Mulvihill Structured Products

Mulvihill

Hybrid Income Funds

Annual Report 2007

Mulvihill Premium *Canadian Bank Fund*

Premium Income Corporation

Message to Shareholders

We are pleased to present the annual financial results of Premium Income Corporation, which operates as Mulvihill Premium Canadian Bank Fund (the "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 launched in 1996 with the objectives to:

(1) pay out a yield of 5.75 percent to Preferred shareholders and 8.00 percent to Class A shareholders; and

(2) return the original issue price to shareholders upon termination of the Fund on November 1, 2010.

To accomplish these objectives the Fund invests only in common shares issued by the Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank, and, from time to time, may write covered call options against these securities. 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 7.1 percent, this return was paid out to shareholders in the form of distributions amounting to $2.065319 per unit resulting in an overall small decline in the net asset value from $26.41 per unit as at October 31, 2006 to $26.17 per unit as at October 31, 2007.

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

	2007	2006	2005	2004	2003
Annual Total Fund Return	7.08%	10.91%	7.45%	10.18%	18.80%
Preferred Share Distribution Paid (target of $0.86250 per share)	$ 0.865319	$ 0.875210	$ 0.877731	$ 0.889263	$ 0.892795
Class A Share Distribution Paid (target of $0.80 per share)	$ 1.20	$ 1.20	$ 1.20	$ 1.20	$ 1.20
Ending Net Asset Value per Unit (initial issue price was $25.00 per unit)	$ 26.17	$ 26.41	$ 25.75	$ 25.96	$ 25.55

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

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

Mulvihill Premium *Canadian Bank Fund* [PIC.A/PIC.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 October 31, 2007 of Premium Income Corporation, which operates as Mulvihill Premium Canadian Bank Fund (the “Fund”). The annual financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record 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

The Fund’s investment objectives are:

(1) to provide Preferred shareholders with cumulative preferential quarterly cash dividends of approximately $0.22 per quarter;

(2) to provide Class A shareholders with all excess realized income of the Fund at each fiscal year end; and

(3) to return, at a minimum, the original issue price to holders of both Preferred shares and Class A shares upon windup on November 1, 2010. The Fund has a dividend policy on the Class A shares of $0.20 per quarter.

The Fund achieves its investment objectives by investing its net assets in a portfolio consisting of short-term investments and common shares issued by Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank (collectively the “Banks”). To generate additional returns above the dividend income generated by the portfolio, the Fund writes covered call options in respect of all or part of the securities in the Portfolio. By nature of the covered option writing strategy employed by the Fund, the average portfolio turnover rate will tend to be relatively high due to the exercise of options. From time to time, the Fund may hold a portion of its assets in cash equivalents, which may be utilized to provide cover in respect of the writing of cash covered put positions.

Risk

The underlying portfolio holds securities selected from common shares issued by the Banks. 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 Fund. 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.

Any capital appreciation in the value of the portfolio will be for the benefit of the holders of Class A shares. 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 Class A shares. The Class A shares will have no value on November 1, 2010 if the net asset value per unit on that date is less than or equal to $15.00.

In order to generate income the Fund writes covered call options in respect of all or part of the securities held in the portfolio. During the course of this year, volatility has remained low with a brief period of increased volatility during the summer months. Due to this low volatility, the Fund maintained its high investment position thereby providing greater income generating capability. To offset the risk of added equity exposure the Fund purchased protective put options to mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection.

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

October 31, 2007

	% OF NET ASSET VALUE*
Financial Institutions	95%
Cash and Short-Term Investments	5%
	100%

*The Net Asset Value excludes the Preferred share liability.

Portfolio Holdings

October 31, 2007

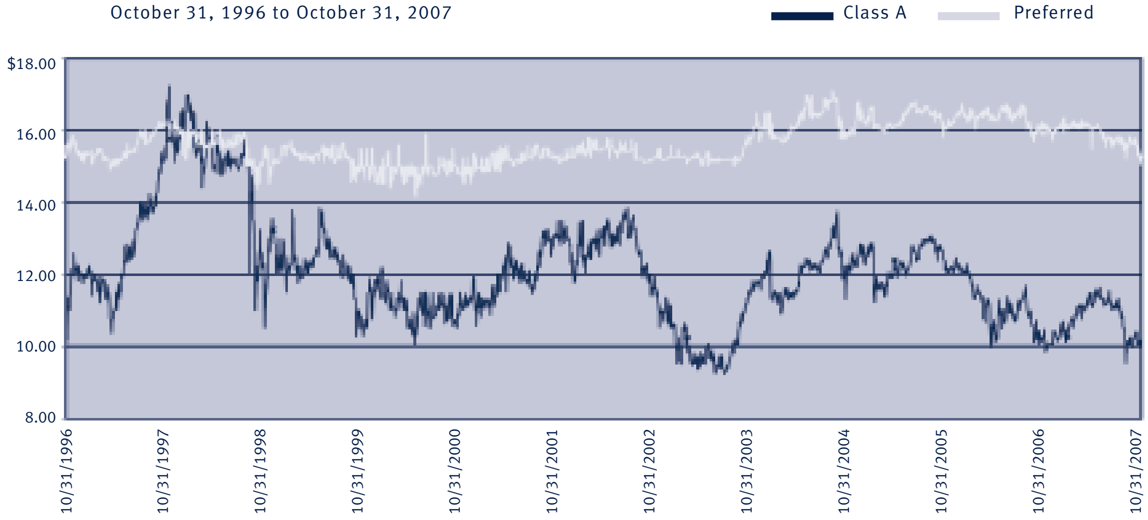
	% OF NET ASSET VALUE*
The Bank of Nova Scotia	20%
Royal Bank of Canada	20%
The Toronto-Dominion Bank	19%
Canadian Imperial Bank of Commerce	19%
Bank of Montreal	17%
Cash and Short-Term Investments	5%
	100%

*The Net Asset Value excludes the Preferred share liability.

Distribution History

INCEPTION DATE: OCTOBER 1996	CLASS A REGULAR DISTRIBUTION	CLASS A SPECIAL DISTRIBUTION	TOTAL CLASS A DISTRIBUTION	REGULAR PREFERRED DISTRIBUTION
Total for 1997	$ 0.80	$ 1.90	$ 2.70	$ 0.877800
Total for 1998	0.80	0.50	1.30	0.884300
Total for 1999	0.80	0.40	1.20	0.888610
Total for 2000	0.80	0.60	1.40	0.880033
Total for 2001	0.80	1.35	2.15	0.884226
Total for 2002	0.80	0.60	1.40	0.884170
Total for 2003	0.80	0.40	1.20	0.892795
Total for 2004	0.80	0.40	1.20	0.889263
Total for 2005	0.80	0.40	1.20	0.877731
Total for 2006	0.80	0.40	1.20	0.875210
Total for 2007	0.80	0.40	1.20	0.865319
Total Distributions to Date	**$ 8.80**	**$ 7.35**	**$ 16.15**	**$ 9.699457**

Trading History



Results of Operations

For the fiscal year ended October 31, 2007, the net asset value for pricing purposes of the Fund totalled $497.2 million, or $26.17 per unit compared to $26.41 on October 31, 2006. The Fund's Preferred shares, listed on the Toronto Stock Exchange as PIC.PR.A, closed on October 31, 2007, at $15.25 per share. The Fund's Class A shares, listed on the Toronto Stock Exchange as PIC.A, closed on October 31, 2007, at $10.10 per share. Each Unit consists of one Preferred share and one Class A share together.

Distributions totalling $0.865319 were made to the Preferred shareholders during the fiscal year and distributions totalling $1.20 were made to Class A shareholders ($0.80 in regular distributions and $0.40 in special distributions).

Volatility was low for most of the year with a brief period of increased volatility during the summer, and has remained sufficient to maintain the option writing program. However, due to this low volatility, the Fund maintained its high investment position thereby providing greater income generating capabilities. To offset the risk of high equity exposure the Fund continued to purchase protective put options to mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection.

The S&P/TSX Diversified Banks Index increased 11.1 percent and underperformed the broader S&P/TSX Composite Index, which was up 21.4 percent during the fiscal period ending October 31, 2007. Four of the five banks experienced strong growth with the Canadian Imperial Bank of Commerce generating the highest total return of 20.2 percent while the Bank of Montreal generated a negative total return of 4.7 percent mainly due to it's large energy trading loss. Fundamentally, the banks continue to post strong earnings growth and profitability because of robust domestic retail and wealth management operations, strong wholesale banking earnings and continued low levels of loan losses. However, the banks have underperformed the overall market in the period due to increasing fears from the U.S. sub-prime mortgage market, as well as liquidity and credit risks associated with asset backed commercial paper and collateralized debt obligations holdings. This has all led to negative revisions to earning growth for the banks for the 2008 fiscal year.

The one year compound return for the Fund, including reinvestment of distributions, was 7.1 percent. This performance reflects the underweight allocation to the Canadian Imperial Bank of Commerce shares in the Fund's portfolio, as well as the cash position maintained during the year and the cost of protective put options purchased. The one year compound total return for the Class A shares, including reinvestment of distributions, was 8.6 percent. For more detailed information on the investment returns, please see the Annual Total Return bar graph on page 6 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 October 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).

Years ended October 31

	2007	2006	2005	2004	2003
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year(1)	$ **26.40**(4)	$ 25.75	$ 25.96	$ 25.55	$ 23.38
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.95**	0.86	0.81	0.80	0.76
Total expenses	**(0.30)**	(0.28)	(0.27)	(0.31)	(0.65)
Realized gains (losses) for the period	**1.78**	1.72	1.73	1.39	1.22
Unrealized gains (losses) for the period	**(0.61)**	0.44	(0.41)	0.87	3.26
Total Increase (Decrease) from Operations(2)	**1.82**	**2.74**	**1.86**	**2.75**	**4.59**
DISTRIBUTIONS					
Preferred Share					
From capital gains	**(0.05)**	(0.20)	(0.24)	(0.41)	(0.30)
From net investment income	**(0.82)**	(0.68)	(0.64)	(0.48)	(0.59)
Total Preferred Share Distributions	**(0.87)**	**(0.88)**	**(0.88)**	**(0.89)**	**(0.89)**
Class A Share					
From capital gains	**(1.20)**	(1.20)	(1.20)	(1.20)	(1.14)
From net investment income	**-**	-	-	-	(0.06)
Total Class A Share Distributions	**(1.20)**	**(1.20)**	**(1.20)**	**(1.20)**	**(1.20)**
Total Annual Distributions(3)	**(2.07)**	**(2.08)**	**(2.08)**	**(2.09)**	**(2.09)**
Net Assets, as at October 31	$ **26.16**(1)	$ **26.41**	$ **25.75**	$ **25.96**	$ **25.55**

(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 Preferred shares 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.
(2) Total increase (decrease) from operations consists of interest and dividend revenue less expenses, excluding Preferred share distributions, 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 shareholders are based on the number of shares outstanding on the record date for each distribution and were paid in cash.
(4) Net Assets per unit has been adjusted for the Transition Adjustment - New Accounting Standards (see Note 4 to the Financial Statements).

	2007	2006	2005	2004	2003
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value, excluding Preferred shares liability ($millions)(1)	$ **497.18**	$ 503.69	$ 491.14	$ 496.60	$ 322.93
Net Asset Value ($millions)(1)	$ **208.94**	$ 216.32	$ 203.44	$ 207.79	$ 132.18
Number of units outstanding(1)	**18,995,200**	19,073,063	19,074,439	19,126,246	12,638,400
Management expense ratio(2)	**1.04%**	1.08%	1.05%	1.20%	2.62%
Portfolio turnover rate(3)	**109.89%**	148.47%	171.56%	157.22%	150.14%
Trading expense ratio(4)	**0.07%**	0.07%	0.10%	0.12%	0.19%
Net Asset Value, per Unit(5)	$ **26.17**	$ 26.41	$ 25.75	$ 25.96	$ 25.55
Closing market price - Preferred	$ **15.25**	$ 16.01	$ 16.30	$ 16.12	$ 16.09
Closing market price - Class A	$ **10.10**	$ 10.24	$ 10.50	$ 12.40	$ 11.40

(1) This information is provided as at October 31. One unit consists of one Class A and one Preferred share.
(2) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes and capital taxes but excluding transaction fees and income taxes and Preferred share distributions, charged to the Fund to the average net asset value, excluding the liability for the Redeemable Preferred shares. Management expense ratio for 2003 includes the special resolution expense. The management expense ratio for 2003 excluding the special resolution expense is 1.17%.
(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) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding Preferred shares of the Fund on that date 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 0.80 percent of the net asset value of the Fund at each month end, excluding the liability for Redeemable Preferred shares and unamortized premium on issue of Preferred shares. Services received under the Investment Management Agreement include the making of all investment decisions for the Fund and the writing of covered call options for the Fund in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes all decisions as to the purchase and sale of securities in the Fund's portfolio and the execution of all portfolio and other transactions.

Mulvihill Fund Services is entitled to fees under the Management Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end, excluding the liability for Redeemable Preferred shares and unamortized premium on issue of Preferred shares. Services received under the Management Agreement included providing for or arranging for required administrative services to the Fund.

Recent Developments

The Canadian banks continue to possess strong investment fundamentals due to their profitability, strong capital positions and high returns on equity. The 3.5 percent dividend yield on the Big 5 Banks relative to the 10-year Government of Canada bond yield of 4.3 percent continues to lend yield support and the price/earnings multiple of the banks relative to the broad market is still attractive.

The outlook for bank earnings growth and profitability has slowed due to weaker and more volatile capital market conditions which reduce underwriting activity and increase the potential for trading losses. Additional negatives also include the impact of the U.S. subprime mortgage market on overall credit conditions and the asset backed commercial paper market; both of which can impact Canadian bank earnings. Offsetting these potential negatives are the Banks' strong domestic retail and wealth management operations positively supported by Canada's strong housing sector and overall economy.

Past Performance

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

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

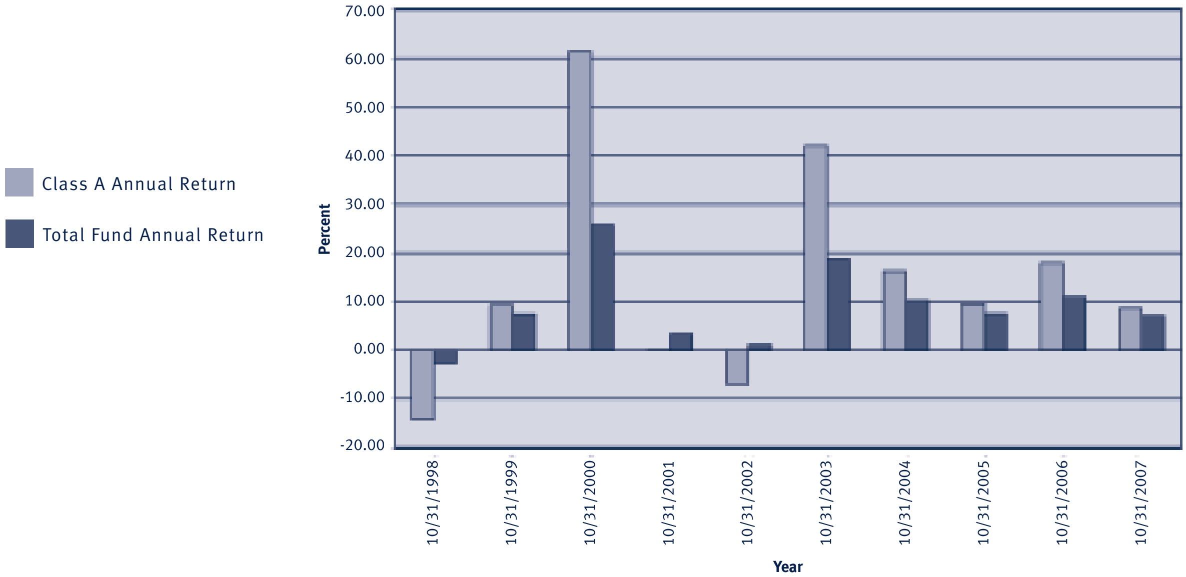
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(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 shows the Fund's annual total return in each of the past ten years varied from year to year. 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.

Annual Total Return



Annual Compound Returns

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

	One Year	Three Years	Five Years	Ten Years
Mulvihill Premium Canadian Bank Fund	**7.08%**	8.46%	10.80%	8.66%
Mulvihill Premium Canadian Bank Fund – Preferred	**5.89%**	5.95%	6.00%	6.01%
Mulvihill Premium Canadian Bank Fund – Class A	**8.63%**	11.96%	18.30%	12.55%
In order to meet regulatory requirements, the performance of a broader based market index has been included below.				
S&P/TSX Diversified Banks Index*	**11.13%**	16.13%	20.47%	14.06%

* The Index is a subset of the S&P/TSX Financial Sector and comprised of the six largest banks on a market capitalization basis.

The equity performance benchmark 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 this index; 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 balances help to protect net asset value, and covered option writing income provides returns exceeding those of a conventional 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 October 17, 1996.

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 17, 1996, and, as such, is responsible for providing or arranging for required administrative services to the Fund. Mulvihill is a wholly-owned subsidiary of MCM. These parties are paid the fees described under the Management Fees section of this report.

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, 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 forwardlooking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (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 Directors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 2 of the annual financial statements.

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

The Audit Committee meets periodically with management and the 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 Audit Committee and the Board.

John P. Mulvihill	Sheila S. Szela
Director	Director
Mulvihill Fund Services Inc.	Mulvihill Fund Services Inc.
November 16, 2007	

To the Shareholders of Mulvihill Premium Canadian Bank Fund

We have audited the accompanying statement of investments of Premium Income Corporation (operating as Mulvihill Premium Canadian Bank Fund) (the "Fund") as at October 31, 2007, the statements of financial position as at October 31, 2007 and 2006, and the statements of operations and retained earnings, of changes in net assets and of changes in investments 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 October 31, 2007 and 2006, and the results of its operations, the changes in its net assets, and its investments for the years then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
November 16, 2007

Statements of Financial Position

October 31, 2007 and 2006

	2007	2006
ASSETS		
Investments at fair value (cost - $463,525,113; 2006 - $404,053,874)	**$ 472,900,913**	$ 425,082,153
Short-term investments at fair value (cost - $24,172,079; 2006 - $77,254,134)	**24,120,829**	77,250,012
Cash	**776**	1,470
Interest and dividends receivable	**2,245,339**	1,998,625
TOTAL ASSETS	**$ 499,267,857**	**$ 504,332,260**
LIABILITIES		
Redemptions payable	**$ 1,914,024**	$ 36,338
Accrued liabilities	**457,969**	609,563
	2,371,993	**645,901**
Redeemable preferred shares (Note 3)	**284,928,000**	286,095,945
Unamortized premium on issue of preferred shares (Note 3)	**940,495**	1,267,408
	288,240,488	**288,009,254**
EQUITY		
Class A and Class B shares (Note 3)	**192,814,726**	193,604,989
Retained earnings	**18,212,643**	22,718,017
	211,027,369	**216,323,006**
TOTAL LIABILITIES AND EQUITY	**$ 499,267,857**	**$ 504,332,260**
Number of Units Outstanding (Note 3)	**18,995,200**	**19,073,063**
Net Assets per Unit		
Preferred share (Note 2)	**$ 15.00**	$ 15.00
Class A share	**11.16**	11.41
	$ 26.16	**$ 26.41**

On Behalf of the Board of Directors

John P. Mulvihill, Director

Robert W. Korthals, Director

Statements of Operations and Retained Earnings

Years ended October 31, 2007 and 2006

	2007	2006
REVENUE		
Interest	$ **1,533,810**	$ 3,020,031
Dividends	**16,490,571**	13,342,797
	18,024,381	**16,362,828**
Net realized gains on investments	**35,163,045**	26,471,941
Net realized gains (losses) on options	**(1,168,065)**	6,315,858
Total Net Realized Gains	**33,994,980**	**32,787,799**
TOTAL REVENUE	**52,019,361**	**49,150,627**
EXPENSES (Note 6)		
Management fees	**4,625,589**	4,551,978
Administrative and other expenses	**230,675**	166,202
Transaction fees (Notes 2 and 9)	**334,371**	–
Custodian fees	**74,333**	80,549
Audit fees	**37,149**	31,800
Director fees	**20,727**	20,727
Legal fees	**6,118**	9,625
Shareholder reporting costs	**59,241**	64,042
Capital tax	**–**	163,430
Large corporations tax	**–**	7,600
Goods and services tax	**294,231**	322,341
TOTAL EXPENSES	**5,682,434**	**5,418,294**
Net Realized Income before Preferred Share Transactions	**46,336,927**	**43,732,333**
Preferred share distributions (Note 8)	**(16,503,272)**	(16,694,139)
Net Realized Income	**29,833,655**	**27,038,194**
Net change in unrealized appreciation of investments	**(11,526,002)**	8,439,506
Net change in unrealized depreciation of short-term investments	**(47,128)**	(4,122)
Total Net Change in Unrealized Appreciation/Depreciation of Investments	**(11,573,130)**	**8,435,384**
Amortization of premium on issue of preferred shares (Note 3)	**316,852**	316,911
Gain on retraction of preferred shares	**10,061**	237
	(11,246,217)	**8,752,532**
NET INCOME FOR THE YEAR	$ **18,587,438**	$ **35,790,726**
NET INCOME PER CLASS A SHARE (based on the weighted average number of Class A shares outstanding during the year of 19,072,516; 2006 - 19,074,433)	$ **0.97**	$ **1.88**
RETAINED EARNINGS		
Balance, beginning of year	$ **22,718,017**	$ 9,818,351
Transition Adjustment - New Accounting Standards (Note 4)	**(126,477)**	–
Net allocations on retractions	**(80,066)**	(1,732)
Net income for the year	**18,587,438**	35,790,726
Distributions on Class A shares	**(22,886,269)**	(22,889,328)
BALANCE, END OF YEAR	$ **18,212,643**	$ **22,718,017**

Statements of Changes in Net Assets

Years ended October 31, 2007 and 2006

	2007	2006
NET ASSETS – CLASS A AND B SHARES, BEGINNING OF YEAR	**$ 216,323,006**	**$ 203,437,306**
Net Realized Income before Preferred Share Transactions	**46,336,927**	43,732,333
Transition Adjustment – New Accounting Standards (Note 4)	**(126,477)**	–
Class A Share Capital Transactions		
Amounts paid for shares redeemed (Note 3)	**(870,329)**	(15,698)
Amortization of Premium on Issue of Preferred Shares	**316,852**	316,911
Gain on Retraction of Preferred Shares	**10,061**	237
Distributions (Note 8)		
Preferred Shares		
From capital gains	**(844,499)**	(3,807,727)
From net investment income	**(15,658,773)**	(12,886,412)
Class A Shares		
From capital gains	**(22,886,269)**	(22,889,328)
Total Distributions	**(39,389,541)**	(39,583,467)
Net Change in Unrealized Appreciation/Depreciation of Investments	**(11,573,130)**	8,435,384
Change in Net Assets during the Year	**(5,295,637)**	12,885,700
NET ASSETS – CLASS A AND B SHARES, END OF YEAR	**$ 211,027,369**	**$ 216,323,006**

The statement of changes in net assets excludes cash flows pertaining to the Preferred shares as they are reflected as liabilities. During the year, amounts paid for the redemption of 77,863 Preferred shares (2006 - 1,376) totalled $1,167,945 (2006 - $20,640).

Statements of Changes in Investments

Years ended October 31, 2007 and 2006

	2007	2006
INVESTMENTS AT FAIR VALUE, BEGINNING OF YEAR	**$ 425,082,153**	**$ 440,552,003**
Transition Adjustment – New Accounting Standards (Note 4)	**(126,477)**	–
Unrealized appreciation of investments, beginning of year	**(20,901,802)**	(12,588,773)
Investments at Cost, Beginning of Year	**404,053,874**	427,963,230
Cost of Investments Purchased during the Year	**550,812,090**	629,008,190
Cost of Investments Sold during the Year		
Proceeds from sales	**525,335,831**	685,705,345
Net realized gains on sales	**33,994,980**	32,787,799
	491,340,851	652,917,546
Investments at Cost, End of Year	**463,525,113**	404,053,874
Unrealized Appreciation of Investments, End of Year	**9,375,800**	21,028,279
INVESTMENTS AT FAIR VALUE, END OF YEAR	**$ 472,900,913**	**$ 425,082,153**

Statement of Investments

October 31, 2007

	Par Value/ Number of Shares/ Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, 4.31% - November 29, 2007	725,000	$ 716,119	**$ 716,119**	
Government of Canada, 4.01% - February 21, 2008	3,435,000	3,390,310	**3,390,310**	
Total Treasury Bills		**4,106,429**	**4,106,429**	17.0 %
Bonds				
Canada Mortgage & Housing Corporation, 5.30% - December 3, 2007	20,000,000	**20,065,650**	**20,014,400**	83.0 %
TOTAL SHORT-TERM INVESTMENTS		**$ 24,172,079**	**$ 24,120,829**	**100.0 %**
INVESTMENTS				
Canadian Common Shares				
Bank of Montreal	13,200,000	$ 91,770,827	**$ 82,896,000**	
Canadian Imperial Bank of Commerce	918,000	88,691,306	**93,636,000**	
Royal Bank of Canada	1,750,000	92,085,718	**98,070,000**	
The Bank of Nova Scotia	1,895,000	94,890,735	**101,325,650**	
The Toronto-Dominion Bank	1,350,000	92,589,438	**96,322,500**	
Total Canadian Common Shares		**$ 460,028,024**	**$ 472,250,150**	**99.9 %**
OPTIONS				
Purchased Put Options (100 shares per contract)				
Bank of Montreal - December 2007 @ $61	1,300	$ 204,100	**$ 118,505**	
Bank of Montreal - January 2008 @ $60	634	147,088	**88,024**	
Bank of Montreal - January 2008 @ $62	1,700	270,300	**378,833**	
Canadian Imperial Bank of Commerce - December 2007 @ $91	2,000	451,000	**49,176**	
Canadian Imperial Bank of Commerce - January 2008 @ $90	1,800	527,600	**72,019**	
Canadian Imperial Bank of Commerce - February 2008 @ $92	1,400	376,600	**133,697**	
Royal Bank of Canada - November 2007 @ $52	1,500	178,500	**12,120**	
Royal Bank of Canada - December 2007 @ $51	1,900	305,900	**56,493**	
Royal Bank of Canada - January 2008 @ $51	3,500	560,000	**161,389**	
The Bank of Nova Scotia - December 2007 @ $50	3,600	381,000	**64,982**	
The Bank of Nova Scotia - January 2008 @ $49	3,000	541,500	**91,740**	
The Toronto-Dominion Bank - December 2007 @ $69	1,500	220,500	**176,685**	
The Toronto-Dominion Bank - January 2008 @ $68	2,400	500,600	**337,022**	
Total Purchased Put Options		**4,664,688**	**1,740,685**	0.3 %
Written Covered Call Options (100 shares per contract)				
Canadian Imperial Bank of Commerce - November 2007 @ $98	(1,550)	(303,800)	**(790,342)**	
Royal Bank of Canada - November 2007 @ $57	(2,625)	(160,125)	**(158,983)**	
The Bank of Nova Scotia - November 2007 @ $54	(2,775)	(178,987)	**(45,543)**	
The Toronto-Dominion Bank - November 2007 @ $74	(2,000)	(318,000)	**(95,054)**	
Total Written Covered Call Options		**(960,912)**	**(1,089,922)**	(0.2)%
TOTAL OPTIONS		**$ 3,703,776**	**$ 650,763**	**0.1 %**
Adjustment for transaction fees (Note 2)		**(206,687)**		
TOTAL INVESTMENTS		**$463,525,113**	**$472,900,913**	**100.0 %**

1. Corporate Information

Premium Income Corporation (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on August 27, 1996. All shares outstanding on November 1, 2010 will be redeemed by the Fund on that date.

The Fund operates under the registered name Mulvihill Premium Canadian Bank Fund.

The Fund invests in a portfolio consisting principally of common shares of Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank.

To generate additional returns above the dividend income earned on the portfolio, the Fund will 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 may also use put options to preserve the value of the portfolio where appropriate. From time to time, the portfolio may include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province or short-term commercial paper issued by one or more of the Banks.

2. 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 at the end of the period, 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 valued at bid price as reported by a recognized investment dealer or valuation service.

Listed options are valued at fair values 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 Operations and Retained Earnings. 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, 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 net realized gains (losses) on 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 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.

Redeemable Preferred Shares

Each Redeemable Preferred share is valued for financial statement purposes at the lesser of: (i) $15.00; and (ii) the net assets of the Fund divided by the number of Preferred shares outstanding.

Premium on Preferred Shares

Premium on Preferred shares net of issue costs is amortized over the remaining life of the Fund. The premium on Preferred shares retracted will be recognized on the date they are retracted.

Cash Flow Statements

Cash flow statements have not been prepared as all relevant information has been included in the Statement of Changes in Net Assets, Statement of Changes in Investments and elsewhere in these financial statements.

3. Share Capital

The Fund is authorized to issue an unlimited number of Preferred shares and Class A shares and 1,000 Class B shares.

Preferred shares and Class A shares may be surrendered at any time for retraction at specified retraction amounts. Holders of Preferred shares and Class A shares may concurrently retract one Preferred share and one Class A share on an October 31 valuation date at their net asset values. Shares retracted at any other valuation date or not retracted concurrently at an October 31 valuation date will be retracted at a discount to net asset value. Under the terms of a Recirculation Agreement, the Fund may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any Preferred shares and Class A shares tendered for retraction. The Preferred shares rank in priority to the Class A shares and the Class A shares rank in priority to the Class B shares with respect to the payment of dividends and repayment of capital on the dissolution, liquidation or winding up of the Fund.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of $1.00 per share. Mulvihill Capital Management Inc. (“MCM”) owns all of the issued and outstanding Class B shares.

Class B shares are entitled to one vote per share. Preferred shares and Class A shares are entitled to vote on certain shareholder matters.

The Fund’s Preferred shares have been classified as liabilities in accordance with the accounting requirements of The Canadian Institute of Chartered Accountants. Accordingly, net income for the year is stated after Preferred share distributions.

During the year, 77,863 (2006 - 1,376) each of Preferred shares and Class A shares with a total retraction value of $2,037,049 (2006 - $36,338) were redeemed.

Issued and Outstanding

	2007	2006
18,995,200 Preferred shares (2006 - 19,073,063)	**$ 284,928,000**	$ 286,095,945
18,995,200 Class A shares (2006 - 19,073,063)	**$ 192,813,726**	$ 193,603,989
1,000 Class B shares (2006 - 1,000)	**1,000**	1,000
	$ 192,814,726	$ 193,604,989

4. New Accounting Standards

The Fund has adopted, effective November 1, 2006, 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 prospectively 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 retained earnings and net assets in the amount of $126,477. This transition adjustment represents the adjustment to fair value of investments from the closing sale price to the closing bid price as of October 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:

	October 31, 2007
Net Asset Value (for pricing purposes)	$26.17
Difference	(0.01)
Net Assets (for financial statement purposes)	$26.16

6. Management Fees and Expenses

The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the custodian and manager in the ordinary course of business relating to the Fund’s operations.

Fees are paid to Mulvihill Capital Management Inc. (“MCM”) under the terms of an investment management agreement and to Mulvihill Fund Services Inc. (“Mulvihill”) under the terms of a management agreement. The fees are comprised of monthly fees calculated at 1/12 of 0.80 percent and 1/12 of 0.10 percent, respectively, of the net asset value of the Fund at each month end, excluding the liability for Redeemable Preferred shares and unamortized premium on issue of Preferred shares.

7. Income Taxes

The Fund is a “mutual fund corporation” as defined in the Income Tax Act (Canada) (the “Act”) and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest income that is not offset by operating expenses and share issue expenses.

The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax. This tax was nil for 2007 (2006 - nil).

The Fund has offset the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends. As a result, the future tax liability for refundable taxes payable is eliminated.

8. Distributions

Preferred shares are entitled to a cumulative preferential quarterly dividend of $0.215625 per share payable on the last day of January, April, July and October in each year. To the extent that a quarterly dividend is a capital gains dividend funded by net realized capital gains or option premiums, holders of Preferred shares will receive an additional capital gains dividend of $0.068 for each $1.00 of Preferred share dividend so funded.

9. Transaction Fees

Total transaction fees paid for the year ended October 31, 2007 in connection with portfolio transactions were $334,371 (2006 - $350,067). In 2006, transaction fees were recorded in unrealized and realized gains and losses on investment. Of this amount $71,075 (2006 - $51,678) was directed for payment of trading related goods and services.

10. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, investments and certain derivative contracts. 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 the major Canadian banks. Net Asset Value ("NAV") 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 financial services industry. The Fund's market risk is managed by taking a long-term perspective and utilizing an option writing program.

Interest Rate Risk

The market price of the Preferred Shares and Class A Shares 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 Shares or Class A Shares. To mitigate this risk, excess cash and cash equivalents are invested at short-term market interest rates.

Use of Options

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:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce/CA	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+

Statement of Corporate Governance Practices

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Mulvihill Fund Services Inc. (the "Manager"), administers many functions associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for certain day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee. The Audit Committee consists of three members, all of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the external auditors to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, is evolving a best practices governance procedure.

The Fund maintains an Investor Relations line and web site to respond to inquiries from shareholders.

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than $2.7 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 November 1, 2006 to October 31, 2007	
MULVIHILL PLATINUM			
Mulvihill *Government Strip Bond Fund*	GSB.UN	$ 21.44	$ 19.20
Mulvihill Pro-AMS *U.S. Fund*	PAM.UN	$ 22.44	$ 20.70
Mulvihill Pro-AMS *100 Plus (Cdn $) Fund*	PRC.UN	$ 19.20	$ 17.30
Mulvihill Pro-AMS *100 Plus (U.S. $) Fund*	PRU.U	$ 15.85	$ 14.01
Mulvihill Pro-AMS *RSP Split Share Fund*	SPL.A/SPL.B	$ 9.95/$ 15.60	$ 8.52/$ 13.31
MULVIHILL PREMIUM			
Mulvihill *Core Canadian Dividend Fund*	CDD.UN	$ 10.90	$ 8.12
Mulvihill Premium *Canadian Fund*	FPI.UN	$ 18.75	$ 15.32
Mulvihill Premium *60 Plus Fund*	SIX.UN	$ 18.30	$ 15.05
Mulvihill Premium *Global Plus Fund*	GIP.UN	$ 12.00	$ 10.16
Mulvihill Premium *Canadian Bank Fund*	PIC.A/PIC.PR.A	$ 11.68/$ 16.37	$ 9.00/$ 15.02
Mulvihill Premium *Split Share Fund*	MUH.A/MUH.PR.A	$ 7.87/$ 15.55	$ 5.75/$ 14.92
Mulvihill Premium *Global Telecom Fund*	GT.A/GT.PR.A	$ 0.30/$ 14.01	$ 0.08/$ 12.00
Mulvihill *S Split Fund*	SBN/SBN.PR.A	$ 15.00/$ 10.61	$ 10.00/$ 9.84
Mulvihill *Top 10 Canadian Financial Fund*	TCT.UN	$ 16.24	$ 13.74
Mulvihill *Top 10 Split Fund*	TXT.UN/TXT.PR.A	$ 11.43/$ 10.95	$ 8.54/$ 10.02
Mulvihill *World Financial Split Fund*	WFS/WFS.PR.A	$ 12.93/$ 10.95	$ 8.75/$ 10.02

Board of Directors

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.

** Audit Committee*

Information

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trading under
PIC.A/PIC.PR.A

Custodian:
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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 *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*

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