



## Hybrid Income Funds



Annual Report 2005

*Mulvihill Premium Canadian Bank Fund*

Premium Income Corporation





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## Message to Shareholders

For the fiscal year ended October 31, 2005, the net asset value of the Fund totalled \$203.4 million, or \$25.75 per unit compared to \$25.96 on October 31, 2004. The Fund's Preferred shares, listed on the Toronto Stock exchange as PIC.PR.A, closed on October 31, 2005, at \$16.30 per share. The Fund's Class A shares, listed on the Toronto Stock exchange as PIC.A, closed on October 31, 2005, at \$10.50 per share. Each unit is comprised of one Preferred share and one Class A share.

Distributions totalling \$0.877731 were made to the Preferred shareholders during the fiscal year and distributions totalling \$1.20 were made to Class A shareholders (\$0.80 in regular distributions and \$0.40 in special distributions).

Price volatility of the bank shares was low throughout the period, but remained sufficient to maintain option writing programs. In response to these low volatility levels, the Fund increased its investment position thereby providing greater income generating capabilities. To partially offset the risk of this additional equity exposure the Fund purchased protective put options to partially mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection.

Although the S&P/TSX Diversified Banks Index has underperformed the broader S&P/TSX Composite Index during the fiscal period, the banks have still experienced strong growth with the Royal Bank of Canada posting the highest return and the Canadian Imperial Bank of Commerce posting the lowest return. The main reason for the strong growth is because of the strong retail banking performance in the current low interest rate environment along with a pick up in wealth management and capital markets and trading revenues in the second half of the fiscal year.

The Fund's investments are comprised of varying weights in the shares of the Top 5 Canadian Banks. A summary of the Fund's investments is included with the financial statements in this annual report. We would like to take this opportunity to thank each of the Fund's shareholders for their continued support.



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

## Management Report on Fund Performance

This Management Report on Fund Performance has been prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure) which became effective June 2005. This report contains the financial highlights of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (the “Fund”) for the year ended October 31, 2005. The annual financial statements of the Fund are also attached behind this report.

Securityholders may also contact us to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost, by calling toll free 1-800-725-7172, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9 or by visiting our website at [www.mulvihill.com](http://www.mulvihill.com).

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.

## Investment Objectives and Strategies

The Fund’s investment objectives are (i) to provide Preferred shareholders with cumulative preferential quarterly cash dividends of \$0.22 per quarter; (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 price to holders of both Preferred shares and Class A shares upon windup on November 1, 2010. The Fund has a dividend policy on the Class A shares of \$0.20 per quarter.

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

## Risk

The underlying portfolio holds securities selected from common shares issued by 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”). The process of writing covered call options on the securities held in the portfolio will tend to lower the volatility of the net asset value of the portfolio. Investors should be aware that the primary risks associated with the Fund relate to the non-diversified nature of the investment universe and the level of option volatility realized in undertaking the writing of covered call options.

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

In order to generate income, the Fund writes covered call options in respect of all or part of the securities held in the portfolio. During the course of this year, volatility has reached multi-year lows which results in the Fund having to write options on a greater portion of the portfolio in order to generate distributable income. Increased option writing resulted in limiting the appreciation earned on securities in the portfolio during 2005, specifically the Royal Bank of Canada which has appreciated the most year to date. Due to this low volatility, the Fund also increased its investment position thereby providing greater income generating capabilities. To offset the risk of added equity exposure the Fund purchased protective put options to partially mitigate the potential impact of a severe market decline and take advantage of the low cost of this protection.

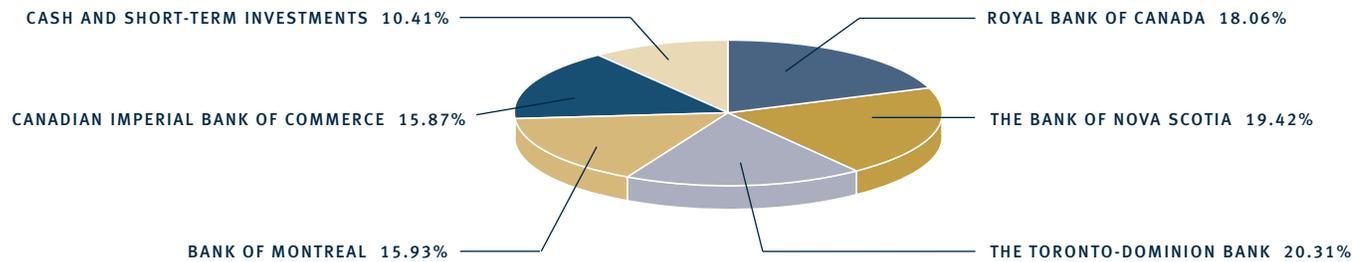
As a result of the increased equity exposure risks on the Fund, the overall level of risk of an investment in the Fund has increased relative to prior years, although, in aggregate, it is still lower than the risk of a conventional equity portfolio comprised of the five bank shares.

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

**Asset Mix**

October 31, 2005



**Portfolio Holdings**

	% OF NET ASSETS (excluding Preferred share liability)
• The Toronto-Dominion Bank	20.4%
• The Bank of Nova Scotia	19.5%
• Royal Bank of Canada	18.2%
• Bank of Montreal	16.0%
• Canadian Imperial Bank of Commerce	16.0%
• Cash and Short-Term Investments	10.5%
• Purchased Put Options	0.2%
• Written Call Positions	(0.6)%

## Distribution History

INCEPTION DATE: OCTOBER 1996	CLASS A REGULAR DISTRIBUTION	CLASS A SPECIAL DISTRIBUTION	TOTAL CLASS A DISTRIBUTION	REGULAR PREFERRED DISTRIBUTION
Total for 1997	\$ 0.80	\$ 1.90	\$ 2.70	\$ 0.877800
Total for 1998	0.80	0.50	1.30	0.884300
Total for 1999	0.80	0.40	1.20	0.888610
Total for 2000	0.80	0.60	1.40	0.880033
Total for 2001	0.80	1.35	2.15	0.884226
Total for 2002	0.80	0.60	1.40	0.884170
Total for 2003	0.80	0.40	1.20	0.892795
Total for 2004	0.80	0.40	1.20	0.889263
Total for 2005	0.80	0.40	1.20	0.877731
<b>Total Distributions to Date</b>	<b>\$ 7.20</b>	<b>\$ 6.55</b>	<b>\$ 13.75</b>	<b>\$ 7.958928</b>

## Trading History



## Results of Operations

For the fiscal year ended October 31, 2005, the net asset value of the Fund was \$25.75 per unit compared to \$25.96 per unit at October 31, 2004. The Fund's Preferred shares, listed on the Toronto Stock Exchange as PIC.PR.A, closed on October 31, 2005 at \$16.30. The Fund's Class A shares, listed on the Toronto Stock exchange as PIC.A, closed on October 31, 2005, at \$10.50. Each unit consists of one Preferred share and one Class A share together.

Distributions totalling \$0.88 per share were made to the Preferred shareholders during the fiscal year, exceeding the target level of \$0.8625. Class A shareholders received \$1.20 per share, comprised of \$0.80 in regular quarterly distributions and \$0.40 in special distributions beyond the target level.

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

The S&P/TSX Diversified Banks Index climbed 16.23% during the period underperforming the broader S&P/TSX Composite Index, which gained 19.13%. Although all 5 banks produced positive returns on a total return basis for the fiscal year ended October 31, 2005, Royal Bank of Canada led the group with a total return of 35.6%, while the Canadian Imperial Bank of Commerce lagged the group with a total return of 1.3%.

The one year compound total return for the Fund, including reinvestment of distributions, was 7.47%. This return is reflective of the underweight portion in Royal Bank of Canada, the cash position within the Fund as well as the cost of the protective puts purchased.

## 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 5 years. This information is derived from the Fund's audited annual financial statements.

Years ended October 31

	2005	2004	2003	2002	2001
THE FUND'S NET ASSET VALUE PER UNIT					
Net Asset Value, beginning of year <sup>(1)</sup>	\$ 25.96	\$ 25.55	\$ 23.38	\$ 25.26	\$ 27.35
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	0.81	0.80	0.76	0.75	0.98
Total expenses	(0.27)	(0.31)	(0.65)	(0.31)	(0.34)
Realized gains (losses) for the period	1.73	1.39	1.22	1.81	2.56
Unrealized gains (losses) for the period	(0.41)	0.87	3.26	(1.82)	(2.26)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>1.86</b>	<b>2.75</b>	<b>4.59</b>	<b>0.43</b>	<b>0.94</b>
DISTRIBUTIONS					
From taxable income	(0.64)	(0.48)	(0.65)	(0.54)	(0.54)
From capital gains	(1.44)	(1.61)	(1.44)	(1.74)	(2.49)
<b>Total Annual Distributions<sup>(3)</sup></b>	<b>(2.08)</b>	<b>(2.09)</b>	<b>(2.09)</b>	<b>(2.28)</b>	<b>(3.03)</b>
Net Asset Value, as at October 31 <sup>(1)</sup>	\$ 25.75	\$ 25.96	\$ 25.55	\$ 23.38	\$ 25.26

(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 distributions, and is calculated based on the weighted average number of units outstanding during the year.

(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.

## RATIOS/SUPPLEMENTAL DATA

Net Assets excluding Preferred share liability (\$millions) <sup>(1)</sup>	\$ 491.14	\$ 496.60	\$ 322.93	\$ 93.02	\$ 100.50
Net Assets (\$millions) <sup>(1)</sup>	\$ 203.44	\$ 207.79	\$ 132.18	\$ 33.33	\$ 40.81
Number of units outstanding <sup>(1)</sup>	19,074,439	19,126,246	12,638,400	3,979,300	3,979,300
Management expense ratio <sup>(2)</sup>	1.05%	1.20%	2.62%	1.20%	1.23%
Portfolio turnover rate <sup>(3)</sup>	171.56%	157.22%	150.14%	90.63%	110.05%
Trading expense ratio <sup>(4)</sup>	0.10%	0.12%	0.19%	0.06%	0.10%
Closing market price - Preferred	\$ 16.30	\$ 16.12	\$ 16.09	\$ 15.07	\$ 15.40
Closing market price - Class A	\$ 10.50	\$ 12.40	\$ 11.40	\$ 10.24	\$ 12.45

(1) This information is provided as at October 31.

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

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

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

## Management Fees

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

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

**Recent Developments**

The Canadian banks continue to demonstrate strong fundamentals and profitability with strong capital positions, high ROE’s and low balance sheet risk. The approximate 3% dividend yield on the Big 5 Banks relative to the October 31, 10-year Government of Canada bond yield at 4.1% lends compelling historical yield support and the P/E multiple of the banks relative to the broad market is still attractive.

Additionally, the Banks net interest margins have started to stabilize or expand and wealth management earnings have been growing very strongly due to strong mutual fund flows and better capital markets. However, the outlook for earnings growth has moderated due to fierce competition and pricing between banks for retail deposits and loans in Canada, as well as from an increase in loan loss provisions.

Due to the strong domestic competition between the Canadian banks and no apparent conclusion to domestic bank mergers in Canada from the Federal government, the banks have continued to seek growth outside of the Canadian market. This was demonstrated in the 2005 fiscal year with the Toronto-Dominion Bank buying a controlling position in Banknorth, a U.S. based regional bank as well as a minority position in the U.S. discount brokerage firm Ameritrade. As the banks enter 2006 with excess capital sitting on their balance sheets, potential uses of this capital may include acquisitions outside the domestic markets or it may be returned to shareholders in the form of increased dividends and share repurchases.

**Past Performance**

The past performance of the Fund is set out below and illustrates year-by-year returns, overall past performance and annual compound returns.

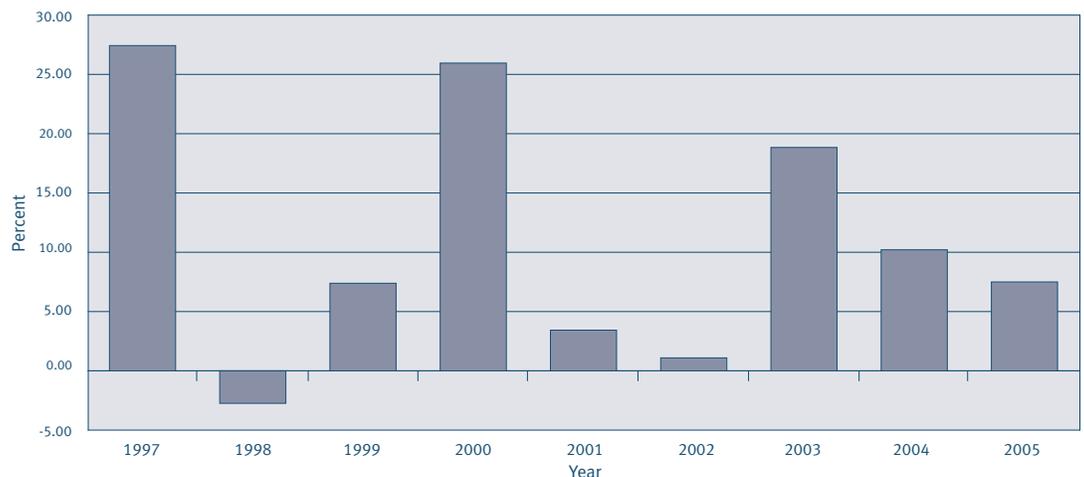
With respect to the charts displayed below, please note the following:

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

**Year-By-Year Returns**

The bar chart below shows the Fund’s annual total return in each of the past nine years. It illustrates that the Fund’s performance has varied from year to year. This 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 grown or decreased by October 31 in that fiscal year.

**Annual Total Return**



### Annual Compound Returns

The following table shows the Fund’s historical annual compound total return for the periods ended October 31, 2005, as compared to the performance of the Index.

	One Year	Three Years	Five Years	Since Inception*
Mulvihill Premium Canadian Bank Fund	<b>7.47%</b>	12.04%	8.01%	10.52%
Mulvihill Premium Canadian Bank Fund – Preferred	<b>5.98%</b>	6.04%	6.04%	6.03%
Mulvihill Premium Canadian Bank Fund – Class A	<b>9.62%</b>	21.83%	10.99%	17.15%
S&P/TSX Diversified Banks Index**	<b>16.23%</b>	23.48%	14.15%	18.17%

\* From date of inception on October 30, 1996.

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

The accompanying equity performance benchmark is included for reference purposes to provide shareholders with information as to the sensitivity of this Fund’s returns relative to a public market equity index. The specific universe of stocks in which the Fund may invest in has been limited by the prospectus offering and will not exactly match the index composition. The benchmark index has been included for comparison purposes as it represents the closest “publicly available” market proxy.

In addition, however, shareholders are reminded that the Funds investment objectives are not to match or exceed the returns of an equity index but to pay out quarterly distributions and return the original investment amount at the termination of the Fund. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employ a covered option writing strategy to generate the distributions. These strategies will change the return profile of an investment portfolio under differing market conditions when compared to a fully invested conventional equity portfolio.

For example, during periods of strongly rising markets, this approach will tend to underperform a comparable equity benchmark as the Fund is not fully invested and writing covered calls generally limits portfolio performance to the option premium received. In negative market environments, however, the reverse is true, as defensive cash balances help to protect the net asset value and covered option writing will provide out-performance relative to a stock only portfolio.

### Related Party Transactions

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

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

## Management's Responsibility for Financial Reporting

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

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

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

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



John P. Mulvihill  
Director  
Mulvihill Fund Services Inc.  
November 17, 2005



Sheila S. Szela  
Director  
Mulvihill Fund Services Inc.

## To the Shareholders

We have audited the accompanying statement of investments of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (the "Fund") as at October 31, 2005, the statements of financial position as at October 31, 2005 and 2004, the statements of operations and retained earnings, of changes in net assets and of changes in investments for the years then ended. These financial statements are the responsibility of the Fund's Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

*Deloitte + Touche LLP*

Chartered Accountants  
Toronto, Ontario  
November 17, 2005

## Statements of Financial Position

October 31, 2005 and 2004

	2005	2004
<b>ASSETS</b>		
Investments at market value (cost - \$427,963,230; 2004 - \$343,667,174)	\$ 440,552,003	\$ 364,035,243
Short-term investments (cost - \$51,383,194; 2004 - \$129,431,429)	51,383,194	129,405,435
Cash	657	451,898
Interest and dividends receivable	1,008,837	3,446,713
<b>TOTAL ASSETS</b>	<b>\$ 492,944,691</b>	<b>\$ 497,339,289</b>
<b>LIABILITIES</b>		
Redemptions payable	\$ 1,333,947	\$ -
Accrued liabilities	472,297	444,360
Share issue expenses payable	-	297,102
	<b>1,806,244</b>	<b>741,462</b>
Redeemable preferred shares (Note 3)	286,116,585	286,893,690
Unamortized premium on issue of preferred shares (Note 3)	1,584,556	1,914,855
	<b>289,507,385</b>	<b>289,550,007</b>
<b>EQUITY</b>		
Class A and Class B shares (Note 3)	193,516,309	194,073,151
Retained earnings	9,920,997	13,716,131
	<b>203,437,306</b>	<b>207,789,282</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 492,944,691</b>	<b>\$ 497,339,289</b>
<b>Number of Units Outstanding (Note 3)</b>	<b>19,074,439</b>	<b>19,126,246</b>
<b>Net Asset Value per Unit</b>		
Preferred share (Note 2)	\$ 15.00	\$ 15.00
Class A share	10.75	10.96
	<b>\$ 25.75</b>	<b>\$ 25.96</b>

On Behalf of the Board of Directors



John P. Mulvihill, Director



Robert W. Korthals, Director

**Statements of Operations and Retained Earnings**

Years ended October 31, 2005 and 2004

	2005	2004
<b>REVENUE</b>		
Interest	\$ 3,299,497	\$ 3,854,079
Dividends	12,147,227	6,729,146
	<b>15,446,724</b>	<b>10,583,225</b>
Net realized gains on investments	22,830,839	10,892,532
Net realized gains (losses) on short-term investments	10,864	(1,085,855)
Net realized gains on derivatives	10,256,225	8,574,293
<b>Total Net Realized Gains (Losses)</b>	<b>33,097,928</b>	<b>18,380,970</b>
<b>TOTAL REVENUE</b>	<b>48,544,652</b>	<b>28,964,195</b>
<b>EXPENSES (Note 4)</b>		
Management fees	4,446,779	3,168,596
Administrative and other expenses	203,252	135,729
Custodian fees	80,050	36,683
Audit fees	25,900	35,750
Director fees	19,182	20,498
Legal fees	565	3,016
Shareholder reporting costs	41,984	43,534
Capital tax	39,973	25,000
Goods and services tax and large corporations tax	336,063	589,117
<b>TOTAL EXPENSES</b>	<b>5,193,748</b>	<b>4,057,923</b>
<b>Net Realized Income before Income Tax Recovery and Preferred Share Transactions</b>	<b>43,350,904</b>	<b>24,906,272</b>
Income tax recovery	16,159	-
<b>Net Realized Income before Preferred Share Transactions</b>	<b>43,367,063</b>	<b>24,906,272</b>
Preferred share distributions (Note 6)	(16,787,699)	(12,685,009)
<b>Net Realized Income</b>	<b>26,579,364</b>	<b>12,221,263</b>
Change in unrealized appreciation of investments	(7,779,296)	11,481,357
Change in unrealized depreciation of short-term investments	25,994	60,025
<b>Total Change in Unrealized Appreciation/Depreciation</b>	<b>(7,753,302)</b>	<b>11,541,382</b>
Amortization of premium on issue of preferred shares (Note 3)	319,142	180,353
Gain on retraction of preferred shares	11,157	-
	<b>(7,423,003)</b>	<b>11,721,735</b>
<b>NET INCOME FOR THE YEAR</b>	<b>\$ 19,156,361</b>	<b>\$ 23,942,998</b>
<b>NET INCOME PER CLASS A SHARE</b>		
(based on average number of units outstanding during the year of 19,126,104; 2004 - 13,205,643)	<b>\$ 1.00</b>	<b>\$ 1.81</b>
<b>RETAINED EARNINGS</b>		
Balance, beginning of year	\$ 13,716,131	\$ 6,885,567
Net income for the year	19,156,361	23,942,998
Distributions on Class A shares	(22,951,495)	(17,112,434)
<b>BALANCE, END OF YEAR</b>	<b>\$ 9,920,997</b>	<b>\$ 13,716,131</b>

## Statements of Changes in Net Assets

Years ended October 31, 2005 and 2004

	2005	2004
NET ASSETS, BEGINNING OF YEAR	\$ 207,789,282	\$ 132,175,279
Net Realized Income before Preferred Share Transactions	43,367,063	24,906,272
Class A Share Capital Transactions		
Amounts paid for shares redeemed (Note 3)	(556,842)	-
Proceeds from shares issued, net of issue costs	-	68,783,439
	(556,842)	68,783,439
Amortization of Premium on Issue of Preferred Shares	319,142	180,353
Gain on Retraction of Preferred Shares	11,157	-
Distributions (Note 6)		
Preferred shares	(16,787,699)	(12,685,009)
Class A shares	(22,951,495)	(17,112,434)
	(39,739,194)	(29,797,443)
Change in Unrealized Appreciation/Depreciation of Investments during the Year	(7,753,302)	11,541,382
Change in Net Assets during the Year	(4,351,976)	75,614,003
NET ASSETS, END OF YEAR	\$ 203,437,306	\$ 207,789,282

The statement of changes in net assets excludes cash flows pertaining to proceeds and redemptions of Preferred shares. During the year, amounts paid for the redemption of 51,807 Preferred shares totalled \$777,105 (2004 - nil). Proceeds from Preferred shares issued, net of issue costs, were nil (2004 - \$98,238,746) (see Note 3).

## Statements of Changes in Investments

Years ended October 31, 2005 and 2004

	2005	2004
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	\$ 364,035,243	\$ 206,226,648
Unrealized appreciation of investments, beginning of year	(20,368,069)	(8,886,712)
Investments at Cost, Beginning of Year	343,667,174	197,339,936
Cost of Investments Purchased during the Year	683,987,339	496,520,130
Cost of Investments Sold during the Year		
Proceeds from sales	632,778,347	369,659,717
Net realized gains on sales	33,087,064	19,466,825
	599,691,283	350,192,892
Investments at Cost, End of Year	427,963,230	343,667,174
Unrealized Appreciation of Investments, End of Year	12,588,773	20,368,069
INVESTMENTS AT MARKET VALUE, END OF YEAR	\$ 440,552,003	\$ 364,035,243

**Statement of Investments**

October 31, 2005

	Par Value/ Number of Shares	Average Cost	Market Value	% of Portfolio
<b>SHORT-TERM INVESTMENTS</b>				
<b>Treasury Bills</b>				
Government of Canada - December 29, 2005	50,000	\$ 49,714	\$ 49,714	0.1%
<b>Bankers Acceptance</b>				
Canadian Imperial Bank of Commerce - November 30, 2005	12,000,000	11,849,280	<b>11,849,280</b>	
Canadian Imperial Bank of Commerce - December 9, 2005	20,000,000	19,739,200	<b>19,739,200</b>	
<b>Total Bankers Acceptance</b>		<b>31,588,480</b>	<b>31,588,480</b>	<b>60.8%</b>
<b>Bearer Deposit Note</b>				
The Toronto-Dominion Bank - December 2, 2005	20,000,000	19,745,000	<b>19,745,000</b>	38.0%
		<b>51,383,194</b>	<b>51,383,194</b>	<b>98.9%</b>
<b>Accrued Interest</b>			<b>543,991</b>	<b>1.1%</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$ 51,383,194</b>	<b>\$ 51,927,185</b>	<b>100.0%</b>

**INVESTMENTS**

**Canadian Common Shares**

Bank of Montreal	1,360,000	\$ 77,869,701	<b>\$ 78,621,600</b>	
Canadian Imperial Bank of Commerce	1,085,000	80,246,057	<b>78,337,000</b>	
Royal Bank of Canada	1,070,000	86,376,717	<b>89,163,100</b>	
The Bank of Nova Scotia	2,230,000	89,595,783	<b>95,867,700</b>	
The Toronto-Dominion Bank	1,800,000	95,492,604	<b>100,260,000</b>	
<b>Total Canadian Common Shares</b>		<b>\$ 429,580,862</b>	<b>\$ 442,249,400</b>	<b>100.4%</b>

	Number of Contracts	Average Cost/ Proceeds	Market Value	% of Portfolio
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**OPTIONS**

**Purchased Put Options** (100 shares per contract)

Bank of Montreal - January 2006 @ \$56	3,500	\$ 241,500	<b>\$ 297,220</b>	
Bank of Montreal - February 2006 @ \$54	500	56,000	<b>26,303</b>	
Canadian Imperial Bank of Commerce - November 2005 @ \$67	4,400	527,600	<b>5,976</b>	
Royal Bank of Canada - November 2005 @ \$74	1,910	171,900	-	
Royal Bank of Canada - January 2006 @ \$82	1,500	225,000	<b>312,849</b>	
The Bank of Nova Scotia - November 2005 @ \$40	7,700	329,238	-	
The Bank of Nova Scotia - January 2006 @ \$41	6,600	442,200	<b>363,766</b>	
The Toronto-Dominion Bank - November 2005 @ \$54	3,500	218,750	<b>1,544</b>	
<b>Total Purchased Put Options</b>		<b>2,212,188</b>	<b>1,007,658</b>	<b>0.2%</b>

## Statement of Investments (continued)

October 31, 2005

	Number of Contracts	Proceeds	Market Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS (continued)				
<b>Written Covered Call Options</b> (100 shares per contract)				
Bank of Montreal - November 2005 @ \$58	(3,000)	(215,500)	<b>(118,111)</b>	
Bank of Montreal - November 2005 @ \$59	(1,750)	(146,000)	<b>(71,753)</b>	
Bank of Montreal - November 2005 @ \$60	(1,850)	(164,650)	<b>(18,123)</b>	
Bank of Montreal - December 2005 @ \$58	(2,250)	(166,500)	<b>(242,968)</b>	
Bank of Montreal - December 2005 @ \$59	(1,000)	(64,000)	<b>(68,625)</b>	
Canadian Imperial Bank of Commerce - November 2005 @ \$74	(1,500)	(181,500)	<b>(38,371)</b>	
Canadian Imperial Bank of Commerce - November 2005 @ \$75	(2,000)	(162,000)	<b>(1,566)</b>	
Canadian Imperial Bank of Commerce - December 2005 @ \$73	(2,000)	(201,500)	<b>(129,624)</b>	
Canadian Imperial Bank of Commerce - December 2005 @ \$74	(1,000)	(110,000)	<b>(30,909)</b>	
Royal Bank of Canada - November 2005 @ \$83	(1,000)	(114,000)	<b>(119,793)</b>	
Royal Bank of Canada - December 2005 @ \$85	(2,300)	(279,450)	<b>(246,691)</b>	
The Bank of Nova Scotia - November 2005 @ \$42	(5,650)	(376,050)	<b>(760,683)</b>	
The Bank of Nova Scotia - November 2005 @ \$43	(1,000)	(72,000)	<b>(80,717)</b>	
The Bank of Nova Scotia - December 2005 @ \$43	(3,000)	(205,000)	<b>(214,982)</b>	
The Bank of Nova Scotia - December 2005 @ \$44	(2,500)	(123,750)	<b>(57,762)</b>	
The Bank of Nova Scotia - January 2006 @ \$43	(2,345)	(178,220)	<b>(224,806)</b>	
The Toronto-Dominion Bank - November 2005 @ \$56	(950)	(95,000)	<b>(30,614)</b>	
The Toronto-Dominion Bank - November 2005 @ \$57	(1,500)	(150,000)	<b>(28,473)</b>	
The Toronto-Dominion Bank - November 2005 @ \$58	(4,000)	(356,000)	<b>(79,380)</b>	
The Toronto-Dominion Bank - December 2005 @ \$59	(2,800)	(276,200)	<b>(40,549)</b>	
The Toronto-Dominion Bank - January 2006 @ \$58	(1,750)	(192,500)	<b>(100,555)</b>	
<b>Total Written Covered Call Options</b>		<b>(3,829,820)</b>	<b>(2,705,055)</b>	(0.6)%
TOTAL OPTIONS		\$ (1,617,632)	\$ (1,697,397)	(0.4)%
TOTAL INVESTMENTS		\$427,963,230	\$440,552,003	100.0 %

## 1. Corporate Information

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

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

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

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

## 2. Summary of Significant Accounting Policies

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

### Valuation of Investments

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

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

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

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

### Investment Transactions and Income

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

- (i) Expiration of written options whereby realized gains are equivalent to the premium received;

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

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

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

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

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

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

### Redeemable Preferred Shares

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

### Premium on Preferred Shares

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

### Cash Flow Statements

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

## 3. Share Capital

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

On September 23, 2004, the Fund issued 6,487,846 units for total gross cash proceeds of \$174,393,301. Costs of \$4,075,072 for Class A shares were incurred in connection with these offerings and have been charged to equity. The Preferred shares were issued at a premium of \$921,056 net of issue costs \$3,296,044. This premium will be amortized over the remaining life of the Fund.

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

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of \$1.00 per share.

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

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

51,807 (2004 - nil) each of Preferred shares and Class A shares with a total retraction value of \$1,333,947 (2004 - nil) were redeemed during the year.

#### Issued and Outstanding

	2005	2004
19,074,439 Preferred shares (2004 - 19,126,246)	\$ 286,116,585	\$ 286,893,690
19,074,439 Class A shares (2004 - 19,126,246)	\$ 193,515,309	\$ 194,072,151
1,000 Class B shares (2004 - 1,000)	1,000	1,000
	<b>\$ 193,516,309</b>	<b>\$ 194,073,151</b>

#### Net Asset Value

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 of the Fund (excluding Redeemable Preferred shares and unamortized premium on issue of Preferred shares) on that date divided by the number of units then outstanding. The following are the net asset values of a unit, where Preferred shares are valued at the redemption value as defined in the prospectus, at October 31 for the most recent five years:

	2005	2004	2003	2002	2001
Preferred share	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00
Class A share	10.75	10.96	10.55	8.38	10.26
	<b>\$25.75</b>	<b>\$25.96</b>	<b>\$25.55</b>	<b>\$23.38</b>	<b>\$25.26</b>

On October 31, 2005 Preferred shares on the TSX closed at \$16.30 (2004 - \$16.12), while Class A shares closed at \$10.50 (2004 - \$12.40).

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

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

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

#### Management Expense Ratio

The management expense ratio is the ratio of all fees and expenses charged to the Fund to average net assets excluding the liability for Redeemable Preferred shares and unamortized premium on issue of Preferred shares. The following are the management expense ratios for the years ended October 31 for the most recent five years:

2005	2004	2003	2002	2001
<b>1.05%</b>	1.20%	2.62%*	1.20%	1.23%

\* Management expense ratio for 2003 includes the special resolution expense. The management expense ratio excluding the special resolution expense is 1.17%.

#### 5. Income Taxes

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

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

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax. This tax was nil for 2005 (2004 - nil).

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

## 6. Distributions

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

	2005	2004
Capital gains dividends	\$ 0.2392	\$ 0.4122
Taxable dividends	0.6385	0.4771
	<b>\$ 0.8777</b>	<b>\$ 0.8893</b>

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.

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

	2005	2004
Capital gains dividends	\$ 1.20	\$ 1.20

## 7. Commissions

Total commissions paid in 2005 in connection with portfolio transactions were \$501,654 (2004 - \$395,623). Of this amount \$75,174 (2004 - \$62,425) was directed for payment of trading related goods and services.

## 8. Financial Instruments and Risk Management

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

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

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

## 9. Comparative Figures

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

### Statement of Corporate Governance Practices

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

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

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor, 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.



Mulvihill Capital Management is a leading independent investment manager responsible for managing more than \$3.0 billion in segregated and pooled funds on behalf of institutional and high net worth clients. Founded by Canada Trust in 1985, Mulvihill Capital Management emerged in 1995 as an independent company. Today, Mulvihill is managed by a cohesive team of senior managers and owners who have worked together for more than a decade. Our scale and independent structure allow us to provide our clients with a uniquely customized approach to asset management.

Mulvihill Capital Management operates three main lines of business:

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

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

MULVIHILL HYBRID INCOME FUNDS	SYMBOL	HIGH	LOW
For the period November 1, 2004 to October 31, 2005			
<b>MULVIHILL PLATINUM</b>			
Mulvihill Pro-AMS U.S. Fund	PAM.UN	\$ 21.91	\$ 20.45
Mulvihill Pro-AMS RSP Fund	PR.UN	\$ 20.55	\$ 18.96
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund	PRC.UN	\$ 18.30	\$ 16.30
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund	PRU.U	\$ 15.08	\$ 13.50
Mulvihill Pro-AMS RSP Split Share Fund	SPL.A/SPL.B	\$ 10.40/\$ 13.87	\$ 9.10/\$ 12.12
<b>MULVIHILL PREMIUM</b>			
Mulvihill Premium Canadian Fund	FPI.UN	\$ 20.20	\$ 16.50
Mulvihill Premium U.S. Fund	FPU.UN	\$ 12.37	\$ 9.83
Mulvihill Premium Oil & Gas Fund	FPG.UN	\$ 13.33	\$ 9.96
Mulvihill Premium 60 Plus Fund	SIX.UN	\$ 19.60	\$ 16.51
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 12.70	\$ 10.27
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 13.08/\$ 16.80	\$ 9.95/\$ 15.79
Mulvihill Premium Split Share Fund	MUH.A/MUH.PR.A	\$ 11.10/\$ 16.15	\$ 6.23/\$ 15.25
Mulvihill Premium Global Telecom Fund	GT.A/GT.PR.A	\$ 0.48/\$ 11.88	\$ 0.17/\$ 10.45
Mulvihill World Financial Split Fund	WFS/WFS.PR.A	\$ 12.50/\$ 11.10	\$ 9.17/\$ 10.41
Mulvihill Top 10 Canadian Financial Fund	TCT.UN	\$ 17.15	\$ 14.55

#### Board of Directors

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

**Sheila S. Szela**  
Vice President, Finance & CFO,  
Mulvihill Capital Management Inc.

**Michael M. Koerner\***  
Corporate Director

**Robert W. Korthals\***  
Corporate Director

**C. Edward Medland\***  
President, Beauwood Investments Inc.

\*Audit Committee

#### Information

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##### Auditors:

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

##### Transfer Agent:

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

##### Shares Listed:

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

##### Custodian:

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 *World Financial Split Fund*  
Mulvihill *Top 10 Canadian Financial Fund*

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

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

##### Head Office:

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Contact your broker directly for address changes.



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

**Mulvihill Structured Products**

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