Mulvihill Structured Products

Mulvihill

Hybrid Income Funds

Annual Report 2007

Mulvihill *Top 10 Split Fund*

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Message to Unitholders

We are pleased to present the annual financial results of Mulvihill Top 10 Split Fund.

The following is a brief summary of the financial highlights and results of operations of the Fund. This is intended to provide you with a quick overview of the performance and is not intended to replace the more detailed financial information contained in the annual report.

The Fund was reorganized in November 2005 with the objectives to:

(1) Provide Preferred security holders with fixed quarterly cash interest payments equal to 6.25 percent per annum;

(2) Repay the principal amount of $12.50 per Preferred security on termination of the Fund on March 31, 2011; and

(3) Provide Capital Unit unitholders with a stable stream of quarterly cash distributions in an amount targeted to be 7.50 percent per annum of the Net Asset Value ("NAV") of the Fund.

To accomplish these objectives the Fund will invest exclusively in shares of the six largest Canadian banks and four largest Canadian life insurance companies generally investing not less than 5 percent and not more than 15 percent of the Fund's assets in each company. Accordingly, the distributions paid out by the Fund are funded from the dividend income earned on the portfolio, realized capital gains from the sale of securities and option premiums from the sale of covered call options. During the fiscal year ended 2007 the Fund earned an annual total return of negative 3.4 percent. Distributions amounting to $1.60774 per unit were paid during the year, resulting in a decline in the net asset value from $24.19 per unit as at December 31, 2006 to $21.83 per unit as at December 31, 2007.

The longer-term financial highlights of the Fund for the years ended December 31 are as follows:

	2007	2006	2005	2004	2003
Annual Total Fund Return	(3.35)%	6.97%	(2.27)%	(2.50)%	9.63%
Preferred Security Distribution Paid (target of 6.25% per annum on the $12.50 principal amount of the Preferred Security)	$ 0.781240	$ 0.777430	$ 0.060420	n/a	n/a
Capital Unit Distribution Paid (target of 7.50% per annum on the Net Asset Value of the Fund)	$ 0.826500	$ 0.842870	$ 1.898560	$ 1.600000	$ 1.400000
Ending Net Asset Value per Unit (initial issue price was $25.00 per unit)	$ 21.83	$ 24.19	$ 24.21	$ 12.34	$ 14.27

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

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

Mulvihill *Top 10 Split Fund* [TXT.UN/TXT.PR.A]

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Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the year ended December 31, 2007 of Mulvihill Top 10 Split Fund, formerly First Premium U.S. Income Trust (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 or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com.

Investment Objectives and Strategies

Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard and Poor’s 100 Index on the basis of market capitalization. After November 30, 2005, the Fund universe was changed to invest in (i) the six largest Canadian banks and (ii) the four largest Canadian life insurance companies (Financial Portfolio) by market capitalization.

The Fund’s investment objectives for Capital Units are: (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio; and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the net asset value (the ‘‘NAV’’) of the Fund and for Preferred Securities are: (i) to pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the $12.50 principal amount of a Preferred Security; and (ii) to repay the principal amount of $12.50 per Preferred Security on the termination date of March 31, 2011 of the Fund.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities in the portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. Additionally, the Fund may purchase call options with the effect of closing out existing call options written by the Fund and may also purchase put options to preserve the value of the portfolio where appropriate. The Fund may enter into trades to close out positions in such permitted derivatives.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

Risk

Investors should be aware that the primary risks associated with the Fund relate to the non-diversified nature of the investment universe, and the level of option volatility realized in undertaking the writing of covered call options. The Fund invests exclusively in securities of the (i) six largest Canadian Banks and (ii) the four largest Canadian life insurance companies. In addition, the process of writing covered call options on the securities held in the portfolio will tend to lower the volatility of the net asset value of the portfolio.

Any capital appreciation in the value of the portfolio will be for the benefit of the holders of Capital Units. However, any decrease in the value of the portfolio or the dividends paid on the common shares of the corporations held in the portfolio will effectively first be for the account of the holders of Capital Units. The Capital Units will have no value on March 31, 2011 if the net asset value per unit that date is less than or equal to $12.50.

In order to generate income the Fund writes covered call options in respect of all or part of the securities held in the portfolio. Volatility remained relatively low for the first half of 2007 but rose considerably during the second half of the year due to increased credit and liquidity risks brought on by the U.S. sub-prime housing crisis. Due to the low volatility in the first part of the year, the Fund maintained its high investment position thereby providing greater income generating capabilities. To offset the risk of added equity exposure the Fund purchased protective put options to partially mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection. As volatility increased during the second half of 2007, the Fund reduced its investment position while increasing the amount of covered call writing options to take advantage of the higher volatility.

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on our website at www.mulvihill.com.

Asset Mix

December 31, 2007

	% OF NET ASSET VALUE*
Financial Institutions	95 %
Cash and Short-Term Investments	16 %
Other Assets (Liabilities)	(11)%
	100 %

*The Net Asset Value excludes the Preferred security liability.

Portfolio Holdings

December 31, 2007

	% OF NET ASSET VALUE*
Cash and Short-Term Investments	16%
Sun Life Financial Inc.	11%
Great-West Lifeco Inc.	10%
The Toronto-Dominion Bank	10%
Industrial Alliance Insurance and Financial Services Inc.	10%
The Bank of Nova Scotia	10%
Royal Bank of Canada	10%
National Bank of Canada	10%
Manulife Financial Corporation	9%
Bank of Montreal	8%
Canadian Imperial Bank of Commerce	7%
	111%

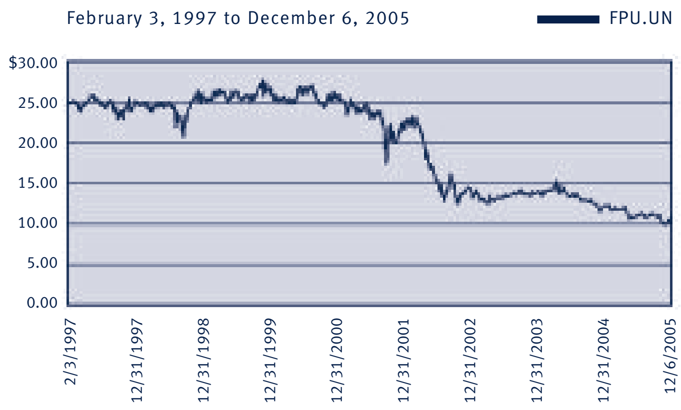
*The Net Asset Value excludes the Preferred security liability.

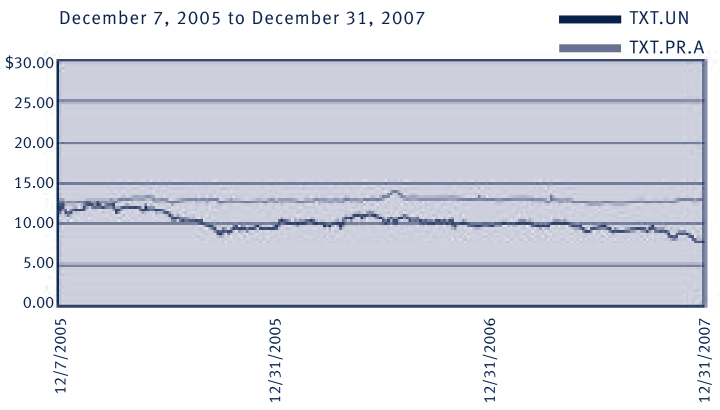
Distribution History

INCEPTION DATE: FEBRUARY 1997	CAPITAL UNIT REGULAR DISTRIBUTION	CAPITAL UNIT SPECIAL DISTRIBUTION	CAPITAL UNIT TOTAL DISTRIBUTION	PREFERRED SECURITY INTEREST
Total for 1997	$ 1.830000	$ 0.750000	**$ 2.580000**	**$ n/a**
Total for 1998	2.000000	1.250000	**3.250000**	**n/a**
Total for 1999	2.000000	2.500000	**4.500000**	**n/a**
Total for 2000	2.000000	0.750000	**2.750000**	**n/a**
Total for 2001	2.000000	0.000000	**2.000000**	**n/a**
Total for 2002	1.600000	0.000000	**1.600000**	**n/a**
Total for 2003	1.400000	0.000000	**1.400000**	**n/a**
Total for 2004	1.600000	0.000000	**1.600000**	**n/a**
Total for 2005	1.898560	0.000000	**1.898560**	**0.060420**
Total for 2006	0.842870	0.000000	**0.842870**	**0.777430**
Total for 2007	0.826500	0.000000	**0.826500**	**0.781240**
Total Distributions to Date	**$ 17.997930**	**$ 5.250000**	**$ 23.247930**	**$ 1.619090**

For complete distribution history and income tax information, please see our website at www.mulvihill.com.

Trading History





Results of Operations

For the fiscal year ended December 31, 2007, the net asset value of the Fund for pricing purposes based on closing prices totalled $69.49 million, or $21.83 per unit after payment of distributions to unitholders compared to $24.19 per unit on December 31, 2006. The Fund's Preferred Securities, listed on the Toronto Stock Exchange as TXT.PR.A, closed on December 31, 2007, at $12.99 per security. The Fund's Capital Units, listed on the Toronto Stock Exchange as TXT.UN, closed on December 31, 2007, at $8.00 per unit. Each unit consists of one Preferred Security and one Capital Unit together.

Distributions amounting to $0.78124 per Preferred Security were made to the Preferred Security holders during the period while Capital Unitholders received $0.8265 per Capital Unit.

Volatility remained low for the first half of 2007 and increased considerably during the second half of the year due to increased credit and liquidity risks brought on by the U.S. sub-prime housing crisis. Due to the low volatility in the first part of the year, the Fund maintained its high investment position thereby providing greater income generating capabilities. To offset the risk of added equity exposure the Fund purchased protective put options to partially mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection. As volatility increased during the second half of 2007, the Fund reduced its investment position while increasing the amount of covered call option writing to take advantage of the higher volatility.

The S&P/TSX Financials Index total return during the year was negative 1.6 percent, which underperformed the broader S&P/TSX Composite Index that gained 9.8 percent. The equal weighted total annual return of the ten different financial services equities that make up the Fund was negative 1.1 percent. Very uneven performance from the ten different financial services equities produced this result with five posting positive total returns and five posting negative total returns during the year. Industrial Alliance and Financial Services Inc. led the group with a total return of 20.1 percent, while Canadian Imperial Bank of Commerce lagged the group with a total return of negative 25.6 percent. These returns are reflective of the tough market environment for the underlying Financial Portfolio due to increased liquidity and credit risks associated with the U.S. sub-prime housing crisis and it's affect on the non-bank asset backed commercial paper market in Canada, as well as the off-balance sheet vehicles such as SIV's (structured investment vehicles) and CDO's (collateralized debt obligations) in the U.S. The strengthening Canadian dollar in 2007, up more than 17 percent vs. the U.S. dollar also provided a headwind for some of the companies within the Financial Portfolio but has been offset somewhat by strong earnings and dividend growth from the banks and life insurance companies in Canada.

The total return for the Fund during the period, including reinvestment of distributions, was negative 3.4 percent. This return is reflective of the underweight position in Industrial Alliance and Financial Services Inc. which was the top performing stock in the universe as well as the cost of protective put options purchased. The one year compound total return for the Capital Units, including reinvestment of distributions, was negative 13.9 percent. For more detailed information on investment returns, please see Annual Total Return bar graph on page 6 of this report and the Annual Compound Returns table on page 7 of this report.

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. This information is derived from the Fund's audited annual financial statements.

For December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Fund's financial statements and calculated using bid prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices (see Notes 4 and 5 to the Financial Statements). All other calculations for the purposes of this MRFP are made using Net Asset Value.

Years ended December 31

	2007	2006	2005 [4]	2004	2003
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices)[1]	**$ 24.17[5]**	**$ 24.21[4]**	**$ 12.34**	**$ 14.27**	**$ 14.38**
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.74**	0.75	0.21	(0.15)	0.02
Total expenses	**(0.41)**	(0.38)	(0.75)	(0.27)	(0.28)
Realized gains (losses) for the period	**1.09**	0.17	(3.72)	(0.15)	(0.84)
Unrealized gains (losses) for the period	**(2.19)**	1.12	3.68	0.24	2.32
Total Increase (Decrease) from Operations[2]	**(0.77)**	**1.66**	**(0.58)**	**(0.33)**	**1.22**
DISTRIBUTIONS					
From net investment income - Preferred Security	**(0.78)**	(0.78)	(0.06)	–	–
Non-taxable distributions - Capital Unit	**(0.83)**	(0.84)	(1.90)	(1.60)	(1.40)
Total Annual Distributions[3]	**(1.61)**	**(1.62)**	**(1.96)**	**(1.60)**	**(1.40)**
Net Assets, as at December 31 (based on bid prices)[1]	**$ 21.79**	**$ 24.19**	**$ 24.21[4]**	**$ 12.34**	**$ 14.27**

(1) Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding the liability for Preferred Securities of the Fund on that date and including the valuation of securities at bid prices divided by the number of units then outstanding. For years prior to 2007, securities were valued at closing prices. The change to the use of bid prices is due to new accounting standards set out by the Canadian Institute of Chartered Accountants relating to Financial Instruments. Refer to Note 4 to the financial statements for further discussion.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), realized and unrealized gains (losses), less expenses and is calculated based on the weighted average number of units outstanding during the year. 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 year.
(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.
(4) As at December 2, 2005, the Fund amended its investment strategy, changed its name to Mulvihill Top 10 Split Fund, consolidated units on a 2.3 to 1 basis and issued Capital Units and Preferred Securities. The net assets at December 31, 2005 represents the combined value of a Capital Unit and Preferred Security on this date.
(5) Net Assets per unit has been adjusted for the Transition Adjustment - New Accounting Standards (see Note 4 to the Financial Statements).

RATIOS/SUPPLEMENTAL DATA

	2007	2006	2005	2004	2003
Net Asset Value, excluding Preferred Security liability[1]	**$ 69.49**	$ 86.07	$ 40.19	n/a	n/a
Net Asset Value ($millions)[1][5]	**$ 29.69**	$ 41.59	$ 19.44	$ 98.90	$ 134.28
Number of units outstanding[1][5]	**3,184,078**	3,558,584	1,659,931	8,014,935	9,408,604
Management expense ratio[2]	**1.65%**	1.67%	2.68%	1.99%	1.98%
Portfolio turnover rate[3]	**75.88%**	111.73%	121.82%	54.70%	65.16%
Trading expense ratio[4]	**0.07%**	0.36%	0.33%	0.17%	0.16%
Net Asset Value, per Unit[6]	**$ 21.83**	$ 24.19	$ 24.21[5]	$ 12.34	$ 14.27
Closing market price - Capital Unit[5]	**$ 8.00**	$ 10.71	$ 11.75	$ 11.71	$ 13.70
Closing market price - Preferred Security[5]	**$ 12.99**	$ 13.75	$ 12.70	n/a	n/a

(1) This information is provided as at December 31.
(2) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes but excluding transaction fees charged to the Fund to the average net asset value. Management expense ratio for 2005 includes the special resolution expense. The management expense ratio for 2005 excluding the special resolution expense is 2.09%. The management expense ratio for 2005 including the Preferred Security interest is 2.79%. The management expense ratio for 2006 including the Preferred Security interest is 5.10%. The management expense ratio for 2007 including the Preferred Security interest is 4.98%.
(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) As at December 2, 2005, the Fund amended its investment strategy, changed its name to Mulvihill Top 10 Split Fund, consolidated units on a 2.3 to 1 basis and issued Capital Units and Preferred Securities.
(6) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.

Management Fees

Mulvihill Capital Management ("MCM") is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.00 percent of the total assets 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. MCM 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 Fund Services is entitled to fees under the Management Agreement calculated monthly as 1/12 of 0.10 percent of the total assets of the Fund at each month end. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

The Canadian banks and life insurance companies continue to demonstrate good fundamentals and profitability characterized by strong capital positions, high returns on equity and strong dividend growth. The Canadian banks produced adjusted fiscal fourth quarter earnings growth of 7 percent year-over-year. The Canadian life insurance companies also produced strong third quarter earnings with year-over-year growth of 12 percent. The high dividend yield on these companies relative to the 10-year Government of Canada bond which ended 2007 at a 4.0 percent yield continues to produce a compelling valuation and the price/earnings multiple of the banks and life insurers relative to the broad market is still attractive.

The rate of earnings growth has been impacted by a slowdown in economic growth during 2007 and is expected to continue to decline with slower economic growth and increasing credit losses in 2008. However, several positive factors may offset some of the growth slowdown, including the strong retail bank earnings from still strong consumer and commercial loan volumes, low long-term interest rates and a rising yield curve, improved operating leverage from reduced expenses as well as growth from the international operations of some of the banks and life insurance companies.

Going forward we continue to view the bank and life insurance companies fundamentals as positive with high profitability demonstrated by strong returns on equity, increased dividends and share repurchases along with the ability to make further acquisitions.

Past Performance

The past performance of the Fund is set out below and illustrates year-by-year returns, overall past performance and annual compound returns.

With respect to the charts displayed below, please note the following:

(1) the performance information shown assumes that all distributions and interest payments made by the Fund during these periods shown were reinvested in the Fund,

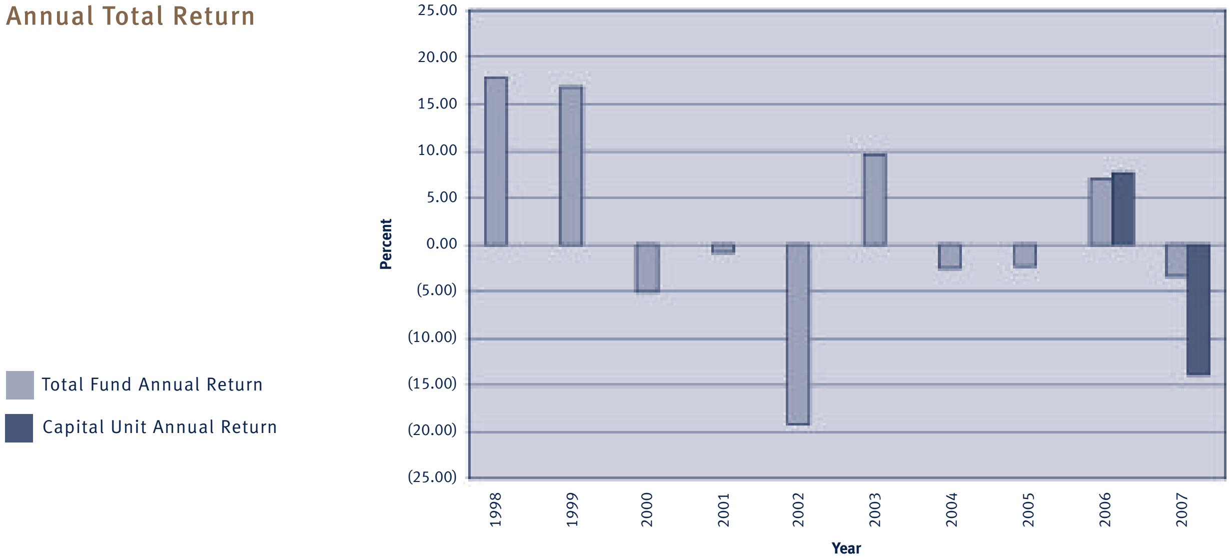
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(3) the past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below illustrates how the Fund's total annual return in each of the past ten years has varied from year to year. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year.

Annual Total Return



* Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the S&P 100 Index on the basis of market capitalization. After November 30, 2005, the Fund universe was changed to invest in (i) the six largest Canadian banks and (ii) the four largest Canadian life insurance companies by market capitalization. The Fund was invested in cash and cash equivalents pending completion of an offering of additional securities that closed February 15, 2006.

Annual Compound Returns

The following table shows the Fund's historical annual compound total return for the periods ended December 31, 2007 as compared to the performance of the S&P 100 Index and S&P/TSX Financials Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Ten Years
Mulvihill Top 10 Split Fund	**(3.35)%**	0.35%	1.55%	1.25%
Mulvihill Top 10 Split Fund - Capital Unit	**(13.87)%**	1.16%	2.04%	1.50%
Mulvihill Top 10 Split Fund - Preferred Security	**6.40%**	n/a	n/a	4.34%
In order to meet regulatory requirements, the performance of two broader based market indices have been included below.				
S&P 100 Index*	**n/a**	1.45%	1.35%	2.00%
S&P/TSX Financials Index**	**(1.63)%**	13.27%	17.41%	11.94%

* The S&P 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks for which options are listed.
** The S&P/TSX Financials Index is a subset of the constituents of the S&P/TSX Composite Index that have been classified according to the Global Industry Classification Standard.

The performance of the Fund in the above table from the period of inception to November 21, 2005 was based on the investment objectives and strategy of the Fund as Mulvihill Premium U.S. Fund investing in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard & Poor's 100 Index on the basis of market capitalization. On November 21, 2005 unitholders approved a proposal resulting in a change in the investment objectives and strategy of the Fund. After November 21, 2005 the Fund invests exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization.

The equity performance benchmarks shown here provides 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 dividends 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 generate the distributions.

These investment strategies result in a rate of return for the Fund that differs from that of a conventional, fully-invested portfolio. During periods of strongly rising markets, the Fund's approach will tend to underperform a comparable fully-invested portfolio of the same stocks as the Fund is not fully invested and writing covered call options generally limits portfolio performance to the option premium received. In periods of declining markets, however, the Fund's defensive cash and cash equivalent balances help to protect net asset value, and covered option writing income generally provides returns exceeding those of a conventional and cash equivalent portfolio.

Related Party Transactions

Mulvihill Capital Management Inc. ("MCM") manages the Fund's investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated February 22, 1997 amended as of November 30, 2005.

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated February 22, 1997 amended as of November 30, 2005 and as such, is responsible for providing or arranging for required administrative services to the Fund. Mulvihill is a wholly-owned subsidiary of MCM. These parties are paid the fees described under the Management Fees section of this report.

Independent Review Committee

On September 19, 2006, the Canadian Securities Administrators approved the final version of National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107"). NI 81-107 requires all publicly offered investment funds to establish an independent review committee ("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.

In accordance with NI 81-107, the IRC became operational on November 1, 2007. Members of the IRC are Robert W. Korthals, C. Edward Medland, and Michael M. Koerner.

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 Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the "Fund") and all the information in this annual report are the responsibility of the management of Mulvihill Fund Services Inc., (the "Manager"), and have been approved by the Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this 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 Board meets periodically with management and external auditors to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the external auditors' report. Deloitte & Touche LLP has full and unrestricted access to the Board.

John P. Mulvihill
Director
Mulvihill Fund Services Inc.
February 21, 2008

Sheila S. Szela
Director
Mulvihill Fund Services Inc.

To the Unitholders of Mulvihill Top 10 Split Fund

We have audited the accompanying statement of investments of Mulvihill Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the "Fund") as at December 31, 2007, the statements of net assets as at December 31, 2007 and 2006, and the statements of financial operations, of changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2007 and 2006, and the results of its operations, the changes in its net assets, and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
February 21, 2008

Statements of Net Assets

December 31, 2007 and 2006

	2007	2006
ASSETS		
Investments at fair value (cost -$69,408,845; 2006 - $87,304,581) (Note 4)	**$ 66,074,075**	$ 91,804,722
Short-term investments at fair value (cost - $11,310,747; 2006 - $13,771,898)	**11,311,085**	13,771,898
Cash	**2,291**	3,442
Interest receivable	**44,949**	35,168
Dividends receivable	**261,302**	271,936
TOTAL ASSETS	**77,693,702**	**105,887,166**
LIABILITIES		
Preferred securities (Note 6)	**39,800,975**	44,482,300
Redemptions payable	**8,173,743**	19,659,631
Accrued liabilities	**141,186**	156,577
TOTAL LIABILITIES	**48,115,904**	**64,298,508**
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	**$ 29,577,798**	**$ 41,588,658**
Number of Units Outstanding (Note 6)	**3,184,078**	**3,558,584**
Net Assets per Capital Unit (Note 6)	**$ 9.2893**	**$ 11.6869**
Preferred Security Repayment Price (Note 6)	**$ 12.5000**	**$ 12.5000**
Combined Value	**$ 21.7893**	**$ 24.1869**

On Behalf of the Manager,
Mulvihill Fund Services Inc.

John P. Mulvihill, Director

Sheila S. Szela, Director

Statements of Financial Operations

Years ended December 31, 2007 and 2006

	2007	2006
REVENUE		
Dividends	$ **2,396,198**	$ 2,356,679
Interest	**236,865**	655,785
TOTAL REVENUE	**2,633,063**	**3,012,464**
EXPENSES (Note 7)		
Management fees	**924,088**	1,070,393
Administrative and other expenses	**114,139**	78,226
Transaction fees (Notes 3 and 10)	**58,476**	–
Service fees	**151,808**	167,402
Custodian fees	**37,774**	43,216
Audit fees	**30,900**	18,076
Advisory board fees	**20,727**	20,427
Independent review committee fees	**739**	–
Legal fees	**10,575**	6,240
Unitholder reporting costs	**26,398**	41,199
Goods and services taxes	**66,033**	83,895
TOTAL EXPENSES	**1,441,657**	**1,529,074**
Net Investment Income	**1,191,406**	**1,483,390**
Net gain on sale of investments	**4,450,655**	317,633
Net gain (loss) on sale of derivatives	**(589,658)**	347,541
Net change in unrealized appreciation/depreciation of investments	**(7,787,119)**	4,500,353
Net Gain (Loss) on Investments	**(3,926,122)**	**5,165,527**
Preferred Security Interest (Note 8)	**(2,780,108)**	**(3,149,198)**
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	$ **(5,514,824)**	$ **3,499,719**
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the year 3,557,555; 2006 - 4,017,312)	$ **(1.5502)**	$ **0.8712**

Statements of Changes in Net Assets

Years ended December 31, 2007 and 2006

	2007	2006
NET ASSETS, BEGINNING OF YEAR	**$ 41,588,658**	$ 19,438,425
Transition Adjustment - New Accounting Standards (Note 4)	**(62,429)**	–
Net Increase (Decrease) in Net Assets from Financial Operations	**(5,514,824)**	3,499,719
Capital Unit Transactions (Note 6)		
Amount paid for units redeemed, excluding preferred securities	**(3,492,437)**	(9,570,195)
Amount paid for units purchased, excluding preferred securities	**–**	31,613,220
	(3,492,437)	22,043,025
Distributions to Unitholders (Note 8)		
Non-taxable distributions	**(2,941,170)**	(3,392,511)
Changes in Net Assets during the Year	**(12,010,860)**	22,150,233
NET ASSETS, END OF YEAR	**$ 29,577,798**	$ 41,588,658

Statements of Cash Flows

Years ended December 31, 2007 and 2006

	2007	2006
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	**$ 13,775,340**	$ 40,591,052
Cash Flows Provided by (Used In) Operating Activities		
Net Investment Income	**1,191,406**	1,483,390
Adjustments to Reconcile Increase/(Decrease) in Net Assets from Operations to Net Cash Provided by (Used In) Operating Activities		
Purchase of investment securities	**(59,505,214)**	(175,685,658)
Proceeds from disposition of investment securities	**81,249,392**	89,046,251
(Increase)/decrease in dividends receivable and interest receivable	**853**	(245,147)
(Decrease)/increase in accrued liabilities	**(15,391)**	(308,869)
Net change in unrealized depreciation of cash and short-term investments	**338**	213
	22,921,384	(85,709,820)
Cash Flows Provided by (Used In) Financing Activities		
Proceeds from issuance of units, net of issue costs	**–**	31,613,220
Proceeds from preferred securities issued	**–**	34,000,000
Capital unitholder redemptions	**(9,500,532)**	(72,103)
Preferred security redemptions	**(10,161,538)**	(105,300)
Distributions to capital unitholders	**(2,941,170)**	(3,392,511)
Distributions to preferred securities - interest	**(2,780,108)**	(3,149,198)
	(25,383,348)	58,894,108
Net Decrease in Cash and Short-Term Investments During the Year	**(2,461,964)**	(26,815,712)
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ 11,313,376**	$ 13,775,340
Cash and Short-Term Investments comprise of:		
Cash	**$ 2,291**	$ 3,442
Short-Term Investments	**11,311,085**	13,771,898
CASH AND SHORT-TERM INVESTMENTS, END OF YEAR	**$ 11,313,376**	$ 13,775,340

Statement of Investments

December 31, 2007

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, 4.01% - February 21, 2008	1,385,000	$ 1,367,040	$ **1,367,040**	
Government of Canada, 3.93% - March 6, 2008	9,140,000	9,044,895	**9,044,895**	
Total Treasury Bills		**10,411,935**	**10,411,935**	91.7%
Bonds				
Government of Canada, 3.75% - June 1, 2008	900,000	**898,812**	**899,150**	7.9%
		11,310,747	**11,311,085**	**99.6%**
Accrued Interest			**44,949**	**0.4%**
TOTAL SHORT-TERM INVESTMENTS		$ **11,310,747**	$ **11,356,034**	**100.0%**
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	98,900	$ 6,880,361	$ **5,563,125**	
Canadian Imperial Bank of Commerce	72,900	7,024,696	**5,143,095**	
Great-West Lifeco Inc.	204,840	7,133,767	**7,267,723**	
Industrial Alliance Insurance and Financial Services Inc.	164,200	6,063,908	**6,983,426**	
Manulife Financial Corporation	159,100	6,191,570	**6,435,595**	
National Bank of Canada	127,800	7,940,686	**6,667,326**	
Royal Bank of Canada	132,075	7,050,820	**6,694,881**	
Sun Life Financial Inc.	132,800	6,755,991	**7,382,352**	
The Bank of Nova Scotia	136,760	6,973,943	**6,859,882**	
The Toronto-Dominion Bank	102,400	7,183,705	**7,111,680**	
Total Financials		**69,199,447**	**66,109,085**	**100.0%**
Total Canadian Common Shares		$ **69,199,447**	$ **66,109,085**	**100.0%**

Statement of Investments

December 31, 2007

	Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS				
Purchased Put Options (100 shares per contract)				
S&P/TSX Capped Financials Index (iUnits) - January 2008 @ $51	2,057	$ 413,033	$ **125,299**	
S&P/TSX Capped Financials Index (iUnits) - January 2008 @ $52	735	130,095	**31,710**	
Total Purchased Put Options		**543,128**	**157,009**	0.2 %
Written Cash Covered Put Options (100 shares per contract)				
Manulife Financial Corporation - January 2008 @ $41	(382)	**(33,616)**	**(30,949)**	0.0 %
Written Covered Call Options (100 shares per contract)				
Great-West Lifeco Inc. - January 2008 @ $36	(330)	(18,810)	**(13,390)**	
Industrial Alliance Insurance and Financial Services Inc. - January 2008 @ $42	(250)	(23,000)	**(26,250)**	
Industrial Alliance Insurance and Financial Services Inc. - January 2008 @ $44	(169)	(12,337)	**(3,380)**	
Manulife Financial Corporation - January 2008 @ $42	(320)	(21,120)	**(2,587)**	
Royal Bank of Canada - January 2008 @ $54	(360)	(45,000)	**(10,037)**	
Sun Life Financial Services Inc. - January 2008 @ $56	(340)	(33,660)	**(32,319)**	
Sun Life Financial Services Inc. - February 2008 @ $56	(340)	(34,170)	**(38,350)**	
The Bank of Nova Scotia - January 2008 @ $53	(190)	(14,200)	**(2,771)**	
The Bank of Nova Scotia - January 2008 @ $54	(190)	(12,540)	**(173)**	
The Bank of Nova Scotia - February 2008 @ $51	(133)	(15,361)	**(15,295)**	
The Toronto-Dominion Bank - January 2008 @ $75	(280)	(37,940)	**(5,953)**	
The Toronto-Dominion Bank - February 2008 @ $73	(89)	(12,860)	**(10,565)**	
Total Written Covered Call Options		**(280,998)**	**(161,070)**	(0.2)%
TOTAL OPTIONS		$ **228,514**	$ **(35,010)**	**0.0 %**
Adjustment for transaction costs (Note 3)		$ **(19,116)**		
TOTAL INVESTMENTS		$ **69,408,845**	$ **66,074,075**	**100.0 %**

1. Establishment and Restructuring of the Fund

Top 10 Split Fund (formerly First Premium U.S. Income Trust) (the "Fund") was originally established as an investment trust under the laws of the Province of Ontario on January 22, 1997 under the name First Premium U.S. Income Trust. The Fund began operations on February 4, 1997.

The Manager of the Fund is Mulvihill Fund Services Inc. (the "Manager") and the Fund's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). RBC Dexia Investor Services (the "Trustee") is the trustee and acts as custodian of the assets of the Fund.

On November 21, 2005, unitholders voted in favour of a proposal (the "Proposal") to:

- amend the investment strategy and investment restrictions of the Fund to invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization (the "Financial Portfolio");
- extend the termination date of the Fund to March 31, 2011 from January 1, 2007;
- change the capital structure of the Fund to a "split trust" structure. Under this proposal, existing units were first consolidated such that after giving effect to the consolidation, net asset value ("NAV") per unit was $25.00. Unitholders received for each unit held: (i) one Capital Unit with an initial NAV of $12.50 and (ii) one Preferred Security with a principal amount of $12.50;
- amend the investment objectives of the Fund. The Fund's investment objectives for the Capital Units are (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum of the NAV of the Fund. The Fund's investment objectives for the Preferred Securities are (i) to pay holders of Preferred Securities fixed quarterly cash interest payments equal to 6.25 percent per annum on the $12.50 principal amount of a Preferred Security and (ii) to repay the principal amount of $12.50 per Preferred Security on termination of the Fund on March 31, 2011; and
- provide for the payment of an annual service fee of 0.40 percent of the value of the Capital Units to investment dealers whose clients hold Capital Units if the Fund completes a public offering of additional Capital Units and Preferred Securities after the Special Resolution was approved.

In connection with the Special Resolution, Mulvihill Fund Services Inc., as Manager, and Mulvihill Capital Management Inc., as Investment Manager, reduced their fees by approximately 37 percent from a total of 1.75 percent per annum of NAV to 1.10 percent of the Fund's total assets from and after the effective date of the Special Resolution and the Fund changed its name to Top 10 Split Trust to reflect better its new investment strategy.

2. Investment Objectives of the Fund

Until November 30, 2005, the Fund invested in a diversified portfolio consisting primarily of common shares issued by corporations that rank in the top 50 of the Standard and Poor's 100 Index on the basis of market capitalization.

After November 30, 2005, the Fund universe was changed to invest in (i) the six largest Canadian banks and (ii) the four largest Canadian life insurance companies by market capitalization.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities in the portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. Additionally, the Fund may purchase call options with the effect of closing out existing call options written by the Fund and may also purchase put options to preserve the value of the portfolio where appropriate. The Fund may enter into trades to close out positions in such permitted derivatives.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments are recorded in the financial statements at their fair value determined as follows:

Securities are valued at fair value, which is determined by the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. If no bid prices are available the securities are valued at the closing sale price.

Short-term investments are included in the statement of investments at their cost including applicable foreign exchange translations. This value, together with accrued interest, approximates fair value at bid price.

Listed options are valued at fair value as reported on recognized exchanges. Over the counter options are valued using the Black-Scholes valuation model.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Financial Operations. Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers. Prior to adoption of CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement" and Handbook

Section 3861, "Financial Instruments - Disclosure and Presentation" (see Note 4), transaction fees were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on net assets or results of operations as a result of this change in accounting policy for the transaction fees.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. 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 related to options are included in gain (loss) on sale of derivatives.

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) Settlement of purchased put options whereby realized gains are equivalent to the difference between the exercise price of the option less the premium paid; and

(iii) Sale of purchase 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 change in unrealized appreciation (depreciation) of investments. 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 recorded daily as it is earned.

4. New Accounting Standards

The Fund has adopted, effective January 1, 2007, the Canadian Institute of Chartered Accountants new accounting standards relating to Financial Instruments. The new standards require that the fair value of securities which are traded in active markets be measured based on bid price and transaction fees, such as brokerage commissions, incurred in the purchase or sale of securities by the Fund be charged to net income in the period incurred. These new standards have been adopted retrospectively with no restatement of prior periods' comparative amounts.

As a result of the adoption of these new standards, the Fund recorded a transition adjustment to the opening net assets in the amount of $62,429. This transition adjustment represents the adjustment to fair value of investments from the closing sale price to the closing bid price as of December 31, 2006.

As a result of regulatory relief received from the Canadian Securities Administrators, on implementation of the new standards, the above changes will not impact the net asset value per unit used to transact units of the Fund which will continue to be based upon securities valued at the last sale price. The relief is effective until September 2008.

5. Net Asset Value and Net Assets

For financial statement reporting purposes, the Fund applies Canadian generally accepted accounting principles requiring the Fund to value its securities using bid price. However, pursuant to a temporary exemption provided by the Canadian securities regulatory authorities, the Fund can calculate its net asset value using last sale price.

The difference between the net asset value for pricing purposes and the net assets reflected in the financial statements is as follows:

	2007
Net Asset Value (for pricing purposes)	**$21.83**
Difference	**(0.04)**
Net Assets (for financial statement purposes)	**$21.79**

6. Unitholders' Equity

On November 21, 2005, unitholders voted in favor of a proposal to restructure the Fund. This restructuring is detailed in Note 1. The restructuring of the Fund resulted in the issuance of Capital Units and Preferred Securities.

The Fund is authorized to issue an unlimited number of transferable, redeemable units of one class representing an equal, undivided beneficial interest in the net assets of the Fund. All Capital Units have equal rights and privileges. Each whole Capital Unit is entitled to one vote at all meetings of holders and is entitled to participate equally with respect to any and all distribution made by the Fund, including distributions of net income and net realized capital gains, and any distributions upon the termination of the Fund after payment of debts and liabilities, including, without limitation, the aggregate Repayment Price of the Preferred Securities, and liquidation expenses of the Fund.

On February 15, 2006, Mulvihill Top 10 Split Fund announced it had completed a follow-on offering of 2,500,000 Capital Units and 2,500,000 Preferred Securities at a price of $13.10 per Capital Unit and $12.50 per Preferred Security for gross proceeds of $64,000,000. On March 14, 2006, an additional 220,000 Capital Units and 220,000 Preferred Securities at a price of $13.10 per Capital Unit and $12.50 per Preferred Security for additional gross proceeds of $5,632,000 pursuant to the exercise of the over-allotment option granted to the

Fund's agents. All together, the Fund has raised total gross proceeds of $69,632,000 under the offering. Costs of $4,167,920 were incurred in connection with these offerings and have been charged to equity.

Following are the unit transactions for the year:

	2007	2006
Units outstanding, beginning of year	**3,558,584**	1,659,931
Units issued for cash	**–**	2,720,000
Units redeemed	**(374,506)**	(821,347)
Units outstanding, end of year	**3,184,078**	3,558,584

Capital Units may be surrendered for retraction (either alone or together with a Preferred Security) at least five business days prior to the last business day in a month for payment on or before the fifth business day following such date commencing in January 2006. A holder retracting a Capital Unit alone for the last business day of the month (other than December) in a year will receive the amount by which 95 percent of the combined value exceeds the price paid by the Fund for one Preferred Security in the market and $0.50. A holder who surrenders a Capital Unit together with a Preferred Security for retraction will receive an amount equal to 95 percent of the combined value less $0.50. A holder retracting a Capital Unit alone for the last business day of December (commencing in December 2006) will receive an amount equal to the combined value minus the price paid by the Fund for one Preferred Security in the market. A holder who surrenders a Capital Unit together with a Preferred Security for retraction on the December retraction date will receive an amount equal to the combined value.

Combined value is NAV per Capital Unit plus the principal amount of a Preferred Security and all accrued and unpaid interest on a Preferred Security.

Under the terms of the normal course issuer bid renewed in May 2007, the Fund proposes to purchase, if considered advisable, up to a maximum of 352,178 (2006 - 435,299) Capital Units and up to a maximum of 352,178 (2006 - 435,299) Preferred Securities, 10 percent of its public float as determined in accordance with the rules of the Exchange. The normal course issuer bid will remain in effect until the earlier of May 8, 2008 or until the Fund has purchased the maximum number of units permitted under the bid. As at December 31, 2007, no units (2006 - nil) have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investors Services at: Mulvihill Top 10 Split Fund, Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

7. Management Fees and Expenses

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

Fees are payable to the Manager under the terms of the trustee agreement and to the Investment Manager under the terms of an investment management agreement. The fees were payable at annual rates of 0.10 percent and 1.00 percent respectively of the Fund's total assets, calculated and payable monthly, plus applicable taxes.

The Fund will pay a service fee which will be paid to each dealer whose clients hold Capital Units. The service fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40% annually of the net asset value of the Capital Units held by clients of the dealer.

8. Distributions

The Fund will endeavour (i) to make quarterly distributions to holders of Capital Units in an amount targeted to be 7.5 percent per annum on the Fund's net asset value and (ii) to pay holders of Preferred Securities fixed quarterly cash interest payments of 6.25 percent per annum on the $12.50 principal amount of a Preferred Security.

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

9. Income Taxes

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 appreciable non-refundable income tax.

No amount is payable on account of income taxes in 2007 or 2006.

Accumulated non-capital losses of approximately $15.0 million (2006 - $15.5 million) and capital losses of approximately $59.1 million (2006 - $59.1 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 as follows:

Expiration Date	Amount
2008	$ 1.2
2009	1.2
2010	2.8
2014	3.9
2015	1.2
2026	4.7
Total	**$15.0**

Issue costs of approximately $2.6 million (2006 - $3.4 million) remain undeducted for tax purposes at year-end.

10. Transaction Fees

Total transaction fees paid for the year ended December 31, 2007 in connection with portfolio transactions were $58,476 (2006 - $157,941). In 2006, transaction fees were recorded in unrealized and realized gains and losses on investments. Of this amount $9,660 (2006 - $43,257) was directed for payment of trading related goods and services.

11. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, investments and certain derivative contracts (options). As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, and derivative financial instruments risk.

These risks and related risk management practices employed by the Fund are discussed below:

Market Risk

The Fund's equity, debt securities and trading derivatives are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Portfolio consists only of securities of banks and life insurance companies. Net Asset Value per Unit varies as the value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the value of the securities in the Portfolio, including factors that affect all of the companies in the banks and life insurance industries. The Fund's market risk is managed by taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for shareholders and utilizing an option writing program.

Interest Rate Risk

The market price of the Preferred Securities and Capital Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV of the Fund resulting from an increase in interest rates may also negatively affect the market price of the Preferred Securities or Capital Units. To mitigate this risk, excess cash and cash equivalents are invested at short-term market interest rates.

Use of Options and Other Derivative Instruments

The Fund may from time to time write covered call options in respect of all or part of the common shares in the Portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. The Fund is subject to the full risk of its investment position in securities that are subject to outstanding call options and those securities underlying put options written by the Fund, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding call options above the strike price of such options. To mitigate risk due to market declines the Fund writes options to expire at varied points in time to reduce the risk associated with all options expiring on the same date.

In purchasing call or put options, 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 maximum credit risk exposure is the aggregate of all contracts with a positive value as disclosed in the statement of investments. The Fund manages these risks through the use of various risk limits and trading strategies.

The following are credit ratings for the counterparties to derivative instruments the Fund deals with during the year, based on Standard & Poor's credit rating as at December 31, 2007:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	AA	A-1+
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

12. Future Accounting Policy Changes

On December 1, 2006, the CICA issued two new accounting standards: Handbook Section 3862, "Financial Instruments - Disclosures", and Handbook Section 3863, "Financial Instruments - Presentation" which replaces Handbook Section 3861, "Financial Instruments - Disclosure and Presentation". These new standards became effective for the Fund on January 1, 2008. These two new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Mulvihill Capital Management Inc.

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than $2.6 billion in segregated and pooled funds on behalf of institutional and high net worth clients. Founded by Canada Trust in 1985, Mulvihill Capital Management emerged in 1995 as an independent company. Today, Mulvihill is managed by a cohesive team of senior managers and owners who have worked together for more than a decade. Our scale and independent structure allow us to provide our clients with a uniquely customized approach to asset management.

Mulvihill Capital Management operates three main lines of business:

- Mulvihill Institutional ⇢ Asset Management ⇢ provides asset growth management of pension funds, corporations, management companies, endowment foundations and mutual funds with a wide variety of investment mandates. Our reputation has been built on the ability to provide customized portfolios that meet the stated needs of our clients.
- Mulvihill Wealth Management ⇢ offers a comprehensive specialized approach tailored to a client's personal investment strategies. Personalized service and customized reporting ensure that our clients are fully aware of the progress they are making.
- Mulvihill Structured Products ⇢ is responsible for the development and management of Mulvihill Hybrid Income Funds tailored to meet very specific investment objectives. Assets are generally managed to meet absolute rather than relative returns.

Mulvihill's Hybrid Income Funds are exchange-traded, equity-based funds that are enhanced by virtue of their broad distribution, special structure and performance characteristics. The Hybrid Income Funds are prime examples of our customized approach to asset management.

MULVIHILL HYBRID INCOME FUNDS	SYMBOL	HIGH	LOW
		For the period January 1, 2007 to December 31, 2007	
MULVIHILL PLATINUM			
Mulvihill *Government Strip Bond Fund*	GSB.UN	$ 22.40	$ 19.40
Mulvihill Pro-AMS *U.S. Fund*	PAM.UN	$ 22.62	$ 20.70
Mulvihill Pro-AMS *100 Plus (Cdn $) Fund*	PRC.UN	$ 19.40	$ 17.30
Mulvihill Pro-AMS *100 Plus (U.S. $) Fund*	PRU.U	$ 16.50	$ 14.01
Mulvihill Pro-AMS *RSP Split Share Fund*	SPL.A/SPL.B	$ 9.95/$ 15.50	$ 8.02/$ 13.31
MULVIHILL PREMIUM			
Mulvihill *Core Canadian Dividend Fund*	CDD.UN	$ 10.25	$ 7.63
Mulvihill Premium *Canadian Fund*	FPI.UN	$ 18.75	$ 15.32
Mulvihill Premium *60 Plus Fund*	SIX.UN	$ 17.99	$ 15.05
Mulvihill Premium *Global Plus Fund*	GIP.UN	$ 12.00	$ 9.87
Mulvihill Premium *Canadian Bank Fund*	PIC.A/PIC.PR.A	$ 11.68/$ 16.32	$ 8.00/$ 14.41
Mulvihill Premium *Split Share Fund*	MUH.A/MUH.PR.A	$ 7.87/$ 15.55	$ 5.40/$ 14.77
Mulvihill Premium *Global Telecom Fund*	GT.A/GT.PR.A	$ 0.30/$ 14.10	$ 0.10/$ 12.40
Mulvihill *S Split Fund*	SBN/SBN.PR.A	$ 15.00/$ 10.61	$ 9.25/$ 9.55
Mulvihill *Top 10 Canadian Financial Fund*	TCT.UN	$ 15.80	$ 13.40
Mulvihill *Top 10 Split Fund*	TXT.UN/TXT.PR.A	$ 10.99/$ 14.25	$ 7.75/$ 12.47
Mulvihill *World Financial Split Fund*	WFS/WFS.PR.A	$ 12.93/$ 10.95	$ 7.87/$ 9.40

Board of Advisors

John P. Mulvihill
Chairman & President,
Mulvihill Capital Management Inc.

Sheila S. Szela
Vice President, Finance & CFO,
Mulvihill Capital Management Inc.

Michael M. Koerner*
Corporate Director

Robert W. Korthals*
Corporate Director

C. Edward Medland*
President, Beauwood Investments Inc.

**Independent Review Committee*

Information

Auditors:
Deloitte & Touche LLP
Brookfield Place
181 Bay Street, Suite 1400
Toronto, Ontario M5J 2V1

Transfer Agent:
Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

Shares Listed:
Toronto Stock Exchange
trading under
TXT.UN/TXT.PR.A

Trustee:
RBC Dexia Investor Services
Royal Trust Tower
77 King Street West, 11th Floor
Toronto, Ontario M5W 1P9

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

Hybrid Income Funds Managed by Mulvihill Structured Products

Mulvihill Platinum

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

Mulvihill Premium

Mulvihill *Core Canadian Dividend Fund*
Mulvihill Premium *Canadian Fund*
Mulvihill Premium *60 Plus Fund*
Mulvihill Premium *Global Plus Fund*
Mulvihill Premium *Canadian Bank Fund*
Mulvihill Premium *Split Share Fund*
Mulvihill Premium *Global Telecom Fund*
Mulvihill *S Split Fund*
Mulvihill *Top 10 Canadian Financial Fund*
Mulvihill *Top 10 Split Fund*
Mulvihill *World Financial Split Fund*

Mutual Funds Managed by Mulvihill Capital Management

Mulvihill Canadian *Money Market Fund*
Mulvihill Canadian *Bond Fund*
Mulvihill Global *Equity Fund*
Premium Global *Income Fund*

Head Office:

Mulvihill Capital Management Inc.
121 King St. W., Suite 2600
Toronto, Ontario
M5H 3T9

Tel: 416 681-3966
1 800 725-7172
Fax: 416 681-3901
e-mail: hybrid@mulvihill.com

Contact your broker directly for address changes.

Mulvihill

www.mulvihill.com

Mulvihill Structured Products
Investor Relations
121 King St. W., Suite 2600
Toronto, Ontario
M5H 3T9

Tel: 416 681-3966
1 800 725-7172
Fax: 416 681-3901
e-mail: hybrid@mulvihill.com

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