PREMIUM INCOME CORPORATION

Fact Sheet
January 31, 2024

Fund Data

Inception date:	October 30, 1996
Ticker (Preferred / Class A share):	PIC.PR.A / PIC.A
Preferred shares outstanding:	16,467,591 shares
Class A shares outstanding:	16,164,691 shares
Total Net Asset Value(1)	$290.7 mm
NAV Per Class A Shares(1):	$2.71
NAV Per Preferred Shares(1):	$15.00
Total Market Capitalization	$296.0 mm
Market price Per Class A Shares	$4.20
Market price Per Preferred Shares	$13.85
Management fee:	0.90% p.a.

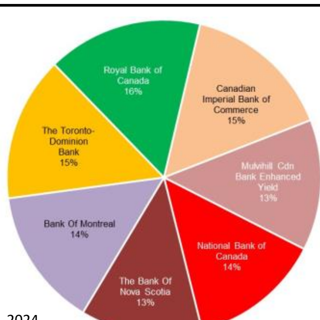
Distributions (Class A & Preferred Share)

Class A distribution:	$0.81276 p.a.
Preferred distribution:	$0.8625 p.a.
Most recent Class A distribution:(2)	$0.20319
Most recent Preferred distribution:(2)	$0.215625
Distribution frequency:	Quarterly
Current Class A yield(3):	19.3%
Current Preferred yield(3):	6.2%
Cumulative Class A distributions:	$28.48
Cumulative Preferred distributions:	$23.72

Top Holdings

Royal Bank of Canada	15.6%
Canadian Imperial Bank of Commerce	15.0%
The Toronto-Dominion Bank	14.5%
Bank of Montreal	13.9%
National Bank of Canada	13.2%
Mulvihill Canadian Bank Enhanced Yield ETF	13.1%
The Bank of Nova Scotia	12.2%

Sector Allocation



Notes:
(1) As at January 31, 2024
(2) January distribution
(3) Calculated as most recent distribution annualized divided by closing market price on January 31, 2024

Fund Overview

The Fund is a split share corporation designed to provide investors with exposure to six Canadian banks. The Fund utilizes an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility.

Objectives

The fund's investment objectives are:

a) to provide Preferred shareholders with cumulative preferential quarterly cash distributions of $0.215625 per share, representing an annual yield of 5.75% on the original issue price of the Preferred shares; and
b) to provide Class A shareholders with quarterly cash distributions of $0.20319 per share; and
c) to return the original issue price to holders of both preferred share and Class A shares upon windup of the Fund.

Rationale

The six Canadian banks have a history of strong earnings growth, which has resulted in increases in their dividend rates and share price appreciation. The preferred shares are appropriate for an investor looking for a more secure investment than common equities with an attractive distribution. The class A shares are appropriate for an investor seeking a leveraged play on the six banks included in the portfolio while earning attractive distributions.

Portfolio Manager Commentary – January 2024

As of January 31, 2024, the Net Asset Value ("NAV") of the Fund was $17.71 per unit compared to $15.46 per unit on October 31, 2023. The Fund's two share classes are listed on the Toronto Stock Exchange as PIC.A and PIC.PR.A. They closed on January 31, 2024 at $4.20 and $13.85 respectively which, when combined, represent a 1.9% premium to the NAV per unit. Distributions totaling $0.20319 per share were paid to the Class A shareholders and $0.215625 per share were paid to the Preferred shareholders during the quarter.

Equity markets were strong during the fiscal first quarter ending January 31, 2024, as investors priced in the end of central bank tightening, declining inflation as well as a soft landing for the economy. During the period, the total return of the S&P/TSX Composite Index was 12.3% while the S&P 500 Index total return was 16.0%.

The Canadian banks outperformed the broader TSX Index in the quarter with a total return of 16.3%. All six of the Canadian banks had positive returns during the quarter with an average total return of 18.1%. The performance of the six banks within the portfolio varied with Canadian Imperial Bank of Commerce ("CIBC") leading the way with a total return of 26.0% while The Toronto-Dominion Bank ("TD") lagged the group during the period, with a total return 6.7%. Five of the six banks raised their dividend during the period to varying degrees, with an average increase across the five banks of 3.7%.

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Portfolio Manager Commentary – cont'd

Volatility levels for the Canadian banks declined during the quarter as the bank shares rallied. As a result, there continued to be no call writing activity over the period as the manager felt there was greater upside in the share prices of the banks compared to the premium generated from call writing.

Manager

- ✓ Mulvihill Capital Management Inc., experienced issuer with 4 listed closed-end funds, three exchange traded funds ("ETF") and one mutual fund
- ✓ One of Canada's most experienced option strategy managers, with over 27 years of investment management experience in Canada
- ✓ Proprietary selective call writing strategy utilized to enhance income generated from the portfolio and reduce volatility

Forward Looking Information and Disclaimer

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