



Mulvihill

## Hybrid Income Funds



Semi-Annual Report 2006

**Mulvihill Premium Global Telecom Fund**

Global Telecom Split Share Corp.



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 December 31, 2006 of Global Telecom Split Share Corp. which operates as Mulvihill Premium Global Telecom Fund (the “Fund”). The December 31, 2006 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.

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

December 31, 2006

	% of Net Assets*
Telecommunication Services	55 %
Communication Technology	23 %
Cable and Wireless	14 %
Cash and Short-Term Investments	13 %
Other Assets (Liabilities)	(5)%
	100 %

\*The Net Assets exclude the Preferred share liability.

Management Report on Fund Performance

Top 25 Holdings

December 31, 2006

	% of Net Assets *
Cash and Short-Term Investments	13%
AT&T Inc.	7%
BCE Inc.	5%
Telefonos de Mexico ADR	5%
TELUS Corporation	5%
Cisco Systems Inc.	5%
Verizon Communications Inc.	5%
Shaw Communications Inc. - B	5%
Nokia Corp. ADR	4%
SK Telecom Co. Ltd. ADR	4%
KT Corp. ADR	4%
Telefonaktiebolaget LM Ericsson ADR	4%
Telecom Italia SPA ADR	4%
QUALCOMM Incorporated	3%
Sprint Nextel Corp.	3%
Manitoba Telecom Services Inc.	3%
Nippon Telegraph and Telephone Corporation ADR	3%
Motorola Inc.	3%
Telecom New Zealand ADR	3%
Telefonica De Espana ADR	3%
France Telecom ADR	3%
Rogers Communications Inc., Class B	2%
China Mobile HK Ltd. SP ADR	2%
Research in Motion	2%
Corning Inc.	1%
	<b>101%</b>

\*The Net Assets exclude the Preferred Share liability.

## **Management Report on Fund Performance**

### **Results of Operations**

For the six months ended December 31, 2006, the net asset value of the Fund increased to \$13.02 per unit, net of distributions to preferred shareholders, from \$11.52 per unit at June 29, 2006. The Fund's Preferred shares, listed on the Toronto Stock Exchange as GT.PR.A closed on December 29, 2006, at \$12.55 per share. The Fund's Class A shares, listed on the Toronto Stock Exchange as GT.A closed on December 29, 2006, at \$0.16 per share. Each unit consists of one Preferred Share and one Class A share together.

Distributions totaling \$0.4125 per share were made to the Preferred shareholders during the six months ended December 31, 2006, maintaining a 5.5 percent yield based on the initial price of these shares. No distributions were made to the Class A shareholders, and these will not resume until fund returns improve, and arrears of \$0.21 per Preferred Share have been paid.

Volatility was low throughout the period but remained sufficient to maintain option writing programs. The Fund maintained an increased investment position providing greater income generating capabilities in lieu of low volatility realized by the sector.

Although the U.S. dollar has been weakening against most major currencies, it actually strengthened against the Canadian dollar during the second half of 2006. At the end of the period the Fund's U.S. dollar exposure was partially hedged against fluctuations in the exchange rate for Canadian dollars.

The six-month return for the Fund in Canadian dollars, including reinvestment of distributions was 15.8 percent. The S&P/TSX Telecommunications Index had a return of 25.3 percent while the S&P 500 Telecom Services Index had a return of 20.9 percent which was skewed by the disproportionate weighting of AT&T Inc. and BellSouth Corporation which were involved in a merger and together make up almost 50 percent of the index .

## 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 June 29 is derived from the Fund's audited annual financial statements.

Six months ended  
**Dec. 31, 2006**

#### DATA PER UNIT

<b>Net Asset Value, as at beginning of period<sup>(1)</sup></b>	<b>\$ 11.52</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.27
Total expenses	(0.13)
Realized gains (losses) for the period	(0.26)
Unrealized gains (losses) for the period	2.02
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>1.90</b>
DISTRIBUTIONS	
<b>Preferred Share</b>	
From investment income	—
From taxable income	(0.41)
From capital gains	—
Accrued preferred share distributions	—
<b>Total Preferred Share Distributions</b>	<b>(0.41)</b>
<b>Class A Share</b>	
From capital gains	—
<b>Total Class A Share Distributions</b>	<b>—</b>
<b>Total Annual Distributions<sup>(3)</sup></b>	<b>(0.41)</b>
<b>Net Asset Value, end of period<sup>(1)</sup></b>	<b>\$ 13.02</b>

(1) Net asset value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding the liability for Redeemable Preferred shares of the Fund on that date divided by the number of units then outstanding.

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

#### RATIOS/SUPPLEMENTAL DATA

Six months ended  
**Dec. 31, 2006**

Net Assets (\$millions)	<b>\$ 32.19</b>
Number of units outstanding	<b>2,472,358</b>
Management expense ratio <sup>(1)</sup>	<b>2.11%<sup>(4)</sup></b>
Portfolio turnover rate <sup>(2)</sup>	<b>23.86%</b>
Trading expense ratio <sup>(3)</sup>	<b>0.16%<sup>(4)</sup></b>
Closing market price - Preferred	<b>\$ 12.55</b>
Closing market price - Class A	<b>\$ 0.16</b>

(1) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes and capital taxes but excluding income taxes and Preferred share distributions, charged to the Fund to average net assets, excluding the liability for the Redeemable Preferred shares.

(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

Management Report on Fund Performance

Information for the period ended December 31, 2006 is derived from the Fund’s unaudited semi-annual financial statement.

Years ended June 29									
2006		2005		2004		2003		2002	
\$	11.81	\$	12.28	\$	12.19	\$	12.49	\$	20.34
	0.29		0.32		0.19		0.40		0.91
	(0.24)		(0.22)		(0.24)		(0.24)		(0.33)
	0.48		(0.69)		0.93		0.61		(14.18)
	(0.02)		0.94		0.03		(0.26)		7.16
	0.51		0.35		0.91		0.51		(6.44)
	(0.07)		—		—		—		—
	(0.76)		(0.83)		(0.83)		(0.62)		(0.30)
	—		—		—		—		(0.57)
	—		—		—		(0.21)		—
	(0.83)		(0.83)		(0.83)		(0.83)		(0.87)
	—		—		—		—		(0.45)
	—		—		—		—		(0.45)
	(0.83)		(0.83)		(0.83)		(0.83)		(1.32)
\$	11.52	\$	11.81	\$	12.28	\$	12.19	\$	12.49

distributions, 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 asset value as calculations are based on the weighted average number of units outstanding during the period.

(3) Distributions to Preferred shareholders are based on the number of Preferred shares outstanding on the record date for each distribution and were paid in cash.

Years ended June 29									
2006		2005		2004		2003		2002	
\$	30.52	\$	34.54	\$	36.04	\$	35.83	\$	41.39
	2,650,058		2,925,858		2,934,858		2,937,858		3,313,645
	1.91%		1.82%		1.86%		1.94%		1.88%
	64.48%		58.87%		59.85%		87.78%		38.30%
	0.19%		0.12%		0.19%		0.45%		0.28%
\$	10.90	\$	11.30	\$	12.00	\$	11.00	\$	10.45
\$	0.23	\$	0.31	\$	0.75	\$	1.30	\$	1.25

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 an annualized percentage of daily average net assets during the period.

(4) Annualized

## **Management Report on Fund Performance**

### **Management Fees**

Mulvihill Capital Management (“MCM”) is entitled to fees under the Investment Management Agreement and the Management Agreement calculated monthly as 1/12 of 1.15% of the net assets of the Fund at each month end, including the Redeemable Preferred shares. Services received under the Investment Management Agreement include the making of all investment decisions and of writing 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% of the net assets of the Fund at each month end, including the Redeemable Preferred shares. Services received under the Management Agreement included providing or arranging for required administrative services to the Fund.

### **Recent Developments**

We continue to see signs of increased competitive intensity especially in North America. Aggressive cost-cutting efforts have generally helped support the earnings of companies operating in the Telecom sectors. This phenomenon should continue in the near term as continuing merger activity could provide additional opportunities to generate earnings growth through the reduction of expenses realized by operating synergies. We continue to see very strong potential growth from Telecommunication Services companies in emerging markets because of very low penetration rates. We are also seeing Private Equity firms showing interest in this sector because of the steady cash flows generated by these firms.

The Fund increased its equity exposure providing greater opportunity to generate income through option writing and capital gains. As discussed in prior year’s results, the sale of mobile content to existing wireless customers has become a significant source of revenue growth. Basic forms of mobile content include downloadable ring tones, picture messaging and games. The Telecom sector has been the best performing sector in the S&P 500 Index and there is the possibility of some profit taking resulting in a pullback given the recent stellar returns. Strong cash balances and Private Equity coffers should provide downside protection.



Management Report on Fund Performance

Past Performance

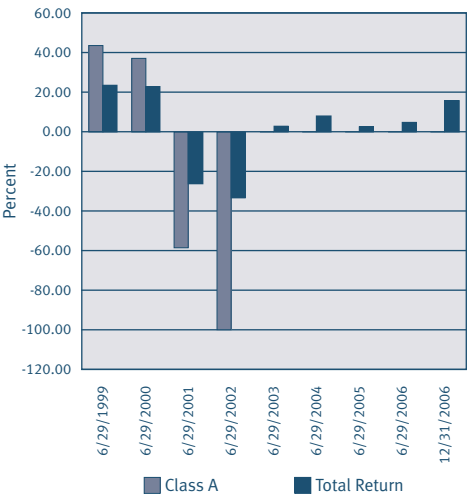
The chart below sets out the Fund’s year-by-year past performance. It is important to note that:

- (a) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,
- (b) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (c) 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 in each of the past eight years as well as the Fund’s six month return for the period ended December 31, 2006 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on June 30 in each year or the date of inception in 1998 would have increased or decreased by the end of that fiscal year, or December 31, 2006 for the six months then ended.

Annual Total Return



## **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 18, 1998.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated June 18, 1998, 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 for telecom companies and their products and services, 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 Global Telecom Split Share Corp. (operating as Mulvihill Premium Global Telecom 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 Directors (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 2 of the annual financial statements for the year ended June 29, 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 Audit Committee 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 Audit Committee and the Board.

The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by Canadian Institute of Chartered Accountants.



John P. Mulvihill  
Director  
Mulvihill Fund Services Inc.



Sheila S. Szela  
Director  
Mulvihill Fund Services Inc.

February 2007

Financial Statements

Interim Statements of Financial Position

December 31, 2006 (Unaudited) and June 29, 2006 (Audited)

	December 2006	June 2006
<b>ASSETS</b>		
Investments at market value (cost - \$27,814,179; June 2006 - \$32,294,175)	<b>\$ 29,050,206</b>	<b>\$ 28,395,041</b>
Short-term investments (cost - \$4,137,393; June 2006 - \$2,424,392)	<b>4,220,982</b>	2,435,257
Cash	<b>43,339</b>	27,956
Interest and dividends receivable	<b>67,878</b>	69,249
Due from brokers - investments	—	728,585
<b>TOTAL ASSETS</b>	<b>\$ 33,382,405</b>	<b>\$ 31,656,088</b>
<b>LIABILITIES</b>		
Redemptions payable	<b>\$ 624,452</b>	<b>\$ —</b>
Accrued Preferred share distributions	<b>519,824</b>	1,093,149
Accrued management fees	<b>34,879</b>	30,341
Accounts payable and accrued liabilities	<b>11,913</b>	14,348
Redeemable Preferred shares	<b>32,191,337</b>	30,518,250
<b>TOTAL LIABILITIES</b>	<b>33,382,405</b>	<b>31,656,088</b>
<b>EQUITY</b>		
Class A and Class B shares	<b>33,879,077</b>	36,336,986
Deficit	<b>(33,879,077)</b>	(36,336,986)
	—	—
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 33,382,405</b>	<b>\$ 31,656,088</b>
<b>Number of Units Outstanding</b>	<b>2,472,358</b>	<b>2,650,058</b>
<b>Net Asset Value per Unit</b>		
Preferred share	<b>\$ 13.0205</b>	<b>\$ 11.5161</b>
Class A share	—	—
	<b>\$ 13.0205</b>	<b>\$ 11.5161</b>

## Financial Statements

### Interim Statements of Operations and Deficit

For the six months ended December 31 (Unaudited)

	2006	2005
<b>REVENUE</b>		
Interest, net of foreign exchange	\$ 298,224	\$ 17,322
Dividends	417,726	433,896
Withholding taxes	(21,691)	(41,451)
	694,259	409,767
Net realized gains on investments	418,711	219,019
Net realized losses on short-term investments	—	(8,835)
Net realized gains (losses) on derivatives	(1,086,206)	1,124,241
<b>Total Net Realized Gains (Losses)</b>	<b>(667,495)</b>	<b>1,334,425</b>
<b>TOTAL REVENUE</b>	<b>26,764</b>	<b>1,744,192</b>
<b>EXPENSES</b>		
Management fees	203,002	213,184
Administrative and other expenses	28,221	27,612
Custodian fees	19,055	18,523
Audit fees	29,892	26,299
Director fees	9,134	9,434
Legal fees	10,189	151
Shareholder reporting costs	17,062	18,286
Goods and services tax	18,294	21,501
<b>TOTAL EXPENSES</b>	<b>334,849</b>	<b>334,990</b>
<b>Net Realized Income (Loss) before Income Tax Expense and Preferred Share Transactions</b>	<b>(308,085)</b>	<b>1,409,202</b>
Income tax expense	—	(28,000)
<b>Net Realized Income (Loss) before Distributions</b>	<b>(308,085)</b>	<b>1,381,202</b>
Preferred share distributions	(1,053,673)	(1,138,091)
<b>Net Realized Income (Loss)</b>	<b>(1,361,758)</b>	<b>243,111</b>
Change in unrealized appreciation/depreciation of investments	5,135,161	(1,111,341)
Change in unrealized appreciation/depreciation of short-term investments	72,814	25,502
<b>Total Change in Unrealized Appreciation/Depreciation</b>	<b>5,207,975</b>	<b>(1,085,839)</b>

Financial Statements

Interim Statements of Operations and Deficit (continued)

For the six months ended December 31 (Unaudited)

	2006	2005
Net Income (Loss) before Reduction/ (Recovery) in Value of Preferred Shares	3,846,217	(842,728)
Reduction /(recovery) in value of Preferred Shares	(3,846,217)	842,728
NET INCOME FOR THE PERIOD	\$ —	\$ —
NET INCOME PER CLASS A SHARE (based on the weighted average number of Class A shares outstanding during the period of 2,573,917; 2005 - 2,855,317)	\$ 0.0000	\$ 0.0000
DEFICIT		
Balance, beginning of year	\$ (36,336,986)	\$ (40,118,692)
Net allocations on retractions	2,457,909	2,597,009
Net income for the year	—	—
Distributions on Class A shares	—	—
BALANCE, END OF PERIOD	\$ (33,879,077)	\$ (37,521,683)

## Financial Statements

### Interim Statements of Changes in Net Assets

For the six months ended December 31 (Unaudited)

	2006	2005
NET ASSETS - CLASS A AND CLASS B SHARES, BEGINNING OF YEAR	\$ –	\$ –
Net Realized Income (Loss) before Distributions	(308,085)	1,381,202
Distributions		
Preferred Shares		
From investment income	–	(95,133)
From taxable income	(1,053,673)	(1,042,958)
	(1,053,673)	(1,138,091)
(Recovery)/Reduction in Value of Preferred Shares	(3,846,217)	842,728
Change in Unrealized Appreciation/ Depreciation of Investments	5,207,975	(1,085,839)
Changes in Net Assets during the Period	–	–
NET ASSETS - CLASS A AND CLASS B SHARES, END OF PERIOD	\$ –	\$ –

The statement of changes in net assets excludes cash flows pertaining to the Preferred shares as they are reflected as liabilities. During the year, amounts paid for the redemption of 177,700 (2005 - 189,400) Preferred shares totalled \$2,193,944 (2005 - \$998,908).

### Interim Statements of Changes in Investments

For the six months ended December 31 (Unaudited)

	2006	2005
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	\$28,395,041	\$24,484,312
Unrealized depreciation of Investments, beginning of period	3,899,134	3,800,595
Investments at Cost, Beginning of Year	32,294,175	28,284,907
Cost of Investments Purchased During the Period	6,718,397	15,924,270
Cost of Investments Sold During the Period		
Proceeds from sales	10,530,898	11,119,258
Net realized gains (losses) on sales	(667,495)	1,343,260
	11,198,393	9,775,998
Investments at Cost, End of Period	27,814,179	34,433,179
Unrealized appreciation/depreciation of investments, end of period	1,236,027	(4,911,936)
INVESTMENTS AT MARKET VALUE, END OF PERIOD	\$29,050,206	\$29,521,243

## Financial Statements

### Statement of Investments

December 31, 2006 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value	% of Portfolio
<b>SHORT-TERM INVESTMENTS</b>				
<b>Discount Commercial Paper</b>				
Business Development Corporation, USD, 5.13% - January 24, 2007	2,480,000	\$2,798,510	\$2,863,104	
Canadian Wheat Board, USD, 5.16% - January 29, 2007	650,000	739,293	750,382	
Export Development Corporation, USD, 5.18% - March 27, 2007	530,000	599,590	607,496	
<b>Total Discount Commercial Paper</b>		<b>4,137,393</b>	<b>4,220,982</b>	<b>99.6%</b>
<b>Accrued Interest</b>			<b>18,312</b>	<b>0.4%</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$4,137,393</b>	<b>\$4,239,294</b>	<b>100.0%</b>

### INVESTMENTS

#### Canadian Common Shares

#### Cable and Wireless

Rogers Communications Inc., Class B	23,000	\$ 647,266	\$ 798,100	
Shaw Communications Inc. - B	40,000	1,084,684	1,476,400	
<b>Total Cable and Wireless</b>		<b>1,731,950</b>	<b>2,274,500</b>	<b>7.8%</b>

#### Communication Technology

Research in Motion	5,000	434,335	745,000	2.6%
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#### Telecommunication Services

BCE Inc.	55,000	1,703,754	1,727,000	
Manitoba Telecom Services Inc.	22,000	987,126	1,020,800	
TELUS Corporation	30,000	1,298,808	1,605,600	

<b>Total Telecommunication Services</b>		<b>3,989,688</b>	<b>4,353,400</b>	<b>15.0%</b>
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<b>Total Canadian Common Shares</b>		<b>\$6,155,973</b>	<b>\$7,372,900</b>	<b>25.4%</b>
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Financial Statements

Statement of Investments

December 31, 2006 (Unaudited)

	Number of Shares	Average Cost	Market Value	% of Portfolio
INVESTMENTS (continued)				
<b>United States Common Shares</b>				
<b>Cable and Wireless</b>				
Comcast Corporation	90,000	\$ 446,835	\$ 443,334	
Sprint Nextel Corp.	48,000	1,456,128	1,055,148	
<b>Total Cable and Wireless</b>		<b>1,902,963</b>	<b>1,498,482</b>	<b>5.1%</b>
<b>Communication Technology</b>				
Cisco Systems Inc.	50,000	1,539,290	1,590,192	
Corning Inc.	22,000	508,014	479,001	
Motorola Inc.	40,000	1,050,831	957,025	
QUALCOMM Incorporated	25,000	1,217,582	1,099,403	
<b>Total Communication Technology</b>		<b>4,315,717</b>	<b>4,125,621</b>	<b>14.2%</b>
<b>Telecommunication Services</b>				
AT&T Inc.	55,000	2,605,611	2,288,120	
Verizon Communications Inc.	35,400	1,940,436	1,534,097	
<b>Total Telecommunication Services</b>		<b>4,546,047</b>	<b>3,822,217</b>	<b>13.1%</b>
<b>Total United States Common Shares</b>		<b>\$10,764,727</b>	<b>\$ 9,446,320</b>	<b>32.4%</b>
<b>Non-North American Common Shares</b>				
<b>Cable and Wireless</b>				
China Mobile HK Ltd. SP ADR	15,000	\$ 392,645	\$ 754,425	2.6%
<b>Communication Technology</b>				
Nokia Corp. ADR	60,000	1,247,294	1,418,780	
Telefonaktiebolaget LM Ericsson ADR	25,000	1,049,028	1,170,388	
<b>Total Communication Technology</b>		<b>2,295,322</b>	<b>2,589,168</b>	<b>8.9%</b>
<b>Telecommunication Services</b>				
France Telecom ADR	26,000	622,806	838,095	
KT Corp. ADR	40,000	1,214,944	1,179,989	
Nippon Telegraph and Telephone Corporation ADR	35,000	919,677	1,009,682	
SK Telecom Co. Ltd. ADR	40,000	1,269,723	1,232,588	
Telefonica de Argentina ADR	16,100	325,889	338,551	
Telefonica De Espana ADR	12,000	702,790	890,228	
Telecom New Zealand ADR	30,000	918,200	939,802	
Telecom Italia SPA ADR	33,000	1,131,269	1,157,052	
Telefonos de Mexico ADR	50,000	1,250,306	1,644,304	
<b>Total Telecommunication Services</b>		<b>8,355,604</b>	<b>9,230,291</b>	<b>31.8%</b>
<b>Total Non-North American Common Shares</b>		<b>\$11,044,571</b>	<b>\$12,573,884</b>	<b>43.3%</b>

Financial Statements

Statement of Investments (continued)

December 31, 2006 (Unaudited)

	Market Value	% of Portfolio
INVESTMENTS (continued)		
<b>Forward Exchange Contracts</b>		
Sold USD \$205,000, Bought CAD \$232,965 @ 0.87996 - January 17, 2007	\$ (5,468)	
Sold USD \$625,000, Bought CAD \$707,366 @ 0.88356 - January 17, 2007	(19,565)	
Sold USD \$625,000, Bought CAD \$706,798 @ 0.88427 - January 17, 2007	(20,132)	
Sold USD \$1,380,000, Bought CAD \$1,570,985 @ 0.87843 - February 7, 2007	(33,088)	
Sold USD \$2,265,000, Bought CAD \$2,589,903 @ 0.87455 - February 21, 2007	(41,890)	
Sold USD \$2,840,000, Bought CAD \$3,237,759 @ 0.87715 - March 7, 2007	(60,808)	
Sold USD \$3,320,000, Bought CAD \$3,819,385 @ 0.86925 - March 14, 2007	(35,880)	
<b>Total Forward Exchange Contracts</b>	<b>\$(216,831)</b>	<b>(0.7)%</b>

Financial Statements

Statement of Investments (continued)

December 31, 2006 (Unaudited)

	Number of Contracts	Proceeds	Market Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS				
<b>Written Cash Covered Put Options</b> (100 shares per contract)				
Comcast Corporation				
- January 2007 @ \$43	(90)	\$ (8,094)	\$ (6,714)	0.0%
<b>Written Covered Call Options</b> (100 shares per contract)				
AT&T Inc. - January 2007				
@ \$35	(275)	(18,232)	(29,464)	
Cisco Systems Inc. -				
January 2007 @ \$27	(375)	(29,604)	(35,924)	
Comcast Corporation -				
January 2007 @ \$43	(90)	(9,754)	(2,275)	
Manitoba Telecom				
Services Inc. -				
February 2007 @ \$43	(110)	(15,730)	(35,698)	
Nippon Telegraph and				
Telephone Corporation				
ADR - February 2007				
@ \$26	(175)	(12,462)	(4,502)	
Research in Motion -				
January 2007 @ \$165	(50)	(23,050)	(3,730)	
Rogers Communications				
Inc., Class B - January				
2007 @ \$69	(115)	(18,170)	—	
Telecom Italia SPA A DR -				
January 2007 @ \$31	(165)	(8,592)	(2,946)	
Telefonaktiebolaget LM				
Ericsson ADR - January				
2007 @ \$41	(80)	(7,404)	(4,814)	
<b>Total Written Covered</b>				
<b>Call Options</b>		(142,998)	(119,353)	(0.4)%
TOTAL OPTIONS		\$ (151,092)	\$ (126,067)	(0.4)%
TOTAL INVESTMENTS		\$27,814,179	\$29,050,206	100.0%

Notes to Financial Statements  
December 31, 2006

## **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 June 29, 2006.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended June 29, 2006.

## **2. Normal Course Issuer Bid**

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Under the terms of the Fund's normal course issuer bid, renewed in November 2006, the Fund proposes to purchase, if considered advisable, up to a maximum 251,936 of its Class A shares (2005 - 286,145) and 251,936 of its Preferred Shares (2005 - 286,145) being approximately, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases, which commenced on November 3, 2006, are made in the open market through the facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of November 2, 2007 or until the Fund has purchased the maximum number of shares permitted under the bid. As at December 31, 2006, no shares (2005 - 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 Investors Services at Mulvihill Premium Global Telecom Fund, Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

## **3. New Accounting Standards**

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The Canadian Institute of Chartered Accountants issued new accounting standards relating to Financial Instruments which will be effective for the Fund from June 29, 2007. These new standards will impact certain financial statement accounting and disclosure including the valuation of securities at bid price and accounting for transaction costs.

However, 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.

#### **4. Comparative Figures**

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

## **Mulvihill Premium *Global Telecom Fund* [GT.A/GT.PR.A]**

### **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 Oil & Gas 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 World Financial Split Fund*

*Mulvihill Top 10 Canadian Financial Fund*

*Mulvihill Top 10 Split Fund*

### **Mutual Funds Managed by**

#### **Mulvihill Capital Management**

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*Mulvihill Canadian Money Market Fund*

*Mulvihill Canadian Bond Fund*

*Mulvihill Global Equity Fund*

*Premium Global Income Fund*

### **Head Office**

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**Mulvihill**

**[www.mulvihill.com](http://www.mulvihill.com)**

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*Please contact your broker directly  
for address changes.*