



Hybrid Income Funds



Semi-Annual Report 2007

***Mulvihill Premium Canadian Fund***

First Premium Income Trust



**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 First Premium Income Trust, which operates as Mulvihill Premium Canadian Fund (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 Premium Canadian 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	33 %
Energy	31 %
Materials	12 %
Consumer Discretionary	8 %
Telecommunication Services	8 %
Cash and Short-Term Investments	7 %
Industrials	4 %
Information Technology	3 %
Consumer Staples	2 %
Other Assets (Liabilities)	(8)%
	100 %

#### Top 25 Holdings

June 30, 2007

	% of Net Asset Value
Cash and Short-Term Investments	7 %
EnCana Corporation	7 %
Manulife Financial Corporation	7 %
Royal Bank of Canada	6 %
The Toronto-Dominion Bank	6 %
Suncor Energy, Inc.	6 %
Canadian Imperial Bank of Commerce	5 %
Imperial Oil Ltd.	5 %
The Bank of Nova Scotia	5 %
Nexen Inc.	5 %
Shaw Communication Inc.	4 %
Canadian National Railway Company	4 %
Sun Life Financial Inc.	4 %
TELUS Corporation	4 %
Rogers Communications Inc., Class B	4 %
Teck Cominco Ltd. Cl B	4 %
Cameco Corporation	3 %
Thomson Corporation	3 %
Barrick Gold Corp.	3 %
Kinross Gold Corporation	3 %
Goldcorp Inc.	3 %
Cognos Inc.	3 %
Canadian Natural Resources Ltd.	3 %
Shoppers Drug Mart Corporation	2 %
Enbridge Inc.	2 %
	108 %

### Management Report on Fund Performance

#### Results of Operations

The net asset value for pricing purposes of the Fund at June 30, 2007 was \$17.73 per unit compared to \$18.37 per unit at December 31, 2006. The Fund's units, listed on the Toronto Stock Exchange as FPI.UN, closed on June 29, 2007 at \$17.25 per unit.

Distributions totalling \$1.00 per unit were made to the unitholders during the first six months of the fiscal period. We continue to generate distributions using a combination of realized capital gains and option writing programs.

The S&P/TSX Composite Index total return for six months ending June 30, 2007 was 9.0 percent. The majority of this return was due to the telecom sector, which posted excellent results largely due to the bid to take BCE Inc. private. Also contributing positively to the index return was the performance of the industrial, technology and materials sectors all of which had double-digit returns. The six-month return for the Fund in Canadian dollars including reinvestment of distributions was 2.0 percent. The reason for the underperformance of the Fund is its above market exposure to gold stocks within the materials sector and the underperformance of the financial services sector.

# Mulvihill Premium Canadian 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.

	Six months ended June 2007
<b>DATA PER UNIT</b>	
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>\$ 18.36<sup>(4)</sup></b>
<b>INCREASE (DECREASE) FROM OPERATIONS</b>	
Total revenue	0.19
Total expenses	(0.19)
Realized gains (losses) for the period	0.80
Unrealized gains (losses) for the period	(0.45)
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>0.35</b>
<b>DISTRIBUTIONS</b>	
From taxable income	(0.15)
From capital gains	(0.33)
Non-taxable distributions	(0.52)
<b>Total Distributions<sup>(3)</sup></b>	<b>(1.00)</b>
<b>Net Assets, end of period<sup>(1)</sup></b>	<b>\$ 17.71</b>

(1) Net Assets is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities 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 less expenses, and is calculated based on the weighted average number of units outstanding during

	Six months ended June 2007
<b>RATIOS/SUPPLEMENTAL DATA</b>	
Net Asset Value (\$millions) <sup>(5)</sup>	\$ 51.08
Number of units outstanding	2,881,344
Management expense ratio <sup>(1)</sup>	1.96% <sup>(4)</sup>
Portfolio turnover rate <sup>(2)</sup>	63.41%
Trading expense ratio <sup>(3)</sup>	0.14% <sup>(4)</sup>
Net Asset Value, per unit	\$ 17.73
Closing market price	\$ 17.25

(1) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes, but excluding transaction fees charged to the Fund to the average net asset value. Management expense ratio for 2003 includes the special resolution expense. The management expense ratio for 2003 excluding the special resolution expense is 1.46%.

(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.

## Mulvihill Premium Canadian Fund

### Management Report on Fund Performance

Information for the period ended June 30, 2007 is derived from the 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	2004	2003	2002
\$ 19.43	\$ 19.90	\$ 20.31	\$ 18.97	\$ 23.10
0.38 (0.35)	0.37 (0.35)	0.36 (0.36)	0.41 (0.59)	0.45 (0.30)
1.83 (0.99)	1.30 0.03	2.19 (0.61)	0.24 3.27	(0.97) (1.34)
<b>0.87</b>	<b>1.35</b>	<b>1.58</b>	<b>3.33</b>	<b>(2.16)</b>
(0.29)	(0.26)	(0.22)	–	(0.09)
(1.01)	(0.45)	(0.56)	–	–
(0.70)	(1.29)	(1.22)	(2.00)	(1.91)
<b>(2.00)</b>	<b>(2.00)</b>	<b>(2.00)</b>	<b>(2.00)</b>	<b>(2.00)</b>
\$ 18.37	\$ 19.43	\$ 19.90	\$ 20.31	\$ 18.97

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 and were paid in cash.

(4) 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
\$ 61.68	\$ 87.24	\$ 110.21	\$ 122.85	\$ 121.51
3,357,025	4,490,351	5,538,445	6,047,391	6,406,184
1.83%	1.76%	1.79%	3.01%	1.45%
190.12%	234.60%	222.18%	118.96%	90.90%
0.24%	0.26%	0.27%	0.24%	0.18%
\$ 18.37	\$ 19.43	\$ 19.90	\$ 20.31	\$ 18.97
\$ 17.60	\$ 18.60	\$ 19.65	\$ 20.20	\$ 18.45

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

(4) Annualized.

(5) 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 Premium Canadian 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 1.15 percent of the net asset value 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 net asset value 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 market continued to rise during the first half of the year and the rise was fairly broad based with only the healthcare and utility sectors showing a small negative return. The telecom sector was the best performing sector rising 24.8 percent. Private equity interest in BCE Inc. was responsible for the outperformance of the telecom sector. The industrials, technology and materials sectors also had double-digit returns.

Canadian Gross Domestic Product rebounded from its lows in the fourth quarter of last year coming in at an impressive 3.7 percent for the first quarter. World Gross Domestic Product growth has been above trend resulting in strong demand for natural resources. Commodity prices have been fairly buoyant and oil prices remain at elevated levels due to the continued strength in global demand, and supply concerns coming out of key geopolitical areas. We continue to be bullish longer term.

The Fund continues to be positioned with robust exposure to the energy and materials sectors as we see such companies as EnCana Corporation, Suncor Energy, Inc., Imperial Oil Ltd., and Teck Cominco Ltd. Cl B generating solid growth in earnings and cash flow going forward. Also within the materials sectors, we are overweight in gold with exposure to such names as Barrick Gold Corp. and Goldcorp Inc. Other sectors we have exposure to include financial services and industrials with such names as, Manulife Financial Corporation, Royal Bank of Canada, The Toronto-Dominion Bank and Canadian National Railway Company.



## Management Report on Fund Performance

### Past Performance

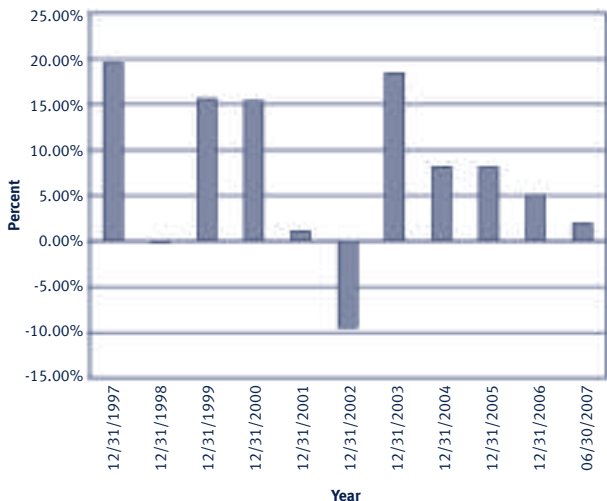
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (1) the information shown assumes that all distributions 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 would have increased or decreased by the end of that fiscal year, or June 30, 2007 for the six months then ended.

### Annual Return



## Mulvihill Premium Canadian 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 June 21, 1996.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated June 21, 1996, 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 First Premium Income Trust (operating as Mulvihill Premium Canadian Fund) (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 Premium Canadian 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 - \$52,678,975; 2006 - \$56,449,241)	<b>\$ 51,663,191</b>	\$ 56,980,998
Short-term investments (cost - \$3,787,576; 2006 - \$4,936,842)	<b>3,787,576</b>	4,936,842
Cash	<b>29,082</b>	5,742
Interest receivable	<b>9,663</b>	10,645
Dividends receivable	<b>111,695</b>	125,235
Due from brokers - investments	<b>3,966,535</b>	–
<b>TOTAL ASSETS</b>	<b>59,567,742</b>	<b>62,059,462</b>
<b>LIABILITIES</b>		
Redemptions payable	<b>8,432,825</b>	245,338
Accrued liabilities	<b>109,713</b>	137,583
<b>TOTAL LIABILITIES</b>	<b>8,542,538</b>	<b>382,921</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 51,025,204</b>	<b>\$ 61,676,541</b>
<b>Number of Units Outstanding</b>	<b>2,881,344</b>	<b>3,357,025</b>
<b>Net Assets per Unit</b>	<b>\$ 17.7088</b>	<b>\$ 18.3724</b>

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2007	2006
<b>REVENUE</b>		
Dividends	\$ 480,361	\$ 570,262
Interest	143,177	208,701
<b>TOTAL REVENUE</b>	<b>623,538</b>	<b>778,963</b>
<b>EXPENSES</b>		
Management fees	378,236	545,509
Service fees	87,117	126,767
Administrative and other expenses	46,676	48,561
Transaction fees (Note 2)	41,995	–
Custodian fees	17,155	23,536
Audit fees	20,193	15,956
Legal fees	5,574	865
Unitholder reporting costs	16,313	19,316
Goods and services tax	27,453	44,755
<b>TOTAL EXPENSES</b>	<b>640,712</b>	<b>825,265</b>
<b>Net Investment Loss</b>	<b>(17,174)</b>	<b>(46,302)</b>
Net gain on sale of investments	3,196,575	4,578,282
Net gain (loss) on sale of derivatives	(512,653)	2,575,459
Net change in unrealized appreciation/ depreciation of investments	(1,502,991)	(5,696,644)
<b>Net Gain on Investments</b>	<b>1,180,931</b>	<b>1,457,097</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ 1,163,757</b>	<b>\$ 1,410,795</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 3,354,397; 2006 - 4,461,190)		
	<b>\$ 0.3469</b>	<b>\$ 0.3162</b>

## Mulvihill Premium Canadian Fund

### Financial Statements

#### Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2007	2006
NET ASSETS, BEGINNING OF PERIOD	\$ 61,676,541	\$ 87,243,716
Transition Adjustment - New Accounting Standards (Note 2)	(44,550)	-
Total Results of Financial Operations	1,163,757	1,410,795
Unit Transactions		
Amount paid for units redeemed	(8,413,519)	(19,755,434)
Distributions to Unitholders		
From taxable income	(493,902)	(577,253)
From net realized gain on sale of investments	(1,111,107)	(3,877,724)
Non-taxable distributions	(1,752,016)	-
	(3,357,025)	(4,454,977)
Changes in Net Assets during the Period	(10,651,337)	(22,799,616)
NET ASSETS, END OF PERIOD	\$ 51,025,204	\$ 64,444,100
Net Assets per Unit	\$ 17.7088	\$ 18.7601

#### Statements of Net Gain on Sale of Investments

For the six months ended June 30 (Unaudited)

	2007	2006
Proceeds from Sale of Investments	\$ 41,105,517	\$ 74,572,562
Cost of Investments Sold		
Cost of investments, beginning of period	56,449,241	75,288,535
Cost of investments purchased	34,651,329	61,032,745
	91,100,570	136,321,280
Cost of Investments, End of Period	(52,678,975)	(68,902,459)
	38,421,595	67,418,821
NET GAIN ON SALE OF INVESTMENTS	\$ 2,683,922	\$ 7,153,741

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, 4.16% - August 9, 2007	635,000	\$ 628,854	\$ 628,854	
Government of Canada, 4.31% - September 6, 2007	3,190,000	3,158,722	3,158,722	
<b>Total Treasury Bills</b>		<b>3,787,576</b>	<b>3,787,576</b>	<b>99.7%</b>
<b>Accrued Interest</b>			<b>9,663</b>	<b>0.3%</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$ 3,787,576</b>	<b>\$ 3,797,239</b>	<b>100.0%</b>
<b>INVESTMENTS</b>				
<b>Canadian Common Shares</b>				
<b>Consumer Discretionary</b>				
Shaw Communication Inc.	50,000	\$ 2,090,500	\$ 2,251,000	
Thomson Corporation	40,000	1,958,960	1,740,000	
<b>Total Consumer Discretionary</b>		<b>4,049,460</b>	<b>3,991,000</b>	<b>7.7%</b>
<b>Consumer Staples</b>				
Shoppers Drug Mart Corporation	25,000	1,249,620	1,232,000	2.4%
<b>Energy</b>				
Cameco Corporation	33,000	1,828,246	1,775,730	
Canadian Natural Resources Ltd.	20,000	1,359,466	1,411,600	
Enbridge Inc.	34,000	1,269,483	1,220,600	
EnCana Corporation	55,000	3,632,750	3,603,600	
Imperial Oil Ltd.	50,000	2,503,500	2,479,500	
Nexen Inc.	70,000	2,155,898	2,310,000	
Suncor Energy, Inc.	30,000	2,637,494	2,870,100	
<b>Total Energy</b>		<b>15,386,837</b>	<b>15,671,130</b>	<b>30.3%</b>
<b>Financials</b>				
Canadian Imperial Bank of Commerce	26,000	2,590,059	2,489,760	
Manulife Financial Corporation	88,000	3,378,662	3,499,760	
Royal Bank of Canada	58,000	3,234,225	3,283,960	
Sun Life Financial Inc.	42,500	2,236,350	2,157,300	
The Bank of Nova Scotia	45,000	2,356,538	2,334,600	
The Toronto-Dominion Bank	42,000	2,879,610	3,060,120	
<b>Total Financials</b>		<b>16,675,444</b>	<b>16,825,500</b>	<b>32.6%</b>
<b>Industrials</b>				
Canadian National Railway Company	40,000	2,244,451	2,168,000	4.2%
<b>Information Technology</b>				
Cognos Inc.	34,000	1,699,283	1,433,780	2.8%
<b>Materials</b>				
Barrick Gold Corp.	50,000	1,739,763	1,549,000	
Goldcorp Inc.	58,000	2,029,391	1,461,600	
Kinross Gold Corporation	120,000	1,875,630	1,486,800	
Teck Cominco Ltd. CI B	40,000	1,800,048	1,801,600	

# Mulvihill Premium Canadian Fund

## Financial Statements

### Statement of Investments (continued)

June 30, 2007 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Portfolio
<b>INVESTMENTS (continued)</b>				
<b>Total Materials</b>		<b>7,444,832</b>	<b>6,299,000</b>	<b>12.2 %</b>
<b>Canadian Common Shares (continued)</b>				
<b>Telecommunication Services</b>				
Rogers Communications Inc., Class B	40,000	1,462,400	<b>1,808,000</b>	
TELUS Corporation	33,000	2,046,454	<b>2,104,410</b>	
<b>Total Telecommunication Services</b>		<b>3,508,854</b>	<b>3,912,410</b>	<b>7.6 %</b>
<b>Total Canadian Common Shares</b>		<b>\$ 52,258,781</b>	<b>\$ 51,532,820</b>	<b>99.8 %</b>
	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
<b>OPTIONS</b>				
<b>Purchased Put Options</b> (100 shares per contract)				
S&P/TSX 60 - July 2007 @ \$714	78	\$ 84,630	\$ -	
S&P/TSX 60 - August 2007 @ \$738	120	150,360	<b>15,458</b>	
S&P/TSX 60 - August 2007 @ \$741	85	116,875	<b>31,566</b>	
S&P/TSX 60 - September 2007 @ \$764	103	130,810	<b>113,046</b>	
<b>Total Purchased Put Options</b>		<b>482,675</b>	<b>160,070</b>	<b>0.3 %</b>
<b>Written Covered Call Options</b> (100 shares per contract)				
Manulife Financial Corporation - July 2007 @ \$40	(440)	(17,820)	<b>(11,645)</b>	
Royal Bank of Canada - July 2007 @ \$58	(290)	(14,935)	<b>(14,111)</b>	
Shoppers Drug Mart Corporation - July 2007 @ \$51	(250)	(9,875)	<b>(1,741)</b>	
The Bank of Nova Scotia - July 2007 @ \$53	(112)	(4,816)	<b>(2,202)</b>	
<b>Total Written Covered Call Options</b>		<b>(47,446)</b>	<b>(29,699)</b>	<b>(0.1)%</b>
<b>TOTAL OPTIONS</b>		<b>\$ 435,229</b>	<b>\$ 130,371</b>	<b>0.2 %</b>
Adjustment for transaction fees		(15,035)		
<b>TOTAL INVESTMENTS</b>		<b>\$52,678,975</b>	<b>\$51,663,191</b>	<b>100.0 %</b>



## Notes to Financial Statements

June 30, 2007

### 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 \$44,550 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 Premium Canadian 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)	\$ 17.73
Difference	(0.02)
Net Assets (for financial statement purposes)	\$ 17.71

### 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 334,272 units (2006 - 444,607), 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 (2006 - 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.

## Mulvihill Premium *Canadian Fund*

### 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*

Mulvihill *Premium Global Income Fund*

#### Head Office

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*Please contact your broker directly  
for address changes.*