. Any difference resulting from revaluation is included in unrealized appreciation or depreciation of investments.

Dividend income is recognized on the ex-dividend date. Interest income is recognized when earned.

## 3. Statements of Financial Highlights

The following explanatory notes pertain to the Statements of Financial Highlights:

(a) Net investment income (loss) per Class A share consists of interest and dividend revenue less expenses, including Preferred share distributions, and is calculated based on the weighted average number of Class A shares outstanding during the year.

(b) Net gain (loss) on investments and options per Class A share includes the impact of timing of shareholder transactions.

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

(d) Management expense ratio is the ratio of all fees and expenses, including GST and capital taxes but excluding income taxes, charged to the Fund to average net assets, including redeemable Preferred shares.

(e) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by average net assets during the year, including redeemable Preferred shares.

(f) Annual rate of return represents the historical annual total rate of return of an investment in a Class A share for the year, assuming reinvestment of current year distributions.

## 4. Share Capital

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

All Preferred shares and Class A shares outstanding on November 1, 2003 will be redeemed by the Fund on that date unless otherwise determined by a majority vote of each class of shareholders.

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 B 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.

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

**Issued and Outstanding**

	2001	2000
3,979,300 Preferred shares	<b>\$ 59,689,500</b>	\$ 59,689,500
3,979,300 Class A shares	<b>\$ 35,414,357</b>	\$ 35,414,357
1,000 Class B shares	<b>1,000</b>	1,000
	<b>\$ 35,415,357</b>	\$ 35,415,357

**5. Management Fees and Expenses**

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, including the redeemable Preferred shares.

**6. 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 at 40.04%. This tax, amounting

to \$37,390 in 2002 (2001 - \$168,000), will be refundable to the Fund in a subsequent year when those premiums are distributed to the shareholders.

**7. Distributions – Preferred Shares**

Distributions per Preferred share paid during the year were allocated as follows:

	2002	2001	2000	1999	1998
Capital gains dividends	<b>\$ 0.3404</b>	\$ 0.3412	\$ 0.3673	\$ 0.4101	\$ 0.3439
Taxable dividends	<b>0.5438</b>	0.5430	0.5127	0.4785	0.5405
	<b>\$ 0.8842</b>	\$ 0.8842	\$ 0.8800	\$ 0.8886	\$ 0.8844

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.

**8. Commissions**

Total commissions paid in 2002 in connection with portfolio transactions were \$58,129 (2001 - \$110,182).

**9. Financial Instruments and Risk Management**

The value of the Fund's assets and liabilities is affected by changes in interest rates and equity markets. The Fund manages these risks through the use of various risk limits and trading strategies. The Fund's assets and liabilities are included in the statements of financial position at market value.

**10. Comparative Figures**

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

**11. Statement of Portfolio Transactions**

The Fund will provide, without charge, a Statement of Portfolio Transactions (unaudited) upon written request by any shareholder to the Fund at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

The Board of Directors (the “Board”) bear responsibility for the stewardship of Premium Income Corporation (the “Fund”). Stewardship includes responsibility for the adoption of a strategic planning process, the identification of the principal risks of the Fund and ensuring the implementation of appropriate systems to manage these risks, succession planning, communications policy, and the integrity of the Fund’s internal control and management information systems.

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 four members, three 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, oversight of management’s reporting on internal control 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. Our Statement of Corporate Governance Practices will be posted on our website at [www.mulvihill.com](http://www.mulvihill.com).

## Mulvihill Capital Management Inc.

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than \$3.7 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.

<b>MULVIHILL HYBRID INCOME FUNDS</b>	<b>SYMBOL</b>	<b>HIGH</b>	<b>LOW</b>
<b>MULVIHILL PLATINUM</b>			
Mulvihill Pro-AMS U.S. Fund	PAM.UN	\$ 24.87	\$ 18.57
Mulvihill Pro-AMS RSP Fund	PR.UN	\$ 24.95	\$ 18.21
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund	PRC.UN	\$ 25.60	\$ 18.61
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund	PRU.UN	\$ 21.99	\$ 15.27
Mulvihill Pro-AMS RSP Split Share Fund	SPL.A/SPL.B	\$ 10.15/\$ 19.95	\$ 8.00/\$ 14.50
<b>MULVIHILL PREMIUM</b>			
Mulvihill Premium Canadian Fund	FPI.UN	\$ 26.00	\$ 16.41
Mulvihill Premium U.S. Fund	FPU.UN	\$ 23.30	\$ 12.50
Mulvihill Premium Oil & Gas Fund	FPG.UN	\$ 10.60	\$ 8.15
Mulvihill Premium 60 Plus Fund	SIX.UN	\$ 28.00	\$ 16.68
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 21.90	\$ 11.95
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 13.85/\$ 15.80	\$ 9.50/\$ 15.06
Mulvihill Premium Split Share Fund	MUH.A/MUH.PR.A	\$ 14.65/\$ 16.10	\$ 7.75/\$ 14.95
Mulvihill Premium Global Telecom Fund	GT.A/GT.PR.A	\$ 9.50/\$ 13.50	\$ 1.01/\$ 9.00
<b>MULVIHILL SUMMIT</b>			
Mulvihill Summit Digital World Fund	DWT.UN	\$ 7.14	\$ 3.09

### Board of Directors

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John P. Mulvihill\*  
Chairman & President,  
Mulvihill Capital Management Inc.

David N. Middleton  
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:

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

#### Mulvihill Premium

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

#### Mulvihill Summit

Mulvihill Summit *Digital World Fund*

#### Mutual Funds Managed by Mulvihill Capital Management

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

#### Head Office:

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

**Mulvihill Structured Products**

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*Please contact your broker directly for address changes, questions and concerns.*