Mulvihill

Mulvihill Structured Products

Hybrid Income Funds

Annual Report 2008

Mulvihill *Top 10 Split Fund*

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Message to Unitholders

We are pleased to present the annual financial results of Mulvihill Top 10 Split Fund.

The following is intended to provide you with the financial highlights of the Fund and we hope you will read the more detailed information contained within the report.

The Fund was reorganized in November 2005 with the objectives to:

(1) Provide Preferred security holders with fixed quarterly cash interest payments equal to 6.25 percent per annum;

(2) Repay the principal amount of $12.50 per Preferred security on termination of the Fund on March 31, 2011; and

(3) Provide Capital Unit unitholders with a stable stream of quarterly cash distributions in an amount targeted to be 7.50 percent per annum of the Net Asset Value ("NAV") of the Fund.

To accomplish these objectives the Fund will invest exclusively in shares of the six largest Canadian banks and four largest Canadian life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund's assets in each company. Accordingly, the distributions paid out by the Fund are funded from the dividend income earned on the portfolio, realized capital gains from the sale of securities and option premiums from the sale of covered call options. During the fiscal year ended 2008 the Fund earned an annual total return of negative 27.25 percent. Distributions amounting to $1.26 per unit were paid during the year, contributing to the decline in the net asset value from $21.83 per unit as at December 31, 2007 to $14.81 per unit as at December 31, 2008.

The longer-term financial highlights of the Fund for the years ended December 31 are as follows:

	2008	2007	2006	2005	2004
Annual Total Fund Return	(27.25)%	(3.35)%	6.97%	(2.27)%	(2.50)%
Preferred Security Distribution Paid (annual target of 6.25 percent per annum on the $12.50 principal amount of the Preferred Security)	$ 0.781240	$ 0.781240	$ 0.777430	$ 0.060420	n/a
Capital Unit Distribution Paid (annual target of 7.50 percent per annum on the Net Asset Value per Capital Unit)	$ 0.481880	$ 0.826500	$ 0.842870	$ 1.898560	$ 1.600000
Ending Net Asset Value per Unit (initial issue price was $25.00 per Unit)	$ 14.81	$ 21.83	$ 24.19	$ 24.21	$ 12.34

We thank all unitholders for their continued support and encourage unitholders to review the more detailed information contained within the annual report.

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

Mulvihill *Top 10 Split Fund* [TXT.UN/TXT.PR.A]

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Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the year ended December 31, 2008 of Mulvihill Top 10 Split Fund, formerly First Premium U.S. Income Trust (the "Fund"). The annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com.

Investment Objectives and Strategies

Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard and Poor's 100 Index on the basis of market capitalization. After November 30, 2005, the Fund universe was changed to invest in (i) the six largest Canadian banks and (ii) the four largest Canadian life insurance companies (Financial Portfolio) by market capitalization.

The Fund's investment objectives for Capital Units are: (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio; and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the net asset value (the "NAV") of the Fund and for Preferred Securities are: (i) to pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the $12.50 principal amount of a Preferred Security; and (ii) to repay the principal amount of $12.50 per Preferred Security on the termination date of the Fund on March 31, 2011.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities 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. Additionally, the Fund may purchase call options with the effect of closing out existing call options written by the Fund and may also purchase put options to preserve the value of the portfolio where appropriate. The Fund may enter into trades to close out positions in such permitted derivatives.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

Risk

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. The Fund invests exclusively in securities of the (i) six largest Canadian Banks and (ii) the four largest Canadian life insurance companies. In addition, 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.

Any capital appreciation in the value of the portfolio will be for the benefit of the holders of Capital Units. However, 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 account of the holders of Capital Units. The Capital Units will have no value on March 31, 2011 if the net asset value per unit on that date is less than or equal to $12.50.

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 remained high and escalated to record levels in the month of November as investor fears mounted that financial markets were collapsing. Due to this high volatility, the Fund reduced its investment position materially during the period in order to preserve the net asset value while increasing the amount of call writing to take advantage of the higher volatility, earning realized gains from options of approximately $1.9M. As a result, the overall level of risk of an investment in the Fund has decreased.

Summary of Investment Portfolio

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

Asset Mix

December 31, 2008

	% OF NET ASSET VALUE*
Financial Institutions	61 %
Cash and Short-Term Investments	47 %
Other Assets (Liabilities)	(8)%
	100 %

*The Net Asset Value excludes the Preferred security liability.

Portfolio Holdings

December 31, 2008

	% OF NET ASSET VALUE*
Cash and Short-Term Investments	47 %
Industrial Alliance Insurance and Financial Services Inc.	8 %
Royal Bank of Canada	7 %
The Toronto-Dominion Bank	7 %
Sun Life Financial Inc.	6 %
Canadian Imperial Bank of Commerce	6 %
Great-West Lifeco Inc.	6 %
The Bank of Nova Scotia	6 %
Manulife Financial Corporation	5 %
National Bank of Canada	5 %
Bank of Montreal	5 %
	108 %

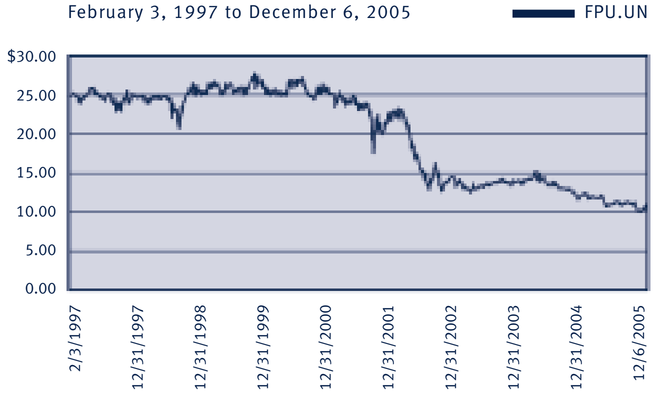
*The Net Asset Value excludes the Preferred security liability.

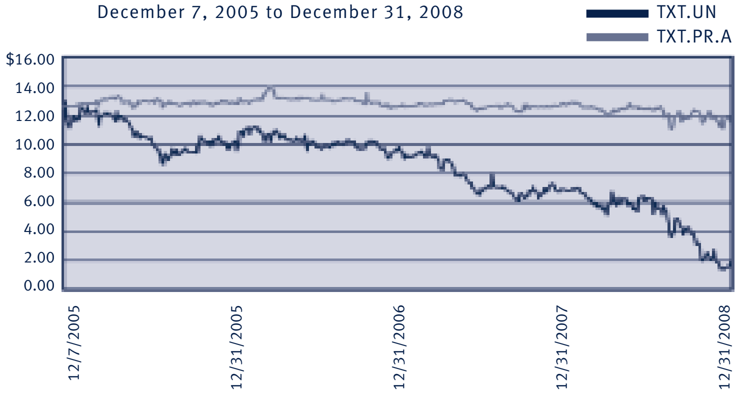
Distribution History

INCEPTION DATE: FEBRUARY 1997	CAPITAL UNIT REGULAR DISTRIBUTION	CAPITAL UNIT SPECIAL DISTRIBUTION	CAPITAL UNIT TOTAL DISTRIBUTION	PREFERRED SECURITY INTEREST
Total for 1997	$ 1.830000	$ 0.750000	**$ 2.580000**	**$ n/a**
Total for 1998	2.000000	1.250000	**3.250000**	**n/a**
Total for 1999	2.000000	2.500000	**4.500000**	**n/a**
Total for 2000	2.000000	0.750000	**2.750000**	**n/a**
Total for 2001	2.000000	0.000000	**2.000000**	**n/a**
Total for 2002	1.600000	0.000000	**1.600000**	**n/a**
Total for 2003	1.400000	0.000000	**1.400000**	**n/a**
Total for 2004	1.600000	0.000000	**1.600000**	**n/a**
Total for 2005	1.898560	0.000000	**1.898560**	**0.060420**
Total for 2006	0.842870	0.000000	**0.842870**	**0.777430**
Total for 2007	0.826500	0.000000	**0.826500**	**0.781240**
Total for 2008	0.481880	0.000000	**0.481880**	**0.781240**
Total Distributions to Date	**$ 18.479810**	**$ 5.250000**	**$ 23.729810**	**$ 2.400330**

For complete distribution history and income tax information, please see our website at www.mulvihill.com.

Trading History





Results of Operations

For the fiscal year ended December 31, 2008, the net asset value of the Fund for pricing purposes based on closing prices totalled $43.9 million, or $14.81 per unit (see Note 4 to the financial statements) after payment of distributions to unitholders compared to $21.83 per unit on December 31, 2007. The Fund's Preferred Securities, listed on the Toronto Stock Exchange as TXT.PR.A, closed on December 31, 2008, at $11.50 per security. The Fund's Capital Units, listed on the Toronto Stock Exchange as TXT.UN, closed on December 31, 2008, at $2.00 per unit. Each unit consists of one Preferred Security and one Capital Unit.

Distributions amounting to $0.781240 per Preferred Security were made to the Preferred Security holders during the period while Capital Unit holders received $0.481880 per Capital Unit.

Volatility remained high in 2008 and escalated to record levels in the month of November as investor fears mounted that financial markets were collapsing. During 2008, several of the largest financial institutions in the United States and around the world either failed (Lehman Brothers Holdings Inc.), required government intervention (Bear Stearns Inc., Northern Rock PLC, American International Group Inc., Fannie Mae, Freddie Mac and Citibank) or were taken over by stronger institutions in order to survive (Merrill Lynch, Washington Mutual, Wachovia Corporation and National City Corp). It is evident that the credit crisis that originated from the housing bubble in the United States has spread to the global economy and will now require major intervention by central banks and governments to provide stability and restore investor confidence. This can be evidenced by the fact that the U.S. Treasury set up the Troubled Assets Relief Program (TARP) with many other governments in the world following suit, and by the coordinated rate cuts by central banks on a global basis. Due to this high volatility, the Fund reduced its investment position materially during the year in order to preserve the net asset value while increasing the amount of call writing to take advantage of the higher volatility. As a result, the overall level of risk of an investment in the Fund has decreased.

The S&P/TSX Financials Index total return during the year was negative 36.5 percent, which underperformed the broader S&P/TSX Composite Index that declined 33.0 percent. The equal weighted total annual return of the ten different financial services equities that make up the Fund was negative 35.8 percent. Each of the ten different financial services equities experienced negative returns during the year with the Canadian Imperial Bank of Commerce posting the least negative total return of 23.2 percent while Manulife Financial Corporation lagged the group, generating a total return of negative 47.1 percent due to its large exposure to equity market volatility in the variable annuity and mutual fund business. These returns are reflective of the difficult environment for both the banks and life insurance companies as weak global equity markets, rising credit spreads and loan defaults have reduced their earnings and capital positions. This has led to most of these companies bolstering their balance sheets by issuing preferred and/or common equity along with some innovative Tier 1 capital products from the banks. The strengthening U.S. dollar in 2008, up more than 22 percent versus the Canadian dollar provided positive foreign exchange translation for some of the companies within the Financial Portfolio during the year.

The compound return for the Fund during the year, including reinvestment of distributions, was negative 27.3 percent. This return is reflective of the cash position along with the covered call writing that enabled the Fund to generate some premium return in a declining market. For more detailed information on investment returns, please see the Annual Total Return bar graph on page 6 of this report and the Annual Compound Returns table on page 7 of this report.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

For December 31, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Fund's financial statements and calculated using bid prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices (see Notes 3 and 4 to the Financial Statements). All other calculations for the purposes of this MRFP are made using Net Asset Value.

Years ended December 31

	2008	2007	2006	2005 (4)	2004
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices)(1)	**$ 21.79**	$ 24.21 (5)	$ 24.21 (4)	$ 12.34	$ 14.27
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.70**	0.74	0.75	0.21	(0.15)
Total expenses	**(0.32)**	(0.41)	(0.38)	(0.75)	(0.27)
Realized gains (losses) for the period	**(1.31)**	1.09	0.17	(3.72)	(0.15)
Unrealized gains (losses) for the period	**(4.81)**	(2.19)	1.12	3.68	0.24
Total Increase (Decrease) from Operations(2)	**(5.74)**	**(0.77)**	**1.66**	**(0.58)**	**(0.33)**
DISTRIBUTIONS					
From net investment income - Preferred Security	**(0.78)**	(0.78)	(0.78)	(0.06)	–
Non-taxable distributions - Capital Unit	**(0.48)**	(0.83)	(0.84)	(1.90)	(1.60)
Total Annual Distributions(3)	**(1.26)**	**(1.61)**	**(1.62)**	**(1.96)**	**(1.60)**
Net Assets, as at December 31 (based on bid prices)(1)	**$ 14.78**	**$ 21.79**	**$ 24.19**	**$ 24.21 (4)**	**$ 12.34**

(1) Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding the liability for Preferred Securities of the Fund on that date and including the valuation of securities at bid prices divided by the number of units then outstanding. For years prior to 2007, securities were valued at closing prices. The change to the use of bid prices is due to accounting standards set out by the Canadian Institute of Chartered Accountants adopted January 1, 2007 relating to Financial Instruments. Refer to Note 3 to the financial statements for further discussion.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), realized and unrealized gains (losses), less expenses and is calculated based on the weighted average number of units outstanding during the year. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the year.
(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.
(4) As at December 2, 2005, the Fund amended its investment strategy, changed its name to Mulvihill Top 10 Split Fund, consolidated units on a 2.3 to 1 basis and issued Capital Units and Preferred Securities. The net assets at December 31, 2005 represents the combined value of a Capital Unit and Preferred Security on this date.
(5) Net Assets per unit has been adjusted for the Transition Adjustment (see Note 3 to the Financial Statements).

RATIOS/SUPPLEMENTAL DATA

	2008	2007	2006	2005	2004
Net Asset Value, excluding Preferred Security liability(1)	**$ 43.89**	$ 69.49	86.07	$ 40.19	n/a
Net Asset Value ($millions)(1)(5)	**$ 6.86**	$ 29.69	$ 41.59	$ 19.44	$ 98.90
Number of units outstanding(1)(5)	**2,962,925**	3,184,078	3,558,584	1,659,931	8,014,935
Management expense ratio(2)	**1.64%**	1.65%	1.67%	2.68%	1.99%
Portfolio turnover rate(3)	**21.20%**	75.88%	111.73%	121.82%	54.70%
Trading expense ratio(4)	**0.06%**	0.07%	0.36%	0.33%	0.17%
Net Asset Value per Unit(6)	**$ 14.81**	$ 21.83	24.19	$ 24.21 (5)	$ 12.34
Closing market price - Capital Unit(5)	**$ 2.00**	$ 8.00	10.71	$ 11.75	$ 11.71
Closing market price - Preferred Security(5)	**$ 11.50**	$ 12.99	13.75	$ 12.70	n/a

(1) This information is provided as at December 31.
(2) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes but excluding transaction fees charged to the Fund to the average net asset value. Management expense ratio for 2005 includes the special resolution expense. The management expense ratio for 2005 excluding the special resolution expense is 2.09%. The management expense ratio including the Preferred Security interest for 2005 is 2.79%, for 2006 is 5.10%, for 2007 is 4.98% and for 2008 is 5.79%.
(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 a percentage of the daily average net asset value during the period.
(5) As at December 2, 2005, the Fund amended its investment strategy, changed its name to Mulvihill Top 10 Split Fund, consolidated units on a 2.3 to 1 basis and issued Capital Units and Preferred Securities.
(6) 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 and including the valuation of securities at closing prices divided by the number of units then outstanding.

Management Fees

Mulvihill Capital Management Inc. ("MCM") is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.00 percent of the total assets of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions.

Mulvihill Fund Services Inc. is entitled to fees under the Management Agreement calculated monthly as 1/12 of 0.10 percent of the total assets of the Fund at each month end. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

The Canadian banks and life insurance companies demonstrated declining fundamentals and profitability in 2008. The Canadian banks fiscal fourth quarter operating earnings were down 11 percent (GAAP earnings down 28 percent) year-over-year while the Canadian life insurance companies third quarter earnings were down 76 percent year-over-year. This decline in earnings is mainly due to credit losses and weak equity markets and may continue to be a challenge in 2009 as the global economy continues to slow and equity market volatility remains high. This is somewhat offset by the strong capital ratios these companies exhibit after issuing preferred and/or common equity and innovative Tier 1 capital in 2008. There were also some Canadian GAAP accounting changes along with regulatory changes made by the Office of Superintendent of Financial Institutions that should allow some capital relief for all of these financial institutions. The high dividend yields these companies have relative to the 10-year Government of Canada bond which ended 2008 at a 2.7 percent yield also provides an attractive valuation for the financial services companies.

Due to the uncertain environment currently surrounding the economy and financial markets, the Canadian banks are likely to maintain their strong capital ratios to deal with unforeseen events rather than make large acquisitions or return capital 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:

(1) the performance information shown assumes that all distributions and interest payments made by the Fund during these periods shown were reinvested in the Fund,

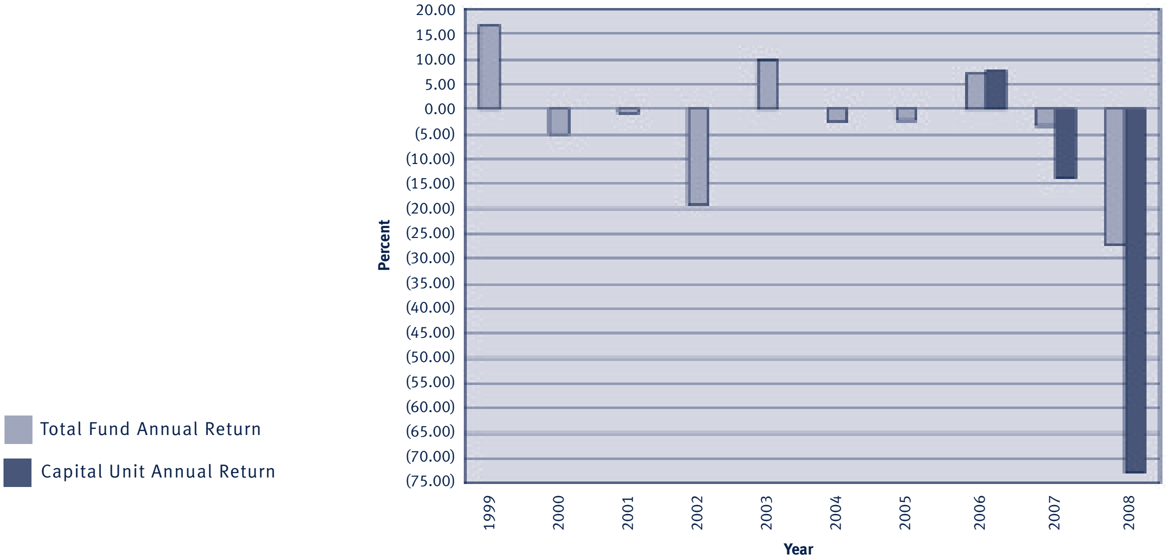
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(3) the past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below illustrates how the Fund’s total annual return in each of the past ten years has varied from year to year. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year.

Annual Total Return



* Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. After November 30, 2005, the Fund universe was changed to invest in (i) the six largest Canadian banks and (ii) the four largest Canadian life insurance companies by market capitalization. The Fund was invested in cash and cash equivalents pending completion of an offering of additional securities that closed February 15, 2006.

Annual Compound Returns

The following table shows the Fund's historical annual compound total return for the periods ended December 31, 2008 as compared to the performance of the S&P 100 Index and S&P/TSX Financials Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
Mulvihill Top 10 Split Fund	**(27.25)%**	(9.05)%	(6.44)%	(3.51)%
Mulvihill Top 10 Split Fund - Capital Unit	**(72.82)%**	(36.83)%	(22.79)%	(12.35)%
Mulvihill Top 10 Split Fund - Preferred Security	**6.40 %**	6.39 %	n/a	n/a
In order to meet regulatory requirements, the performance of two broader based market indices have been included below.				
S&P 100 Index*	**n/a**	(5.12)%	(3.66)%	(3.71)%
S&P/TSX Financials Index**	**(36.45)%**	(9.34)%	2.06 %	6.68 %

* The S&P 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks for which options are listed.
** The S&P/TSX Financials Index is a subset of the constituents of the S&P/TSX Composite Index that have been classified according to the Global Industry Classification Standard.

The performance of the Fund in the above table from the period of inception to November 21, 2005 was based on the investment objectives and strategy of the Fund as Mulvihill Premium U.S. Fund investing in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard & Poor's 100 Index on the basis of market capitalization. On November 21, 2005 unitholders approved a proposal resulting in a change in the investment objectives and strategy of the Fund. After November 21, 2005 the Fund invests exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

The equity performance benchmarks shown here provides an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed these indices; rather, its objectives are to pay out quarterly dividends and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to generate the distributions.

These investment strategies result in a rate of return for the Fund that differs from that of a conventional, fully-invested portfolio. During periods of strongly rising markets, the Fund's approach will tend to underperform a comparable fully-invested portfolio of the same stocks as the Fund is not fully invested and writing covered call options generally limits portfolio performance to the option premium received. In periods of declining markets, however, the Fund's defensive cash and cash equivalent balances help to protect net asset value, and covered option writing income generally provides returns exceeding those of a conventional and cash equivalent 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 February 22, 1997 amended as of November 30, 2005.

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated February 22, 1997 amended as of November 30, 2005 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.

Independent Review Committee

On September 19, 2006, the Canadian Securities Administrators approved the final version of National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107"). NI 81-107 requires all publicly offered investment funds to establish an independent review committee ("IRC") to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions.

In accordance with NI 81-107, the IRC became operational on November 1, 2007. Members of the IRC are Robert W. Korthals, Michael M. Koerner, and effective January 1, 2009, Robert G. Bertram.

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund's views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Mulvihill Top 10 Split Fund (formerly First Premium U.S. Income Trust) (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 Advisors (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 3 of the annual 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 Board meets periodically with management and external auditors to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the external auditors' report. Deloitte & Touche LLP has full and unrestricted access to the Board.

John P. Mulvihill
Director
Mulvihill Fund Services Inc.
February 17, 2009

Sheila S. Szela
Director
Mulvihill Fund Services Inc.

To the Unitholders of Mulvihill Top 10 Split Fund

We have audited the accompanying statement of investments of Mulvihill Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the "Fund") as at December 31, 2008, the statements of net assets as at December 31, 2008 and 2007, and the statements of financial operations, of changes in net assets and of cash flows for the years then ended. 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 the Fund's 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 as at December 31, 2008 and 2007, and the results of its operations, the changes in its net assets, and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
February 17, 2009

Statements of Net Assets

December 31, 2008 and 2007

		2008		2007
ASSETS				
Investments at fair value (cost -$45,045,675; 2007 - $69,408,845)	$	**26,411,405**	$	66,074,075
Short-term investments at fair value (cost - $20,526,386; 2007 - $11,310,747)		**20,526,386**		11,311,085
Cash		**18,313**		2,291
Interest receivable		**65,066**		44,949
Dividends receivable		**131,117**		261,302
TOTAL ASSETS		**47,152,287**		**77,693,702**
LIABILITIES				
Preferred securities (Note 5)		**37,036,562**		39,800,975
Redemptions payable		**3,276,161**		8,173,743
Accrued liabilities		**81,964**		141,186
TOTAL LIABILITIES		**40,394,687**		**48,115,904**
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	$	**6,757,600**	$	**29,577,798**
Number of Units Outstanding (Note 5)		**2,962,925**		**3,184,078**
Net Assets per Capital Unit (Note 5)	$	**2.2807**	$	**9.2893**
Preferred Security Repayment Price (Note 5)	$	**12.5000**	$	**12.5000**
Combined Value (Note 4)	$	**14.7807**	$	**21.7893**

On Behalf of the Manager,
Mulvihill Fund Services Inc.

John P. Mulvihill, Director

Sheila S. Szela, Director

The notes are an integral part of the Financial Statements.

Statements of Financial Operations

Years ended December 31, 2008 and 2007

	2008	2007
REVENUE		
Dividends	$ 1,883,613	$ 2,396,198
Interest	332,068	236,865
TOTAL REVENUE	2,215,681	2,633,063
EXPENSES (Note 6)		
Management fees	660,971	924,088
Administrative and other expenses	83,200	114,139
Transaction fees (Note 9)	35,400	58,476
Service fees	70,558	151,808
Custodian fees	38,360	37,774
Audit fees	31,087	30,900
Advisory board fees	17,317	20,727
Independent review committee fees	4,267	739
Legal fees	9,374	10,575
Unitholder reporting costs	25,563	26,398
Goods and services taxes	42,145	66,033
TOTAL EXPENSES	1,018,242	1,441,657
Net Investment Income	1,197,439	1,191,406
Net gain (loss) on sale of investments	(6,112,553)	4,450,655
Net gain (loss) on sale of derivatives	1,928,374	(589,658)
Net change in unrealized appreciation/depreciation of investments	(15,299,838)	(7,787,119)
Net Loss on Investments	(19,484,017)	(3,926,122)
Preferred Security Interest (Note 7)	(2,487,529)	(2,780,108)
NET DECREASE IN NET ASSETS FROM OPERATIONS	$ (20,774,107)	$ (5,514,824)
NET DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the year 3,183,474; 2007 - 3,557,555)	$ (6.5256)	$ (1.5502)

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets

Years ended December 31, 2008 and 2007

	2008	2007
NET ASSETS, BEGINNING OF YEAR	$ 29,577,798	$ 41,588,658
Transition Adjustment (Note 3)	–	(62,429)
Net Decrease in Net Assets from Financial Operations	(20,774,107)	(5,514,824)
Capital Unit Transactions (Note 5)		
Amount paid for units redeemed, excluding preferred securities	(511,747)	(3,492,437)
Distributions to Unitholders (Note 7)		
Non-taxable distributions	(1,534,344)	(2,941,170)
Changes in Net Assets during the Year	(22,820,198)	(12,010,860)
NET ASSETS, END OF YEAR	$ 6,757,600	$ 29,577,798

Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	$ 11,313,376	$ 13,775,340
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income	1,197,439	1,191,406
Adjustments to Reconcile Net Cash Provided by (Used In) Operating Activities		
Purchase of investment securities	(10,047,043)	(59,505,214)
Proceeds from disposition of investment securities	30,226,034	81,249,392
(Increase)/decrease in dividends receivable and interest receivable	110,068	853
(Decrease)/increase in accrued liabilities	(59,222)	(15,391)
Net change in unrealized appreciation of cash and short-term investments	(338)	338
	21,426,938	22,921,384
Cash Flows Provided by (Used In) Financing Activities		
Capital unitholder redemptions	(3,492,417)	(9,500,532)
Preferred security redemptions	(4,681,325)	(10,161,538)
Distributions to capital unitholders	(1,534,344)	(2,941,170)
Distributions to preferred securities - interest	(2,487,529)	(2,780,108)
	(12,195,615)	(25,383,348)
Net Increase (Decrease) in Cash and Short-Term Investments During the Year	9,231,323	(2,461,964)
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 20,544,699	$ 11,313,376
Cash and Short-Term Investments comprise of:		
Cash	$ 18,313	$ 2,291
Short-Term Investments	20,526,386	11,311,085
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	$ 20,544,699	$ 11,313,376

The notes are an integral part of the Financial Statements.

Statement of Investments

December 31, 2008

	Par Value/ Number of Shares	Average Cost	Market Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Alberta Capital Finance Authority, 1.40% - April 7, 2009	415,000	$ 413,128	$ **413,128**	
Government of Canada, 2.20% - January 8, 2009	990,000	985,426	**985,426**	
Government of Canada, 2.03% - January 22, 2009	4,730,000	4,708,705	**4,708,705**	
Government of Canada, 1.86% - February 5, 2009	290,000	288,783	**288,783**	
Government of Canada, 1.83% - February 19, 2009	570,000	567,525	**567,525**	
Government of Canada, 1.36% - March 5, 2009	1,325,000	1,320,675	**1,320,675**	
Government of Canada, 1.20% - March 19, 2009	2,050,000	2,043,419	**2,043,419**	
Province of Ontario, 2.15% - January 16, 2009	4,250,000	4,227,092	**4,227,092**	
Province of Ontario, 2.20% - January 21, 2009	2,005,000	1,994,053	**1,994,053**	
Province of Ontario, 2.24% - February 3, 2009	2,500,000	2,485,500	**2,485,500**	
Province of Ontario, 2.04% - February 27, 2009	1,500,000	1,492,080	**1,492,080**	
Total Treasury Bills		**20,526,386**	**20,526,386**	**99.7%**
Accrued Interest			**65,066**	**0.3%**
TOTAL SHORT-TERM INVESTMENTS		**$ 20,526,386**	**$ 20,591,452**	**100.0%**
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	70,800	$ 4,556,853	$ **2,210,376**	
Canadian Imperial Bank of Commerce	53,000	4,674,479	**2,701,410**	
Great-West Lifeco Inc.	130,400	4,541,316	**2,697,976**	
Industrial Alliance Insurance and Financial Services Inc.	143,950	5,284,970	**3,303,652**	
Manulife Financial Corporation	112,975	4,394,820	**2,345,361**	
National Bank of Canada	74,050	4,525,904	**2,317,025**	
Royal Bank of Canada	79,500	4,148,728	**2,862,000**	
Sun Life Financial Inc.	97,000	4,767,902	**2,749,950**	
The Bank of Nova Scotia	81,000	4,091,131	**2,685,150**	
The Toronto-Dominion Bank	65,200	4,502,649	**2,830,984**	
Total Financials		**45,488,752**	**26,703,884**	**101.1%**
Total Canadian Common Shares		**$ 45,488,752**	**$ 26,703,884**	**101.1%**

The notes are an integral part of the Financial Statements.

Statement of Investments

December 31, 2008

	Number of Contracts	Average Cost	Market Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS				
Written Covered Call Options (100 shares per contract)				
Canadian Imperial Bank of Commerce - January 2009 @ $54	(117)	$ (43,992)	$ **(14,667)**	
Canadian Imperial Bank of Commerce - February 2009 @ $52	(106)	(29,786)	**(44,645)**	
Great-West Lifeco Inc. - January 2009 @ $29	(326)	(41,728)	**(2,608)**	
Industrial Alliance Insurance and Financial Services Inc. - January 2009 @ $28	(288)	(38,880)	**(1,440)**	
Industrial Alliance Insurance and Financial Services Inc. - January 2009 @ $29	(288)	(48,384)	**(4,877)**	
Manulife Financial Corporation - January 2009 @ $23	(170)	(18,870)	**(27,222)**	
Sun Life Financial Services Inc. - January 2009 @ $27	(194)	(36,666)	**(65,466)**	
Sun Life Financial Services Inc. - February 2009 @ $28	(110)	(23,650)	**(39,375)**	
The Bank of Nova Scotia - January 2009 @ $35	(77)	(15,939)	**(14,841)**	
The Bank of Nova Scotia - January 2009 @ $41	(147)	(33,369)	**(779)**	
The Bank of Nova Scotia - February 2009 @ $32	(100)	(19,700)	**(35,542)**	
The Toronto-Dominion Bank - January 2009 @ $46	(150)	(36,150)	**(39,493)**	
The Toronto-Dominion Bank - January 2009 @ $57	(150)	(44,250)	**(1,524)**	
Total Written Covered Call Options		**(431,364)**	**(292,479)**	(1.1) %
TOTAL OPTIONS		$ **(431,364)**	$ **(292,479)**	**(1.1) %**
Adjustment for transaction costs		**(11,713)**		
TOTAL INVESTMENTS		$ **45,045,675**	$ **26,411,405**	**100.0 %**

The notes are an integral part of the Financial Statements.

1. Establishment and Restructuring of the Fund

Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the "Fund") was originally established as an investment trust under the laws of the Province of Ontario on January 22, 1997 under the name First Premium U.S. Income Trust. The Fund began operations on February 4, 1997.

The Manager of the Fund is Mulvihill Fund Services Inc. (the "Manager") and the Fund's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). RBC Dexia Investor Services (the "Trustee") is the trustee and acts as custodian of the assets of the Fund.

On November 21, 2005, unitholders voted in favour of a proposal (the "Proposal") to:

- amend the investment strategy and investment restrictions of the Fund to invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization (the "Financial Portfolio");

- extend the termination date of the Fund to March 31, 2011 from January 1, 2007;

- change the capital structure of the Fund to a "split trust" structure. Under this proposal, existing units were first consolidated such that after giving effect to the consolidation, net asset value ("NAV") per unit was $25.00. Unitholders received for each unit held: (i) one Capital Unit with an initial NAV of $12.50 and (ii) one Preferred Security with a principal amount of $12.50;

- amend the investment objectives of the Fund. The Fund's investment objectives for the Capital Units are (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the NAV of the Fund. The Fund's investment objectives for the Preferred Securities are (i) to pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the $12.50 principal amount of a Preferred Security and (ii) to repay the principal amount of $12.50 per Preferred Security on termination of the Fund on March 31, 2011; and

- provide for the payment of an annual service fee of 0.40 percent of the value of the Capital Units to investment dealers whose clients hold Capital Units if the Fund completes a public offering of additional Capital Units and Preferred Securities after the Special Resolution was approved.

In connection with the Special Resolution, Mulvihill Fund Services Inc., as Manager, and Mulvihill Capital Management Inc., as Investment Manager, reduced their fees by approximately 37 percent from a total of 1.75 percent per annum of NAV to 1.10 percent of the Fund's total assets from and after the effective date of the Special Resolution and the Fund changed its name to Top 10 Split Trust to reflect better its new investment strategy.

2. Investment Objectives of the Fund

Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard and Poor's 100 Index on the basis of market capitalization.

After November 30, 2005, the Fund universe was changed to invest in (i) the six largest Canadian banks and (ii) the four largest Canadian life insurance companies by market capitalization.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities 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. Additionally, the Fund may purchase call options with the effect of closing out existing call options written by the Fund and may also purchase put options to preserve the value of the portfolio where appropriate. The Fund may enter into trades to close out positions in such permitted derivatives.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), 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 Fund has adopted, effective January 1, 2007, the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855 "Financial Instruments - Recognition and Measurement". The standard requires that the fair value of securities which are traded in active markets be measured based on bid price and transaction fees, such as brokerage commissions, incurred in the purchase or sale of securities by the Fund be charged to net income in the period incurred. The standard has been adopted retrospectively with no restatement of prior periods' comparative amounts.

As a result of the adoption of the standard, the Fund recorded a transition adjustment to the 2007 opening net assets in the amount of $62,429. This transition adjustment represents the adjustment to fair value of investments from the closing sale price to the closing bid price as of December 31, 2006.

The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments are recorded in the financial statements at their fair value determined as follows:

Securities are valued at fair value, which is determined by the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. If no bid prices are available the securities are valued at the closing sale price.

Short-term investments are included in the statement of investments at their cost. This value, together with accrued interest, approximates fair value at bid price.

Listed options are valued at fair value as reported on recognized exchanges. Over the counter options are valued using the Black-Scholes valuation model.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Financial Operations. Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers.

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 of 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 gain (loss) on sale of 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) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid; and

(iii) Sale of purchased 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 the 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.

New Accounting Standards

Commencing January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 “Financial Instruments - Disclosures” and Section 3863, “Financial Instruments - Presentation”. The new standards replaced Section 3861 “Financial Instruments - Disclosure and Presentation”. The new disclosure standards increase the emphasis on the disclosure on the nature and extent of risks associated with financial instruments and how those risks are managed by the Fund. The previous requirements related to presentation of financial instruments have been carried forward relatively unchanged. Adoption of the new standards does not impact the net asset value for pricing purposes, nor the calculation of net assets. These expanded disclosures are found in Note 10.

Effective January 1, 2008, the Fund also adopted CICA Handbook Section 1535, “Capital Disclosures” which specifies the disclosure of (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of Section 1535 did not have a significant impact on the Fund’s disclosures as: (i) the Fund’s objectives, policies and processes for managing capital are described in Note 2; (ii) information on the Fund’s unitholders’ equity is described in Note 5 and Note 7; and (iii) the Fund does not have any externally imposed capital requirements.

4. Net Asset Value

The Canadian securities regulatory authorities have published amendments to NI 81-106 that remove the requirement that net asset value be calculated in accordance with Canadian GAAP effective September 8, 2008. As a result of the amendments, the Net Asset Value of the Fund will continue to be calculated using the fair value of investments using the close or last trade price (“Net Asset Value”). The adoption of these new rules will result in a different Net Assets per unit for financial reporting purposes and Net Asset Value per unit due to the use of different valuation techniques. The Net Asset Value per unit at December 31 is as follows:

	2008	2007
Net Asset Value (for pricing purposes)	**$14.81**	$21.83

5. Unitholders’ Equity

On November 21, 2005, unitholders voted in favor of a proposal to restructure the Fund. This restructuring is detailed in Note 1. The restructuring of the Fund resulted in the issuance of Capital Units and Preferred Securities.

The Fund is authorized to issue an unlimited number of transferable, redeemable units of one class representing an equal, undivided beneficial interest in the net assets of the Fund. All Capital Units have equal rights and privileges. Each whole Capital Unit is entitled to one vote at all meetings of holders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and any distributions upon the termination of the Fund after payment of debts and liabilities, including, without limitation, the aggregate Repayment Price of the Preferred Securities, and liquidation expenses of the Fund.

On February 15, 2006, Mulvihill Top 10 Split Fund announced it had completed a follow-on offering of 2,500,000 Capital Units and 2,500,000 Preferred Securities at a price of $13.10 per Capital Unit and $12.50 per Preferred Security for gross proceeds of $64,000,000. On March 14, 2006, the Fund issued an additional 220,000 Capital Units and 220,000 Preferred Securities at a price of $13.10 per Capital Unit and $12.50 per Preferred Security for additional gross proceeds of $5,632,000 pursuant to the exercise of the over-allotment option granted to the Fund’s agents. All together, the Fund raised total gross proceeds of $69,632,000 under the offering. Costs of $4,167,920 were incurred in connection with these offerings and have been charged to equity.

Unit transactions during the year are as follows:

	2008	2007
Units outstanding, beginning of year	**3,184,078**	3,558,584
Units redeemed	**(221,153)**	(374,506)
Units outstanding, end of year	**2,962,925**	3,184,078

Capital Units may be surrendered for retraction (either alone or together with a Preferred Security) at least five business days prior to the last business day in a month for payment on or before the fifth business day following such date commencing in January 2006. A holder retracting a Capital Unit alone for the last business day of the month (other than December) in a year will receive the amount by which 95 percent of the combined value exceeds the price paid by the Fund for one Preferred Security in the market and $0.50. A holder who surrenders a Capital Unit together with a Preferred Security for retraction will receive an amount equal to 95 percent of the combined value less $0.50. A holder retracting a Capital Unit alone for the last business day of December (commencing in December 2006) will receive an amount equal to the combined value minus the price paid by the Fund for one Preferred Security in the market. A holder who surrenders a Capital Unit together with a Preferred Security for retraction on the December retraction date will receive an amount equal to the combined value.

Combined value is NAV per Capital Unit plus the principal amount of a Preferred Security and all accrued and unpaid interest on a Preferred Security.

Under the terms of the normal course issuer bid renewed in May 2008, the Fund proposes to purchase, if considered advisable, up to a maximum of 314,727 (2007 - 352,178) Capital Units and up to a maximum of 314,727 (2007 - 352,178) Preferred Securities, 10 percent of its public float as determined in accordance with the rules of the Toronto Stock Exchange. Purchases would be made in the open market through facilities of the Toronto Stock Exchange. The normal course issuer bid will remain in effect until the earlier of May 8, 2009 or until the Fund has purchased the maximum number of units permitted under the bid. As at December 31, 2008, nil units (2007 - nil) have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investors Services at: Mulvihill Top 10 Split Fund, Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

6. Management Fees and Expenses

The Fund is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the Trustee and Manager in the ordinary course of business relating to the Fund's operations. The Fund is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

Fees are payable to the Manager under the terms of the trustee agreement and to the Investment Manager under the terms of an investment management agreement. The fees were payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's total assets, calculated and payable monthly, plus applicable taxes.

The Fund will pay a service fee which will be paid to each dealer whose clients hold Capital Units. The service fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the net asset value of the Capital Units held by clients of the dealer.

7. Distributions

The Fund will endeavour (i) to make quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum on the Fund's net asset value and (ii) to pay holders of Preferred Securities fixed quarterly cash interest payments of 6.25 percent per annum on the $12.50 principal amount of a Preferred Security.

If after such distributions there would otherwise remain in the Fund additional net investment income or net realized capital gains, the Fund intends to make a special distribution of such portion of the remaining net investment income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax thereon under the Income Tax Act (Canada).

The non-taxable distributions received by unitholders reduce the adjusted cost base of the unit for tax purposes.

8. Income Taxes

The Fund is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Fund is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Fund on any net realized capital gains not paid or payable to unitholders is recoverable by the Fund to the extent and in the circumstances provided in the Act.

Given the investment and distribution policies of the Fund and taking into account expenses, the Fund does not expect to bear any appreciable non-refundable income tax.

No amount is payable on account of income taxes in 2008 or 2007.

Accumulated non-capital losses of approximately $16.8 million (2007 - $15.0 million) and capital losses of approximately $62.6 million (2007 - $59.1 million) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount
2008	$ 1.9
2009	1.2
2010	2.8
2014	3.9
2015	1.2
2016	4.7
2028	1.1
Total	**$ 16.8**

Issue costs of approximately $1.8 million (2007 - $2.6 million) remain undeducted for tax purposes at year-end.

9. Transaction Fees

Total transaction fees paid for the year ended December 31, 2008 in connection with portfolio transactions were $35,400 (2007 - $58,476). Of this amount $16,473 (2007 - $9,660) was directed for payment of trading related goods and services.

10. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, investments, receivables, payables and certain derivative contracts. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include other price risk, liquidity risk, interest rate risk and credit risk.

These risks and related risk management practices employed by the Fund are discussed below:

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to other price risk arises from its investments in equity securities. Net Asset Value per unit varies as the value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the value of the securities in the Portfolio, including factors that affect all of the companies in the banks and life insurance industries. The Fund's market risk is managed by taking a long-term perspective and utilizing an option writing program.

Approximately 60 percent of the Fund's net assets, excluding the Preferred security liability, held at December 31, 2008 were publicly traded equities. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2008, the net assets, excluding the Preferred Security liability, of the Fund would have increased or decreased by $2.7M respectively or 6.0 percent of the net assets, excluding the Preferred Security liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

The Fund may 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 is subject to the full risk of its investment position in securities that are subject to outstanding call options and those securities underlying put options written by the Fund, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding call options above the strike price of such options. The Fund may also purchase put options. The Fund has full downside risk on invested positions which may be partially mitigated by the use of purchased put options. The risk to the Fund with respect to purchased put options is limited to the premiums paid to purchase the put options.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and can be easily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

Cash is required to fund redemptions. Unitholders must surrender units at least 5 business days prior to the last day of the month and receive payment on or before 5 business days following the month end valuation date. Therefore the Fund has a maximum of 10 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short term fixed income securities. The Fund has minimal sensitivity to change in rates since securities are usually held to maturity and are short-term in nature.

Credit Risk

In entering into derivative financial instruments, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies.

The credit risk is mitigated by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102.

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with at year end, based on Standard & Poor's credit ratings as of December 31, 2008:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2008:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Treasury Bills	A-1+	100%
Total		**100%**

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short term.

11. Future Accounting Policy Changes

The Manager is developing a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to International Financial Reporting Standards ("IFRS"). The key elements of the plan include disclosures of the qualitative impact in the 2008 annual financial statements, the disclosures of the quantitative impact, if any, in the 2009 and 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The current impact based on the Fund's management's understanding of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the Fund.

Mulvihill Capital Management Inc.

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 January 1, 2008 to December 31, 2008	
MULVIHILL PLATINUM			
Mulvihill *Government Strip Bond Fund*	GSB.UN	$ 23.55	$ 20.08
Mulvihill Pro-AMS *U.S. Fund*	PAM.UN	$ 24.50	$ 21.70
Mulvihill Pro-AMS *RSP Split Share Fund*	SPL.A/SPL.B	$ 9.11/$17.94	$ 7.15/$14.48
MULVIHILL PREMIUM			
Mulvihill *Core Canadian Dividend Fund*	CDD.UN	$ 9.94	$ 4.02
Mulvihill Premium *Canadian Fund*	FPI.UN	$ 17.99	$ 10.00
Mulvihill Premium *60 Plus Fund*	SIX.UN	$ 16.50	$ 9.19
Mulvihill Premium *Global Plus Fund*	GIP.UN	$ 10.05	$ 5.56
Mulvihill Premium *Canadian Bank Fund*	PIC.A/PIC.PR.A	$ 8.89/$15.49	$ 1.87/$10.58
Mulvihill Premium *Split Share Fund*	MUH.A/MUH.PR.A	$ 6.34/$15.65	$ 1.20/$10.28
Mulvihill *S Split Fund*	SBN/SBN.PR.A	$ 11.48/$10.48	$ 4.01/$ 7.51
Mulvihill *Top 10 Canadian Financial Fund*	TCT.UN	$ 14.00	$ 8.01
Mulvihill *Top 10 Split Fund*	TXT.UN/TXT.PR.A	$ 8.15/$13.51	$ 1.31/$10.00
Mulvihill *World Financial Split Fund*	WFS/WFS.PR.A	$ 8.70/$10.75	$ 1.19/$ 6.66

Board of Advisors

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

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

Michael M. Koerner[1]
Corporate Director

Robert W. Korthals[1]
Corporate Director

Robert G. Bertram[1,2]
Corporate Director

[1] *Independent Review Committee*
[2] *Effective January 1, 2009*

Information

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

Transfer Agent:
Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

Shares Listed:
Toronto Stock Exchange
trading under
TXT.UN/TXT.PR.A

Custodian:
RBC Dexia Investor Services
Royal Trust Tower
77 King Street West, 11th Floor
Toronto, Ontario M5W 1P9

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

Hybrid Income Funds
Managed by Mulvihill Structured Products

Mulvihill Platinum
Mulvihill *Government Strip Bond Fund*
Mulvihill Pro-AMS *U.S. Fund*
Mulvihill Pro-AMS *RSP Split Share Fund*

Mulvihill Premium
Mulvihill *Core Canadian Dividend Fund*
Mulvihill Premium *Canadian Fund*
Mulvihill Premium *60 Plus Fund*
Mulvihill Premium *Global Plus Fund*
Mulvihill Premium *Canadian Bank Fund*
Mulvihill Premium *Split Share Fund*
Mulvihill *S Split Fund*
Mulvihill *Top 10 Canadian Financial Fund*
Mulvihill *Top 10 Split Fund*
Mulvihill *World Financial Split Fund*

Head Office:

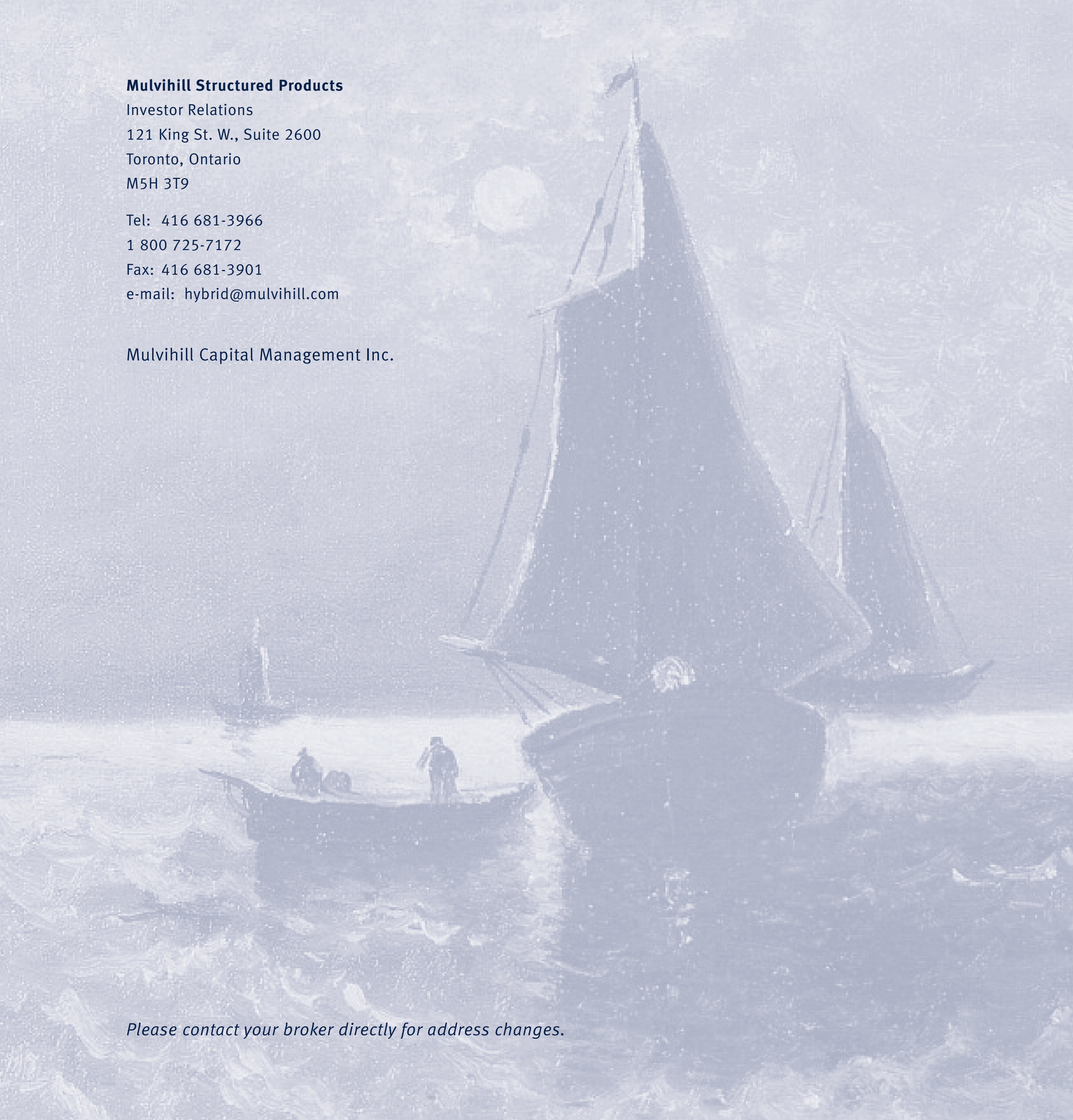
Mulvihill Capital Management Inc.
121 King St. W., Suite 2600
Toronto, Ontario
M5H 3T9

Tel: 416 681-3966
1 800 725-7172
Fax: 416 681-3901
e-mail: hybrid@mulvihill.com

Contact your broker directly for address changes.

Mulvihill

www.mulvihill.com



Mulvihill Structured Products
Investor Relations
121 King St. W., Suite 2600
Toronto, Ontario
M5H 3T9

Tel: 416 681-3966
1 800 725-7172
Fax: 416 681-3901
e-mail: hybrid@mulvihill.com

Mulvihill Capital Management Inc.

Please contact your broker directly for address changes.