
Mulvihill Canadian Bank Enhanced Yield ETF

Semi-Annual Report 2022



Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Letter to Unitholders

We are pleased to present the 2022 semi-annual report containing the management report of the fund performance and the unaudited financial statements for Mulvihill Canadian Bank Enhanced Yield ETF (the "Fund").

The first half of 2022 was by most measures a historic six months for financial markets. Few asset classes or strategies provided shelter from the dangerous 2022 cocktail that is tighter monetary policy, run-away inflation and slower economic growth. Equities cratered around the globe, with the S&P 500 Index entering bear market territory, down 20 percent. The S&P/TSX Composite Index fared slightly better, declining 9.8 percent, aided by energy and commodity-based sectors. While bear markets are a normal occurrence over the course of an investment cycle, this one has had a different feel for many investors given the corresponding decline in fixed income markets. Viewed historically as a tool to lower volatility and preserve capital in a well-diversified portfolio, fixed income has accomplished neither of these in 2022 as interest rates moved rapidly higher.

The date of inception of the Fund was February 14, 2022. The net asset value of the Fund decreased 21.6 percent from \$10.00 per Unit at February 25, 2022, the first net asset value date, to \$7.83 per Unit at June 30, 2022. The Fund paid cash distributions of \$0.23 per Unit during the period. For a detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

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



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

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

The Fund

The Fund is a mutual fund investment trust that seeks to provide unitholders with long-term capital appreciation through exposure to a portfolio consisting primarily of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Toronto-Dominion Bank and National Bank of Canada (collectively, the Banks) and pay monthly cash distributions.

To accomplish its objectives, the Fund invests substantially all of its assets in common shares of the Banks. Modest leverage of 25 percent enhances the dividend yields of the underlying stocks and provides additional return potential. The Fund will also utilize option strategies to enhance the portfolio income. In addition, the Fund may purchase public investment funds including exchange-traded funds and other Mulvihill Funds that provide exposure to such common shares.

The Fund employs an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the period ended June 30, 2022 of Mulvihill Canadian Bank Enhanced Yield ETF (the “Fund”). The unaudited semi-annual condensed financial statements for the period from inception of the Fund on February 14, 2022 to June 30, 2022 are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@mulvihill.com or by visiting our website at www.mulvihill.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Investment Objectives and Strategies

The Fund seeks to provide unitholders with long-term capital appreciation through exposure to a portfolio consisting primarily of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and The Toronto-Dominion Bank (collectively, the “Banks”) and monthly cash distributions.

To accomplish its objectives, the Fund invests substantially all of its assets in common shares of the Banks. Modest leverage of 25 percent enhances the dividend yields of the underlying stocks and provides additional return potential. The Fund will also utilize option strategies to enhance the portfolio income. In addition, the Fund may purchase public investment funds including exchange-traded funds and other Mulvihill Funds that provide exposure to such common shares.

The Fund employs an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

Leverage

The Fund is an “alternative mutual fund”, as defined in National Instrument 81-102 – Investment Funds (“NI 81-102”), and is therefore permitted to lever its assets per the restrictions outlined in NI 81-102. The Fund measures leverage in terms of the total underlying notional value of the securities as a ratio of the total assets held. Although NI 81-102 allows the use of leverage of up to three times net asset value (“NAV”), the maximum aggregate exposure of the Fund to cash borrowing, short selling and specified derivatives will not exceed approximately one and one quarter times NAV. In order to ensure that a unitholder’s risk is limited to the capital invested, the Fund’s leverage is rebalanced in certain circumstances and when the leverage breaches certain bands.

Risk

Risks associated with an investment in Units of the Fund are discussed in the Fund’s Prospectus, which is available on the Fund’s website at www.mulvihill.com or on SEDAR at www.sedar.com. There were no changes to the Fund over the period that materially affected the risks associated with an investment in Units of the Fund.

Results of Operations

Distributions

For the period ended June 30, 2022, cash distributions of \$0.23 per Unit were paid.

Revenue and Expenses

The Fund’s total revenue was \$0.16 per Unit and total expenses were \$0.07 per Unit for the period ended June 30, 2022. The Fund’s realized and unrealized loss was \$2.18 per Unit for the period ended June 30, 2022.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Management Report of Fund Performance

Net Asset Value

The net asset value of the Fund per Unit decreased 21.7 percent from \$10.00 per Unit on February 25, 2022, the first NAV date, to \$7.83 per Unit at June 30, 2022. The aggregate net asset value of the Fund was \$35.2 million at June 30, 2022, reflecting proceeds of \$41.6 million from issuance of Units, a decrease in net assets attributable to holders of Units of \$5.6 million and cash distributions of \$0.8 million during the period.

Recent Developments

On February 28, 2022, Mulvihill Capital Management Inc. (“Mulvihill”) announced that Mulvihill Canadian Bank Enhanced Yield ETF (“CBNK”) closed its initial public offering and its Units began trading on the Toronto Stock Exchange (“TSX”) under the symbol “CBNK”.

Related Party Transactions

Mulvihill Capital Management Inc. (“Mulvihill”), acts as the trustee, manager and portfolio manager of the Fund (the Manager) pursuant to the Declaration of Trust dated February 14, 2022. The Manager has taken the initiative and may be considered to be a promoter of the Mulvihill ETFs. Pursuant to the Declaration of Trust, the Manager is required to provide, or cause to be provided, all necessary or advisable administrative services and facilities including valuation, fund accounting and Unitholder records.

Mulvihill is paid the fees described under the Management Fees section of this report.

During the period, no recommendations or approvals were required to be sought from the Independent Review Committee (“IRC”) concerning related party transactions.

Independent Review Committee

National Instrument 81-107 – Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an 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. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert G. Bertram and R. Peter Gillin.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Management Report of Fund Performance

Financial Highlights

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the period from inception on February 14, 2022 to June 30, 2022. Information for the period is derived from the Fund's unaudited condensed financial statements.

	Period ended June 30, 2022 ⁽⁴⁾
NET ASSETS PER UNIT	
Net Assets, beginning of period⁽¹⁾	\$ 10.00
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.16
Total expenses	(0.07)
Realized gain for the period	0.04
Unrealized loss for the period	(2.22)
Total Decrease from Operations⁽²⁾	(2.09)
DISTRIBUTIONS	
From net investment income	(0.06)
Non-taxable distributions	(0.17)
Total Distributions⁽³⁾	(0.23)
Net Assets, end of period⁽¹⁾	\$ 7.83

(1) All per Unit figures are derived from the Fund's unaudited condensed financial statements for the period ended June 30, 2022. Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities divided by the number of Units then outstanding.

(2) Total decrease from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses, 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.

(3) Distributions to unitholders are based on the number of Units outstanding on the record date for each distribution.

(4) For the period from inception on February 14, 2022 to June 30, 2022.

	Period ended June 30, 2022 ⁽⁷⁾
RATIOS/SUPPLEMENTAL DATA	
Net Asset Value (\$millions)	\$ 35.25
Number of Units outstanding	4,500,000
Management expense ratio ⁽¹⁾	2.21% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	13.89%
Trading expense ratio ⁽³⁾	0.16% ⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$ 7.83
Closing market price	\$ 7.84 ⁽⁶⁾

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions.

(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.

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

(4) Annualized.

(5) Net Asset Value per Unit is the difference between the aggregate value of the assets including the valuation of securities at closing prices and the aggregate value of the liabilities divided by the number of Units then outstanding.

(6) The last date with an executed trade was June 30, 2022.

(7) For the period from inception on February 14, 2022 to June 30, 2022.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Management Report of Fund Performance

Management Fees

Mulvihill, as the Investment Manager and Manager of the Fund, is entitled to a management fee under the Trust Agreement calculated and accrued daily and paid monthly as $\frac{1}{12}$ of 0.65 percent of the net asset value of the Fund at each month end. Services received under the Trust 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, and providing for or arranging for required administrative services to the Fund. Mulvihill 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.

The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

Past Performance

The Fund has been operational for less than one year. No year-by-year returns, annual total return or compound return have been calculated.

Portfolio Manager Report

The first half of 2022 was by most measures a historic six months for financial markets. Few asset classes or strategies provided shelter from the dangerous 2022 cocktail that is tighter monetary policy, run-away inflation and slower economic growth. Equities cratered around the globe, with the S&P 500 Index entering bear market territory, down 20 percent. The S&P/TSX Composite Index fared slightly better, declining 9.8 percent, aided by energy and commodity-based sectors. While bear markets are a normal occurrence over the course of an investment cycle, this one has had a different feel for many investors given the corresponding decline in fixed income markets. Viewed historically as a tool to lower volatility and preserve capital in a well-diversified portfolio, fixed income has accomplished neither of these in 2022 as interest rates moved rapidly higher.

The date of inception of the Fund was February 14, 2022. The net asset value ("NAV") per Unit of the Fund at June 30, 2022 was \$7.83 compared to \$10.00 on the inception date. The Fund's Units, which are listed on the Toronto Stock Exchange as CBNK, last traded at \$7.84. The Fund paid distributions of \$0.23 per Unit during the period from inception to June 30, 2022. The Fund's total return per Unit, including reinvestment of distributions, was negative 19.5 percent.

The Fund maintained its fully invested position throughout the period with an average cash position of 0.7 percent. Volatility for the Canadian Banks trended higher as the share prices of the Banks declined considerably after reaching new highs in February. Due to the leverage employed by the Fund, the call writing activity was consistent throughout the period, with an average of 19.3 percent of the Fund written during the period.

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Management Report of Fund Performance

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.mulvihill.com.

Asset Mix

June 30, 2022

	% OF NET ASSET VALUE
Financials	122.3%
Cash	4.0%
Exchange-Traded Funds	2.7%
Other Assets (Liabilities)	(29.0)%
	100.0%

Portfolio Holdings

June 30, 2022

	% OF NET ASSET VALUE
Bank of Montreal	21.4%
Royal Bank of Canada	21.3%
National Bank of Canada	20.9%
The Toronto-Dominion Bank	20.4%
Canadian Imperial Bank of Commerce	19.4%
The Bank of Nova Scotia	18.9%
Cash	4.0%
Premium Income Corporation – Class A Shares	2.7%

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.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Management's Responsibility for Financial Reporting

The accompanying condensed financial statements of Mulvihill Canadian Bank Enhanced Yield ETF (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Capital Management Inc. (the "Manager") and have been approved by the Board of Directors of the Manager (the "Board").

The financial statements have been prepared by management in accordance with International Financial Reporting Standards 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 condensed 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 the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting matters, and will meet to review the annual report and financial statements and the independent auditor's report. Deloitte LLP, the Fund's independent auditor, has full and unrestricted access to the Board.



John P. Mulvihill
Director
Mulvihill Capital Management Inc.



John D. Germain
Director
Mulvihill Capital Management Inc.

August 17, 2022

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Notice to Unitholders

The accompanying unaudited Condensed Financial Statements for the period from inception on February 14, 2022 to June 30, 2022 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Condensed Financial Statements

Statement of Financial Position

As at June 30, 2022 (Unaudited)

	Note	June 30 2022
ASSETS		
Financial assets at fair value through profit or loss	5	\$ 44,061,918
Cash		1,409,517
Dividends receivable		166,309
TOTAL ASSETS		45,637,744
LIABILITIES		
Accrued liabilities		86,402
Due to brokers – investments		481,862
Derivative liabilities	5	112,754
Borrowings	6	9,702,586
TOTAL LIABILITIES		10,383,604
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS		\$ 35,254,140
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT		\$ 7.8343

The notes are an integral part of the Condensed Financial Statements.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Condensed Financial Statements

Statement of Comprehensive Income

Period from inception on February 14 to June 30 (Unaudited)

	Note	2022
INCOME		
Dividend income		\$ 437,369
Net realized loss on investments at fair value through profit or loss		(268,649)
Net realized gain on options at fair value through profit or loss		365,796
Net unrealized loss on investments at fair value through profit or loss		(5,969,540)
TOTAL LOSS, NET		(5,435,024)
EXPENSES		
Administrative and other expenses		67,320
Interest expense		31,024
Transaction fees	9	12,673
Custodian fees		24,712
Audit fees		20,000
Independent review committee fees	8	4,416
Legal fees		14,400
Unitholder reporting costs		1,340
Harmonized sales tax		12,789
TOTAL EXPENSES		188,674
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS	10	\$ (5,623,698)
DECREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS PER UNIT	10	\$ (2.0863)

The notes are an integral part of the Condensed Financial Statements.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Condensed Financial Statements

Statement of Changes in Net Assets Attributable to Holders of Units

Period from inception on February 14 to June 30 (Unaudited)

	2022
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, BEGINNING OF PERIOD	\$ -
Decrease in Net Assets Attributable to Holders of Units	(5,623,698)
Unit Transactions	
Proceeds from Units issued	41,647,834
Distributions	
From net investment income	(193,217)
Non-taxable distributions	(576,779)
	(769,996)
Changes in Net Assets Attributable to Holders of Units	35,254,140
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS, END OF PERIOD	\$ 35,254,140

Statement of Cash Flows

Period from inception on February 14 to June 30 (Unaudited)

	2022
CASH, BEGINNING OF PERIOD	\$ -
Cash Flows Provided By (Used In) Operating Activities	
Decrease in Net Assets Attributable to Holders of Units	(5,623,698)
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities	
Net realized loss on investments at fair value through profit or loss	268,649
Net realized gain on options at fair value through profit or loss	(365,796)
Net unrealized loss on investments at fair value through profit or loss	5,969,540
Increase in dividends receivable	(166,309)
Increase in due to brokers – investments and accrued liabilities	568,264
Purchase of investment securities	(53,735,439)
Proceeds from disposition of investment securities	3,913,882
	(43,547,209)
Cash Flows Provided By (Used In) Financing Activities	
Proceeds from Units issued	41,647,834
Proceeds from borrowings	9,702,586
Unit distributions	(769,996)
	50,580,424
Net Increase in Cash during the Period	1,409,517
CASH, END OF PERIOD	\$ 1,409,517
Dividends received	\$ 271,060
Interest paid	\$ 20,684

The notes are an integral part of the Condensed Financial Statements.

Mulvihill Canadian Bank Enhanced Yield ETF [CBNK]

Schedule of Investments

As at June 30, 2022 (Unaudited)

	Number of Shares/ (Contracts)	Average Cost/ (Proceeds)	Fair Value	% of Net Assets Attributable to Holders of Units
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	60,930	\$ 8,623,148	\$ 7,541,916	
Canadian Imperial Bank of Commerce	109,260	8,053,200	6,829,843	
National Bank of Canada	87,300	8,267,401	7,374,231	
Royal Bank of Canada	60,132	8,150,854	7,494,852	
The Bank of Nova Scotia	87,408	7,599,638	6,658,741	
The Toronto-Dominion Bank	85,500	8,198,639	7,217,055	
Total Canadian Common Shares		\$ 48,892,880	\$ 43,116,638	122.3%
Exchange-Traded Funds				
Premium Income Corporation – Class A	135,040	\$ 1,137,666	\$ 945,280	2.7%
Options				
Written Covered Call Options (100 shares per contract)				
Bank of Montreal – July 2022 @ \$126	(59)	\$ (10,620)	\$ (9,706)	
Bank of Montreal – July 2022 @ \$126	(58)	(10,730)	(12,325)	
Canadian Imperial Bank of Commerce – July 2022 @ \$64	(166)	(10,224)	(10,043)	
Canadian Imperial Bank of Commerce – July 2022 @ \$66	(45)	(3,690)	(675)	
National Bank of Canada – July 2022 @ \$86	(84)	(7,140)	(8,106)	
National Bank of Canada – July 2022 @ \$87	(84)	(9,828)	(7,644)	
Royal Bank of Canada – July 2022 @ \$130	(72)	(9,025)	(2,412)	
The Bank of Nova Scotia – July 2022 @ \$77	(90)	(7,560)	(5,175)	
The Toronto-Dominion Bank – July 2022 @ \$86	(82)	(5,670)	(4,879)	
The Toronto-Dominion Bank – July 2022 @ \$86	(83)	(8,964)	(6,806)	
Total Written Covered Call Options		(83,451)	(67,771)	(0.2)%
Written Covered Put Options (100 shares per contract)				
Royal Bank of Canada – July 2022 @ \$125	(79)	\$ (6,374)	\$ (38,907)	
The Bank of Nova Scotia – July 2022 @ \$80	(28)	(18,486)	(6,076)	
Total Written Covered Put Options		(24,860)	(44,983)	(0.1)%
Total Options		\$ (108,311)	\$ (112,754)	(0.3)%
Adjustment for transaction fees		(3,530)		
TOTAL INVESTMENTS		\$ 49,918,705	\$ 43,949,164	124.7%
OTHER NET LIABILITIES			(8,695,024)	(24.7)%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF UNITS		\$ 35,254,140		100.0%

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Notes to the Condensed Financial Statements

June 30, 2022 (Unaudited)

1. Fund Information

Mulvihill Canadian Bank Enhanced Yield ETF (the “Fund”) is an investment trust established under the laws of the Province of Ontario on February 14, 2022. The address of the Fund’s registered office is 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9. Mulvihill Capital Management Inc. (“Mulvihill”) is the trustee and manager of the Fund. RBC Investor Services Trust is the Custodian of the Fund.

The Fund seeks to provide unitholders with long-term capital appreciation through exposure to a portfolio consisting primarily of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Toronto-Dominion Bank and National Bank of Canada (collectively, the “Banks”) and pay monthly cash distributions. The Units are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbol CBNK.

To accomplish its objectives, the Fund invests substantially all of its assets in common shares of the Banks. Modest leverage of 25 percent enhances the dividend yields of the underlying stocks and provides additional return potential. The Fund will also utilize option strategies to enhance the portfolio income. In addition, the Fund may purchase public investment funds including exchange-traded funds and other Mulvihill Funds that provide exposure to such common shares.

The Fund employs an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

These condensed financial statements were approved by the Board of Directors of the Manager on August 17, 2022.

2. Basis of Presentation

These condensed financial statements have been prepared in compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

3. Summary of Significant Accounting Policies

Functional and Presentation Currency

Items included in the condensed financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). The Manager has determined that the functional currency is Canadian dollars. The condensed financial statements are presented in Canadian dollars.

Financial Instruments

IFRS 9: Financial Instruments (“IFRS 9”) requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit or loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

The Fund recognizes financial instruments at fair value upon initial recognition. Purchases and sales of financial assets are recognized at their trade date. The Fund’s investments are classified at fair value through profit or loss (“FVTPL”). The Fund’s obligation for net assets attributable to holders of Units is presented at the redemption amount as of the date of the statement of financial position. All other

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Notes to the Condensed Financial Statements

June 30, 2022 (Unaudited)

financial assets and liabilities are measured at amortized cost. The Fund's accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with unitholders.

Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss

Classification

Financial Assets

The Fund classifies its investments in equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income ("FVOCI") has not been taken.

Consequently, these financial assets are mandatorily measured at FVTPL.

Held for Trading

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and liabilities measured at amortized cost may include cash, dividends receivable, due from brokers – investments, due to brokers – investments, accrued liabilities, accrued management fees, redemptions payable, borrowings and the Fund's obligation for net assets attributable to holders of Units.

IFRS 9 requires the expected credit loss model ("ECL") as the impairment model for financial assets carried at amortized cost. At each reporting date, the Fund measures the loss allowance on cash held, amounts due from broker, accrued income and other short-term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price as its valuation input for financial assets and liabilities if the last traded price falls within the bid-ask spread. In other circumstances where the last

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Notes to the Condensed Financial Statements

June 30, 2022 (Unaudited)

traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value for financial reporting purposes.

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Net realized gain/(loss) on investments at fair value through profit or loss and net change in unrealized gain/(loss) on investments at fair value through profit or loss are determined on an average cost basis. Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss.

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 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 net change in unrealized gain/(loss) on investments at fair value through profit or loss. The 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.

Fund Units

IAS 32, Financial Instruments: Presentation (“IAS 32”) requires that the Fund Units (which are puttable instruments) be classified as financial liabilities.

Increase/(Decrease) in Net Assets Attributable to Holders of Units per Unit

The increase/(decrease) in net assets attributable to holders of Units per Unit is calculated by dividing the increase/(decrease) in net assets attributable to holders of Units by the weighted average number of Units outstanding during the period.

Taxation

The Fund is a “mutual fund trust” as defined in the Income Tax Act (Canada) (the “Act”). The Fund is subject to tax under Part I of the Act on the amount of its income for the year, including net realized

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taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the period. 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 non-refundable income tax.

4. Critical Accounting Estimates and Judgements

The preparation of financial statements requires the Manager to use judgment in applying accounting policies and to make estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the condensed financial statements.

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation models and techniques generally recognized as standard within the investment industry. These valuation methods use observable data wherever possible. Observable market data are readily available and supplied by independent sources actively involved in the relevant market. However, areas such as credit risk (both own and counterparty) and its correlations require the Manager to make estimates. Significant changes in assumptions about these factors could adversely affect the reported fair values of financial instruments.

5. Risks Associated with Financial Instruments

The Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which the Fund invests. These risks include credit risk, liquidity risk, market risk (including interest rate risk and price risk), concentration risk and capital risk management.

Credit Risk

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 Fund measures credit risk and lifetime ECLs relating to receivables using historical analysis and forward-looking information.

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed 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. During the period ended June 30, 2022, the counterparties to the Fund's derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor's Ratings Services.

The Fund's derivative instruments are subject to offsetting, enforceable netting arrangements and similar agreements. The Fund and its counterparty have elected to settle all transactions on a gross basis; however, each party has the option to settle all open contracts on a net basis in the event of default of the other party. All outstanding derivatives have been presented on a gross basis on the Statement of Financial Position as derivative assets or derivative liabilities, as they do not meet the criteria for offsetting in IAS 32 paragraph 42.

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Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. The Fund used margin borrowings during the period ending June 30, 2022. The minimum and maximum margin borrowings during the period were nil and \$9,702,586. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due.

Cash is required to fund redemptions. The Fund has a maximum of three business days to generate sufficient cash to fund redemptions.

The amounts in the table are the contractual undiscounted cash flows:

	As at June 30, 2022			
	Financial Liabilities			
	On Demand	< 3 months		Total
Due to brokers – investments	\$ –	\$ 481,862	\$ 481,862	
Derivative liabilities	–	112,754	112,754	
Accrued liabilities	–	86,402	86,402	
Borrowings	9,702,586	–	9,702,586	
Units	35,254,140	–	35,254,140	
	\$ 44,956,726	\$ 681,018	\$ 45,637,744	

Market Risk

(a) Price Risk

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 price risk arises from its investments in equity securities. Net assets per Unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the companies in the financial services industry.

The Fund's price risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options. Approximately 125 percent of the Fund's net assets attributable to holders of Units held at June 30, 2022 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at June 30, 2022, the net assets attributable to holders of Units would have increased or decreased by \$2.2 million or 6.3 percent of the net assets attributable to holders of Units, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

The Manager believes that a portfolio that is subject to covered call option writing or purchased put options should provide a degree of protection against falling share prices in a downward trending market.

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the net assets attributable to holders of Units. The Fund is exposed to this risk due to its borrowings and manages the risk by monitoring interest rates and returns.

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Concentration Risk

Concentration risk arises as a result of the concentration of exposures with the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	June 30, 2022
Financials	97.8%
Exchange-Traded Funds	2.2%
	100.0%

Fair Value Measurement

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs, other than quoted prices in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3: Inputs that are based on unobservable market data.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at June 30, 2022.

	As at June 30, 2022				Total
	Level 1	Level 2	Level 3		
Canadian Common Shares	\$ 43,116,638	\$ –	\$ –	\$ 43,116,638	
Exchange-Traded Funds	945,280	–	–	945,280	
Options	(112,754)	–	–	(112,754)	
	\$ 43,949,164	\$ –	\$ –	\$ 43,949,164	

The carrying values of cash, dividends receivable, due to brokers – investments, accrued liabilities, borrowings and the Fund's obligation for net assets attributable to holders of Units approximate their fair values due to their short-term nature.

(a) Equities

The Fund's equity positions are classified as Level 1 as equity securities are actively traded and a reliable quoted price is observable.

(b) Derivative Liabilities

Derivative liabilities consist of option contracts. Listed options are classified as Level 1 as the security is traded in a recognized exchange and a reliable price is observable.

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There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the period ended June 30, 2022.

6. Borrowings

The Fund is an “alternative mutual fund”, as defined in National Instrument 81-102 – Investment Funds (“NI 81-102”), and is therefore permitted to lever its assets per the restrictions outlined in NI 81-102. The Fund measures leverage in terms of the total underlying notional value of the securities as a ratio of the total assets held. Although NI 81-102 allows the use leverage of up to three times net asset value (“NAV”), the maximum aggregate exposure of the Fund to cash borrowing, short selling and specified derivatives will not exceed approximately one and one quarter times NAV. In order to ensure that a unitholder’s risk is limited to the capital invested, the Fund’s leverage is rebalanced in certain circumstances and when the leverage breaches certain bands.

7. Units

The Fund is authorized to issue an unlimited number of Units, each of which represents an undivided interest in the net assets of the Fund.

Units are redeemable for cash equal to the lesser of: 95 percent of the market price of Units on the TSX on the effective date and the NAV per Unit on the redemption effective date. Distributions are made to unitholders in the Manager’s sole discretion and are intended to equal, on an annual basis, the total of the Fund’s income and realized capital gains to ensure that the Fund will not be liable for income tax.

During the period ended June 30, 2022, 4,500,000 Units were issued for proceeds of \$41,647,834.

During the period ended June 30, 2022, cash distributions paid to unitholders were \$769,996, representing a payment of \$0.23 per Unit.

8. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

(a) Management Fees

Mulvihill, as Manager under the terms of the Management Agreement and as Investment Manager under the terms of the Investment Management Agreement, receives a management fee payable at an annual rate of 0.65 percent of the Fund’s net asset value, calculated monthly, plus applicable taxes. The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the Manager in the ordinary course of business relating to the Fund’s operations. The Manager has waived management fees until assets under management reach a discretionary threshold.

(b) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the period ended June 30, 2022 was \$4,416.

(c) Investment in other Mulvihill Funds

The Fund may invest in units of other funds managed by the Manager. The Fund’s ownership interest in Premium Income Corporation – Class A was 1.0 percent as at June 30, 2022.

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9. Brokerage Commissions and Soft Dollars

The Manager may select brokerages who charge a commission in soft dollars if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received as a percentage of total transaction fees paid for the period ended June 30, 2022 is disclosed below:

	June 30, 2022
Soft Dollars	\$ 639
Percentage of Total Transaction Fees	5.0%

10. Decrease in Net Assets Attributable to Holders of Units

The decrease in net assets attributable to holders of Units per Unit for the period ended June 30, 2022 is calculated as follows:

	June 30, 2022
Decrease in Net Assets Attributable to Holders of Units	\$ (5,623,698)
Weighted Average Number of Units Outstanding during the Period	2,695,528
Decrease in Net Assets Attributable to Holders of Units per Unit	\$ (2.0863)

**Investment Funds Managed by
Mulvihill Capital Management Inc.**

EXCHANGE-TRADED FUNDS

Mulvihill Canadian Bank Enhanced Yield ETF (CBNK)

MUTUAL FUNDS

Mulvihill Premium Yield Fund

SPLIT SHARES

Premium Income Corporation (PIC.PR.A, PIC.A)

S Split Corp. (SBN.PR.A, SBN)

Top 10 Split Trust (TXT.PR.A, TXT.UN)

World Financial Split Corp. (WFS.PR.A, WFS)

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