



Hybrid Income Funds



Semi-Annual Report 2007

*Mulvihill Top 10 Split Fund*



**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, 2007 of Mulvihill Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the “Fund”). The June 30, 2007 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](http://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.

## Mulvihill Top 10 Split Fund

### Management Report on Fund Performance

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

#### Asset Mix

June 30, 2007

	% of Net Asset Value*
Financials	94%
Cash and Short-Term Investments	5%
Other Assets (Liabilities)	1%
	100%

\*The Net Asset Value excludes the Preferred Security liability.

#### Portfolio Holdings

June 30, 2007

	% of Net Asset Value*
Royal Bank of Canada	10%
The Toronto-Dominion Bank	10%
Sun Life Financial Inc.	10%
Canadian Imperial Bank of Commerce	10%
Manulife Financial Corporation	10%
The Bank of Nova Scotia	9%
Bank of Montreal	9%
Great-West Lifeco Inc.	9%
National Bank of Canada	9%
Industrial Alliance Insurance and Financial Services Inc.	8%
Cash and Short-Term Investments	5%
	99%

\*The Net Asset Value excludes the Preferred Security liability.

### Management Report on Fund Performance

#### Results of Operations

For the semi-annual period ended June 30, 2007, the net asset value for pricing purposes of the Fund totalled \$84.3 million, or \$23.69 per unit after payment of distributions to Capital Unitholders and payment of interest to Preferred Securityholders compared to \$24.19 on December 31, 2006. The Fund's Preferred Securities, listed on the Toronto Stock Exchange as TXT.PR.A, closed on June 29, 2007, at \$12.75. The Fund's Capital Units, listed on the Toronto Stock Exchange as TXT.UN, closed on June 29, 2007, at \$9.66 per Capital Unit. Each Unit consists of one Preferred Security and one Capital Unit together.

Interest payments amounting to \$0.39062 per Preferred Security were made to the Preferred Security holders during the period while Capital Unitholders received distributions totalling \$0.45131 per capital unit.

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

The S&P/TSX Financials Index increased 3.4 percent during the period underperforming the broader S&P/TSX Composite Index that gained 9.1 percent. The equal weighted total return of the 10 different financial services equities that make up the Fund was 2.7 percent. Very uneven performances from the 10 different financial services equities produced this result with 8 of the 10 posting positive total returns during the period. Industrial Alliance Insurance and Financial Services Inc. led the group with a total return of 10.3 percent, while the National Bank of Canada lagged the group with a total return of negative 5.1 percent.

The return for the Fund during the period, including reinvestment of distributions, was 1.4 percent. This return is reflective of the underweight position in Industrial Alliance Insurance and Financial Services Inc. which was the top performing stock in the universe as well as the cost of the protective put options purchased in a positive market environment for the underlying financial portfolio. The return is also reflective of the difficult operating environment for the underlying financial portfolio due to increasing interest rates, a flat to inverted yield curve and a strengthening Canadian dollar offset by strong earnings and dividend growth. The six month compound total return for the Capital Units, including reinvestment of distributions, was negative 0.4 percent.

## 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, 2007 is derived from the

	Six months ended June 2007	
DATA PER UNIT		
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$</b>	<b>24.17<sup>(5)</sup></b>
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.37
Total expenses		(0.22)
Realized gains (losses) for the period		0.98
Unrealized gains (losses) for the period		(0.80)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>		<b>0.33</b>
DISTRIBUTIONS / INTEREST		
From investment income - Preferred Security		(0.39)
Non-taxable distributions - Capital Unit		(0.45)
<b>Total Distributions<sup>(3)</sup></b>		<b>(0.84)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$</b>	<b>23.66</b>

(1) Net Assets 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.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), less expenses excluding Preferred 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 outstanding during the period.

	Six months ended June 2007	
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value, excluding Preferred Security liability <sup>(6)</sup>	<b>\$</b>	<b>84.29</b>
Net Asset Value (\$millions) <sup>(6)</sup>	<b>\$</b>	<b>39.81</b>
Number of units outstanding		<b>3,558,584</b>
Management expense ratio <sup>(1)</sup>		<b>1.74%<sup>(5)</sup></b>
Portfolio turnover rate <sup>(2)</sup>		<b>57.42%</b>
Trading expense ratio <sup>(3)</sup>		<b>0.10%<sup>(5)</sup></b>
Net Asset Value, per Unit	<b>\$</b>	<b>23.69</b>
Closing market price – Capital Unit <sup>(4)</sup>	<b>\$</b>	<b>9.66</b>
Closing market price – Preferred Security <sup>(4)</sup>	<b>\$</b>	<b>12.75</b>

(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 annualized management expense ratio for 2007 including the Preferred Security interest is 4.90%.

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

Management Report on Fund Performance

Fund's unaudited semi-annual financial statements.

For June 30, 2007, the Net Assets included in the Data 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 (see Notes 2 and 3 to the Financial Statements).

Years ended December 31					
	2006	2005 <sup>(4)</sup>	2004	2003	2002
\$	24.21 <sup>(4)</sup>	\$ 12.34	\$ 14.27	\$ 14.38	\$ 19.67
	0.75	0.21	(0.15)	0.02	0.25
	(0.38)	(0.75)	(0.27)	(0.28)	(0.32)
	0.17	(3.72)	(0.15)	(0.84)	(2.22)
	1.12	3.68	0.24	2.32	(1.44)
	<b>1.66</b>	<b>(0.58)</b>	<b>(0.33)</b>	<b>1.22</b>	<b>(3.73)</b>
	(0.78)	(0.06)	–	–	–
	(0.84)	(1.90)	(1.60)	(1.40)	(1.60)
	<b>(1.62)</b>	<b>(1.96)</b>	<b>(1.60)</b>	<b>(1.40)</b>	<b>(1.60)</b>
\$	<b>24.19</b>	\$ <b>24.21<sup>(4)</sup></b>	\$ <b>12.34</b>	\$ <b>14.27</b>	\$ <b>14.38</b>

(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 has been adjusted for the Transition Adjustment - New Accounting Standards (see Note 2 to the Financial Statements).

Years ended December 31					
	2006	2005	2004	2003	2002
\$	86.07	\$ 40.19	n/a	n/a	n/a
\$	41.59	\$ 19.44	\$ 98.90	\$ 134.28	\$ 155.88
	3,558,584	1,659,931	8,014,935	9,408,604	10,841,735
	1.67%	2.68%	1.99%	1.98%	1.99%
	111.73%	121.82%	54.70%	65.16%	46.79%
	0.36%	0.33%	0.17%	0.16%	0.17%
\$	24.19	\$ 24.21 <sup>(4)</sup>	\$ 12.34	\$ 14.27	\$ 14.39
\$	10.71	\$ 11.75	\$ 11.71	\$ 13.70	\$ 13.74
\$	13.75	\$ 12.70	n/a	n/a	n/a

(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 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.

## **Mulvihill Top 10 Split Fund**

### **Management Report on Fund Performance**

#### **Management Fees**

Mulvihill Capital Management (“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 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 strong fundamentals and profitability with strong capital positions, high return on equity and low balance sheet risk.

The Canadian banks produced better than expected second quarter earnings growth of 17 percent year-over-year while the Canadian life insurance companies produced first quarter earnings growth of 14 percent year-over-year. The high dividend yield on these companies relative to the 10-year Government of Canada bond yield at 4.6 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 very strong with high profitability demonstrated by record return on equity, high asset quality and strong balance sheets providing the ability to make further acquisitions and continue to return some of their excess capital to shareholders in the form of increased dividends and share repurchases.

Management Report on Fund Performance

Past Performance

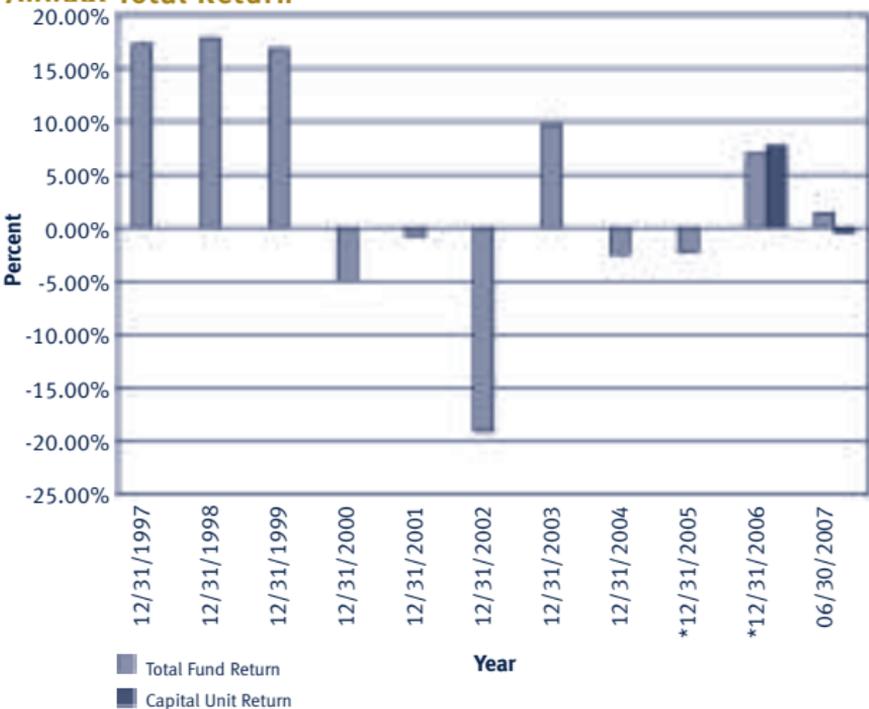
The chart below sets out the Fund’s year-by-year past performance. It is important to note that:

- (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, 2007, has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 1997 would have increased or decreased by the end of that fiscal year, or June 30, 2007 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.

## Mulvihill Top 10 Split Fund

### Management Report on Fund Performance

#### 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.

#### 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 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, 2006.

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 2007

## Mulvihill Top 10 Split Fund

### Financial Statements

#### Statements of Net Assets

June 30, 2007 (Unaudited) and December 31, 2006 (Audited)

	2007	2006
<b>ASSETS</b>		
Investments at fair value (cost - \$77,459,428; 2006 - \$87,304,581)	<b>\$ 79,074,382</b>	\$ 91,804,722
Short-term investments (cost - \$3,986,745; 2006 - \$13,771,898)	<b>3,986,745</b>	13,771,898
Cash	<b>4,772</b>	3,442
Dividends receivable	<b>258,595</b>	271,936
Interest receivable	<b>15,574</b>	35,168
Due from brokers - investments	<b>970,224</b>	—
<b>TOTAL ASSETS</b>	<b>84,310,292</b>	<b>105,887,166</b>
<b>LIABILITIES</b>		
Preferred securities	<b>44,482,300</b>	44,482,300
Accrued liabilities	<b>129,810</b>	156,577
Redemptions payable	—	19,659,631
<b>TOTAL LIABILITIES</b>	<b>44,612,110</b>	<b>64,298,508</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 39,698,182</b>	<b>\$ 41,588,658</b>
<b>Number of Units Outstanding</b>	<b>3,558,584</b>	<b>3,558,584</b>
<b>Net Assets per Capital Unit</b>	<b>\$ 11.1556</b>	<b>\$ 11.6869</b>
<b>Preferred Security Repayment Price</b>	<b>\$ 12.5000</b>	<b>\$ 12.5000</b>
<b>Combined Value</b>	<b>\$ 23.6556</b>	<b>\$ 24.1869</b>

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2007	2006
<b>REVENUE</b>		
Dividends	\$ 1,182,736	\$ 1,141,397
Interest, net of foreign exchange	118,040	314,024
Withholding taxes	–	565
<b>TOTAL REVENUE</b>	<b>1,300,776</b>	<b>1,455,986</b>
<b>EXPENSES</b>		
Management fees	468,996	500,877
Service fees	80,121	68,773
Administrative and other expenses	76,066	60,955
Transaction fees (Note 2)	41,400	–
Custodian fees	20,435	19,154
Audit fees	29,497	22,015
Advisory board fees	10,363	10,363
Legal fees	10,575	898
Unitholder reporting costs	16,928	26,853
Goods and services tax	36,004	46,138
<b>TOTAL EXPENSES</b>	<b>790,385</b>	<b>756,026</b>
<b>Net Investment Income</b>	<b>510,391</b>	<b>699,960</b>
Net gain on sale of investments	4,033,728	151,998
Net gain (loss) on sale of derivatives	(538,337)	1,286,037
Net change in unrealized appreciation/ depreciation of investments	(2,837,750)	(6,647,875)
<b>Net Gain (Loss) on Sale of Investments</b>	<b>657,641</b>	<b>(5,209,840)</b>
<b>Preferred Security Interest</b>	<b>(1,390,054)</b>	<b>(1,441,601)</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ (222,022)</b>	<b>\$ (5,951,481)</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 3,558,584; 2006 - 3,661,737)	<b>\$ (0.0624)</b>	<b>\$ (1.6253)</b>

## Mulvihill Top 10 Split Fund

### Financial Statements

#### Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2007	2006
NET ASSETS, BEGINNING OF PERIOD	\$ 41,588,658	\$ 19,438,425
Transition Adjustment -		
New Accounting Standards (Note 2)	(62,429)	-
Total Results of Financial Operations	(222,022)	(5,951,481)
Capital Unit Transactions		
Amount exchanged for preferred securities	-	(31,144,700)
Amount paid for units purchased	-	62,714,080
Amount paid for units redeemed	-	(189,956)
	-	31,379,424
Distributions to Unitholders		
Non-taxable distributions	(1,606,025)	(1,537,593)
Changes in Net Assets during the Period	(1,890,476)	23,890,350
NET ASSETS, END OF PERIOD	\$ 39,698,182	\$ 43,328,775
Net Assets per Capital Unit	\$ 11.1556	\$ 9.9116

## Mulvihill Top 10 Split Fund

### Financial Statements

#### Statements of Cash Flows

For the six months ended June 30 (Unaudited)

	2007	2006
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF PERIOD	\$ 13,775,340	\$ 40,591,052
<b>Cash Flows Provided by (Used In) Operating Activities</b>		
Net Investment Income	510,391	699,960
<b>Adjustments to Reconcile Increase/ Decrease in Net Assets from Operations to Net Cash Provided by (Used in) Operating Activities</b>		
Purchase of investment securities	(46,573,965)	(113,314,849)
Proceeds from disposition of investment securities	59,901,956	14,262,862
(Increase)/ decrease in dividends receivable, interest receivable and due from brokers	(937,289)	(668,540)
(Decrease)/increase in accrued liabilities and due to brokers	(26,767)	(126,847)
Net change in unrealized depreciation of cash and short-term investments	-	211
	<b>12,363,935</b>	<b>(99,847,163)</b>
<b>Cash Flows Provided by (Used In) Financing Activities</b>		
Proceeds from issuance of units, net of issue costs	-	31,464,080
Proceeds from preferred securities issued	-	34,000,000
Distributions to capital unitholders	(1,606,025)	(1,537,593)
Interest to preferred securityholders	(1,390,054)	(1,441,601)
Capital unitholder redemptions	(9,500,532)	(84,656)
Preferred security redemptions	(10,161,538)	(105,300)
	<b>(22,658,149)</b>	<b>62,294,930</b>
<b>Net Decrease in Cash and Short-Term Investments During the Period</b>	<b>(9,783,823)</b>	<b>(36,852,273)</b>
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	\$ 3,991,517	\$ 3,738,779

## Mulvihill Top 10 Split Fund

### Financial Statements

#### Statement of Investments

June 30, 2007 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
<b>SHORT-TERM INVESTMENTS</b>				
<b>Treasury Bills</b>				
Government of Canada, 4.15% - August 9, 2007	2,565,000	\$ 2,540,834	\$ 2,540,834	
Government of Canada, 4.30% - September 6, 2007	1,460,000	1,445,911	1,445,911	
<b>Total Treasury Bills</b>		<b>3,986,745</b>	<b>3,986,745</b>	<b>99.6%</b>
<b>Accrued Interest</b>			<b>15,574</b>	<b>0.4%</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$ 3,986,745</b>	<b>\$ 4,002,319</b>	<b>100.0%</b>

#### INVESTMENTS

##### Canadian Common Shares

##### Financials

Bank of Montreal	112,300	\$ 7,834,816	\$ 7,681,320	
Canadian Imperial Bank of Commerce	85,500	8,236,221	8,187,480	
Great-West Lifeco Inc.	220,900	7,280,503	7,632,095	
Industrial Alliance Insurance and Financial Services Inc.	172,100	6,303,696	6,720,505	
Manulife Financial Corporation	204,500	7,903,842	8,132,965	
National Bank of Canada	118,200	7,420,834	7,253,934	
Royal Bank of Canada	151,700	8,098,500	8,589,254	
Sun Life Financial Inc.	165,000	8,377,220	8,375,400	
The Bank of Nova Scotia	152,000	7,696,186	7,885,760	
The Toronto-Dominion Bank	116,000	8,075,780	8,451,760	
<b>Total Financials</b>		<b>77,227,598</b>	<b>78,910,473</b>	<b>99.8%</b>
<b>Total Canadian Common Shares</b>		<b>\$ 77,227,598</b>	<b>\$ 78,910,473</b>	<b>99.8%</b>

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
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#### OPTIONS

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

S&P/TSX Capped Financials Index (iUnits) - August 2007 @ \$53	2,800	\$ 241,680	\$ 141,231	
S&P/TSX Capped Financials Index (iUnits) - September 2007 @ \$53	900	68,400	68,073	
<b>Total Purchased Put Options</b>		<b>310,080</b>	<b>209,304</b>	<b>0.3%</b>

##### Written Covered Call Options (100 shares per contract)

Bank of Montreal - July 2007 @ \$72	(275)	(13,200)	(1,040)	
Great-West Lifeco Inc. - July 2007 @ \$35	(220)	(8,140)	(4,764)	
Industrial Alliance Insurance and Financial Services Inc. - August 2007 @ \$40	(246)	(14,145)	(23,083)	
Manulife Financial Corporation - July 2007 @ \$40	(205)	(8,302)	(5,426)	
Royal Bank of Canada - July 2007 @ \$58	(152)	(7,828)	(7,396)	
The Bank of Nova Scotia - July 2007 @ \$53	(157)	(6,751)	(3,086)	
The Toronto-Dominion Bank - July 2007 @ \$76	(121)	(6,352)	(600)	
<b>Total Written Covered Call Options</b>		<b>(64,718)</b>	<b>(45,395)</b>	<b>(0.1)%</b>
<b>TOTAL OPTIONS</b>		<b>\$ 245,362</b>	<b>\$ 163,909</b>	<b>0.2%</b>
Adjustment for transaction fees		(13,532)		
<b>TOTAL INVESTMENTS</b>		<b>\$ 77,459,428</b>	<b>\$ 79,074,382</b>	<b>100.0%</b>

## **1. Basis of Presentation**

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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, 2006.

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, 2006, with the exception of CICA handbook section 3855 which was adopted beginning January 1, 2007, as discussed below in Note 2.

## **2. New Accounting Standards**

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The Canadian Institute of Chartered Accountants issued new accounting standards relating to Financial Instruments which became effective for the Fund from January 1, 2007. The new standards require 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. These new standards have been adopted prospectively with no restatement of prior periods’ comparative amounts.

As a result of the adoption of these new standards, the Fund recorded a transition adjustment to the opening net assets in the amount of \$62,429 which is reflected in the Statement of Changes in Net Assets. 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.

For financial reporting purposes, the investments have been valued using closing bid prices, and transaction fees have been expensed as incurred and presented as a separate line item in the Statement of Financial Operations for the period ended June 30, 2007. Prior to adoption of CICA handbook section 3855, transaction fees were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on net assets or results of operations as a result of this change in accounting policy for the transaction fees.

## Mulvihill Top 10 Split Fund

### Notes to Financial Statements

June 30, 2007

As a result of regulatory relief received from the Canadian Securities Administrators, on implementation of the new standards, the above changes will not impact the net asset value per unit used to transact units of the Fund which will continue to be based upon securities valued at the last sale price.

#### 3. Net Asset Value and Net Assets

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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 and the net assets reflected in the financial statements is as follows:

	June 30, 2007
Net Asset Value (for pricing purposes)	\$ 23.69
Difference	(0.03)
Net Assets (for financial statement purposes)	\$ 23.66

#### 4. Normal Course Issuer Bid

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Under the terms of the normal course issuer bid renewed in May 2007, the Fund proposes to purchase, if considered advisable, up to a maximum of 352,178 (2006 - 435,299) Capital Units and 352,178 (2006 - 435,299) 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, 2008 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2007, no units 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.

#### 5. Comparative Figures

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

### Hybrid Income Funds

#### Managed by Mulvihill Structured Products

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#### 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 *Premium Global Telecom 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

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

#### Head Office

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Visit our website at [www.mulvihill.com](http://www.mulvihill.com) for additional information on all Mulvihill Hybrid Income Funds.



**Mulvihill**

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*Please contact your broker directly  
for address changes.*