

Mulvihill Structured Products



Mulvihill

Hybrid Income Funds

Semi-Annual Report 2002



Mulvihill Premium Canadian Bank Fund

Premium Income Corporation

The Fund is pleased to present its interim financial statements for the six-month period ended April 30, 2002.

The financial services sector showed strong appreciation during this period, gaining more than 16 percent, while the TSX 300 rose just over 12 percent. These favorable conditions enabled the Fund to maintain its multi-year record of paying superior double-digit returns to shareholders. Preferred shareholders received approximately \$0.44 per share in distributions during the six-month period. Class A shareholders received \$0.80 per share, made up of \$0.40 in regular distributions plus \$0.40 in special distributions. The net asset value of the Fund's Class A shares, which stood at \$10.26 on October 31, 2001, increased to \$12.28 as of April 30, 2002.

All bank shares showed positive returns, but some, such as Bank of Nova Scotia and Royal Bank of Canada, performed much better than others. While the outlook remains positive for the banks, it is now clouded by concerns about credit quality in some sectors, potentially lower capital market and trading revenues, and narrowing margins as interest rates begin to rise. Despite these factors, continued earnings growth is expected, based on diversified lines of business, with stable loan loss provisions and further improvements in cost controls.

Positive earnings reports and continuing share buy-backs should maintain investor confidence in the financial services sector in the months to come.

June 2002

Mulvihill Premium Canadian Bank Fund

Financial Statements

Interim Statements of Financial Position

	April 30, 2002 (Unaudited)	October 31, 2001 (Audited)
Assets		
Investments at market value (average cost-\$60,550,088; 2001-\$73,553,565)	\$ 67,852,140	\$ 74,068,473
Short-term investments	36,952,703	25,922,150
Cash	3,828	8,724
Due from broker	3,303,450	-
Interest, dividends and other receivables	570,342	600,415
Total Assets	\$ 108,682,463	\$ 100,599,762
Liabilities		
Accounts payable and accrued liabilities	\$ 109,774	\$ 98,180
Redeemable preferred shares	59,689,500	59,689,500
	59,799,274	59,787,680
Equity		
Class A and Class B shares	35,415,357	35,415,357
Retained earnings	13,467,833	5,396,725
	48,883,190	40,812,082
Total Liabilities and Equity	\$ 108,682,464	\$ 100,599,762
Net Asset Value per Class A Share	\$ 12.28	\$ 10.26

Mulvihill Premium Canadian Bank Fund

Financial Statements

Interim Statements of Operations and Retained Earnings

For the six months ended April 30 (Unaudited)

	2002	2001
Revenue		
Interest	\$ 378,298	\$ 947,197
Dividends	1,026,791	1,071,415
	1,405,089	2,018,612
Net realized gains on investments and options	5,506,007	6,214,733
	6,911,096	8,233,345
Expenses		
Management fees	483,606	483,907
Administrative and other expenses	118,880	150,219
Government taxes	41,836	39,348
	644,322	673,474
Net Realized Income Before Distributions	6,266,774	7,559,871
Preferred Share Distributions	(1,759,881)	(1,759,511)
Net Realized Income	4,506,893	5,800,360
Change in Net Unrealized Appreciation (Depreciation) of Investments During the Period	6,747,655	(8,088,610)
Net Income (Loss) for the Period	\$ 11,254,548	\$ (2,288,250)
Retained Earnings		
Balance, beginning of period	\$ 5,396,725	\$ 13,728,544
Net income (loss) for the period	11,254,548	(2,288,250)
Distributions on Class A shares	(3,183,440)	(3,183,440)
Balance, End of Period	\$ 13,467,833	\$ 8,256,854

Mulvihill Premium *Canadian Bank Fund*

Financial Statements

Interim Statement of Changes in Net Assets

For the six months ended April 30 (Unaudited)

	2002	2001
Net Realized Income		
Before Distributions	\$ 6,266,774	\$ 7,559,871
Distributions		
Preferred shares	(1,759,881)	(1,759,511)
Class A shares	(3,183,440)	(3,183,440)
	(4,943,321)	(4,942,951)
Change in Net Unrealized		
Appreciation (Depreciation) of		
Investments During the Period	6,747,655	(8,088,610)
Changes in Net Assets During the Period	8,071,108	(5,471,690)
Net Assets, Beginning of Period	40,812,082	49,143,901
Net Assets, End of Period	\$ 48,883,190	\$ 43,672,211
Distribution per Preferred Share	\$ 0.44	\$ 0.44
Distribution per Class A Share	\$ 0.80	\$ 0.80

Mulvihill Premium *Canadian Bank Fund*

Financial Statements

Statement of Investments

April 30, 2002 (Unaudited)

	PAR VALUE/ NO. OF SHARES	AVERAGE COST	MARKET VALUE
Short-term Investments			
Treasury Bills			
Canada Treasury Bills August 1, 2002	30,000	\$ 29,817	\$ 29,817
Canada Treasury Bills June 6, 2002	45,000	44,766	44,766
Government of Canada July 4, 2002	605,000	601,679	601,679
Government of Canada July 18, 2002	9,415,000	9,363,062	9,363,062
		10,039,324	10,039,324
Discount Commercial Paper			
Canadian Wheat Board, July 5, 2002	2,000,000	1,987,420	1,987,420
Bonds			
Canada Mortgage & Housing Corp. 5.5% September 3, 2002	24,690,000	24,942,493	24,925,959
		36,969,237	36,952,703
Accrued Interest		-	11,064
Total Short-term Investments		\$36,969,237	\$36,963,767
Canadian Common Shares			
Bank of Montreal	150,000	\$ 5,344,087	\$ 5,652,000
Bank of Nova Scotia	259,500	11,692,990	14,000,025
Canadian Imperial Bank of Commerce	311,000	15,603,790	17,011,700
Royal Bank of Canada	266,300	12,600,259	14,638,511
The Toronto-Dominion Bank	406,900	15,921,712	17,036,903
Total Canadian Common Shares		\$61,162,838	\$68,339,139

Mulvihill Premium *Canadian Bank Fund*

Financial Statements

Statement of Investments (continued)

April 30, 2002 (Unaudited)

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
Written Call Options (100 Shares per Contract)			
Bank of Nova Scotia July 2002 @ \$56	(400)	(56,000)	(49,914)
Bank of Nova Scotia June 2002 @ \$56	(300)	(44,400)	(17,649)
Bank of Nova Scotia May 2002 @ \$48	(250)	(34,500)	(138,882)
Canadian Imperial Bank of Commerce July 2002 @ \$55	(200)	(26,200)	(19,800)
Canadian Imperial Bank of Commerce June 2002 @ \$59	(500)	(70,500)	(19,505)
Canadian Imperial Bank of Commerce May 2002 @ \$55	(250)	(32,000)	(19,375)
Canadian Imperial Bank of Commerce May 2002 @ \$55	(250)	(40,000)	(19,366)
Royal Bank of Canada June 2002 @ \$53	(400)	(47,200)	(75,343)
Royal Bank of Canada May 2002 @ \$53	(300)	(44,100)	(73,272)
The Toronto-Dominion Bank July 2002 @ \$45	(500)	(61,000)	(19,254)
The Toronto-Dominion Bank June 2002 @ \$45	(300)	(35,100)	(7,560)
The Toronto-Dominion Bank June 2002 @ \$45	(500)	(55,500)	(16,626)
The Toronto-Dominion Bank May 2002 @ \$44	(500)	(66,250)	(10,453)
Total Written Call Options		\$ (612,750)	\$ (486,999)
Total Investments		\$60,550,088	\$67,852,140

Notes to the Financial Statements

April 30, 2002 (Unaudited)

1. Basis of Presentation

Not all disclosures required by Canadian generally accepted accounting principles 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, 2001.

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, 2001. Certain of the prior period amounts have been reclassified to conform to the current period's presentation.

Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium Canadian Bank Fund for the period ended April 30, 2002 may be obtained without charge by writing to:

Mulvihill Premium Canadian Bank Fund
Investor Relations
121 King Street West, Suite 2600
Toronto, Ontario M5H 3T9

**Visit our website at www.mulvihill.com
for additional information on all
Mulvihill Hybrid Income Funds.**

Other Hybrid Income Funds Managed by Mulvihill Structured Products

Mulvihill Premium Funds

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

Mulvihill Summit Fund

Mulvihill Summit *Digital World Fund*

Mulvihill Platinum Funds

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*

Mutual Funds Managed by Mulvihill Capital Management

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

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