

FIRST PREMIUM INCOME TRUST [FPI.UN]

Annual Report 1999

December 31, 1999 and 1998

Managed by Mulvihill Capital Management Inc.



The Mulvihill Premium Funds

Message to the Unitholders

The year 1999 saw the end of the lingering effects of the Asian slump, and a strong resumption of synchronized global growth. Europe, Asia and South America have all now rejoined North America's on-going expansion.

In particular, U.S. growth has remained very strong, prompting a series of modest interest rate hikes by the Federal Reserve in an effort to slow economic growth to a more sustainable level. So far, five upward moves since last June have had little effect. Rather than losing vitality, the U.S. economy is actually gathering speed, with some forecasters now calling for an advance in real GDP in 2000 of close to five percent.

Canada is also experiencing strong real GDP growth in 2000, as it did in 1999. Exports are showing another large increase, reflecting sustained U.S. demand and an upturn in shipments to Europe. The latest IMF forecast for global economic growth predicts a sustained recovery in demand for a wide range of natural resources, which will boost both the volume and price of Canada's commodity exports. New fiscal stimulus and a strong replacement demand cycle for consumer goods are other factors driving the Canadian economy forward. Corporate profits after taxes increased by 31 percent in 1999, and are capable of an even stronger advance this year.

With investor confidence restored, most global equity markets performed extremely well in 1999. Telecommunications and technology shares were exceptional performers, as these companies demonstrated significant revenue growth, and investors boosted the valuation multiples accorded to their stocks. Commodity-based stocks also performed well, based on anticipated increases in global prices for such things as industrial metals, oils and pulp. Only the interest-sensitive sectors were generally poorer performers, as the market began to discount the effects of a higher interest rate environment.

The main concern for 2000 is the climate of rising interest rates, which is likely to continue for some time. Until the effects of higher rates take hold and slow the pace of growth, significant inflationary potential exists. However, at least in the U.S., dramatic productivity improvements are providing a major restraint on inflation by largely offsetting wage gains. If productivity shows similar trends elsewhere, the unusual combination of high growth with low inflation now seen in the U.S. may become more widespread.

A secondary concern is the narrowness of the markets, though this condition has eased as a result of recent corrections in the high-tech sector, and greater investor interest in "old economy" stocks with impressive earnings records. Volatility is also a periodic concern, as investors' inflationary fears wax and wane.

In general, the various Trust portfolios are well positioned to take advantage of current global economic conditions in 2000. While the prevailing mood is positive, management remains alert to the risk of a potential slowdown or 'soft landing' in the U.S. market, and has retained sufficient flexibility to reposition portfolio holdings as circumstances dictate.

We would like to take this opportunity to thank investors for their support during 1999 and we look forward to a mutually beneficial relationship in 2000.

John P. Mulvihill
President
Mulvihill Capital Management Inc.

Donald Biggs
Vice President, Structured Finance
Mulvihill Capital Management Inc.

First Premium Income Trust

Investment Highlights

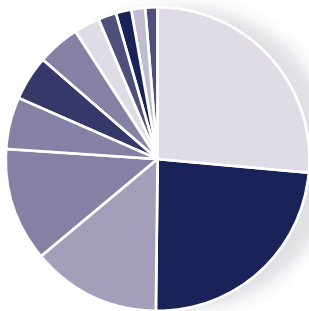
Investment Objectives

The Trust's investment objectives are to provide unitholders of the Trust with a stable stream of quarterly distributions of at least \$0.50 (\$2.00 annually) per unit while returning at a minimum the original issue price of the units to unitholders upon termination of the Trust.

Investment Strategy

The Trust intends to achieve its investment objectives by investing its net assets in a diversified portfolio consisting primarily of common shares issued by major Canadian issuers that pay regular dividends at an annualized rate which is at least 125% of the indicated annual dividend yield for TSE 300 Composite Index. To generate additional returns above the dividend income generated by the portfolio, the Trust will write covered call options in respect of all or part of the securities in the Portfolio. From time to time, the Trust may hold a portion of its assets in cash equivalents, which may be utilized to provide cover in respect of the writing of cash covered put positions.

Asset Mix



Utilities 26.43%	Communications & Media 4.52%
Financial Services 23.76%	Conglomerates 2.78%
Oil & Gas 13.75%	Merchandising 1.90%
Metals & Minerals 12.13%	Pipelines 1.64%
Industrial Products 5.52%	Consumer Products 1.48%
Paper & Forest 4.78%	Gold & Precious Minerals 1.31%

Distribution History

Inception Date: June 1996	Regular Distribution	Special Distribution	Total Distribution
September 1996	\$ 0.50		\$ 0.50
December 1996	0.50	\$ 0.50	1.00
Total for 1996			\$ 1.50
March 1997	0.50		\$ 0.50
June 1997	0.50	0.50	1.00
September 1997	0.50		0.50
December 1997	0.50	1.00	1.50
Total for 1997			\$ 3.50
March 1998	0.50		\$ 0.50
June 1998	0.50	0.25	0.75
September 1998	0.50		0.50
December 1998	0.50	0.50	1.00
Total for 1998			\$ 2.75
March 1999	0.50		\$ 0.50
June 1999	0.50		0.50
September 1999	0.50		0.50
December 1999	0.50	0.50	1.00
Total for 1999			\$ 2.50
Total Distribution			\$ 10.25

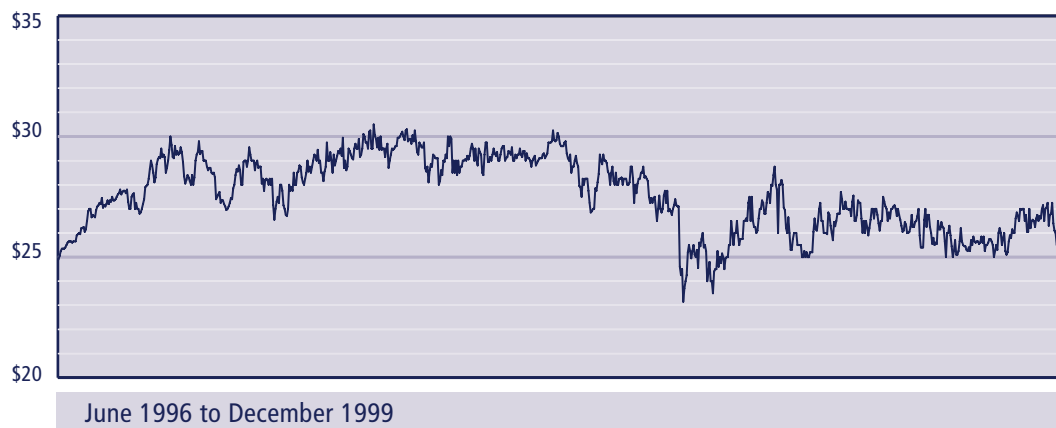
First Premium Income Trust

Investment Highlights

Top 10 Holdings:

BCE Inc.	Toronto Dominion Bank
Noranda Inc.	BCT.Telus Communications Inc.
Bank of Nova Scotia	Petro-Canada
Canadian Imperial Bank of Commerce	Royal Bank of Canada
Thomson Corporation	Pancanadian Petroleum Ltd.

Trading History



Commentary

Net assets of the Trust were \$168.75 million, or \$25.33 per unit, as of December 31, 1999. This compares with a net asset value of \$24.22 per unit at the end of 1998. A total of \$16.64 million, or \$2.50 per unit, was distributed to unitholders during 1999. This included the regular distribution of \$2 per unit, plus a special distribution of 50 cents per unit. Based on the initial unit price of \$25, these distributions represent a 10-percent yield for the year.

Strong market conditions were evident during most of 1999, particularly in the fourth quarter, as the Canadian equity market had its best performance in 16 years. The market's advance was propelled by expectations of higher profit growth, as well as rising commodity prices, which lifted the resource sector. Major impetus also came from the strong rise of the two largest members of the Canadian index, Nortel Networks Corp. and BCE Inc.

With large investments in BCE, as well as resource stocks in the metals and minerals, oil and gas, and paper and forest products sectors, the Trust's assets appreciated in 1999. High volatility in securities markets also enabled the Trust to generate additional premium income from its covered call option writing program. Further income was derived from the cash covered put option writing program initiated on July 28, 1999.

While the Trust exceeded its performance objectives, its growth did not keep pace with the strong advance of the Canadian equity market during 1999. This was due to the fund's conservative management style, and the covered call writing program. Also, the Trust's policy of investing in stocks which pay high regular dividends prevented it from participating in some of the fastest-growing market sectors, such as technology. The Investment Manager of the Trust will be taking steps to address this issue in early 2000.

With investor optimism about higher profit growth likely to outweigh concerns about interest rate increases, the outlook for equity markets is generally positive through 2000. Under these conditions, the Trust is well positioned to continue to provide investors with a steady stream of income and net asset value growth.

First Premium Income Trust

Auditors' Report

To the Unitholders

We have audited the statements of net assets of First Premium Income Trust as at December 31, 1999 and 1998, the statement of investments at December 31, 1999 and the statements of financial operations, changes in net assets and gain on sale of investments and options for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Trust's Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets of the Trust as at December 31, 1999 and 1998, its investments at December 31, 1999 and the results of its financial operations, changes in its net assets and gain on sale of investments and options for the years ended December 31, 1999 and 1998 in accordance with accounting principles generally accepted in Canada.

Deloitte + Touche LLP

Chartered Accountants

Toronto, Ontario
March 10, 2000

First Premium Income Trust

Financial Statements


Statements of Net Assets

December 31, 1999 and 1998

	1999	1998
Assets		
Investments at Market Value (average cost - \$108,856,791; 1998 - \$100,515,990)	\$117,394,134	\$102,180,063
Short-Term Investments	52,803,833	58,407,257
Cash	-	90,894
Dividends Receivable	519,098	347,097
Interest Receivable	281,083	312,259
Subscriptions Receivable	45,341	53,656
Due From Brokers	1,249,280	-
	172,292,769	161,391,226
Liabilities		
Bank Indebtedness	3,330,750	-
Accrued Liabilities	209,418	260,430
	3,540,168	260,430
Net Assets, Represented by Unitholders' Equity	\$168,752,601	\$161,130,796
Number of Units Outstanding (Note 4)	6,662,049	6,653,667
Net Asset Value Per Unit	\$25.3304	\$24.2168

On behalf of the Manager,
Mulvihill Fund Services Inc.


Director: John P. Mulvihill


Director: David N. Middleton

Statements of Financial Operations

Years ended December 31, 1999 and 1998

	1999	1998
Income		
Dividends	\$3,951,647	\$2,923,788
Interest	2,353,002	3,341,098
	6,304,649	6,264,886
Expenses (Note 5)		
Management Fees	2,056,972	2,134,496
Goods and Services Tax	152,802	157,873
Custodian and Other Fees	25,907	120,838
	2,335,681	2,413,207
Net Investment Income	3,968,968	3,851,679
Gain on Sale of Investments and Options	13,212,177	15,376,060
Change in Unrealized Appreciation of Investments	6,873,270	(19,524,232)
Net Gain (Loss) on Investments	20,085,447	(4,148,172)
Total Results of Financial Operations	\$24,054,415	\$(296,493)
Net Investment Income Per Unit	\$0.5962	\$0.5795
Net Gain (Loss) on Investments Per Unit	3.0172	(0.6241)
Total Results of Financial Operations Per Unit (based on the weighted average number of units outstanding during the year of 6,656,950; 1998 - 6,646,457)	\$3.6134	\$(0.0446)

First Premium Income Trust

Financial Statements

Statements of Changes in Net Assets

Years ended December 31, 1999 and 1998

	1999	1998
Net Assets, Beginning of Year	\$161,130,796	\$178,989,875
Unit Transactions		
Proceeds From Units Issued	46,167	9,980
Amount Paid for Units Redeemed	-	(9,980)
Proceeds From Reinvestment of Distributions	164,161	721,170
	210,328	721,170
Total Results of Financial Operations	24,054,415	(296,493)
Distributions to Unitholders (Note 6)		
From Net Investment Income	(3,779,646)	(3,097,551)
From Net Realized Gain on Sale of Investments	(10,686,509)	(14,753,682)
Non-Taxable Distribution	(2,176,783)	(432,523)
	(16,642,938)	(18,283,756)
Changes in Net Assets During the Year	7,621,805	(17,859,079)
Net Assets, End of Year	\$168,752,601	\$161,130,796

Statements of Gain on Sale of Investments and Options

Years ended December 31, 1999 and 1998

	1999	1998
Proceeds From Sale of Investments	\$101,844,245	\$176,049,307
Cost of Investments Sold		
Cost of Investments, Beginning of Year	100,515,990	120,568,150
Cost of Investments Purchased	96,972,869	140,621,087
	197,488,859	261,189,237
Cost of Investments, End of Year	(108,856,791)	(100,515,990)
	88,632,068	160,673,247
Gain on Sale of Investments and Options	\$13,212,177	\$15,376,060

First Premium Income Trust

Financial Statements

Statement of Investments

December 31, 1999

	Par Value/ No. of Shares	Average Cost (\$)	Market Value (\$)	% of Portfolio
Short-term Investments				
Treasury Bills				
Government of Canada - January 6, 2000	7,053,000	\$ 7,040,375	\$ 7,040,375	
Government of Canada - March 2, 2000	1,852,000	1,830,339	1,830,339	
Government of Canada - March 16, 2000	1,999,000	1,976,029	1,976,029	
Province of Ontario - February 10, 2000	15,000,000	14,814,750	14,814,750	
Province of Ontario - March 15, 2000	15,000,000	14,813,100	14,813,100	
		40,474,593	40,474,593	76.2 %
Promissory Notes				
Province of British Columbia U.S. - February 3, 2000	6,800,000	6,718,331	6,718,331	
Province of British Columbia U.S. - February 9, 2000	5,700,000	5,610,909	5,610,909	
		12,329,240	12,329,240	23.2 %
		52,803,833	52,803,833	99.4 %
Accrued interest		-	281,083	0.6%
Total Short-term Investments		\$52,803,833	\$53,084,916	100.0%
Investments				
Canadian Common Stocks				
Metal and Minerals				
Alcan Aluminum Ltd	70,000	\$3,142,447	\$4,158,000	
Falconbridge Limited	144,300	2,796,383	3,722,940	
Noranda Inc	329,300	6,271,027	6,388,420	
Total Metal and Minerals		12,209,857	14,269,360	12.1%
Gold and Precious Metals				
Placer Dome Inc	100,000	2,017,500	1,540,000	1.3%
Oil and Gas				
Ensign Resource Service Group Inc.	98,000	2,348,125	3,283,000	
Imperial Oil Ltd.	130,000	3,895,125	4,030,000	
Pancanadian Petroleum Ltd.	185,000	3,878,504	4,255,000	
Petro-Canada	225,000	4,984,397	4,601,250	
Total Oil and Gas		15,106,151	16,169,250	13.8%
Paper and Forest Products				
Donohue Inc. Class A Subordinated Voting	150,500	3,338,098	3,943,100	
Nexfor Inc.	200,060	1,708,500	1,680,504	
Total Paper and Forest Products		5,046,598	5,623,604	4.8%
Consumer Products				
Molson Inc. Class A	65,000	1,706,895	1,738,750	1.5%

First Premium Income Trust

Financial Statements

Statement of Investments (continued)

December 31, 1999

	Par Value/ No. of Shares	Average Cost (\$)	Market Value (\$)	% of Portfolio
Investments (continued)				
Canadian Common Stocks (continued)				
Industrial Products				
Dofasco Inc.	140,000	3,324,785	3,990,000	
Jannock Ltd.	147,100	2,943,565	2,500,700	
Total Industrial Products		6,268,350	6,490,700	5.5%
Pipelines				
TransCanada Pipelines Ltd.	155,000	3,309,250	1,937,500	1.7%
Utilities				
BCE Inc.	170,000	10,543,096	22,295,500	
BCT. Telus Communications Non-voting	15,273	702,279	532,264	
BCT. Telus Communications Inc.	140,000	5,770,647	4,921,000	
Manitoba Telecom Services Inc.	56,394	990,120	1,212,471	
Transalta Corporation	150,000	3,378,000	2,122,500	
Total Utilities		21,384,142	31,083,735	26.5%
Communications and Media				
Thomson Corp.	140,000	5,776,675	5,320,000	4.5%
Merchandising				
Hudson's Bay Company	130,300	2,287,651	2,241,160	1.9%
Financial Services				
Bank of Nova Scotia	180,000	5,889,852	5,589,000	
Bank of Montreal	76,000	4,556,570	3,746,800	
Canadian Imperial Bank of Commerce	160,000	6,151,636	5,520,000	
Investors Group Inc.	85,000	1,721,250	1,751,000	
National Bank of Canada	100,000	2,846,058	1,850,000	
Royal Bank of Canada	70,000	5,019,569	4,445,000	
Toronto Dominion Bank	130,000	4,469,825	5,037,500	
Total Financial Services		30,654,760	27,939,300	23.8%
Conglomerates				
Canadian Pacific Ltd.	105,000	3,395,002	3,260,250	2.8%
Total Canadian Common Stocks		109,162,831	117,613,609	100.2%

First Premium Income Trust

Financial Statements

Statement of Investments (continued)

December 31, 1999

	Number of Contracts	Proceeds (\$)	Market Value (\$)	% of Portfolio
Options				
Written Cash Covered Put Options (100 Shares per Contract)				
Imperial Oil Ltd. - Feb/2000 @ \$33	(250)	(44,500)	(56,250)	
Royal Bank of Canada - Feb/2000 @ \$64	(300)	(83,400)	(61,500)	
		(127,900)	(117,750)	(0.1)%
Written Call Options (100 Shares per Contract)				
BCT. Telus Communications - Mar/2000 @ \$41	(350)	(29,190)	(7,350)	
Canadian Pacific Ltd. - Feb/2000 @ \$33	(500)	(87,750)	(50,000)	
Dofasco Inc. - Jan/2000 @ \$28	(400)	(24,200)	(40,000)	
Royal Bank of Canada - Jan/2000 @ \$73	(250)	(37,000)	(4,375)	
		(178,140)	(101,725)	(0.1)%
Total Options		(306,040)	(219,475)	(0.2)%
Total Investments		\$108,856,791	\$117,394,134	100.0%

First Premium Income Trust

Notes to the Financial Statements

1. Establishment of The Trust

First Premium Income Trust (the “Trust”) is an investment trust established under the laws of the Province of Ontario on June 21, 1996. The Trust began operations on June 25, 1996 and will terminate on January 1, 2004 and its net assets will be distributed to unitholders unless unitholders determine to continue the Trust by a two-thirds majority vote at a meeting called for such purpose.

The manager of the Trust is Mulvihill Fund Services Inc. (the “Manager”) and the Trust’s investment manager is Mulvihill Capital Management Inc. (the “Investment Manager”). The Royal Trust Company (the “Trustee”) is the trustee and acts as custodian of the assets of the Trust.

2. Investment Objectives of the Trust

The Trust intends to achieve its investment objectives by investing in a diversified portfolio consisting primarily of common shares issued by major Canadian issuers that pay regular dividends at an annualized rate which is at least 125% of the indicated annual dividend yield for the TSE 300 Composite Index. A majority of the securities comprising the portfolio will be those issued by major financial institutions, utilities and pipeline companies in Canada.

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

From time to time, the portfolio may include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province.

3. Summary Of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The following is a summary of significant accounting policies:

Valuation of investments

Securities are valued at market value, which is determined by the closing sale price on the recognized stock exchange on which the securities are listed or principally traded. If no sale has taken place on that day, valuation will be at the last published sale price if this is between the last recorded bid price (the price someone is willing to pay) and the last recorded asked price (the price at which someone is willing to sell). If the last published sale price is not between the bid and the asked price, the bid or the asked price is used, whichever is nearer the last published sale price.

Short-term investments are valued at cost plus accrued interest which approximates market value.

Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

Investment transactions and income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and unrealized appreciation or depreciation of investments are determined on an average cost basis.

Option fees paid or received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in unrealized appreciation or depreciation on investments.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

First Premium Income Trust

Notes to the Financial Statements

4. Unitholders' Equity

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust.

All units have equal voting rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally with respect to any and all distributions made by the Trust. Fractional units are not entitled to voting privileges.

Units may be surrendered at any time for redemption but will be redeemed only on the monthly valuation date. Unitholders whose units are redeemed on a June 30 valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit. Unitholders whose units are redeemed on any other valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit less the lesser of (i) 4% of such net asset value per unit and (ii) \$1.00.

Unit transactions during the year are as follows:

	1999	1998
Units outstanding, beginning of year	6,653,667	6,627,261
Units issued for cash	1,921	400
Units redeemed	-	(400)
Units issued on reinvestment of distributions	6,461	26,406
Units outstanding, end of year	6,662,049	6,653,667

5. Management Fees and Expenses

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

Fees are payable to the Manager under the terms of the trustee agreement and to the Investment Manager

under the terms of an investment management agreement. The fees are payable at annual rates of 0.10% and 1.15%, respectively, of the Trust's net asset value calculated and payable monthly, plus applicable taxes.

Charges to the Trust for the period were as follows:

	Expenses	Expenses as a percent of average net assets
1999	\$2,335,681	1.42%
1998	\$2,413,207	1.41%
1997	\$2,643,194	1.49%
1996	\$1,221,725	1.21%

Average net assets are calculated to be the average of the net assets determined at each valuation date of the Trust.

6. Distributions

The Trust endeavours to make quarterly distributions of net income and net realized capital gains and options to unitholders on the last day of March, June, September and December in each year.

Unitholders may elect to reinvest distributions received from the Trust in additional units.

Distributions for the period were as follows:

Distribution per unit:	1999	1998	1997	1996
Taxable dividends	\$0.5680	\$0.4663	\$0.6779	\$0.3367
Net realized gain on sale of investments	1.6051	2.2187	2.5962	0.8539
Non-taxable distribution	0.3269	0.0650	0.2259	0.3094
	\$2.5000	\$2.7500	\$3.5000	\$1.5000

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

7. Income Taxes

The Trust is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Trust is

First Premium Income Trust

Notes to the Financial Statements

subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Trust on any net realized capital gains not paid or payable to unitholders is recoverable by the Trust to the extent and in the circumstances provided in the Act.

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

No amount is payable on account of income taxes in 1999 or 1998.

8. Commissions

Total commissions paid in 1999 in connection with portfolio transactions were \$296,023 (1998 - \$383,953).

9. Net Asset Value Per Unit

The net asset value per unit of the Trust as at the end of the fiscal periods since inception was:

	Net asset value per unit
1999	\$25.3304
1998	\$24.2168
1997	\$27.0081
1996	\$25.6762

10. Uncertainty Due To The Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Trust, including those related to investees, suppliers, or other third parties, have been fully resolved.

11. Comparative Figures

Certain of the prior year amounts have been reclassified to conform to the current year's presentation.

12. Statement Of Portfolio Transactions

The Trust will provide, without charge, a Statement of Portfolio Transactions (unaudited) upon written request by any unitholder to the Trust at:

121 King Street West, Suite 2600,
Toronto, Ontario,
M5H 3T9.

Mulvihill Capital Management Inc.

Mulvihill Capital Management Inc. is a leading Canadian investment counselor responsible for the care of institutional and personal assets. The company manages corporate, pension, insurance, endowment, trust and mutual funds under a wide variety of investment mandates. Founded in 1985 as CT Investment Counsel Inc., the investment arm of Canada Trust, the company emerged in 1995 as an independent company operated by a cohesive team of senior managers and owners who have been together for more than a decade. The company's scale and independent structure allow it to provide clients with a uniquely customized approach to asset management.

The Mulvihill Funds are managed by Mulvihill Capital's structured finance group. This area of the company concentrates exclusively on creating and managing products tailored to meet very specific investment objectives. Assets are generally managed to meet specific absolute return levels rather than taking on the additional risk of targeting relative returns. This methodology allows the company to make investment decisions that meet the client's needs rather than to make investments to rival the competition.

Mulvihill's personal asset management division, Mulvihill Wealth Management, offers a comprehensive specialized approach tailored to clients' personal strategies. This not only relieves the client's burden of day-to-day investment decisions but also provides financial peace of mind for today and tomorrow. The company's personalized service and customized reporting assure that its powerful team of professionals is always working toward your current objectives and that you are fully aware of the progress you are making.

Mulvihill's reputation has been built on its ability to provide customized portfolios that meet the stated needs of its clients. The Premium Income investments are prime examples of that customized approach to asset management.

Other Premium Income products within the Mulvihill Group include Premium Income Corporation, MCM Split Share Corp., and Global Telecom Split Share Corp.

These funds are Mutual Fund Corporations and traded on the Toronto Stock Exchange over the past year as follows:

	Symbol	High	Low
First Premium Income Trust	FPI.UN	\$ 28.20	\$ 25.00
First Premium U.S. Income Trust	FPU.UN	\$ 27.75	\$ 24.75
First Premium Oil & Gas Income Trust	FPG.UN	\$ 9.90	\$ 5.75
60 Plus Income Trust	SIX.UN	\$ 27.25	\$ 24.80
Global Plus Income Trust	GIP.UN	\$ 25.50	\$ 24.25
Premium Income Corporation	PIC.A/PIC.PR.A	\$ 13.85/15.65	\$ 10.25/14.40
MCM Split Share Corp.	MUH.A/MUH.PR.A	\$ 15.10/15.35	\$ 11.00/14.40
Global Telecom Split Share Corp.	GT.A/GT.PR.A	\$ 20.65/16.60	\$ 14.00/14.40

YEAR 2000

The year 2000 concern originates from the use in computer applications of a two-digit field to denote the year (for example, “99” for 1999) rather than a four-digit field. As a result, when entering the year 2000, the two-digit field will read “00” and affected computers may assume the year is 1900. The Trusts could be adversely affected by this problem if the computer systems used by MCM, Mulvihill and other service providers do not properly process and calculate date-related information from and after January 1, 2000.

In conducting their respective businesses, the Trusts will rely on information generated by the computer systems of third party service providers, including MCM, Mulvihill, The Royal Trust Company, Montreal Trust Company of Canada, banks, stock exchanges, utilities and other third parties for critical services. MCM and Mulvihill have advised the Trusts that they have put in place Year 2000 plans in an effort to ensure that their information systems are Year 2000 compliant and have, where necessary, modified and tested their mission critical systems. MCM and Mulvihill do not believe that there would be any material impact on the Trusts if their respective systems were not Year 2000 compliant, given that the assets of the Trusts and records relating to those assets, as well as accounting and other financial data, are maintained by The Royal Trust Company as trustee and custodian, and that certain Unitholder records are maintained by Montreal Trust Company of Canada as registrar and transfer agent or by CDS through the book-based system. MCM and Mulvihill have paid the costs associated with their Year 2000 plans. To prepare for the possibility that adequate steps have not been taken, MCM and Mulvihill also prepared and approved formal Year 2000 contingency plans. To date, neither MCM nor Mulvihill has reported any problems relating to their computer systems arising out of year 2000 concerns which would adversely affect the Trusts.

Mulvihill also made enquires of The Royal Trust Company and Montreal Trust Company of Canada in order to assess the status of their information systems with respect to year 2000 readiness issues. In response, Mulvihill received assurances from such service providers that all internal testing and any required adjustments were completed well in advance of January 1, 2000. There can be no assurance, however, that any of the Trusts’ third party service providers have, or will have, information systems that are Year 2000 compliant and that the NAV of the Trusts will not be adversely affected. In addition, while MCM considers the Year 2000 readiness of the issuers of Trusts’ securities in making investment decisions, there is no assurance that such issuers are Year 2000 compliant. If any such issuers are not Year 2000 compliant, the NAV of the Trust could be adversely affected.

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Vice President, Finance & CFO,
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Corporate Director

C. Edward Medland

President, Beauwood Investments Inc.

Information

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