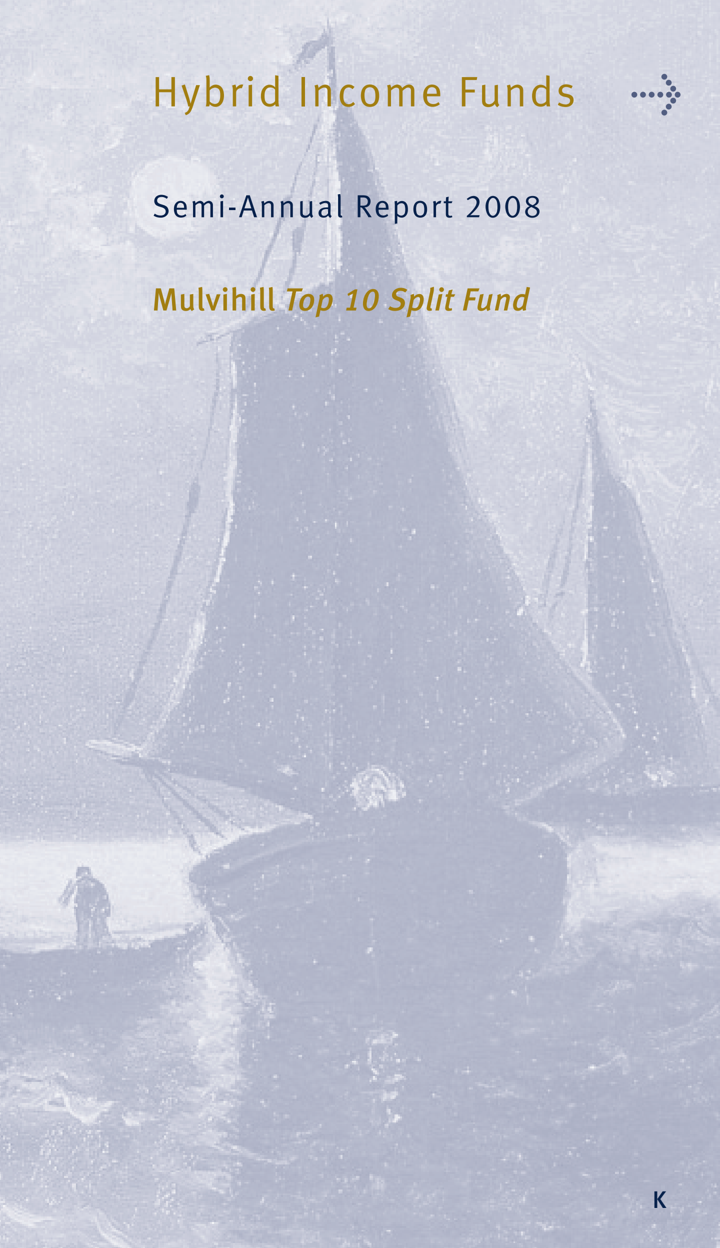
Mulvihill Structured Products

Mulvihill

Hybrid Income Funds

Semi-Annual Report 2008

Mulvihill *Top 10 Split Fund*



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Message to Unitholders

We are pleased to present the semi-annual financial results of Mulvihill Top 10 Split Fund (the "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 per cent 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 six-month period ended June 30, 2008, the Fund earned a total return of negative 10.95 percent. Distributions amounting to $0.69 per unit were paid during the six-month period, contributing to the overall decline in the net asset value from $21.83 per unit as at December 31, 2007 to $18.76 per unit as at June 30, 2008.

The longer-term financial highlights of the Fund are as follows:

		Years ended December 31				
	June 30, 2008	2007	2006	2005	2004	2003
Total Fund Return	(10.95)%	(3.35)%	6.97%	(2.27)%	(2.50)%	9.63%
Preferred Security Interest Paid (target of 6.25% per annum on the $12.50 principal amount of the Preferred Security)	$ 0.390620	$ 0.781240	$ 0.777430	$ 0.060420	n/a	n/a
Capital Unit Distribution Paid (target of 7.50% per annum on the Net Asset Value of the Fund)	$ 0.295510	$ 0.826500	$ 0.842870	$ 1.898560	$ 1.600000	$ 1.400000
Ending Net Asset Value per Unit (initial issue price was $25.00 per unit)	$ 18.76	$ 21.83	$ 24.19	$ 24.21	$ 12.34	$ 14.27

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

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

Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the six months ended June 30, 2008 of Mulvihill Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the “Fund”). The June 30, 2008 unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com. You can also get a copy of the annual financial statements at your request and at no cost by using one of these methods.

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

June 30, 2008

	% of Net Asset Value*
Financials	80%
Cash and Short-Term Investments	18%
Other Assets (Liabilities)	2%
	100%

*The Net Asset Value excludes the Preferred Security liability.

Portfolio Holdings

June 30, 2008

	% of Net Asset Value*
Cash and Short-Term Investments	18%
Manulife Financial Corporation	9%
Great-West Lifeco Inc.	9%
The Toronto-Dominion Bank	9%
The Bank of Nova Scotia	8%
National Bank of Canada	8%
Industrial Alliance Insurance and Financial Services Inc.	8%
Royal Bank of Canada	8%
Sun Life Financial Inc.	8%
Bank of Montreal	7%
Canadian Imperial Bank of Commerce	6%
	98%

*The Net Asset Value excludes the Preferred Security liability.

Management Report on Fund Performance

Results of Operations

For the six-month period ended June 30, 2008, the net asset value of the Fund for pricing purposes totalled $59.74 million, or $18.76 per unit (see Note 3 to the financial statements) after payment of distributions to Capital Unitholders and payment of interest to Preferred Securityholders compared to $21.83 on December 31, 2007. The Fund's Preferred Securities, listed on the Toronto Stock Exchange as TXT.PR.A, closed on June 30, 2008, at $12.48 per security. The Fund's Capital Units, listed on the Toronto Stock Exchange as TXT.UN, closed on June 30, 2008, at $5.85 per Capital Unit. Each Unit consists of one Preferred Security and one Capital Unit together.

Interest payments amounting to $0.390620 per Preferred Security were made to the Preferred Security holders during the period while Capital Unitholders received distributions totaling $0.295510 per capital unit.

Volatility increased during the period due to the global credit crunch brought on by the U.S. sub-prime mortgage crisis and peaked on March 17th, the day the U.S. Federal Reserve assisted JP Morgan Chase & Co. in an emergency rescue for Bear Stearns Companies Inc.. Due to the high volatility over the period, the Fund reduced its investment position and protective put purchases while increasing the amount of call writing to take advantage of the higher volatility.

The S&P/TSX Financials Index declined 11.59 percent during the period underperforming the broader S&P/TSX Composite Index that gained 5.98 percent. The equal weighted total return of the 10 different financial services equities that make up the Fund was negative 13.0 percent. All of the 10 companies experienced negative returns during the period with the National Bank of Canada generating the least negative return of negative 0.7 percent while the Sun Life Financial Inc. generated the lowest return of negative 23.5 percent. The financial services sector has continued to experience a very tough operating environment due to decreased liquidity, increased credit spreads and weak equity markets caused by the global credit crunch that started in the summer of 2007. This has resulted in large mark-to-market writedowns to assets as well as a higher cost of funding for the banks that has pressured net interest margins. The strong Canadian dollar and low long term interest rates provided a negative earnings headwind for the insurance companies over the period.

The return for the Fund during the period, including reinvestment of distributions, was negative 10.95 percent. This return is reflective of the cash position as well as the return provided from the covered call writing in a negative market environment for the underlying financial portfolio. The return is also reflective of the difficult operating environment for the underlying financial portfolio due to deteriorating credit, weak equity markets and a strong Canadian dollar. The six-month compound total return for the Capital Units, including reinvestment of distributions, was negative 29.87 percent.

For more detailed information on the investment returns, please see the Annual Total Return bar graph on page 7.

Mulvihill *Top 10 Split Fund*

Management Report on Fund Performance

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.
The information for the years ended December 31 is derived from the Fund's audited annual financial statements.

Information for the period ended June 30, 2008 is derived from the

	Six months ended June 2008
NET ASSETS PER UNIT	
Net Assets, beginning of period (based on bid prices)[(1)]	**$ 21.79**
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.37
Total expenses	(0.18)
Realized gains (losses) for the period	(0.58)
Unrealized gains (losses) for the period	(2.01)
Total Increase (Decrease) from Operations[(2)]	**(2.40)**
DISTRIBUTIONS / INTEREST	
From net investment income - Preferred Security	(0.39)
Non-taxable distributions - Capital Unit	(0.30)
Total Distributions[(3)]	**(0.69)**
Net Assets, end of period (based on bid prices)[(1)]	**$ 18.72**

(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 new accounting standards set out by the Canadian Institute of Chartered Accountants relating to Financial Instruments. Refer to Note 4 to the annual financial statements for further discussion.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gains (losses), net of withholding taxes and foreign exchange gains (losses), less expenses excluding Preferred Security interest and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units

	Six months ended June 2008
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value, excluding Preferred Security liability	$ 59.74
Net Asset Value ($millions)[(4)]	$ 19.94
Number of units outstanding[(4)]	3,184,078
Management expense ratio[(1)]	1.68%[(5)]
Portfolio turnover rate[(2)]	14.16%
Trading expense ratio[(3)]	0.06%[(5)]
Net Asset Value per Unit[(6)]	$ 18.76
Closing market price – Capital Unit[(4)]	$ 5.85
Closing market price – Preferred Security[(4)]	$ 12.48

(1) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes but excluding transaction fees and Preferred Security interest, 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 including the Preferred Security interest is 2.79%. The management expense ratio for 2006 including the Preferred Security interest is 5.10%. The management expense ratio for 2007 including the Preferred Security interest is 4.98%. The annualized management expense ratio for 2008 including the Preferred Security interest is 5.54%.

(2) 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

Management Report on Fund Performance

Fund's unaudited semi-annual financial statements.

For June 30, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Fund's unaudited 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. All other calculations for the purposes of this MRFP are made using Net Asset Value.

Years ended December 31				
2007	**2006**	**2005**(4)	**2004**	**2003**
$ 24.17(5)	**$ 24.21**(4)	**$ 12.34**	**$ 14.27**	**$ 14.38**
0.74	0.75	0.21	(0.15)	0.02
(0.41)	(0.38)	(0.75)	(0.27)	(0.28)
1.09	0.17	(3.72)	(0.15)	(0.84)
(2.19)	1.12	3.68	0.24	2.32
(0.77)	**1.66**	**(0.58)**	**(0.33)**	**1.22**
(0.78)	(0.78)	(0.06)	n/a	n/a
(0.83)	(0.84)	(1.90)	(1.60)	(1.40)
(1.61)	**(1.62)**	**(1.96)**	**(1.60)**	**(1.40)**
$ 21.79	**$ 24.19**	**$ 24.21**(4)	**$ 12.34**	**$ 14.27**

outstanding during the period.

(3) Distributions to Capital Unitholders are based on the number of Capital Units outstanding on the record date for each distribution and were paid in cash. Interest payments to Preferred Securityholders are based on the number of Preferred Securities outstanding on the record date for each interest payment and were paid in cash.

(4) As of 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 asset value at December 31, 2005 and thereafter 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 - New Accounting Standards (see Note 4 to the annual financial statements).

Years ended December 31				
2007	**2006**	**2005**	**2004**	**2003**
$ 69.49	$ 86.07	40.19	n/a	n/a
$ 29.69	$ 41.59	$ 19.44	$ 98.90	$ 134.28
3,184,078	3,558,584	1,659,931	8,014,935	9,408,604
1.65%	1.67%	2.68%	1.99%	1.98%
75.88%	111.73%	121.82%	54.70%	65.16%
0.07%	0.36%	0.33%	0.17%	0.16%
$ 21.83	$ 24.19	$ 24.21(4)	$ 12.34	$ 14.27
$ 8.00	$ 10.71	$ 11.75	$ 11.71	$ 13.70
$ 12.99	$ 13.75	12.70	n/a	n/a

virtue of option exercises, when compared to a conventional equity mutual fund.

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

(4) As of 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.

(5) Annualized.

(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 of the Fund on that date and including the valuation of securities at closing prices divided by the number of units then outstanding.

Management Report on Fund Performance

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 the writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and the execution of all portfolio and other transactions.

Mulvihill Fund Services 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 continue to demonstrate good fundamentals and profitability relative to U.S. and Global financials with strong capital positions and high returns on equity. The Canadian banks fiscal second quarter operating earnings were down 5 percent year-over-year with a operating return on equity of 19.8 percent, while the Canadian life insurance companies first quarter earnings were down 9 percent year-over-year. The high dividend yield on these companies relative to the 10-year Government of Canada bond yield at 3.7 percent at the end of the second quarter is at a very compelling valuation and the price earnings multiple of the banks and life insurers relative to the broad market is still attractive.

Going forward we continue to view the bank and life insurance companies fundamentals as good with high profitability and strong capital ratios relative to other global financial services companies providing the ability to make further acquisitions and continue to return some of their excess capital to shareholders in the form of dividends and modest share repurchases.

Management Report on Fund Performance

Past Performance

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

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

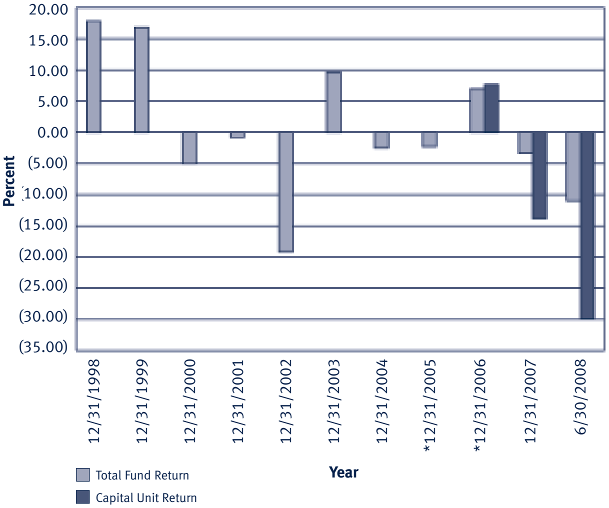
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The bar chart below illustrates how the Fund's total return for each of the past ten years including the six month period ended June 30, 2008, has varied from period to period. 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, or June 30, 2008 for the six months then ended.

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.

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, C. Edward Medland, and Michael M. Koerner.

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 semi-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 semi-annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2007.

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

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

John P. Mulvihill
Director
Mulvihill Fund Services Inc.

Sheila S. Szela
Director
Mulvihill Fund Services Inc.

August 2008

Financial Statements

Statements of Net Assets

June 30, 2008 (Unaudited) and December 31, 2007 (Audited)

	2008	2007
ASSETS		
Investments at fair value (cost - $57,550,084; 2007 - $69,408,845)	**$ 47,828,595**	$ 66,074,075
Short-term investments at fair value (cost - $10,758,291; 2007 - $11,310,747)	**10,758,291**	11,311,085
Cash	**4,014**	2,291
Dividends receivable	**214,011**	261,302
Interest receivable	**43,312**	44,949
Due from brokers - investments	**824,974**	–
TOTAL ASSETS	**59,673,197**	**77,693,702**
LIABILITIES		
Preferred securities	**39,800,975**	39,800,975
Accrued liabilities	**82,363**	141,186
Redemptions payable	**–**	8,173,743
TOTAL LIABILITIES	**39,883,338**	**48,115,904**
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	**$ 19,789,859**	**$ 29,577,798**
Number of Units Outstanding	**3,184,078**	**3,184,078**
Net Assets per Capital Unit	**$ 6.2153**	**$ 9.2893**
Preferred Security Repayment Price	**$ 12.5000**	**$ 12.5000**
Combined Value	**$ 18.7153**	**$ 21.7893**

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2008	2007
REVENUE		
Dividends	$ 1,022,025	$ 1,182,736
Interest, net of foreign exchange	159,074	118,040
TOTAL REVENUE	1,181,099	1,300,776
EXPENSES		
Management fees	351,675	468,996
Service fees	43,151	80,121
Administrative and other expenses	69,358	76,066
Transaction fees	20,482	41,400
Custodian fees	16,690	20,435
Audit fees	–	29,497
Advisory board fees	9,734	10,363
Independent review committee fees	2,002	–
Legal fees	5,623	10,575
Unitholder reporting costs	18,145	16,928
Goods and services tax	23,901	36,004
TOTAL EXPENSES	560,761	790,385
Net Investment Income	620,338	510,391
Net gain (loss) on sale of investments	(2,545,796)	4,033,728
Net gain (loss) on sale of derivatives	709,267	(538,337)
Net change in unrealized appreciation/ depreciation of investments	(6,387,057)	(2,837,750)
Net Gain (Loss) on Sale of Investments	(8,223,586)	657,641
Preferred Security Interest	(1,243,764)	(1,390,054)
NET DECREASE IN NET ASSETS FROM OPERATIONS	$ (8,847,012)	$ (222,022)
NET DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 3,184,078; 2007 - 3,558,584)	$ (2.7785)	$ (0.0624)

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2008	2007
NET ASSETS, BEGINNING OF PERIOD	$ 29,577,798	$ 41,588,658
Transition Adjustment - New Accounting Standards	–	(62,429)
Net Decrease in Net Assets from Operations	(8,847,012)	(222,022)
Distributions to Unitholders		
Non-taxable distributions	(940,927)	(1,606,025)
Changes in Net Assets during the Period	(9,787,939)	(1,890,476)
NET ASSETS, END OF PERIOD	$ 19,789,859	$ 39,698,182
Net Assets per Capital Unit	$ 6.2153	$ 11.1556

Statements of Cash Flows

For the six months ended June 30 (Unaudited)

	2008	2007
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	**$ 11,313,376**	$ 13,775,340
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income	**620,338**	510,391
Adjustments to Reconcile Increase/ Decrease in Net Assets from Operations to Net Cash Provided by (Used in) Operating Activities		
Purchase of investment securities	**(7,815,631)**	(46,573,965)
Proceeds from disposition of investment securities	**17,837,863**	59,901,956
Increase in dividends receivable, interest receivable and due from brokers - investments	**(776,046)**	(937,289)
Decrease in accrued liabilities	**(58,823)**	(26,767)
Net change in unrealized appreciation of cash and short-term investments	**(338)**	–
	9,187,025	12,363,935
Cash Flows Provided by (Used In) Financing Activities		
Capital unitholder redemptions	**(3,492,418)**	(9,500,532)
Preferred security redemptions	**(4,681,325)**	(10,161,538)
Distributions to capital unitholders	**(940,927)**	(1,606,025)
Interest to preferred security holders	**(1,243,764)**	(1,390,054)
	(10,358,434)	**(22,658,149)**
Net Decrease in Cash and Short-Term Investments During the Period	**(551,071)**	**(9,783,823)**
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	**$ 10,762,305**	**$ 3,991,517**
Cash and Short-Term Investments comprise of:		
Cash	**$ 4,014**	$ 4,772
Short-Term Investments	**10,758,291**	3,986,745
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	**$ 10,762,305**	**$ 3,991,517**

Financial Statements

Statement of Investments

June 30, 2008 (Unaudited)

	Par Value/ Number of Shares/ Number of Contracts	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, 2.69% - July 10, 2008	160,000	$ 158,528	$ **158,528**	
Government of Canada, 2.33% - July 24, 2008	4,505,000	4,468,039	**4,468,039**	
Government of Canada, 2.64% - August 7, 2008	1,305,000	1,296,282	**1,296,282**	
Government of Canada, 2.68% - September 18, 2008	4,730,000	4,696,524	**4,696,524**	
Government of Canada, 2.56% - October 16, 2008	140,000	138,918	**138,918**	
Total Treasury Bills		$ 10,758,291	$ 10,758,291	99.6%
Accrued Interest			43,312	0.4%
TOTAL SHORT-TERM INVESTMENTS		$ 10,758,291	$ 10,801,603	100.0%
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	93,000	$ 5,985,697	$ **3,943,200**	
Canadian Imperial Bank of Commerce	64,400	5,984,985	**3,601,248**	
Great-West Lifeco Inc.	178,600	6,219,932	**5,204,404**	
Industrial Alliance Insurance and Financial Services Inc.	145,500	5,378,054	**4,983,375**	
Manulife Financial Corporation	147,175	5,725,228	**5,211,467**	
National Bank of Canada	98,700	6,032,501	**4,980,402**	
Royal Bank of Canada	106,400	5,587,494	**4,839,072**	
Sun Life Financial Inc.	110,500	5,603,442	**4,613,375**	
The Bank of Nova Scotia	110,100	5,575,401	**5,138,367**	
The Toronto-Dominion Bank	80,000	5,572,312	**5,125,600**	
Total Financials		57,665,046	47,640,510	99.6%
Total Canadian Common Shares		$ 57,665,046	$ 47,640,510	99.6%
OPTIONS				
Purchased Put Options (100 shares per contract)				
Bank of Montreal - September 2008 @ $44	98	$ 21,952	$ **30,404**	
Canadian Imperial Bank of Commerce - September 2008 @ $61	64	20,128	**41,265**	
National Bank of Canada - September 2008 @ $52	103	22,351	**33,009**	
Royal Bank of Canada - September 2008 @ $47	115	22,770	**30,626**	
The Bank of Nova Scotia - September 2008 @ $49	114	21,489	**40,121**	
The Toronto-Dominion Bank - September 2008 @ $65	84	21,588	**26,782**	
Total Purchased Put Options		130,278	202,207	0.4%

Statement of Investments (continued)

June 30, 2008 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS (continued)				
Written Covered Call Options (100 shares per contract)				
Bank of Montreal - July 2008 @ $45	(164)	(22,714)	**(3,732)**	
Bank of Montreal - July 2008 @ $51	(164)	(23,288)	**–**	
Canadian Imperial Bank of Commerce - July 2008 @ $65	(193)	(23,643)	**(2)**	
Great-West Lifeco Inc. - July 2008 @ $33	(357)	(21,420)	**–**	
Manulife Financial Corporation - July 2008 @ $38	(368)	(27,416)	**(639)**	
National Bank of Canada - July 2008 @ $55	(413)	(35,931)	**(4,240)**	
Royal Bank of Canada - July 2008 @ $51	(303)	(29,434)	**(1,570)**	
The Bank of Nova Scotia - July 2008 @ $49	(322)	(20,769)	**(2,783)**	
The Bank of Nova Scotia - July 2008 @ $52	(60)	(4,650)	**(195)**	
The Toronto-Dominion Bank - July 2008 @ $71	(185)	(24,221)	**(961)**	
Total Written Covered Call Options		**(233,486)**	**(14,122)**	**0.0%**
TOTAL OPTIONS		**$ (103,208)**	**$ 188,085**	**0.4%**
Adjustment for transaction fees		**$ (11,754)**		
TOTAL INVESTMENTS		**$ 57,550,084**	**$ 47,828,595**	**100.0%**

Notes to Financial Statements

June 30, 2008

1. Basis of Presentation

The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2007.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2007, with the exception of Note 2 below.

2. Summary of Significant Accounting Policies

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 replace 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. 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.

3. Net Asset Value and Net Assets

For financial statement reporting purposes, the Fund applies Canadian generally accepted accounting principles requiring the Fund to value its securities using bid price. However, pursuant to a temporary exemption provided by the Canadian securities regulatory authorities, the Fund can calculate its net asset value using last sale price.

The difference between the net asset value for pricing purposes and the net assets reflected in the financial statements is as follows:

	2008	2007
Net Asset Value (for pricing purposes)	**$ 18.76**	$ 23.69
Difference	**(0.04)**	(0.03)
Net Assets (for financial statement purposes)	**$ 18.72**	$ 23.66

4. Financial Instruments and Risk Management

The Fund’s financial instruments consist of cash, investments 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, short-term investments credit rating 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 or currency 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 Portfolio consists only of securities of banks and life insurance companies. Net Asset Value ("NAV") 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 80 percent of the Fund's net assets held at June 30, 2008 were publicly traded securities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2008, the net assets of the Fund would have increased or decreased by $4.8M respectively or 8.0 percent of the net assets, 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.

All securities present a risk of loss of capital. The Manager moderates this risk by taking a long-term perspective and utilizing an option writing program. The maximum risk resulting from financial instruments is determined by the market value of financial instruments.

Notes to Financial Statements

June 30, 2008

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. Effective durations, a commonly used measure of interest rate risk, incorporates a security's yield, coupon, final maturity, call features and other embedded options into one number expressed in years that indicates how price-sensitive a security or portfolio of securities is to changes in interest rates. The effective duration of a security or portfolio of securities indicates the approximate percentage change in fair value expected for a one percent change in interest rates. The longer the duration, the more sensitive the security or portfolio is to changes in interest rates. The Fund has minimal sensitivity to change in rates since they are usually held to maturity and short-term in nature.

Short-Term Investments Credit Rating

The following are credit ratings for short-term investments held by the Fund as at June 30, 2008:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Treasury Bills	AAA	100.0%
Total		**100.0%**

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

Credit Risk

In purchasing call or put options, 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 credit ratings for the counterparties to derivative instruments the Fund deals with during the period, based on Standard & Poor's credit rating as of June 30, 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.	AA-	A-1+
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

5. Normal Course Issuer Bid

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 314,727 (2007 - 352,178) Preferred Securities, 10 percent of its public float as determined in accordance with the rules of the Exchange. The purchases would be made in the open market through facilities of the 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 June 30, 2008, no 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: 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

6. Future Accounting Policy Changes

At June 30, 2008 the Manager has developed 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 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional notes disclosures in the financial statements of the Fund.

Hybrid Income Funds Managed by Mulvihill Structured Products

Mulvihill Platinum

Mulvihill *Government Strip Bond Fund*
Mulvihill Pro-AMS *U.S. Fund*
Mulvihill Pro-AMS *100 Plus (Cdn $) Fund*
Mulvihill Pro-AMS *100 Plus (U.S. $) Fund*
Mulvihill Pro-AMS *RSP Split Share Fund*

Mulvihill Premium

Mulvihill *Core Canadian Dividend Fund*
Mulvihill Premium *Canadian Fund*
Mulvihill Premium *60 Plus Fund*
Mulvihill Premium *Canadian Bank Fund*
Mulvihill Premium *Global Plus 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*

Mutual Funds Managed by Mulvihill Capital Management

Mulvihill Canadian *Money Market Fund*
Mulvihill Canadian *Bond Fund*
Mulvihill Global *Equity Fund*
Mulvihill *Total Return Fund*

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Mulvihill

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