

Mulvihill Structured Products



Mulvihill

Hybrid Income Funds

Semi-Annual Report 2002



Mulvihill Premium Canadian Fund

*First Premium Income Trust*

### Notice To Unitholders

#### Change of Record Date for Regular Distributions

The Fund is hereby providing notice to unitholders that it intends to change the record date for its regular distributions to unitholders. Regular distributions will now be payable to unitholders of record on the fifteenth (15th) day of each month (or on the first business day thereafter if the 15th day is not a business day) and will continue to be paid on or about the last business day of each quarter.

The Fund's Manager, Mulvihill Fund Services Inc., will amend the trust agreement governing the Fund in order to make this change. This amendment will be effective on or about September 13, 2002. As a result the December 31, 2002 distribution, when declared, will be payable to unitholders of record as of December 16, 2002.

As of June 30, 2002, the net assets of the Fund were \$139.5 million, or \$21.15 per unit, a decline from net assets of \$154.6 million, or \$23.10 per unit, at the end of 2001. In spite of poor market conditions, the Fund was able to maintain its regular distribution of \$0.50 per unit in each of the first two quarters. These distributions, totalling \$1.00 per unit, meet the Fund's target return of 8% per annum, based on the initial unit price of \$25.00.

Canadian equity markets showed significant overall declines through the first half of the year. The weakest sectors were information technology, telecommunications and biotechnology. Some losses were offset by stronger performance in sectors where the Fund's portfolio is overweighted, such as energy and metals. Gains were also made in selected merchandising stocks, such as Canadian Tire Corporation Ltd. and Loblaw Companies Limited. Canadian markets have fared better than their U.S. counterparts, largely due to the outperformance of sectors such as energy, metals and materials which are more heavily weighted in Canadian market indices than sectors such as technology and health care which continue to underperform.

The strengthening of the Canadian economy has not been enough to revitalize equity markets. Investors are anticipating a recovery in corporate earnings, in the second half. Meanwhile, the depth and duration of the slump in high-tech sectors continues to dampen market sentiment. Confidence has also been shaken by accounting and governance scandals in the U.S. that have undermined corporate credibility in all markets.

The Fund is presently well diversified and positioned to capitalize on a market upturn as Canada's economic recovery continues through the second half of the year.

We would like to take this opportunity to thank the Fund's unitholders for their continuing support.

*August 2002*

# Mulvihill Premium *Canadian Fund*

## Financial Statements

### Interim Statements of Net Assets

	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
<b>Assets</b>		
Investments at market value (average cost - \$115,764,877; 2001 - \$112,288,130)	\$ 98,200,073	\$ 108,500,711
Short-term investments	42,223,823	48,046,530
Cash	2,074	–
Dividends receivable	280,201	318,188
Interest receivable	184,400	238,835
Subscriptions receivable	–	117,803
Due from broker	963,250	–
	<b>141,853,821</b>	<b>157,222,067</b>
<b>Liabilities</b>		
Due to brokers	250	2,407,133
Redemptions payable	2,170,938	–
Accrued liabilities	203,364	203,211
	<b>2,374,552</b>	<b>2,610,344</b>
<b>Net Assets, Represented by Unitholders' Equity</b>	<b>\$ 139,479,269</b>	<b>\$ 154,611,723</b>
<b>Number of Units Outstanding</b>	<b>6,595,417</b>	<b>6,692,436</b>
<b>Net Asset Value per Unit</b>	<b>\$ 21.1479</b>	<b>\$ 23.1025</b>

# Mulvihill Premium *Canadian Fund*

## Financial Statements

### Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2002	2001
<b>Revenue</b>		
Dividends	\$ 983,549	\$ 1,071,629
Interest, net of foreign exchange	500,699	1,297,473
	<b>1,484,248</b>	<b>2,369,102</b>
<b>Expenses</b>		
Management fees	932,520	1,019,371
Custodian and other expenses	89,490	90,131
Goods and services tax	71,541	77,665
	<b>1,093,551</b>	<b>1,187,167</b>
<b>Net Investment Income</b>	<b>390,697</b>	<b>1,181,935</b>
<b>Gain on Sale of Investments and Options</b>	<b>6,992,005</b>	<b>12,733,540</b>
<b>Change in Unrealized Depreciation of Investments</b>	<b>(13,777,384)</b>	<b>(14,768,749)</b>
<b>Net Loss on Investments</b>	<b>(6,785,379)</b>	<b>(2,035,209)</b>
<b>Total Results of Financial Operations</b>	<b>\$ (6,394,682)</b>	<b>\$ (853,274)</b>
<b>Net Investment Income per Unit</b>	<b>\$ 0.0585</b>	<b>\$ 0.1771</b>
<b>Net Loss on Investments per Unit</b>	<b>(1.0161)</b>	<b>(0.3049)</b>
<b>Total Results of Financial Operations per Unit</b>	<b>\$ (0.9576)</b>	<b>\$ (0.1278)</b>
(based on the weighted average number of units outstanding during the period of 6,678,145; 2001 - 6,673,941)		

# Mulvihill Premium *Canadian Fund*

## Financial Statements

### Interim Statements of Changes in Net Assets

*For the six months ended June 30 (Unaudited)*

	2002	2001
<b>Net Assets, Beginning of Period</b>	<b>\$ 154,611,723</b>	<b>\$ 167,851,593</b>
<b>Total Results of Financial Operations</b>	<b>(6,394,682)</b>	<b>(853,274)</b>
<b>Unit Transactions</b>		
Amount paid for units redeemed	(2,170,938)	–
Proceeds from reinvestment of distributions	128,421	94,661
	<b>(2,042,517)</b>	<b>94,661</b>
<b>Distributions to Unitholders</b>		
From net investment income	(1,021,538)	(1,181,935)
From net realized gain on sale of investments and options	(5,673,717)	(7,160,960)
	<b>(6,695,255)</b>	<b>(8,342,895)</b>
<b>Changes in Net Assets During the Period</b>	<b>(15,132,454)</b>	<b>(9,101,508)</b>
<b>Net Assets, End of Period</b>	<b>\$ 139,479,269</b>	<b>\$ 158,750,085</b>
<b>Net Asset Value per Unit</b>	<b>\$ 21.1479</b>	<b>\$ 23.7799</b>
<b>Distribution per Unit</b>		
From net investment income	\$ 0.1525	\$ 0.1771
From net realized gain on sale of investments and options	0.8475	1.0729
	<b>\$ 1.0000</b>	<b>\$ 1.2500</b>

# Mulvihill Premium *Canadian Fund*

## Financial Statements

### Statement of Investments

June 30, 2002 (Unaudited)

	PAR VALUE/ NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Short-term Investments</b>			
<b>Treasury Bills</b>			
Government of Canada - August 1, 2002	65,000	\$ 64,593	\$ 64,593
Government of Canada - August 29, 2002	4,760,000	4,729,601	4,729,601
Government of Canada - September 26, 2002	140,000	139,023	139,023
Government of Canada - July 4, 2002	670,000	666,529	666,529
Government of Canada - July 18, 2002	6,000,000	5,967,574	5,967,574
Government of Canada - August 15, 2002	2,815,000	2,796,921	2,796,921
Government of Canada - September 12, 2002	7,420,000	7,370,422	7,370,422
<b>Total Treasury Bills</b>		<b>21,734,663</b>	<b>21,734,663</b>
<b>Discount Commercial Paper</b>			
Canada Mortgage & Housing Corp. - July 2, 2002	18,625,000	18,502,820	18,502,820
Farm Credit Corp. - September 12, 2002	2,000,000	1,986,340	1,986,340
<b>Total Discount Commercial Paper</b>		<b>20,489,160</b>	<b>20,489,160</b>
		<b>42,223,823</b>	<b>42,223,823</b>
<b>Accrued Interest</b>		-	<b>184,400</b>
<b>Total Short-term Investments</b>		<b>\$42,223,823</b>	<b>\$42,408,223</b>
<b>Investments</b>			
<b>Canadian Common Shares</b>			
<b>Consumer Discretionary</b>			
Canadian Tire Corporation Ltd.	40,000	\$ 941,000	\$ 1,248,400
Hudson's Bay Company	130,300	2,287,651	1,768,171
The Thomson Corporation	70,000	3,013,380	3,357,200
<b>Total Consumer Discretionary</b>		<b>6,242,031</b>	<b>6,373,771</b>
<b>Consumer Staples</b>			
Loblaw Companies Limited	30,500	1,636,258	1,906,555
Molson Inc.	65,000	2,247,700	2,141,750
<b>Total Consumer Staples</b>		<b>3,883,958</b>	<b>4,048,305</b>
<b>Energy</b>			
EnCana Corporation	90,100	3,996,288	4,207,670
Ensign Resource Service Group Inc.	116,500	1,932,570	1,923,415
Imperial Oil Ltd.	55,000	2,013,710	2,600,950
Petro-Canada	100,000	3,180,637	4,275,000
Precision Drilling Corporation	30,000	1,485,570	1,578,300
Talisman Energy Inc.	30,000	1,699,997	2,047,500
<b>Total Energy</b>		<b>14,308,772</b>	<b>16,632,835</b>
<b>Financials</b>			
Bank of Montreal	110,000	3,760,862	3,921,500
Bank of Nova Scotia	74,500	3,788,706	3,724,255
Canadian Imperial Bank of Commerce	60,000	3,134,793	2,916,000
Investors Group Inc.	65,000	1,627,688	1,803,750

# Mulvihill Premium *Canadian Fund*

## Financial Statements

### Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Investments (continued)</b>			
<b>Canadian Common Shares (continued)</b>			
Manulife Financial Corporation	65,000	2,635,107	2,837,250
National Bank of Canada	60,000	1,707,635	1,818,000
Power Corporation of Canada	25,000	908,808	998,750
Royal Bank of Canada	70,000	3,504,026	3,675,000
Sun Life Financial Services of Canada Inc.	77,500	2,630,980	2,551,300
The Toronto-Dominion Bank	80,000	3,093,331	2,873,600
<b>Total Financials</b>		<b>26,791,936</b>	<b>27,119,405</b>
<b>Health Care</b>			
Biovail Corporation	50,000	2,585,239	2,233,000
QLT Inc.	54,500	1,936,725	1,068,200
<b>Total Health Care</b>		<b>4,521,964</b>	<b>3,301,200</b>
<b>Industrials</b>			
Bombardier Inc. Class B	235,000	4,671,244	2,961,000
CAE Inc.	192,000	2,241,841	2,390,400
Canadian National Railway Company	30,000	2,321,616	2,401,200
CP Railway Limited	37,500	1,131,375	1,410,375
Zarlink Semiconductor Inc.	150,000	3,406,457	1,096,500
<b>Total Industrials</b>		<b>13,772,533</b>	<b>10,259,475</b>
<b>Information Technology</b>			
ATI Technologies Inc.	80,000	2,258,184	841,600
Celestica Inc.	42,500	3,811,676	1,454,775
Nortel Networks Corporation	271,800	6,731,188	597,960
<b>Total Information Technology</b>		<b>12,801,048</b>	<b>2,894,335</b>
<b>Materials</b>			
Abitibi-Consolidated Inc.	257,081	3,809,766	3,604,275
Agrium Inc.	138,500	2,586,488	2,048,415
Alcan Inc.	60,000	3,359,789	3,462,000
Dofasco Inc.	35,000	934,295	1,076,950
Domtar Inc.	125,000	2,189,386	2,218,750
Falconbridge Limited	200,000	3,912,895	3,980,000
Noranda Inc.	115,000	2,190,003	2,202,250
Placer Dome Inc.	133,582	2,324,322	2,270,894
<b>Total Materials</b>		<b>21,306,944</b>	<b>20,863,534</b>
<b>Telecommunication Services</b>			
BCE Emergis Inc.	52,500	2,929,148	318,675
BCE Inc.	110,000	4,118,170	2,902,900
TELUS Corporation	86,773	2,468,329	878,143
<b>Total Telecommunication Services</b>		<b>9,515,647</b>	<b>4,099,718</b>
<b>Utilities</b>			
Enbridge Inc.	10,000	436,492	471,600
TransAlta Corporation	150,000	3,378,000	3,030,000
<b>Total Utilities</b>		<b>3,814,492</b>	<b>3,501,600</b>
<b>Total Canadian Common Shares</b>		<b>\$116,959,325</b>	<b>\$99,094,178</b>



# Mulvihill Premium *Canadian Fund*

## Financial Statements

### Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
<b>Investments (continued)</b>			
<b>Written Covered Call Options (100 shares per contract)</b>			
Abitibi-Consolidated Inc.			
- August 2002 @ \$15	(1,250)	\$ (51,875)	\$ (35,201)
Agrium Inc. - September 2002 @ \$15	(700)	(46,200)	(37,807)
Bank of Montreal - July 2002 @ \$38	(300)	(36,000)	(2,250)
Bank of Montreal - September 2002 @ \$37	(250)	(26,375)	(13,796)
Bank of Nova Scotia - August 2002 @ \$54	(200)	(23,400)	(9,047)
Bank of Nova Scotia			
- September 2002 @ \$51	(200)	(25,400)	(29,724)
Biovail Corporation - September 2002 @ \$52	(400)	(129,200)	(97,828)
Bombardier Inc., Class B - July 2002 @ \$52	(400)	(16,000)	(7,814)
CAE Inc. - September 2002 @ \$13	(600)	(33,600)	(30,000)
Canadian National Railway Company			
- August 2002 @ \$81	(100)	(21,500)	(20,528)
Canadian National Railway Company			
- September 2002 @ \$80	(50)	(11,000)	(17,208)
CP Railway Limited - September 2002 @ \$80	(375)	(49,687)	(100,500)
Dofasco Inc. - September 2002 @ \$32	(350)	(46,025)	(34,650)
Domtar Inc. - August 2002 @ \$18	(625)	(39,375)	(44,650)
EnCana Corporation - July 2002 @ \$50	(341)	(65,813)	(5,115)
Ensign Resource Service Group Inc.			
- July 2002 @ \$18	(500)	(37,000)	(6,916)
Falconbridge Limited			
- September 2002 @ \$20	(550)	(51,975)	(33,084)
Imperial Oil Ltd. - August 2002 @ \$45	(275)	(33,825)	(46,081)
Loblaw Companies Limited			
- September 2002 @ \$61	(150)	(25,350)	(44,257)
Manulife Financial Corporation			
- September 2002 @ \$45	(250)	(33,250)	(33,250)
Molson Inc. - July 2002 @ \$36	(320)	(25,280)	(2,267)
National Bank of Canada			
- September 2002 @ \$32	(300)	(23,400)	(13,787)
Noranda Inc. - August 2002 @ \$20	(1,150)	(58,075)	(51,044)
Petro-Canada - September 2002 @ \$44	(400)	(38,400)	(44,000)
Placer Dome Inc. - August 2002 @ \$20	(435)	(38,933)	(15,999)
Precision Drilling Corporation			
- July 2002 @ \$57	(150)	(30,600)	(3,125)
Royal Bank of Canada			
- September 2002 @ \$56	(360)	(60,840)	(36,234)
Sun Life Financial Services of Canada Inc.			
- July 2002 @ \$35	(400)	(40,000)	(5,434)
Talisman Energy Inc.			
- September 2002 @ \$72	(150)	(28,575)	(27,174)
The Thomson Corporation			
- September 2002 @ \$ 49	(240)	(33,120)	(30,960)
The Toronto-Dominion Bank			
- July 2002 @ \$ 38	(250)	(14,375)	(14,375)
<b>Total Written Covered Call Options</b>		<b>\$ (1,194,448)</b>	<b>\$ (894,105)</b>
<b>Total Investments</b>		<b>\$115,764,877</b>	<b>\$98,200,073</b>

## Notes to the Financial Statements

*June 30, 2002 (Unaudited)*

### 1. Basis of Presentation

These interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2001 as not all disclosures required by Canadian generally accepted accounting principles for annual financial statements have been presented.

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, 2001.

## Statement of Portfolio Transactions

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A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium Canadian Fund for the period ended June 30, 2002 may be obtained without charge by writing to:

Mulvihill Premium Canadian Fund  
Investor Relations  
121 King Street West, Suite 2600  
Toronto, Ontario M5H 3T9

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

### Other Hybrid Income Funds Managed by Mulvihill Structured Products

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#### Mulvihill Premium Funds

Mulvihill Premium *U.S. Fund*  
Mulvihill Premium *Oil & Gas Fund*  
Mulvihill Premium *60 Plus Fund*  
Mulvihill Premium *Global Plus Fund*  
Mulvihill Premium *Canadian Bank Fund*  
Mulvihill Premium *Global Telecom Fund*  
Mulvihill Premium *Split Share Fund*

#### Mulvihill Summit Fund

Mulvihill Summit *Digital World Fund*

#### Mulvihill Platinum Funds

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

### Mutual Funds Managed by Mulvihill Capital Management

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Mulvihill Canadian *Money Market Fund*  
Mulvihill Canadian *Bond Fund*  
Mulvihill Canadian *Equity Fund*  
Mulvihill Global *Equity Fund*  
Mulvihill U.S. *Equity Fund*  
Premium Canadian *Income Fund*  
Premium Global *Income Fund*

#### Head Office:

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