
Mulvihill Premium Yield Fund

Annual Report 2022

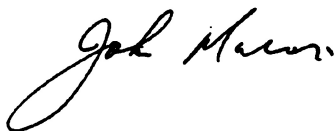
Letter to Unitholders

We are pleased to present the 2022 annual report containing the management report of fund performance and the audited financial statements for Mulvihill Premium Yield Fund (the “Fund”).

2022 was a year marked by macro headlines and geopolitical events that impacted almost every asset class. Inflation rates at or near 40-year highs and aggressive monetary tightening by central banks around the globe created increased volatility as investors priced in the increasing risk of a recession. Russia’s invasion of Ukraine in February also sparked a rally in the commodity complex led by surging energy prices, which along with pandemic supply constraints, has only helped exacerbate the rise in inflation. Most equity indexes declined during the period, with many indices entering into bear market territory during 2022, declining more than 20 percent. The total return for the S&P/TSX Composite Index for the year was negative 5.8 percent while the S&P 500 Index was down 18.1 percent (12.4 percent in Canadian dollars). Central Banks aggressively tightened monetary policy in 2022 to combat decade high inflation rates. The Bank of Canada raised the overnight rate by 375 basis points in 2022, while the U.S. Federal Reserve raised the federal funds rate by 400 basis points. The Canadian dollar declined 6.7 percent versus the U.S. dollar during the period. The Bloomberg Global Aggregate Index returned negative 11.3 percent for the year, as rising interest rates and surging inflation presented several headwinds for fixed income investors.

The net asset value per Class I, Class F and Class A unit at December 31, 2022 was \$10.27, \$10.26 and \$9.86 respectively, compared to \$11.34, \$11.33 and \$11.01 respectively at December 31, 2021. The net asset value per ETF unit at December 31, 2022 was \$9.77 compared to \$10.00 per unit on the first net asset value date on October 31, 2022. The return of the Fund, including reinvestment of distributions, for the year ended December 31, 2022 was negative 4.5 percent for Class I units, negative 4.4 percent for Class F units and negative 5.3 percent for Class A units. The return since inception of the ETF units, including reinvestment of distributions, for the period ended December 31, 2022 was negative 1.3 percent. The Fund paid Class I, Class F and Class A unitholders distributions of \$0.56 per unit for each class during the year. The Fund paid the ETF unitholders distributions of \$0.09 per unit during the period. The net realized gain on options amounted to \$0.97 per Class I unit, \$0.94 per Class F unit and \$0.95 per Class A unit in 2022 compared to \$1.19 per Class I unit, \$1.12 per Class F unit and \$0.77 per Class A unit in 2021. The net realized gain on options amounted to \$0.11 per ETF unit. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

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



John Mulvihill
Chairman & CEO
Mulvihill Capital Management Inc.

The Fund

The Fund is a mutual fund investment trust that seeks to provide unitholders with (i) high quarterly income on a tax efficient basis; (ii) long-term capital appreciation through investment in a portfolio of high quality equity securities; and (iii) lower overall portfolio volatility. The Fund will write options to seek to earn tax efficient option premiums, reduce overall portfolio volatility and enhance the portfolio’s total return.

To achieve its investment objectives, the Fund will (i) invest in an actively managed portfolio comprised of securities from the S&P/TSX Composite Index and S&P 500 Index; and (ii) use option writing strategies from time to time in response to market conditions to generate an enhanced tax efficient yield. The Fund is also permitted to invest in public investment funds including exchange-traded funds and other Mulvihill Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Funds managed by Mulvihill and provided there are no duplication of fees) that provide exposure to such securities.

The Fund will use a quantitative approach to select securities. The Fund will, from time to time employ various investment strategies, including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. The Fund seeks to achieve a 5 percent yield, with additional capital growth potential beyond such yield target.

Mulvihill Premium Yield Fund

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Management Report of Fund Performance

The management report of fund performance contains the financial highlights for the year ended December 31, 2022 of Mulvihill Premium Yield Fund (the "Fund"). The annual financial statements of the Fund are attached.

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

Investment Objectives and Strategies

The Fund's investment objectives are to provide unitholders with (i) high quarterly income on a tax efficient basis; (ii) long-term capital appreciation through investment in a portfolio of high quality equity securities; and (iii) lower overall portfolio volatility. The Fund will write options to seek to earn tax efficient option premiums, reduce overall portfolio volatility and enhance the portfolio's total return.

To achieve its investment objectives, the Fund will (i) invest in an actively managed portfolio comprised of securities from the S&P/TSX Composite Index and S&P 500 Index; and (ii) use option writing strategies from time to time in response to market conditions to generate an enhanced tax efficient yield. The Fund is also permitted to invest in public investment funds including exchange-traded funds and other Mulvihill Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Funds managed by Mulvihill and provided there are no duplication of fees) that provide exposure to such securities.

The Fund will use a quantitative approach to select securities. The Fund will, from time to time employ various investment strategies, including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. The Fund seeks to achieve a 5 percent yield, with additional capital growth potential beyond such yield target.

Risk

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

Results of Operations

Distributions

For the year ended December 31, 2022, the Fund paid distributions of \$0.56 per Class I unit, \$0.56 per Class F unit and \$0.56 per Class A unit, and distributions of \$0.09 per ETF unit.

Since the inception of the Fund in December 2019, the Fund has paid total cash distributions of \$1.58 per Class I unit, \$1.58 per Class F unit and \$1.58 per Class A unit, and total cash distributions of \$0.09 on the ETF units since the units started trading on November 1, 2022.

Revenue and Expenses

For the year ended December 31, 2022, the Fund's total revenue was \$0.29 per Class I unit, \$0.28 per Class F unit, \$0.28 per Class A unit and \$0.05 per ETF unit. Total expenses for the year ended December 31, 2022 was \$0.26 per Class I unit, \$0.26 per Class F unit, \$0.35 per Class A unit and \$0.08 per ETF unit. For the year ended December 31, 2021, the Fund's total revenue was \$0.20 per Class I unit, \$0.19 per Class F unit and \$0.13 per Class A unit and total expenses were \$0.29 per Class I unit, \$0.27 per Class F unit and \$0.35 per Class A unit. The Fund had net realized and unrealized losses of \$0.52 per Class I unit, \$0.49 per Class F unit, \$0.42 per Class A unit and \$0.08 per ETF unit during the year, compared to net realized and unrealized gains of \$1.42 per Class I unit, \$1.35 per Class F unit and \$0.96 per Class A unit in 2021.

Net Asset Value

The net asset value per Class I unit decreased 9.4 percent from \$11.34 at December 31, 2021 to \$10.27 at December 31, 2022. The net asset value per Class F unit decreased 9.4 percent from \$11.33 at December 31, 2021 to \$10.26 at December 31, 2022. The net asset value per Class A unit decreased 10.4 percent from \$11.01 at December 31, 2021 to \$9.86 at December 31, 2022. The net asset value per ETF unit decreased 2.3 percent from \$10.00 on the inception of such units to \$9.77 at December 31, 2022.

The total net asset value of the Fund decreased \$1.64 million from \$40.29 million at December 31, 2021 to \$38.65 million at December 31, 2022, reflecting a decrease in net assets attributable to holders of Class I, Class F, Class A and ETF units of \$1.73 million; proceeds from issuance of Class I, Class F, Class A and ETF units of \$14.64 million; Class I, Class F, Class A and ETF unit reinvestments of \$0.80 million; Class I, Class F and Class A unit redemptions of \$13.36 million; and Class I, Class F, Class A and ETF unit distributions of \$1.99 million.

Recent Developments

On April 14, 2022, Mulvihill Capital Management Inc., the Manager, announced that Class A Units (Fund Code: MCM101) of the Mulvihill Premium Yield Fund held by order execution-only dealers and other dealers that do not make a suitability determination in connection with an investor's purchase and ongoing ownership of Units of the fund were redesignated into Class F Units (Fund Code: MCM103) of the Fund effective April 28, 2022 (the "Effective Date"), based on the relative net asset value per Unit of the Class A Units and Class F Units at the close of business on the business day immediately preceding the Effective Date.

On September 16, 2022, Mulvihill Capital Management Inc., the Manager, announced that the risk rating of the Fund changed to Low to Medium from Medium.

The Fund closed a public offering of ETF units ("Units"), and the Units began trading on the Toronto Stock Exchange ("TSX"), on November 1, 2022. The Units are paid a monthly distribution of \$0.04667, which is the same as for Class A, Class F and Class I units.

Related Party Transactions

Mulvihill Capital Management Inc. ("Mulvihill"), as the Investment Manager and Manager of the Fund, manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund and is responsible for providing or arranging for required administrative services to the Fund pursuant to a Trust Agreement made between the Fund and Mulvihill dated September 18, 2019.

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

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

Independent Review Committee

National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107") requires all publicly offered investment funds to establish an IRC to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

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

Management Report of Fund Performance

Mulvihill Premium Yield Fund

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 from its inception on December 1, 2019 for the Class I and Class F units; from December 12, 2019 for the Class A units and from October 31, 2022 for the ETF units. This information is derived from the Fund's audited annual financial statements.

Periods ended December 31	2022 Class I	2022 Class F	Class A	ETF ⁽⁴⁾	Class I	2021 Class F	Class A	Class I	2020 Class F	Class A	Class I	2020 Class F	Class A	Class I	2019 Class F ⁽⁵⁾	Class A ⁽⁶⁾
NET ASSETS PER UNIT																
Net Assets, beginning of year ⁽¹⁾	\$ 11.34	\$ 11.33	\$ 11.01	\$ 10.00	\$ 10.51	\$ 10.51	\$ 10.35	\$ 9.99	\$ 9.99	\$ 9.95	\$ 9.99	\$ 9.99	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
INCREASE (DECREASE) FROM OPERATIONS																
Total revenue	0.29	0.28	0.28	0.05	0.20	0.19	0.13	0.17	0.17	0.17	0.17	0.17	0.03	0.03	0.03	0.01
Total expenses	(0.26)	(0.26)	(0.35)	(0.08)	(0.29)	(0.27)	(0.35)	(0.26)	(0.26)	(0.37)	(0.26)	(0.26)	(0.03)	(0.03)	(0.03)	(0.03)
Realized gain (loss) for the period	(0.53)	(0.60)	(0.37)	0.08	1.30	1.22	0.84	0.19	0.19	0.19	0.19	0.19	0.01	0.01	0.01	—
Unrealized gain (loss) for the period	0.01	0.11	(0.05)	(0.16)	0.12	0.13	0.12	0.96	1.07	1.07	0.96	1.07	(0.03)	(0.01)	(0.01)	(0.09)
Total Increase (Decrease) from Operations⁽²⁾	(0.49)	(0.47)	(0.49)	(0.41)	1.33	1.27	0.74	1.06	1.17	1.06	1.06	1.17	(0.02)	—	—	(0.11)
DISTRIBUTIONS																
Non-taxable distributions	(0.56)	(0.56)	(0.56)	(0.09)	(0.52)	(0.52)	(0.52)	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)	—	—	—	—
Total Distributions⁽³⁾	(0.56)	(0.56)	(0.56)	(0.09)	(0.52)	(0.52)	(0.52)	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)	—	—	—
Net Assets, end of year⁽¹⁾	\$ 10.27	\$ 10.26	\$ 9.86	\$ 9.77	\$ 11.34	\$ 11.33	\$ 11.01	\$ 10.51	\$ 10.51	\$ 10.35	\$ 10.51	\$ 10.51	\$ 9.99	\$ 9.99	\$ 9.99	\$ 9.95

(1) All per unit figures are derived from the Fund's audited financial statements for the period ended December 31. Net Assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, divided by the number of units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

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

(4) For the period from inception on October 31, 2022 to December 31, 2022.

(5) For the period from inception on December 1, 2019 to December 31, 2019.

(6) For the period from inception on December 12, 2019 to December 31, 2019.

Mulvihill Premium Yield Fund

Management Report of Fund Performance

Periods ended December 31	Class I	2022 Class F	Class A	ETF ⁽⁷⁾	Class I	2021 Class F	Class A	Class I	2020 Class F	Class A	Class I	2019 Class F	Class A ⁽⁹⁾
RATIOS/SUPPLEMENTAL DATA													
Net Asset Value (\$millions) ⁽¹⁾	\$ 14.03	\$ 14.74	\$ 7.43	\$ 2.44	\$ 14.72	\$ 9.92	\$ 15.64	\$ 11.08	\$ 6.03	\$ 0.25	\$ 10.08	\$ 4.09	\$ 0.18
Number of units outstanding ⁽²⁾	1,366,415	1,436,580	753,207	250,000	1,298,326	876,472	1,421,006	1,053,443	573,380	24,328	1,009,369	409,716,477	18,498,886
Management expense ratio ⁽³⁾	2.17%	2.18%	3.02%	2.58% ⁽⁵⁾	2.06%	1.97%	2.85%	2.20%	2.17%	3.34%	2.00% ⁽⁵⁾	1.97% ⁽⁵⁾	4.77% ⁽⁵⁾
Portfolio turnover rate ⁽³⁾	262.11%	262.11%	262.11%	262.11%	393.06%	393.06%	393.06%	319.33%	319.33%	319.33%	0.00%	0.00%	0.00%
Trading expense ratio ⁽⁴⁾	0.28%	0.28%	0.28%	1.59% ⁽⁵⁾	0.52%	0.49%	0.34%	0.48%	0.47%	0.48%	0.86% ⁽⁵⁾	0.89% ⁽⁵⁾	0.82% ⁽⁵⁾
Net Asset Value per Unit ⁽⁶⁾	\$ 10.27	\$ 10.26	\$ 9.86	\$ 9.77	\$ 11.34	\$ 11.33	\$ 11.01	\$ 10.51	\$ 10.51	\$ 10.35	\$ 9.99	\$ 9.99	\$ 9.95

(1) This information is provided as at December 31.

(2) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax and withholding taxes but excluding transaction fees, divided by the average net asset value. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER for 2022, 2021, 2020 and 2019 for the Class I units, excluding withholding taxes, is 2.07%, 2.01%, 2.09% and 1.88% respectively. The MER for 2022, 2021, 2020 and 2019 for the Class F units, excluding withholding taxes, is 2.07%, 1.92%, 2.06% and 1.84% respectively. The MER for 2022, 2021, 2020 and 2019 for the Class A units, excluding withholding taxes, is 2.92%, 2.81%, 3.22% and 4.66% respectively. The MER for 2022 for the ETF units, excluding withholding taxes, is 2.43%. The Manager may waive or absorb operating expenses at its discretion or stop waiving or absorbing such expenses at any time without notice. A portion of the management fees have been waived until assets under management reach a discretionary threshold. Commencing July 12, 2021, a management fee of 0.7 percent for Class F, Class I and Class A units was accrued and paid to the Manager. The MER for 2022, 2021, 2020 and 2019 for the Class I units, including waived management fees, are 2.46%, 2.79%, 3.33% and 3.13% respectively. The MER for 2022, 2021, 2020 and 2019 for the Class F units, including waived management fees, are 2.47%, 2.64%, 3.30% and 3.10% respectively. The MER for 2022, 2021, 2020 and 2019 for the Class A units, including waived management fees, are 3.31%, 3.24%, 4.47% and 5.90% respectively. The MER for 2022 for the ETF units, including waived management fees, are 2.86%.

(3) 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.

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

(5) Annualized.

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

(7) For the period from inception on October 31, 2022 to December 31, 2022.

(8) For the period from inception on December 1, 2019 to December 31, 2019.

(9) For the period from inception on December 12, 2019 to December 31, 2019.

Management Fees

Mulvihill, as the Investment Manager and Manager of the Fund, is entitled to fees under the Trust Agreement, calculated and accrued daily and paid monthly. For Class I and UI units, the management fees are negotiable but will not exceed the management fee payable on the Class A and UA units. The maximum annual rate of the management fee for Class F units, Class UF units and ETF units is 1.00 percent and for Class A units and Class UA units is 2.00 percent. Services received under the Trust Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund providing or arranging for required administrative services to the Fund. Mulvihill also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and as to the execution of all portfolio and other transactions.

To achieve effective and competitive management fees, Mulvihill may reduce the management fee borne by certain unitholders who have signed an agreement with Mulvihill. Mulvihill will pay out the amount of the reduction in the form of a management fee rebate directly to the eligible unitholder. Management fee rebates are reinvested in units unless otherwise requested. The decision to pay management fee rebates will be in Mulvihill's discretion and will depend on a number of factors, including the size of the investment and a negotiated fee agreement between the unitholder and Mulvihill. Mulvihill reserves the right to discontinue or change management fee rebates at any time.

Mulvihill is entitled to receive a performance fee from the Fund in respect of any calendar quarter equal to 10 percent of the amount by which the Adjusted Net Asset Value ("NAV") per unit at the end of such calendar quarter exceeds the performance of the reference index (the "Performance Fee Index") since the end of the period for which the last performance fee was paid, plus applicable taxes. Notwithstanding the foregoing, no performance fee will be payable with respect to a calendar quarter unless the Adjusted NAV per Unit exceeds both (i) the highest calendar quarter end Adjusted NAV per Unit immediately following the last time a performance fee was paid and (ii) an amount equal to the original issue price (being \$10.00) of the units. In addition, the amount of the performance fee in respect of any calendar quarter will be limited such that the Adjusted NAV per Unit after giving effect to the payment of the performance fee may not be less than either (i) or (ii) above. "Adjusted NAV per Unit" means the NAV per Unit at the end of a calendar quarter without including any accrual for the performance fee plus the aggregate amount of all distributions paid or payable since the last time a performance fee was paid.

The Performance Fee Index for each class is as follows:

Class I units: blended total return of the CBOE S&P 500 BuyWrite Index ("BXM") (in Canadian dollars) and the S&P/TSX 60 Covered Call 2% OTM Monthly Index ("TSXCCM") (in Canadian dollars) (weighted 50 percent as to each index).

Class UI units: blended total return of the BXM (in U.S. dollars) and the TSXCCM (in U.S. dollars) (weighted 50 percent as to each index).

Class F units, Class A units and ETF units: blended total return of the BXM (in Canadian dollars) and the TSXCCM (in Canadian dollars) (weighted 50 percent as to each index).

Class UI units and Class UF units: blended total return of the BXM (in U.S. dollars) and the TSXCCM (in U.S. dollars) (weighted 50 percent as to each index). The BXM Index is a benchmark index designed to track the performance of the hypothetical buy-write strategy on the S&P 500 Index.

The TSXCCM Index is a passive total return index based on selling near-term 2 percent out-of-the-money calls against a long position in the iShares S&P TSX 60 Index ETF ("XIU"). It is designed to reflect the return on a portfolio that consists of a long position in XIU and a short position in the XIU close-to-the-money call options.

The TSXCCM Index was launched on April 20, 2021.

For any redemption of units of any class of the Fund during a calendar quarter, the prorated performance fee for that class of units of the Fund at the time of redemption of such units will be paid to Mulvihill at the end of the month in which the redemption occurs.

Past Performance

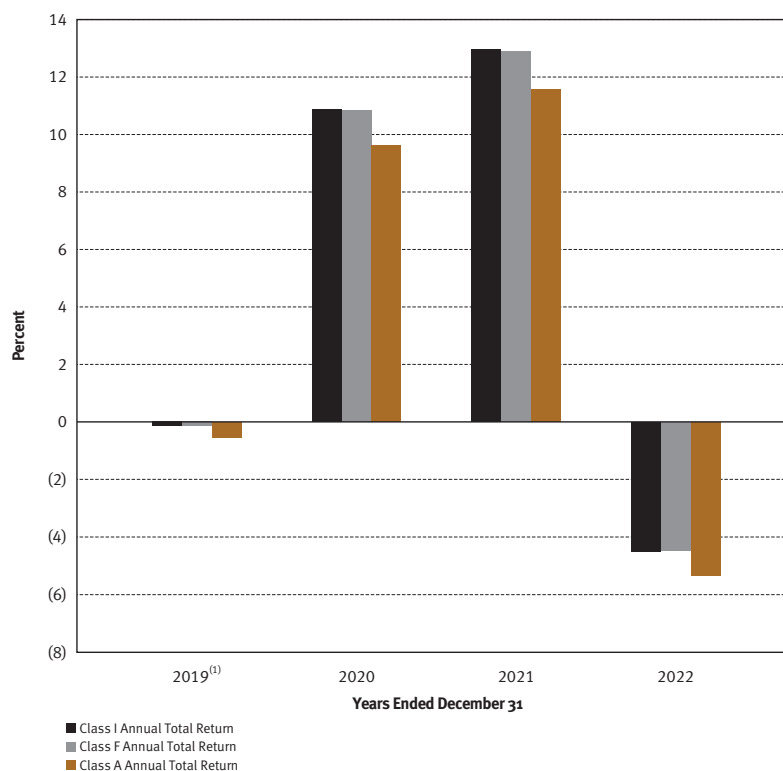
The following chart sets out the Fund's year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions made by the Fund during these periods were reinvested in Class I, Class F units, Class A or ETF units of the Fund,
- (2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund's total return varied from year to year for each of the past three years. The chart also shows, in percentage terms, how much an investment made on January 1 or the date of inception on December 1, 2019 for the Class I and F units, December 12, 2019 for the Class A units and October 31, 2022 for the ETF units would have increased or decreased by the end of that fiscal year.

Annual Total Return



⁽¹⁾ For the periods from December 1, 2019 (Class I and Class F) and December 12, 2019 (Class A), the inception of each Class of the Fund, to December 31, 2019.

Annual Compound Returns

The following table shows the Fund’s historical annual compound return (net of expenses) for the years ended December 31, 2022 as compared to the performance of the S&P/TSX Composite Index and S&P 500 Index.

(In Canadian Dollars)	One Year	Three Years	Since Inception ⁽³⁾
Mulvihill Premium Yield Fund – Class I	-4.47 %	6.17 %	5.94 %
Mulvihill Premium Yield Fund – Class F	-4.42 %	6.15 %	5.92 %
Mulvihill Premium Yield Fund – Class A	-5.32 %	5.01 %	4.74 %
S&P/TSX Composite Index ⁽²⁾	-5.84 %	7.54 %	7.71 %
S&P 500 Index ⁽³⁾	-12.41 %	9.17 %	9.15 %

(1) From the date of inception on December 1, 2019 for the Class I and Class F units and December 12, 2019 for the Class A units.

(2) The S&P/TSX Composite Index is a capitalization-weighted index comprised of companies listed on the Toronto Stock Exchange.

(3) The S&P 500 Index is comprised of 500 large-cap U.S. equities.

Use of the S&P/TSX Composite Index and the S&P 500 Index as benchmarks is deemed appropriate as the stocks within the two indexes are the ones that the Fund invests in.

The equity performance benchmarks shown here provide an approximate indication of how the Fund’s returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed these indices; rather, its objectives are to pay out quarterly distributions and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to enhance the income generated by the portfolio and reduce volatility.

The Manager believes that in a flat or downward trending market, a portfolio that is subject to covered call option writing will generally provide higher relative returns and lower volatility than one on which no options are written. However, in a rising market, the use of options may have the effect of limiting or reducing the total returns of the Fund since the premiums associated with writing covered call options may be outweighed by the foregone opportunity of remaining fully invested in the securities comprising the portfolio.

Portfolio Manager Report

2022 was a year marked by macro headlines and geopolitical events that impacted almost every asset class. Inflation rates at or near 40-year highs and aggressive monetary tightening by central banks around the globe created increased volatility as investors priced in the increasing risk of a recession. Russia's invasion of Ukraine in February also sparked a rally in the commodity complex led by surging energy prices, which along with pandemic supply constraints, has only helped exacerbate the rise in inflation. Most equity indexes declined during the period, with many indices entering into bear market territory during 2022, declining more than 20 percent. The total return for the S&P/TSX Composite Index for the year was negative 5.8 percent while the S&P 500 Index was down 18.1 percent (12.4 percent in Canadian dollars). Sector performance varied significantly in both markets with Energy considerably leading the way for the second consecutive year, with a total return of 30.9 percent in Canada and 65.4 percent in the U.S. Meanwhile in Canada, Health Care stocks underperformed again, down 61.6 percent, driven by continued weakness in Cannabis stocks while south of the border, Communications Services stocks lagged, posting a negative total return of 39.9 percent. Central Banks aggressively tightened monetary policy in 2022 to combat decade high inflation rates. The Bank of Canada raised the overnight rate by 375 basis points in 2022, while the U.S. Federal Reserve raised the federal funds rate by 400 basis points. The Canadian dollar declined 6.7 percent versus the U.S. dollar during the period. The Bloomberg Global Aggregate Index returned -4.7 percent for the year, as rising interest rates and surging inflation presented several headwinds for fixed income investors.

The net asset value of the Fund on December 31, 2022 was \$10.27 per unit (Class I), \$10.27 per unit (Class F) and \$9.86 per unit (Class A) compared to \$11.34 per unit (Class I), \$11.33 per unit (Class F) and \$11.01 per unit (Class A) on December 31, 2021. The net asset value per ETF unit at December 31, 2022 was \$9.77 compared to \$10.00 per unit on the first net asset value date on October 31, 2022. The Fund paid Class I, Class F and Class A unitholders cash distributions of \$0.56 per unit during 2022. The distribution frequency changed from quarterly to monthly in October 2022. The Fund paid the ETF unitholders distributions of \$0.09 per unit during the period.

The annual return of the Fund, including reinvestment of distributions, was negative 4.5 percent (Class I), negative 4.4 percent (Class F) and negative 5.3 percent (Class A). The return since inception of the ETF units, including reinvestment of distributions, for the period ended December 31, 2022 was negative 1.3 percent. The best performing stocks in the portfolio in 2022 were Valero Energy Corporation rising 55.9 percent followed by Imperial Oil Ltd rising 45.5 percent. Spin Master Corp and Fedex Corp were the stocks in the portfolio that had the largest negative impact on the Fund.

Volatility levels, as measured by the Chicago Board Options Exchange Volatility Index ("VIX"), oscillated a number of times over the year, trading in a range of 16.3 and 39.0. The key takeaway is that the metric known as the 'fear and greed index' was itself very volatile.

The Fund had on average 12.7 percent of the portfolio subject to covered calls and 4.5 percent to cash covered puts during 2022. The net realized gain on options amounted to \$0.97 per Class I unit, \$0.94 per Class F unit and \$0.95 per Class A unit in 2022 compared to \$1.19 per Class I unit, \$1.12 per Class F unit and \$0.77 per Class A unit in 2021. The net realized gain on options for the ETF unit amounted to \$0.11 per unit. The Fund did not hedge any of the U.S. dollar exposure back into Canadian dollars during 2022. For a more detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

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

Summary of Investment Portfolio

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

Asset Mix

December 31, 2022

	% OF NET ASSET VALUE
Industrials	24.8 %
Financials	20.7 %
Energy	13.6 %
Cash	10.9 %
Health Care	10.5 %
Information Technology	7.3 %
Exchange-Traded Funds	4.9 %
Consumer Staples	3.9 %
Materials	2.3 %
Consumer Discretionary	1.9 %
Other Assets (Liabilities)	(0.8)%
	100.0 %

Top 25 Holdings

December 31, 2022

	% OF NET ASSET VALUE
Cash	10.9 %
Thomson Reuters Corporation	4.3 %
Abbvie Inc.	4.2 %
Merck & Co., Inc.	4.2 %
Imperial Oil Limited	4.1 %
Lockheed Martin Corporation	4.1 %
Royal Bank of Canada	4.0 %
CGI Inc.	3.9 %
Metro Inc.	3.9 %
The Allstate Corporation	3.9 %
Morgan Stanley	3.8 %
National Bank of Canada	3.8 %
Waste Connections, Inc.	3.8 %
Mulvihill Canadian Bank Enhanced Yield ETF	3.5 %
Cenovus Energy Inc.	3.4 %
Enbridge Inc.	3.4 %
Texas Instruments Incorporated	3.4 %
MetLife, Inc.	2.9 %
Canadian Natural Resources Limited	2.8 %
Rollins, Inc.	2.8 %
Alamos Gold Inc.	2.3 %
Element Fleet Management Corp.	2.3 %
AmerisourceBergen Corporation	2.1 %
Cummins Inc.	2.0 %
Huntington Ingalls Industries, Inc.	2.0 %
Canadian Pacific Railway Ltd.	1.9 %
Dollarama Inc.	1.9 %
Old Dominion Freight Line, Inc.	1.9 %
Stantec Inc.	1.9 %
Premium Income Corporation - Preferred Share	1.3 %

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.

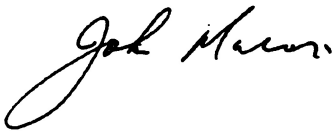
Management’s Responsibility for Financial Reporting

The accompanying financial statements of Mulvihill Premium Yield Fund (the “Fund”) and all the information in this annual report are the responsibility of the management of Mulvihill Capital Management Inc. (the “Manager”), and have been approved by the Directors of the Manager (the “Directors”).

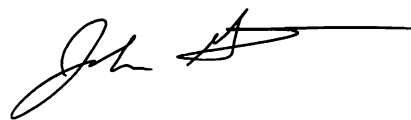
The financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with 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.

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 Directors meet periodically with management and the independent auditor 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 independent auditor’s report. Deloitte LLP, the Fund’s independent auditor, has full and unrestricted access to the Directors.



John Mulvihill
Director
Mulvihill Capital Management Inc.
March 3, 2023



John D. Germain
Director
Mulvihill Capital Management Inc.

To the Unitholders of Mulvihill Premium Yield Fund (the “Fund”)

Opinion

We have audited the financial statements of the Fund, which comprise the statement of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to holders of Class I, Class F and Class A units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management Report of Fund Performance
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Francesco Quatrala.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
March 27, 2023

Statements of Financial Position

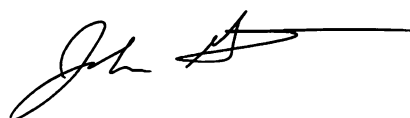
As at December 31

	Note	2022	2021
ASSETS			
Financial assets at fair value through profit or loss	6	\$ 34,744,788	\$ 40,952,768
Dividends receivable		74,083	60,745
Cash		4,194,835	1,834,829
Derivative assets	6	130,683	–
TOTAL ASSETS		39,144,389	42,848,342
LIABILITIES			
Due to brokers – Investments		355,819	1,622,381
Derivative liabilities	6	–	746,624
Accrued liabilities		113,493	167,597
Accrued management fees	8	22,190	22,647
TOTAL LIABILITIES		491,502	2,559,249
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I, CLASS F, CLASS A AND ETF UNITS		\$ 38,652,887	\$ 40,289,093
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I UNITS		\$ 14,034,978	\$ 14,721,818
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS F UNITS		\$ 14,744,397	\$ 9,923,586
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A UNITS		\$ 7,429,934	\$ 15,643,689
NET ASSETS ATTRIBUTABLE TO HOLDERS OF ETF UNITS		\$ 2,443,578	\$ –
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I UNITS PER CLASS I UNIT		\$ 10.2714	\$ 11.3391
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS F UNITS PER CLASS F UNIT		\$ 10.2635	\$ 11.3261
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A UNITS PER CLASS A UNIT		\$ 9.8644	\$ 11.0089
NET ASSETS ATTRIBUTABLE TO HOLDERS OF ETF UNITS PER ETF UNIT		\$ 9.7743	\$ –

On behalf of the Manager,
Mulvihill Capital Management Inc.



John Mulvihill, Director



John D. Germain, Director

The notes are an integral part of the Financial Statements.

Statements of Comprehensive Income

Years ended December 31

	Note	2022	2021
INCOME			
Dividend income		\$ 997,142	\$ 473,107
Interest income		8,335	1,669
Net realized gain/(loss) on investments at fair value through profit or loss		(5,131,157)	258,635
Net realized gain on options at fair value through profit or loss		3,372,278	2,837,688
Net change in unrealized gain on investments at fair value through profit or loss		46,012	336,437
TOTAL INCOME/(LOSS), NET		(707,390)	3,907,536
EXPENSES			
Management fees	8	253,225	137,202
Service fees		101,147	89,415
Administrative and other expenses		206,524	210,895
Transaction fees	9	111,395	138,079
Custodian fees		40,827	36,879
Audit fees		72,722	75,007
Independent review committee fees	8	13,618	11,529
Legal fees		86,463	34,847
Unitholder reporting costs		25,025	13,268
Harmonized sales tax		70,939	56,641
Withholding taxes		39,826	15,154
TOTAL EXPENSES		1,021,711	818,916
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I, CLASS F, CLASS A AND ETF UNITS	10	\$ (1,729,101)	\$ 3,088,620
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I UNITS PER CLASS I UNIT	10	\$ (0.5062)	\$ 1.3302
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS F UNITS PER CLASS F UNIT	10	\$ (0.4627)	\$ 1.2664
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A UNITS PER CLASS A UNIT	10	\$ (0.4893)	\$ 0.7352
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ETF UNITS PER ETF UNIT	10	\$ (0.1043)	\$ —

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units

Years ended December 31

	2022	2021
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I, CLASS F, CLASS A AND EFT UNITS, BEGINNING OF YEAR		
Class I	\$ 14,721,818	\$ 11,075,355
Class F	9,923,586	6,026,806
Class A	15,643,689	251,778
ETF	-	-
	40,289,093	17,353,939
Increase/(Decrease) in Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units		
Class I	(675,065)	1,562,650
Class F	(541,541)	951,483
Class A	(488,641)	574,487
ETF	(23,854)	-
	(1,729,101)	3,088,620
Unit Transactions		
Proceeds from issue of units		
Class I	255,010	2,249,000
Class F	11,419,405	5,651,058
Class A	472,850	20,694,499
ETF	2,490,767	-
	14,638,032	28,594,557
Reinvestments		
Class I	485,171	451,295
Class F	262,282	185,907
Class A	57,953	34,017
	805,406	671,219
Value for units redeemed		
Class I	(4,205)	-
Class F	(5,631,878)	(2,500,480)
Class A	(7,728,553)	(5,509,024)
	(13,364,636)	(8,009,504)
Distributions		
Class I		
Non-taxable distributions	(747,751)	(616,482)
Class F		
Non-taxable distributions	(687,457)	(391,188)
Class A		
Non-taxable distributions	(527,364)	(402,068)
ETF		
Non-taxable distributions	(23,335)	-
	(1,985,907)	(1,409,738)
Changes in Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units		
Class I	(686,840)	3,646,463
Class F	4,820,811	3,896,780
Class A	(8,213,755)	15,391,911
ETF	2,443,578	-
	(1,636,206)	22,935,154
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS I, CLASS F, CLASS A AND EFT UNITS, BEGINNING OF YEAR		
Class I	\$ 14,034,978	\$ 14,721,818
Class F	14,744,397	9,923,586
Class A	7,429,934	15,643,689
ETF	2,443,578	-
	\$ 38,652,887	\$ 40,289,093

The notes are an integral part of the Financial Statements.

Statements of Cash Flows

Years ended December 31

	2022	2021
CASH, BEGINNING OF YEAR	\$ 1,834,829	\$ 238,922
Cash Flows Provided By (Used In) Operating Activities		
Increase/(Decrease) in net assets attributable to holders of Class I, Class F, Class A and ETF Units	(1,729,101)	3,088,620
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized (gain)/loss on investments at fair value through profit or loss	5,131,157	(258,635)
Net realized gain on options at fair value through profit or loss	(3,372,278)	(2,837,688)
Net change in unrealized (gain)/loss on investments at fair value through profit or loss	(46,012)	(336,437)
Net change in unrealized (gain)/loss on foreign cash	15,161	155,789
(Increase)/decrease in dividends receivable	(13,338)	(49,849)
Increase/(decrease) in accrued management fees, accrued liabilities and due to brokers - investments	(1,321,123)	1,763,004
Purchase of investment securities	(91,255,260)	(129,271,522)
Proceeds from disposition of investment securities	94,857,905	109,496,091
	3,996,212	(21,339,247)
Cash Flows Provided By (Used In) Financing Activities		
Proceeds from issue of Class I units	255,010	2,249,000
Proceeds from issue of Class F units	11,419,405	5,651,058
Proceeds from issue of Class A units	472,850	20,694,499
Proceeds from issue of ETF units	2,490,767	-
Class I unit redemptions	(4,205)	-
Class F unit redemptions	(5,631,878)	(2,500,480)
Class A unit redemptions	(7,728,553)	(5,509,024)
Class I unit reinvestments	485,171	451,295
Class F unit reinvestments	262,282	185,907
Class A unit reinvestments	57,953	34,017
Class I unit distributions	(747,751)	(616,482)
Class F unit distributions	(687,457)	(391,188)
Class A unit distributions	(527,364)	(402,068)
ETF unit distributions	(23,335)	-
	92,895	19,846,534
Net Increase in Cash during the Year	2,360,006	1,595,907
CASH, END OF YEAR	\$ 4,194,835	\$ 1,834,829
Dividends received, net of withholding taxes	\$ 943,978	\$ 408,104
Interest received	\$ 8,335	\$ 1,669

The notes are an integral part of the Financial Statements.

Mulvihill Premium Yield Fund

Schedule of Investments

As at December 31, 2022

	Number of Shares	Average Cost/Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Consumer Discretionary				
Dollarama Inc.	9,400	\$ 640,053	\$ 744,386	1.9 %
Consumer Staples				
Metro Inc.	19,900	1,307,247	1,491,903	3.9 %
Energy				
Canadian Natural Resources Limited	14,200	1,073,067	1,067,698	
Cenovus Energy Inc.	50,000	1,354,001	1,313,500	
Enbridge Inc.	24,700	1,284,631	1,307,124	
Imperial Oil Limited	23,800	1,470,695	1,569,610	
Total Energy		5,182,394	5,257,932	13.6 %
Financials				
Element Fleet Management Corp.	49,000	703,826	904,050	
National Bank of Canada	16,000	1,511,220	1,459,680	
Royal Bank of Canada	12,200	1,613,971	1,553,060	
Total Financials		3,829,017	3,916,790	10.1 %
Industrials				
Canadian Pacific Railway Ltd.	7,400	763,536	747,030	
Stantec Inc.	11,100	721,533	720,168	
Thomson Reuters Corporation	10,800	1,398,119	1,668,168	
Waste Connections, Inc.	8,200	1,557,535	1,471,736	
Total Industrials		4,440,723	4,607,102	11.9 %
Information Technology				
CGI Inc.	12,800	1,394,450	1,493,888	3.9 %
Materials				
Alamos Gold Inc.	65,200	785,022	892,588	2.3 %
Total Canadian Common Shares		\$ 17,578,906	\$ 18,404,589	47.6 %
United States Common Shares				
Financials				
The Allstate Corporation	8,100	\$ 1,415,142	\$ 1,488,232	
MetLife, Inc.	11,600	1,083,094	1,137,477	
Morgan Stanley	12,900	1,466,177	1,486,062	
Total Financials		3,964,413	4,111,771	10.6 %
Health Care				
Abbvie Inc.	7,400	1,535,088	1,620,414	
AmerisourceBergen Corporation	3,700	723,268	830,762	
Merck & Co., Inc.	10,700	1,219,153	1,608,559	
Total Health Care		3,477,509	4,059,735	10.5 %
Industrials				
Cummins Inc.	2,400	733,234	787,903	
Huntington Ingalls Industries, Inc.	2,500	706,755	781,405	
Lockheed Martin Corporation	2,400	1,304,735	1,582,016	
Old Dominion Freight Line, Inc.	1,900	777,138	730,569	
Rollins, Inc.	22,200	1,077,528	1,099,126	
Total Industrials		4,599,390	4,981,019	12.9 %
Information Technology				
Texas Instruments Incorporated	5,800	1,373,982	1,298,424	3.4 %
Total United States Common Shares		\$ 13,415,294	\$ 14,450,949	37.4 %

Schedule of Investments

As at December 31, 2022

	Number of Shares/ Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
Exchange-Traded Funds				
Premium Income Corporation – Preferred Share	40,000	\$ 582,456	\$ 518,400	
Mulvihill Canadian Bank Enhanced Yield ETF	185,000	1,462,377	1,370,850	
Total Exchange-Traded Funds		\$ 2,044,833	\$ 1,889,250	4.9 %
Options				
Written Covered Call Options (100 shares per contract)				
Texas Instruments Inc. – January 2023 @ \$170	(58)	\$ (47,255)	\$ (21,376)	(0.1) %
Written Covered Put Options (100 shares per contract)				
Moderna Inc. – January 2023 @ \$200	(44)	(92,371)	(138,014)	
Teck Resources Ltd. – January 2023 @ \$49	(158)	(39,313)	(14,773)	
Wynn Resorts Ltd. – January 2023 @ \$85	(103)	(84,791)	(67,338)	
Total Written Covered Put Options		(216,475)	(220,125)	(0.6) %
Purchased Put Options (100 shares per contract)				
SPDR S&P 500 ETF Trust – June 2023 @ \$380	137	415,931	372,184	1.0 %
Total Options		\$ 152,201	\$ 130,683	0.3 %
Adjustment for transaction fees		(22,343)		
TOTAL INVESTMENTS		\$ 33,168,891	\$ 34,875,471	90.2 %
OTHER NET ASSETS			3,777,416	9.8 %
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES			\$ 38,652,887	100.0 %

1. Fund Information

Mulvihill Premium Yield Fund (the “Fund”) was originally established pursuant to a trust agreement dated February 15, 2001, as amended May 23, 2006, April 18, 2008 and December 18, 2012 and was formerly known as Government Strip Bond Trust, a public closed-end fund, until the redemption of the units issued to the public on December 31, 2012. The Fund recommenced operations on December 1, 2019 for the Class I and F units and December 12, 2019 for the Class A units.

On January 1, 2022, Strathbridge Asset Management Inc. announced a name change back to Mulvihill Capital Management Inc. (“Mulvihill” or the “Manager”). Mulvihill is the Manager of the Fund. The head office of Mulvihill and of the Fund is located at 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario M5H 3T9.

The Fund is authorized to issue an unlimited number of classes divided into an unlimited number of units, each of which represents an equal undivided interest in the property of the Fund.

The Class I units and Class UI units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager and are offered on a private placement basis only.

The Class F units and Class UF units are generally only available to investors who have fee-based accounts with authorized brokers and dealers.

The Class A units and Class UA units are available to all investors.

No Class UI, Class UF and Class UA units have been issued.

The Fund is a mutual fund investment trust that seeks to provide unitholders with (i) high quarterly income on a tax efficient basis; (ii) long-term capital appreciation through investment in a portfolio of high quality equity securities; and (iii) lower overall portfolio volatility. The Fund will write options to seek to earn tax efficient option premiums, reduce overall portfolio volatility and enhance the portfolio’s total return.

To achieve its investment objectives, the Fund will (i) invest in an actively managed portfolio comprised of securities from the S&P/TSX Composite Index and S&P 500 Index; and (ii) use option writing strategies from time to time in response to market conditions to generate an enhanced tax efficient yield. The Fund is also permitted to invest in public investment funds including exchange-traded funds and other Mulvihill Funds (provided that no more than 15 percent of the net asset value of the Fund may be invested in securities of other Funds managed by Mulvihill and provided there are no duplication of fees) that provide exposure to such securities.

The Fund will use a quantitative approach to select securities. The Fund will, from time to time employ various investment strategies including the use of derivative instruments to generate income, reduce portfolio volatility and protect capital. The Fund seeks to achieve a 5 percent yield, with additional capital growth potential beyond such yield target.

These financial statements were approved by the Directors of the Manager on March 3, 2023.

2. Basis of Presentation

The annual financial statements for the Fund have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board (“IASB”).

3. Summary of Significant Accounting Policies

Functional and Presentation Currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). Despite investments and related income being primarily in U.S. currency, the Manager has determined that the Canadian dollar is the functional currency as the Fund incurs its expenses, measures its performance and issues and redeems units primarily in Canadian dollars. The financial statements of the Fund are presented in Canadian dollars which is the Fund’s presentation currency.

Financial Instruments

The Fund recognizes financial instruments at fair value upon initial recognition. Purchases and sales of financial assets are recognized at their trade date. The Fund’s investments are classified at fair value through profit or loss (“FVTPL”). The Fund’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as of the date of the statement of financial position. All other financial assets and liabilities are measured at amortized cost. The Fund’s accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value (“NAV”) for transactions with unitholders.

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

Classification

Financial Assets

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

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

Consequently, these financial assets are mandatorily measured at FVTPL.

Held for Trading

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

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

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

Financial Assets and Financial Liabilities at Amortized Cost

The financial assets and liabilities measured at amortized cost may include cash, dividends receivable, due from brokers – investments, due to brokers – investments, accrued liabilities, accrued management fees, redemptions payable and the Fund’s obligation for net assets attributable to holders of Class I units, Class F units, Class A and ETF units.

IFRS 9 Financial Instruments requires the expected credit loss model (“ECL”) as the impairment model for financial assets carried at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short-term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and their high credit quality, the Fund has determined that no expected credit loss allowance is required.

Fair Value Measurement

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

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

The fair value of financial assets and liabilities that are not traded in an active market is determined by valuation techniques as described in Note 4.

Investment Transactions and Income

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

- (i) Expiration of written options whereby realized gains are equivalent to the premium received,
- (ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option, and
- (iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses relating to purchased put options may arise from:

- (i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid,
- (ii) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid, and
- (iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the net change in unrealized gain/(loss) on investments at fair value through profit or loss. The premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date.

Interest income is measured using the effective interest method and recorded on a daily basis.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) on short-term investments are reflected as interest income. Realized gains (losses) relating to forward exchange contracts are included in net realized gain/(loss) on forward exchange contracts at fair value through profit or loss. Other foreign exchange gains(losses) are recorded as net realized or unrealized gain/(loss) on investments at fair value through profit or loss, as appropriate.

Short-Term Investments

Short-term investments are held for investment purposes and consist primarily of money market instruments with original maturities of 90 days or less.

Classification of Units

IAS 32, Financial Instruments: Presentation ("IAS 32") requires that the Class I, Class F, Class A and ETF units (the "units") (which are puttable instruments) be classified as financial liabilities unless all the criteria outlined in IAS 32 paragraphs 16A and 16B are met. The Fund's units do not meet the criteria in IAS 32 paragraphs 16A and 16B to be classified as equity.

Increase/(Decrease) in Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units per Unit

The increase/(decrease) in net assets attributable to holders of Class I units, Class F units, Class A units and ETF units per unit is calculated by dividing the increase/ (decrease) in net assets attributable to holders of Class I, Class F, Class A and ETF units by the weighted average number of Class I units, Class F units, Class A and ETF units outstanding during the year. Please refer to Note 10 for the calculation.

Taxation

The Fund is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Fund is 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 Fund on any net realized capital gains not paid or payable to unitholders is recoverable by the Fund to the extent and in the circumstances provided in the Act.

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

The Fund currently incurs withholding taxes imposed by certain foreign countries on investment income. Such foreign income is recorded gross of withholding taxes, and the withholding taxes are presented as an expense line item in the Statement of Comprehensive Income.

IAS 7 Statement of Cash Flows

IAS 7 Statement of Cash Flows ("IAS 7") requires disclosures related to changes in liabilities arising from financing activities. Class I, Class F, Class A and ETF units issued by the Fund are classified as financial liabilities in accordance with IAS 32, as they do not meet the definition of puttable instruments to be classified as equity in accordance with IAS 32 for financial reporting purposes.

A reconciliation between the opening and closing balances of the Class I units, Class F units, Class A units and ETF units of the Fund is presented in the Statement of Changes in Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units, including changes from cash flows and non-cash changes.

4. Critical Accounting Estimates and Judgments

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

The Manager considers the currency of the primary economic environment in which the Fund operates to be the Canadian dollar as this is the currency which, in the Manager's opinion, most faithfully represents the economic effects of underlying transactions, events and conditions. The financial statements of the Fund are presented in Canadian dollars as the Fund's presentation currency.

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation models and techniques generally recognized as standard within the investment industry. These valuation methods use observable

data wherever possible. Observable market data are readily available and supplied by independent sources actively involved in the relevant market. However, areas such as credit risk (both own and counterparty) and its correlations require the Manager to make estimates. Significant changes in assumptions about these factors could adversely affect the reported fair values of financial instruments. Please refer to Note 6 for a further analysis of risks associated with financial instruments.

5. Capital Disclosures

IAS 1, Presentation of Financial Statements (“IAS 1”), requires the disclosure of: (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Fund’s objectives, policies and processes are described in Note 1, information on the Fund’s units is described in Note 7 and the Fund does not have any externally imposed capital requirements.

6. Risks Associated with Financial Instruments

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

Credit Risk

The Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange-traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies.

The Fund measures credit risk and lifetime ECLs related to the receivables using historical analysis and forward-looking information in determining the ECL.

The Fund is also exposed to counterparty credit risk on derivative financial instruments. The counterparty credit risk for derivative financial instruments is managed by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102. During the years ended December 31, 2022 and 2021, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher from Standard & Poor’s Ratings Services.

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

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and which can be easily disposed. In addition, the Fund aims to retain sufficient cash and short-term investments to maintain liquidity and to meet its obligations when due.

Cash is required to fund redemptions. Class I unitholders must surrender units on or before the 10th day of the month, or next business day if the 10th day is not a business day. Class F and Class A unitholders can redeem units daily. Therefore, the Fund has a maximum of 18 business days for Class I units and 3 business days for Class F and A units in which to generate sufficient cash to fund redemptions mitigating liquidity issues.

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

	As at December 31, 2022		
	Financial Liabilities		
	On Demand	< 3 months	Total
Due to brokers - investments	\$ –	\$ 355,819	\$ 355,819
Accrued liabilities	–	113,493	113,493
Accrued management fees	–	22,190	22,190
Class I units	14,034,978	–	14,034,978
Class F units	14,744,397	–	14,744,397
Class A units	7,429,934	–	7,429,934
ETF units	2,443,578	–	2,443,578
	\$ 38,652,887	\$ 491,502	\$ 39,144,389

	As at December 31, 2021		
	Financial Liabilities		
	On Demand	< 3 months	Total
Due to brokers - investments	\$ –	\$ 1,622,381	\$ 1,622,381
Derivative liabilities	–	746,624	746,624
Accrued liabilities	–	167,597	167,597
Accrued management fees	–	22,647	22,647
Class I units	14,721,818	–	14,721,818
Class F units	9,923,586	–	9,923,586
Class A units	15,643,689	–	15,643,689
	\$ 40,289,093	\$ 2,559,249	\$ 42,848,342

Market Risk

The Fund’s investments are subject to market risk which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. The following include sensitivity analyses that show how the net assets attributable to holders of Class I, Class F, Class A and ETF units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

(a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The portfolio includes securities and options denominated in foreign currencies. The net asset value of the Fund and the value of the dividends and option premiums received by the Fund will be affected by fluctuations in the value of the foreign currencies relative to the Canadian dollar. The Fund may use foreign exchange contracts, from time to time, to hedge all or part of its foreign currency exposure. The table below indicates the foreign currencies to which the Fund had significant exposure as at December 31, 2022 and 2021 in Canadian dollar terms, and, if any, the notional amounts of forward exchange contracts. The table also illustrates the potential impact on the net assets attributable to Class I, Class F, Class A and ETF units if the Canadian dollar had strengthened or weakened by 5 percent in relation to the United States dollar, with all other variables held constant.

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As at December 31, 2022 U. S. Currency Exposure			Impact on Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units		
Monetary	Non- Monetary	Total	Monetary	Non- Monetary	Total
\$ 2,318,521	\$ 14,450,949	\$ 16,769,470	\$ 115,926	\$ 722,547	\$ 838,473
% of Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units					
6%	37%	43%	0%	2%	2%

As at December 31, 2021 U. S. Currency Exposure			Impact on Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units		
Monetary	Non- Monetary	Total	Monetary	Non- Monetary	Total
\$ 1,628,677	\$ 16,646,170	\$ 18,274,847	\$ 81,434	\$ 832,309	\$ 913,743
% of Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units					
4%	41%	45%	0%	2%	2%

(b) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short-term fixed income securities. The Fund has minimal sensitivity to changes in rates since securities are usually held to maturity and are short-term in nature.

(c) Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to price risk arises from its investments in equity securities. Net assets per unit varies as the value of the securities in the Fund varies. The Fund has no control over the factors that affect the value of the securities in the Fund, including factors that affect all the companies in the investment universe.

The Fund's price risk is managed by taking a long-term perspective and utilizing an option writing program, as well as by the use of purchased put options. Approximately 90 percent (2021 – 102 percent) of the Fund's net assets attributable to holders of Class I, Class F, Class A and ETF units held at December 31, 2022 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at December 31, 2022, the net assets attributable to holders of Class I, Class F, Class A and ETF units would have increased or decreased by \$1.7 million (2021 – \$2.0 million) or 4.5 percent (2021 – 5.1 percent) of the net assets attributable to holders of Class I, Class F, Class A and ETF units with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

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

Concentration Risk

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

	Dec. 31, 2022	Dec. 31, 2021
Industrials	27.6%	20.5%
Financials	23.0%	29.2%
Energy	15.1%	4.1%
Health Care	11.7%	4.0%
Information Technology	8.1%	8.5%
Exchange-Traded Funds	5.5%	4.3%
Consumer Staples	4.3%	7.3%
Materials	2.6%	6.1%
Consumer Discretionary	2.1%	4.1%
Utilities	–	4.1%
Real Estate	–	4.5%
Communication Services	–	3.3%
	100.0%	100.0%

Capital Risk Management

The Class I and UI units are redeemable monthly on the last business day of each month, which will be the effective date (the "Monthly Redemption Date"). In order for a redemption to be effective on a Monthly Redemption Date, a duly completed redemption request must be delivered to the Manager at its registered office by 4:00pm on or before the tenth day of the month (or next business day if the 10th day is not a business day).

The Class F, A, UF and UA units are redeemable daily by giving instructions to your registered broker or dealer. The Fund may charge a short-term trading fee of up to 2 percent of the NAV of any units redeemed within 31 days of purchase.

ETF Units are redeemable on any trading day for cash at a redemption price per ETF Unit equal to the lesser of (i) 95% of the market price of the ETF Units, as defined, on the effective redemption date and (ii) the net asset value per ETF Unit. An administration fee of 0.15% is deducted from the redemption price. In order for a redemption to be effective on a trading day, a duly completed redemption request must be delivered to the Manager by 9.00am on the trading day. If a redemption request is received after the deadline, the effective redemption date will be the next trading day. Payment of the redemption price will be no later than the second trading day after the effective redemption date.

Fair Value Measurement

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

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

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

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

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur. The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2022 and 2021.

	As at December 31, 2022			Total
	Level 1	Level 2	Level 3	
Canadian Common Shares	\$ 18,404,589	\$ –	\$ –	\$ 18,404,589
United States Common Shares	14,450,949	–	–	14,450,949
Exchange-Traded Funds	1,889,250	–	–	1,889,250
Options	130,683	–	–	130,683
	\$ 34,875,471	\$ –	\$ –	\$ 34,875,471

	As at December 31, 2021		Level 3	Total
	Level 1	Level 2		
Canadian Common Shares	\$ 22,193,946	\$ -	\$ -	\$ 22,193,946
Non-North American Common Shares	1,512,868	-	-	1,512,868
United States Common Shares	15,554,765	-	-	15,554,765
Exchange-Traded Funds	1,691,189	-	-	1,691,189
Options	(746,624)	-	-	(746,624)
	\$ 40,206,144	\$ -	\$ -	\$ 40,206,144

The carrying values of cash, dividends receivable, accrued liabilities, accrued management fees, accrued liabilities, due to brokers – investments and the Fund’s obligation for net assets attributable to holders of Class I, Class F, Class A and ETF units approximate their fair values due to their short-term nature.

(a) Equities

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

(b) Short-Term Investments

Short-term investments are valued at cost plus accrued interest which approximates fair value. The inputs are observable and therefore short-term investments are classified as Level 2.

(c) Derivative Assets and Liabilities

Derivative assets and liabilities consist of forward exchange contracts and option contracts.

Listed options are classified as Level 1 as the security is traded on a recognized exchange and a reliable price is readily observable.

Fair value of over-the-counter options is determined using the Black-Scholes Model with observable market data as inputs. Forward exchange contracts are valued on the gain or loss that would be realized if, on the valuation date, the position in the forward exchange contract, as the case may be, was to be closed out. Over-the-counter option and forward exchange contracts, for which the credit risks are determined not to be significant to fair value, have been classified as Level 2.

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during 2022 and 2021.

7. Class I, Class UI, Class F, Class UF, Class A, Class UA and ETF Units

The Class I and Class UI units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. The Class F and Class UF units are generally available only to investors who have fee-based accounts with authorized brokers or dealers. The Class A, Class UA and ETF units are available to all investors through dealers or brokers registered in their province or territory. The Class I, Class F, Class A and ETF units are Canadian dollar denominated. The Class UI, Class UF and Class UA units are U.S. dollar denominated. The Fund is authorized to issue an unlimited number of units of an unlimited number of classes.

For the year ended December 31, 2022, cash distributions paid to Class I units, Class F units, Class A and ETF units were \$747,751, \$687,457, \$527,364 and \$23,335 respectively, representing a payment of \$0.56 per Class I unit, \$0.56 per Class F unit, \$0.56 per Class A unit and \$0.09 per ETF unit. For the year ended December 31, 2021, cash distributions paid to Class I units, Class F units and Class A units were \$616,482, \$391,188 and \$402,068 respectively, representing a payment of \$0.52 per Class I unit, \$0.52 per Class F unit and \$0.52 per Class A unit.

During the year ended December 31, 2022, 408.039 (2021 – nil) Class I units were redeemed with a total retraction value of \$4,205 (2021 – nil).

During the year ended December 31, 2022, 529,303,569 (2021 – 221,265,018) Class F units were redeemed with a total retraction value of \$5,631,879 (2021 – \$2,500,480).

During the year ended December 31, 2022, 718,776.678 (2021 – 497,481.394) Class A units were redeemed with a total retraction value of \$7,728,554 (2021 – \$5,509,024).

During the years ended December 31, 2022 and 2021, unit transactions are as follows:

	Dec. 31, 2022	Dec. 31, 2021
Class I Units		
Units outstanding, beginning of year	1,298,326.427	1,053,443.134
Units issued	22,201.054	204,038.864
Units redeemed	(408.039)	-
Units reinvested	46,295.788	40,844.429
Units outstanding, end of year	1,366,415.230	1,298,326.427
Class F Units		
Units outstanding, beginning of year	876,172.406	573,380.083
Units issued	1,063,697.336	507,254.985
Units redeemed	(529,303.569)	(221,265.018)
Units reinvested	26,013.850	16,802.356
Units outstanding, end of year	1,436,580.023	876,172.406
Class A Units		
Units outstanding, beginning of year	1,421,005.647	24,328.464
Units issued	45,268.996	1,891,043.274
Units redeemed	(718,776.678)	(497,481.394)
Units reinvested	5,709.128	3,115.303
Units outstanding, end of year	753,207.093	1,421,005.647
ETF Units		
Units outstanding, beginning of year	-	-
Units issued	250,000.000	-
Units redeemed	-	-
Units reinvested	-	-
Units outstanding, end of year	250,000.000	-

8. Related Party Transactions

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

(a) Management Fees and Performance Fees

Mulvihill, as Investment Manager and Manager under the terms of the Trust Agreement, receives fees calculated and accrued daily on the net asset value of each class of units of the Fund and paid monthly plus applicable taxes. For Class I and UI units, the management fees are negotiable but will not exceed the management fee payable on the Class A and UA units. The maximum annual rate of the management fee for Class F units, Class UF units and ETF units is 1.00 percent and for Class A units and Class UA units is 2.00 percent. The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the Custodian and Manager in the ordinary course of business relating to the Fund’s operations.

A portion of the management fees for the Fund were waived until assets under management reach a discretionary threshold. Commencing July 12, 2021, a management fee of 0.7 percent for Class F, Class I and Class A units was accrued and paid to the Manager. Total management fees for the year ended December 31, 2022 were \$253,225 (2021 – \$137,202) of which \$22,190 (2021 – \$22,647) was paid subsequent to year-end.

Mulvihill is also entitled to receive a performance fee from the Fund in respect of any calendar quarter equal to 10 percent of the amount by which the Adjusted NAV per Unit at the end of such calendar quarter exceeds the

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performance of the reference index since the end of the period for which the last performance fee was paid, plus applicable taxes. “Adjusted NAV per Unit” means the NAV per Unit at the end of a calendar quarter without including any accrual for the performance fee plus the aggregate amount of all distributions paid or payable since the last time a performance fee was paid. No performance fee was paid in 2022 and 2021.

(b) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the year ended December 31, 2022 were \$13,618 (2021 – \$11,529).

(c) Investment in other Mulvihill Funds

The Fund may invest in units of other funds managed by the Manager. The Fund’s ownership interest in Premium Income Corporation – Preferred share was 0.3 percent as at December 31, 2022 (2021 – Premium Income Corporation – Class A was 1.7 percent).

9. Brokerage Commissions and Soft Dollars

The Manager may select brokerages who charge a commission in soft dollars if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value received as a percentage of total transaction fees paid during the years ended December 31, 2022 and 2021 is disclosed below:

	Dec. 31, 2022	Dec. 31, 2021
Soft Dollars	\$ 45,936	\$ 42,003
Percentage of Total Transaction Fees	41.2%	30.4%

10. Increase in Net Assets Attributable to Holders of Class I, Class F, Class A and ETF Units per Unit

The increase in net assets attributable to holders of Class I, Class F, Class A and ETF units per unit for the years ended December 31, 2022 and 2021 is calculated as follows:

	December 31, 2022			
	Class I	Class F	Class A	ETF
Decrease in Net Assets Attributable to Holders of Units	\$ (675,065)	\$ (541,541)	\$ (488,641)	\$ (23,854)
Weighted Average Number of Units Outstanding during the Year	1,333,687	1,170,417	998,736	228,788
Decrease in Net Assets Attributable to Holders of Units per Unit	\$ (0.5062)	\$ (0.4627)	\$ (0.4893)	\$ (0.1043)

	December 31, 2021			
	Class I	Class F	Class A	ETF
Increase in Net Assets Attributable to Holders of Units	\$ 1,562,650	\$ 951,483	\$ 574,487	–
Weighted Average Number of Units Outstanding during the Year	1,174,753	751,315	781,410	–
Increase in Net Assets Attributable to Holders of Units per Unit	\$ 1.3302	\$ 1.2664	\$ 0.7352	–

11. Income Taxes

No amount is payable on account of income taxes in 2022 and 2021.

Accumulated non-capital losses of approximately \$0.1 million (2021 – \$0.1 million) and accumulated capital losses of approximately \$90.2 million (2021 – \$88.3 million) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire in 2027.

12. Future Accounting Policy Changes

In February 2021, the IASB issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to provide a definition of “accounting estimates”. The changes are intended to clarify the distinction between a change in an accounting estimate and a change in an accounting policy. The amendments, which become effective for annual periods beginning on or after January 1, 2023, are not expected to have a significant impact on the Fund.

Mulvihill Premium Yield Fund

Directors and Independent Review Committee

John Mulvihill

Director
Chairman & CEO
Mulvihill Capital Management Inc.

John P. Mulvihill

Director
President
Mulvihill Capital Management Inc.

John D. Germain

Director
Senior Vice-President & Chief Financial Officer
Mulvihill Capital Management Inc.

Dr. Robert Bell

Independent Review Committee Member

Robert G. Bertram

Independent Review Committee Member

R. Peter Gillin

Independent Review Committee Member

Information

Independent Auditor:

Deloitte LLP
Bay Adelaide Centre, East Tower 8
Adelaide Street West, Suite 200
Toronto, Ontario
M5H 0A9

Registrar for the Mutual Fund:

SGGG Fund Services Inc.
121 King Street West, Suite 300
Toronto, Ontario
M5H 3T9

Registrar for the ETF Units:

TSX Trust Company
301-100 Adelaide Street West
Toronto, Ontario
M5H 4H1

Custodian:

RBC Investor Services Trust
RBC Centre
155 Wellington Street West, 2nd Floor
Toronto, Ontario
M5V 3L3

Visit our website at www.mulvihill.com for additional information on all Mulvihill Investment Funds.

Investment Funds Managed by Mulvihill Capital Management Inc.

EXCHANGE-TRADED FUNDS

Mulvihill Canadian Bank Enhanced Yield ETF (CBNK)
Mulvihill Premium Yield Fund ETF (MPY)
Mulvihill U.S. Health Care Enhanced Yield ETF (XLVE)

MUTUAL FUNDS

Mulvihill Premium Yield Fund

SPLIT SHARES

Premium Income Corporation (PIC.PR.A/PIC.A)
S Split Corp. (SBN.PR.A/SBN)
Top 10 Split Trust (TXT.PR.A/TXT.UN)
World Financial Split Corp. (WFS.PR.A/WFS)

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