
Premium Income Corporation

Semi-Annual Report 2022



Letter to Shareholders

We are pleased to present the 2022 semi-annual report containing the management report of the fund performance and the unaudited financial statements for Premium Income Corporation (the “Fund”).

The six-month period ended April 30, 2022 was marked by geopolitical events and macro headlines that impacted most asset classes. Russia’s invasion of the Ukraine sparked a rally across the commodity complex led by surging energy and natural gas prices, base metals, and grains. This surge in commodity prices, along with pandemic induced supply constraints, resulted in surging inflation with the U.S. Consumer Price Index (“CPI”) hitting 8.5 percent, the highest reading since 1981. Global central banks scrambled to adjust monetary policy to combat rising prices but remain dangerously behind the curve. Interest rates have skyrocketed so far in 2022 as investors anticipate a series of aggressive hikes from central banks over the course of this year and beyond. North American equity markets traded flat to down during the period with April being one of the worst months since the pandemic’s onset. The components of the S&P/TSX Composite Index provided better relative returns for equity investors as large weights in Energy and Materials benefited from a world of rising commodity prices and interest rates. The S&P/TSX Composite Index advanced 0.1 percent during the period with the Energy and Materials stocks rising 28.7 percent and 19.6 percent, respectively. Meanwhile, the S&P 500 index declined by 9.7 percent in the period, led by large drawdowns in the Technology and Communication Services stocks that declined 12.3 percent and 27.7 percent, respectively.

The net asset value of the Fund declined 3.6 percent from \$22.54 per Unit at October 31, 2021 to \$21.72 per Unit at April 30, 2022. The Fund paid cash distributions of \$0.43 per Preferred share and \$0.41 per Class A share during the period. The net realized loss on options amounted to \$0.09 per Unit for the period compared to a net realized gain of \$0.04 per Unit for the same period last year. For a detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

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



John P. Mulvihill
Chairman & CEO
Mulvihill Capital Management Inc.

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with cumulative preferential quarterly cash distributions of \$0.215625 per share, to provide Class A shareholders with quarterly cash distributions equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the Fund's portfolio in any year, net of expenses and loss carryforwards, exceed the amount of the distributions paid on the Preferred shares, and to return the original issue price to holders of both Preferred shares and Class A shares upon windup of the Fund. A Unit of the Fund consists of one Preferred share and one Class A share. The shares are listed on the Toronto Stock Exchange under the ticker symbols PIC.PR.A for the Preferred shares and PIC.A for the Class A shares.

To accomplish its objectives, the Fund invests at least 75 percent of its net asset value ("NAV") in common shares of the Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (collectively, the "Banks") and may also invest up to 25 percent of its NAV in common shares of National Bank of Canada. In addition, the Fund may purchase public investment funds including exchange-traded funds and other Mulvihill Funds (provided that no more than 15 percent of the NAV of the Fund may be invested in securities of other Mulvihill Funds) that provide exposure to such common shares.

The Fund employs an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Premium Income Corporation [PIC.PR.A/PIC.A]

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended April 30, 2022 of Premium Income Corporation (the “Fund”). The unaudited semi-annual condensed 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.

Results of Operations

Distributions

For the six months ended April 30, 2022, cash distributions of \$0.43 per share were paid to Preferred shareholders, compared to \$0.43 in the same period last year and cash distributions of \$0.41 per share were paid to Class A shareholders compared to \$0.33 per share in the same period last year.

Since the inception of the Fund in October 1996, the Fund has paid total cash distributions of \$22.21 per Preferred share and \$27.06 per Class A share.

Revenue and Expenses

The Fund’s total revenue was \$0.46 per Unit for the six months ended April 30, 2022, up \$0.04 per Unit compared to the same period last year. Total expenses were \$0.15 per Unit, up \$0.03 compared to the same period last year. The Fund’s realized and unrealized loss was a net loss of \$0.30 per Unit for the six months ended April 30, 2022 compared to a net gain of \$5.40 per Unit in the same period last year.

Net Asset Value

The net asset value of the Fund per Unit decreased 3.6 percent from \$22.54 per Unit at October 31, 2021 to \$21.72 per Unit at April 30, 2022. The aggregate net asset value of the Fund decreased \$10.5 million, from \$297.2 million at October 31, 2021 to \$286.7 million at April 30, 2022, reflecting an operating profit of \$0.2 million, cash distributions of \$11.0 million to Preferred and Class A shareholders and proceeds from issuance of Units, net of issue costs, of \$0.4 million.

Recent Developments

There were no recent developments pertaining to the Fund during the semi-annual period ending April 30, 2022.

Related Party Transactions

Mulvihill Capital Management Inc. (“Mulvihill”), as the Investment Manager of the Fund, manages the investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and Mulvihill dated October 17, 1996 and amended as of October 8, 2010.

Mulvihill is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 17, 1996 and amended as of October 8, 2010. As such, Mulvihill is responsible for providing or arranging for required administrative services to the Fund.

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

During the period, 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 Michael M. Koerner, Robert G. Bertram and R. Peter Gillin.

Premium Income Corporation [PIC.PR.A/PIC.A]

Management Report of Fund Performance

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. Information for the period ended April 30, 2022 is derived from the Fund's unaudited semi-annual condensed financial statements.

	Six months ended April 30, 2022	
NET ASSETS PER UNIT		
Net Assets, beginning of period⁽¹⁾	\$	22.54
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.46
Total expenses		(0.15)
Realized gain (loss) for the period		1.90
Unrealized gain (loss) for the period		(2.20)
Total Increase (Decrease) from Operations⁽²⁾		0.01
DISTRIBUTIONS		
Preferred Share		
From net investment income		(0.43)
Non-taxable distributions		-
Total Preferred Share Distributions		(0.43)
Class A Share		
From net investment income		(0.01)
Non-taxable distributions		(0.40)
Total Class A Share Distributions		(0.41)
Total Distributions⁽³⁾		(0.84)
Net Assets, end of period⁽¹⁾	\$	21.72

(1) All per Unit figures are derived from the Fund's unaudited condensed financial statements for the six months ended April 30, 2022 and audited financial statements for the years ended October 31. Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

	Six months ended April 30, 2022	
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$	286.74
Net Asset Value (\$millions)	\$	88.69
Number of Units outstanding		13,202,891
Management expense ratio ⁽¹⁾		1.19%⁽⁴⁾
Portfolio turnover rate ⁽²⁾		38.34%
Trading expense ratio ⁽³⁾		0.08%⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$	21.72
Closing market price – Preferred	\$	14.80
Closing market price – Class A	\$	7.55

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER, including Preferred share distributions, is 4.86%, 5.42%, 6.12%, 5.45%, 5.04%, and 5.07% for the six months ended April 30, 2022, and years ended October 31, 2021, 2020, 2019, 2018 and 2017, respectively.

Management Report of Fund Performance

		Years ended October 31							
		2021	2020	2019	2018	2017			
\$	15.95	\$	20.70	\$	20.81	\$	23.18	\$	21.00
	0.82		0.87		0.88		0.87		0.86
	(0.25)		(0.23)		(0.27)		(0.29)		(0.28)
	1.71		(2.13)		0.58		1.90		1.56
	5.91		(1.89)		0.54		(3.17)		1.71
	8.19		(3.38)		1.73		(0.69)		3.85
	(0.86)		(0.82)		(0.81)		(0.86)		(0.86)
	—		(0.04)		(0.05)		—		—
	(0.86)		(0.86)		(0.86)		(0.86)		(0.86)
	—		—		—		—		(0.01)
	(0.73)		(0.50)		(0.81)		(0.81)		(0.80)
	(0.73)		(0.50)		(0.81)		(0.81)		(0.81)
	(1.59)		(1.36)		(1.67)		(1.67)		(1.67)
\$	22.54	\$	15.95	\$	20.70	\$	20.81	\$	23.18

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

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

		Years ended October 31							
		2021	2020	2019	2018	2017			
\$	297.19	\$	214.43	\$	278.26	\$	208.04	\$	246.78
\$	99.42	\$	12.76	\$	76.60	\$	58.12	\$	87.12
	13,184,191		13,444,291		13,444,291		9,995,191		10,644,266
	1.21%		1.20%		1.21%		1.21%		1.19%
	60.49%		97.13%		54.99%		79.97%		81.74%
	0.03%		0.14%		0.08%		0.09%		0.06%
\$	22.54	\$	15.95	\$	20.70	\$	20.81	\$	23.18
\$	15.40	\$	12.60	\$	14.41	\$	15.00	\$	15.20
\$	6.80	\$	3.26	\$	6.30	\$	6.35	\$	7.73

(2) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by the average value of the portfolio securities. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.

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

(4) Annualized.

(5) 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, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

Management Report of Fund Performance

Management Fees

Mulvihill, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as $\frac{1}{12}$ of 0.80 percent of the net asset value of the Fund at each month end. Services received under the Investment Management Agreement include the making of all investment decisions and writing of covered call options in accordance with the investment objectives, strategy and criteria of 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.

Mulvihill, as the Manager of the Fund, is entitled to fees under the Management Agreement calculated monthly as $\frac{1}{12}$ of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

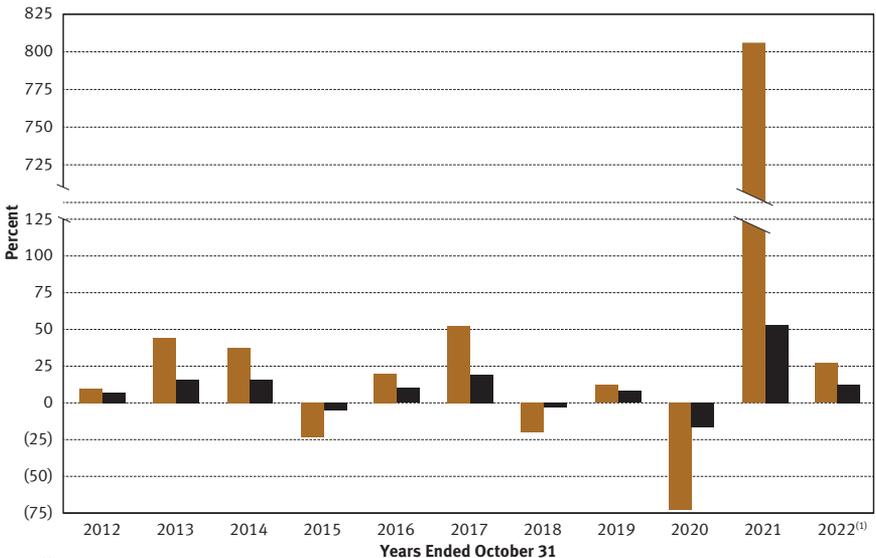
Past Performance

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 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 ten years and for the six months ended April 30, 2022. The chart also shows, in percentage terms, how much an investment made on November 1 in each year would have increased or decreased by the end of that fiscal year or April 30, 2022 for the six months ended.



⁽¹⁾ For the six months ended April 30, 2022.

■ Class A Annual Total Return
 ■ Fund Annual Total Return

Portfolio Manager Report

The six-month period ended April 30, 2022 was marked by geopolitical events and macro headlines that impacted most asset classes. Russia's invasion of the Ukraine sparked a rally across the commodity complex led by surging energy and natural gas prices, base metals, and grains. This surge in commodity prices, along with pandemic induced supply constraints, resulted in surging inflation with the U.S. Consumer Price Index ("CPI") hitting 8.5 percent, the highest reading since 1981. Global central banks scrambled to adjust monetary policy to combat rising prices but remain dangerously behind the curve. Interest rates have skyrocketed so far in 2022 as investors anticipate a series of aggressive hikes from central banks over the course of this year and beyond. North American equity markets traded flat to down during the period with April being one of the worst months since the pandemic's onset. The components of the S&P/TSX Composite Index provided better relative returns for equity investors as large weights in Energy and Materials benefited from a world of rising commodity prices and interest rates. The S&P/TSX Composite Index advanced 0.1 percent during the period with the Energy and Materials stocks rising 28.7 percent and 19.6 percent, respectively. Meanwhile, the S&P 500 index declined by 9.7 percent in the period, led by large drawdowns in the Technology and Communication Services stocks that declined 12.3 percent and 27.7 percent, respectively.

The Canadian banks slightly outperformed the broader market during the period with a total return of 1.9 percent, on expectations that the steepening of the yield curve in the first part of 2022 would lead to improved net interest margins. Four of the six banks in the portfolio generated positive returns during the period with The Toronto-Dominion Bank ("TD") leading with a total return of 5.2 percent while the National Bank of Canada lagged the group, with a total return of negative 10.9 percent.

The Canadian banks generated record earnings in the first quarter of 2022 driven by lower provisions for credit losses and strong loan growth offset somewhat by higher non-interest expenses. Profitability for the Canadian banks was very strong driving industry Return-On-Equity ("ROE") above 17 percent. Bank of Montreal, The Bank of Nova Scotia and TD all announced sizable acquisitions during the period. With regulatory restrictions on dividend increases and share buybacks lifted last November, some of the Canadian banks are likely to continue to return capital to shareholders through dividend increases and share buybacks.

The net asset value of the Fund at April 30, 2022 was \$21.72 per Unit compared to \$22.54 per Unit at October 31, 2021. Preferred shareholders received cash distributions of \$0.43 per share during the period while Class A shareholders received cash distributions of \$0.41 per share. The total return of the Fund, including reinvestment of distributions, for the six months ended April 30, 2022 was negative 0.1 percent.

The Fund maintained its fully invested position throughout most of the period with an average cash position of 1.1 percent compared to 1.4 percent the previous year. Volatility for the Canadian Banks remained low for most of the period as the share prices rallied to new highs in February. However, with the sell-off towards the end of the period, volatility started to rise. The call writing activity remained low over the period as the Manager felt there was a better opportunity to purchase protective put options on some of the bank shares to hedge downside risk. During the period, the Fund on average had 0.9 percent of the portfolio written compared to 2.1 percent the previous year. The Fund generated a net realized loss on options of \$0.09 per Unit for the six-month period.

Premium Income Corporation [PIC.PR.A/PIC.A]

Management Report of Fund Performance

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

April 30, 2022

	% OF NET ASSET VALUE*
Financial institutions	86.5%
Exchange-Traded Funds	9.9%
Other Assets (Liabilities)	2.2%
Cash	1.4%
	100.0%

* The Net Asset Value excludes the Redeemable Preferred Share Liability

Portfolio Holdings

April 30, 2022

	% OF NET ASSET VALUE*
Bank of Montreal	18.7%
Royal Bank of Canada	16.6%
The Toronto-Dominion Bank	16.2%
Canadian Imperial Bank of Commerce	14.9%
The Bank of Nova Scotia	14.5%
Exchange-Traded Funds	9.9%
National Bank of Canada	5.6%
Cash	1.4%
	100.0%

* The Net Asset Value excludes the Redeemable Preferred Share Liability

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 condensed financial statements of Premium Income Corporation (the “Fund”) and all the information in this semi-annual report are the responsibility of the management of Mulvihill Capital Management Inc. (the “Manager”) and have been approved by the Fund’s Board of Directors (the “Board”).

The condensed 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 semi-annual report is consistent with the condensed financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended October 31, 2021.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safe guarded and that accounting systems provide timely, accurate and reliable financial information.

The Audit Committee meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting matters, 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 Audit Committee and the Board.



John P. Mulvihill
Director
Mulvihill Capital Management Inc.



John D. Germain
Director
Mulvihill Capital Management Inc.

June 15, 2022

Notice to Shareholders

The accompanying unaudited condensed financial statements for the six months ended April 30, 2022 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed Financial Statements

Statements of Financial Position

As at April 30, 2022 (Unaudited) and October 31, 2021 (Audited)

	Note	April 30, 2022	Oct. 31, 2021
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 276,347,093	\$ 298,555,147
Derivative assets	2	5,234,438	270,644
Dividends receivable		1,329,664	1,163,834
Cash		4,146,445	3,398,099
TOTAL ASSETS		287,057,640	303,387,724
LIABILITIES			
Redemptions payable		–	5,862,940
Accrued management fees	4	212,281	231,842
Accrued liabilities		108,227	105,942
Redeemable Preferred shares		198,043,365	197,762,865
Class B shares		1,000	1,000
TOTAL LIABILITIES		198,364,873	203,964,589
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 88,692,767	\$ 99,423,135
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		\$ 6.7177	\$ 7.5411

The notes are an integral part of the condensed financial statements.

Premium Income Corporation [PIC.PR.A/PIC.A]

Condensed Financial Statements

Statements of Comprehensive Income

Six months ended April 30 (Unaudited)

	Note	2022	2021
INCOME			
Dividend income		\$ 6,026,060	\$ 5,584,954
Net realized gain on investments at fair value through profit or loss		26,201,885	7,783,087
Net realized gain/(loss) on options at fair value through profit or loss		(1,128,468)	598,214
Net change in unrealized gain/(loss) on investments at fair value through profit or loss		(28,974,980)	64,250,103
TOTAL INCOME, NET		2,124,497	78,216,358
EXPENSES			
Management fees	4	1,360,152	1,150,597
Administrative and other expenses		161,270	87,952
Transaction fees	5	116,224	46,037
Custodian fees		34,515	28,273
Audit fees		38,313	23,562
Director fees	4	10,116	12,257
Independent review committee fees	4	7,313	4,824
Legal fees		46,397	54,538
Shareholder reporting costs		21,771	26,385
Harmonized sales tax		159,964	132,890
TOTAL EXPENSES		1,956,035	1,567,315
OPERATING PROFIT			
Preferred share distributions	3	(5,685,682)	(5,797,850)
Preferred share discount amortization		(6,020)	—
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	6	\$ (5,523,240)	\$ 70,851,193
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	6	\$ (0.4189)	\$ 5.2700

The notes are an integral part of the condensed financial statements.

Condensed Financial Statements

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

Six months ended April 30 (Unaudited)

	2022	2021
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF PERIOD	\$ 99,423,135	\$ 12,761,642
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	(5,523,240)	70,851,193
Class A Share Capital Transactions		
Proceeds from issuance of Class A Shares, net of issue costs	150,664	-
Class A Share Distributions		
From net investment income	(174,547)	(262,763)
Non-taxable distributions	(5,183,245)	(4,149,519)
	(5,357,792)	(4,412,282)
Changes in Net Assets Attributable to Holders of Class A Shares during the Period	(10,730,368)	66,438,911
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	\$ 88,692,767	\$ 79,200,553

Statements of Cash Flows

Six months ended April 30 (Unaudited)

	2022	2021
CASH, BEGINNING OF PERIOD	\$ 3,398,099	\$ 1,825,897
Cash Flows Provided By/(Used In) Operating Activities		
Operating Profit	168,462	76,649,043
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized gain on investments at fair value through profit or loss	(26,201,885)	(7,783,087)
Net realized loss/(gain) on options at fair value through profit or loss	1,128,468	(598,214)
Net change in unrealized loss/(gain) on investments at fair value through profit or loss	28,974,980	(64,250,103)
(Increase)/decrease in dividends receivable	(165,830)	475,659
Increase/(decrease) in accrued management fees and accrued liabilities	(17,276)	43,328
Purchase of investment securities	(115,532,015)	(95,611,391)
Proceeds from disposition of investment securities	128,874,712	100,861,386
	17,061,154	(66,862,422)
Cash Flows Provided By/(Used In) Financing Activities		
Preferred share distributions	(5,685,682)	(5,797,850)
Class A share distributions	(5,357,792)	(4,412,282)
Proceeds from issuance of Units, net of issue costs	425,144	-
Preferred share redemptions	(3,901,500)	-
Class A share redemptions	(1,961,440)	-
	(16,481,270)	(10,210,132)
Net Increase/(Decrease) in Cash during the Period	748,346	(423,511)
CASH, END OF PERIOD	\$ 4,146,445	\$ 1,402,386
Dividends received	\$ 5,860,230	\$ 6,060,613

The notes are an integral part of the condensed financial statements.

Premium Income Corporation [PIC.PR.A/PIC.A]

Schedule of Investments

As at April 30, 2022 (Unaudited)

	Number of Shares/ Contracts	Average Cost/ Proceeds	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	394,000	\$ 41,219,435	\$ 53,666,740	
Canadian Imperial Bank of Commerce	300,200	37,673,423	42,634,404	
National Bank of Canada	179,700	13,437,337	16,122,684	
Royal Bank of Canada	366,500	42,707,240	47,553,375	
The Bank of Nova Scotia	511,400	38,929,459	41,602,390	
The Toronto-Dominion Bank	500,000	40,241,185	46,395,000	
Total Financials		214,208,079	247,974,593	86.5%
Total Canadian Common Shares		\$ 214,208,079	\$ 247,974,593	86.5%
Exchange-Traded Funds				
Mulvihill Canadian Bank Enhanced Yield ETF	3,250,000	\$ 31,352,822	\$ 28,372,500	
Total Exchange-Traded Funds		\$ 31,352,822	\$ 28,372,500	9.9%
Options				
Purchased Put Options (100 shares per contract)				
Canadian Imperial Bank of Commerce –				
June 2022 @ \$150	1,750	\$ 703,343	\$ 1,671,250	
Royal Bank of Canada – June 2022 @ \$135	1,575	585,774	1,059,188	
The Toronto-Dominion Bank – June 2022 @ \$100	3,200	799,968	2,504,000	
Total Purchased Put Options		2,089,085	5,234,438	1.8%
Total Options		\$ 2,089,085	\$ 5,234,438	1.8%
Adjustment for transaction fees		(153,042)		
TOTAL INVESTMENTS		\$ 247,496,944	\$ 281,581,531	98.2%
OTHER NET ASSETS			5,155,601	1.8%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES				
			\$ 286,737,132	100.0%

Notes to the Condensed Financial Statements

April 30, 2022 (Unaudited)

1. Basis of Presentation

The semi-annual condensed financial statements for Premium Income Corporation (the “Fund”) have been prepared in compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

These semi-annual condensed financial statements follow the same accounting policies and method of application as, and should be read in conjunction with, the most recent audited financial statements for the year ended October 31, 2021.

These condensed financial statements were approved by the Board of Directors on June XX, 2022.

2. Risks Associated with Financial Instruments

The various types of risks that are associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended October 31, 2021.

Credit Risk

As at April 30, 2022 and October 31, 2021, the counterparties to the Fund’s derivative financial instruments had a credit rating of A-1 or higher by Standard & Poor’s Ratings Services.

Liquidity Risk

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

	As at April 30, 2022 Financial Liabilities		
	On Demand	< 3 months	Total
Accrued management fees	\$ –	\$ 212,281	\$ 212,281
Accrued liabilities	–	108,227	108,227
Redeemable Preferred shares	198,043,365	–	198,043,365
Class B shares	1,000	–	1,000
Class A shares	88,692,767	–	88,692,767
	\$ 286,737,132	\$ 320,508	\$ 287,057,640

	As at October 31, 2021 Financial Liabilities		
	On Demand	< 3 months	Total
Redemptions payable	\$ –	\$ 5,862,940	\$ 5,862,940
Accrued management fees	–	231,842	231,842
Accrued liabilities	–	105,942	105,942
Redeemable Preferred shares	197,762,865	–	197,762,865
Class B shares	1,000	–	1,000
Class A shares	99,423,135	–	99,423,135
	\$ 297,187,000	\$ 6,200,724	\$ 303,387,724

Premium Income Corporation [PIC.PR.A/PIC.A]

Notes to the Condensed Financial Statements

April 30, 2022 (Unaudited)

Market Risk

(a) Price Risk

Approximately 96 percent (October 31, 2021 – 100 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at April 30, 2022 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at April 30, 2022, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$13.8 million (October 31, 2021 – \$14.9 million) respectively or 4.8 percent (October 31, 2021 – 5.0 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

In the Manager's opinion, a portfolio that is subject to covered call option writing or purchased put options has 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:

	April 30, 2022	Oct. 31, 2021
Financials	86.5%	100%
Exchange-Traded Funds	9.9%	–

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at April 30, 2022 and October 31, 2021.

	As at April 30, 2022			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 247,974,593	\$ –	\$ –	\$ 247,974,593
Exchange-Traded Funds	28,372,500	–	–	28,372,500
Options	–	5,234,438	–	5,234,438
	\$ 276,347,093	\$ 5,234,438	\$ –	\$ 281,581,531

	As at October 31, 2021			
	Level 1	Level 2	Level 3	Total
Canadian Common Shares	\$ 298,555,147	\$ –	\$ –	\$ 298,555,147
Options	–	270,644	–	270,644
	\$ 298,555,147	\$ 270,644	\$ –	\$ 298,825,791

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 the six months ended April 30, 2022 and during the year ended October 31, 2021.

Notes to the Condensed Financial Statements

April 30, 2022 (Unaudited)

3. Shares

For the six months ended April 30, 2022, cash distributions paid to Preferred shareholders were \$5,685,682 (April 30, 2021 – \$5,797,850) representing a payment of \$0.43 (April 30, 2021 – \$0.43) per Preferred share and cash distributions paid to Class A shareholders were \$5,357,792 (April 30, 2021 – \$4,412,282) representing a payment of \$0.41 (April 30, 2021 – \$0.33) per Class A share.

During the six months ended April 30, 2022 and 2021, no Units were redeemed and 18,700 (April 30, 2021 – nil) Units were issued for proceeds, net of issue costs in the amount of \$425,144 (April 30, 2021 – nil).

During the six months ended April 30, 2022 and the year ended October 31, 2021, share transactions are as follows:

	April 30, 2022	Oct. 31, 2021
Redeemable Preferred Shares		
Shares outstanding, beginning of period	13,184,191	13,444,291
Shares redeemed	–	(260,100)
Shares issued	18,700	–
Shares outstanding, end of period	13,202,891	13,184,191
Class A Shares		
Shares outstanding, beginning of period	13,184,191	13,444,291
Shares redeemed	–	(260,100)
Shares issued	18,700	–
Shares outstanding, end of period	13,202,891	13,184,191
Class B Shares		
Shares outstanding, beginning and end of period	1,000	1,000

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended April 30, 2022 were \$1,360,152 (April 30, 2021 – \$1,150,597) of which \$212,281 (April 30, 2021 – \$207,932) was unpaid.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended April 30, 2022 were \$10,116 (April 30, 2021 – \$12,257).

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended April 30, 2022 were \$7,313 (April 30, 2021 – \$4,824).

Premium Income Corporation [PIC.PR.A/PIC.A]

Notes to the Condensed Financial Statements

April 30, 2022 (Unaudited)

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended April 30, 2022 and 2021 is disclosed below:

	April 30, 2022	April 30, 2021
Soft Dollars	\$ 24,720	\$ 29,553
Percentage of Total Transaction Fees	21.3%	64.2%

6. Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the six months ended April 30, 2022 and 2021 is calculated as follows:

	April 30, 2022	April 30, 2021
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	\$ (5,523,240)	\$ 70,851,193
Weighted Average Number of Class A Shares Outstanding during the Period	13,184,501	13,444,291
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	\$ (0.4189)	\$ 5.2700

**Investment Funds Managed by
Mulvihill Capital Management Inc.**

EXCHANGE-TRADED FUNDS

Mulvihill Canadian Bank Enhanced Yield ETF (CBNK)

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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