

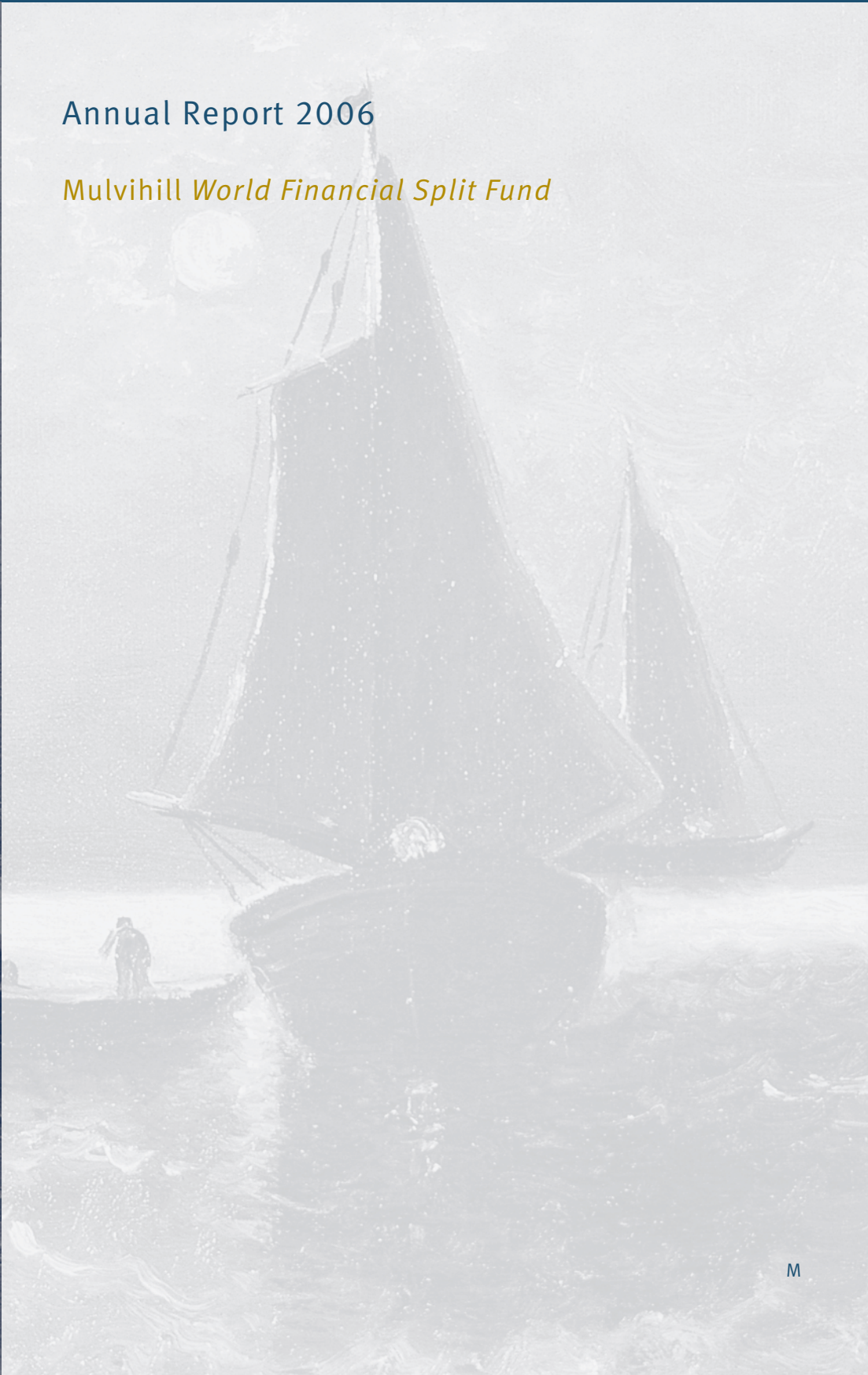


Hybrid Income Funds



Annual Report 2006

Mulvihill World Financial Split Fund



Dear Shareholder,

I would like to take this opportunity to communicate with you in conjunction with the mailing of the 2006 financial results for Mulvihill World Financial Split Fund, to reiterate our investment objectives and the strategies we employ to achieve them.

This Fund is an income oriented investment vehicle whose investment objectives are to:

- (i) provide ongoing distributions to shareholders and,
- (ii) provide for the return of the original investment on the termination date of the Fund.

To achieve these investment objectives the Fund has acquired and actively manages a portfolio of equity securities and money market instruments to create income which is then used to Fund the ongoing scheduled distributions.

These distributions are generated through a variety of methods which may include:

- (i) dividends received from portfolio holdings
- (ii) capital gains realized from stocks
- (iii) premiums received from the writing of covered call options against the portfolio
- (iv) returning capital in certain instances

You will see from the Fund's investment objectives and the strategies employed, that the Fund is not managed in order to meet or exceed the returns of a broad equity market index. The Fund writes call options to generate additional funds to help pay regular distributions and the Fund does maintain cash positions and purchases put options in an effort to provide greater net asset value stability.

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

I would like to take this opportunity to thank shareholders for their continued support of this Fund.



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

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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, 2006 of Mulvihill World Financial Split Corp. which operates as Mulvihill World Financial Split 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 to provide holders of Preferred shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum, to provide holders of Class A shares with regular quarterly cash distributions targeted to be 8.0 percent per annum and to return the original issue price to holders of both Preferred shares and Class A shares at the time of redemption of such shares on June 30, 2011 (the "Termination Date").

The Fund invests in a portfolio (the "Portfolio") which includes common equity securities selected from the ten largest financial services companies by market capitalization in each of Canada (at the operating company level), the United States and the Rest of the World (the "Portfolio Universe"). In addition, the issuers of the securities in the Fund's Portfolio, other than those of Canadian issuers, must have a minimum local currency issuer credit rating of "A" from Standard & Poor's or a comparable rating from an equivalent rating agency.

In addition, up to 20 percent of the net asset value of the Fund may be invested in common equity securities of financial services companies that are not in the Portfolio Universe as long as such companies have a market capitalization at the time of investment of at least U.S. \$10.0 billion and for non-Canadian issuers, a minimum local currency issuer credit rating of "A" from Standard & Poor's Index or a comparable rating from an equivalent rating agency.

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 underlying portfolio holds securities selected from the Portfolio Universe. 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 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 June 30, 2011 if the net asset value per unit on that date is less than or equal to \$10.00.

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 at multi-year lows which results in the Fund having to write on a greater portion of the portfolio in order to generate distributable income. Increased option writing resulted in limiting the appreciation of some securities in the Portfolio Universe during 2006, specifically the Canadian Imperial Bank of Commerce and Barclays Bank PLC, which had strong appreciation in the period. However, due to this low volatility, the Fund increased its investment position thereby providing greater income generating capabilities. 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

December 31, 2006

	% OF NET ASSETS*
Canada	35 %
International	30 %
United States	30 %
Cash and Short-Term Investments	6 %
Other Assets (Liabilities)	(1)%
	100 %

* The Net Assets exclude the Preferred share liability.

Top 25 Holdings

December 31, 2006

	% OF NET ASSETS*		% OF NET ASSETS*		% OF NET ASSETS*
Cash and Short-Term Investments	6%	Banco Bilbao Vizcaya Argentaria, S.A. ADR	3%	Hartford Financial Services Group Inc.	3%
Royal Bank of Canada	5%	Bank of Montreal	3%	The Chubb Corporation	3%
The Toronto-Dominion Bank	4%	HSBC Holdings PLC ADR	3%	Wachovia Corporation	3%
The Bank of Nova Scotia	4%	Deutsche Bank AG ADR	3%	Great-West Lifeco Inc.	3%
Canadian Imperial Bank of Commerce	4%	Credit Suisse Group ADR	3%	Lehman Brothers Holdings Inc.	3%
ING Groep N.V. ADR	4%	Sun Life Financial Inc.	3%	J.P. Morgan Chase & Co.	3%
Manulife Financial Corporation	4%	Bank of America Corporation	3%	Morgan Stanley	3%
National Bank of Canada	4%	AXA Spons ADR	3%	Citigroup Inc.	2%
UBS AG ADR	4%				

* The Net Assets exclude the Preferred share liability.

Distribution History

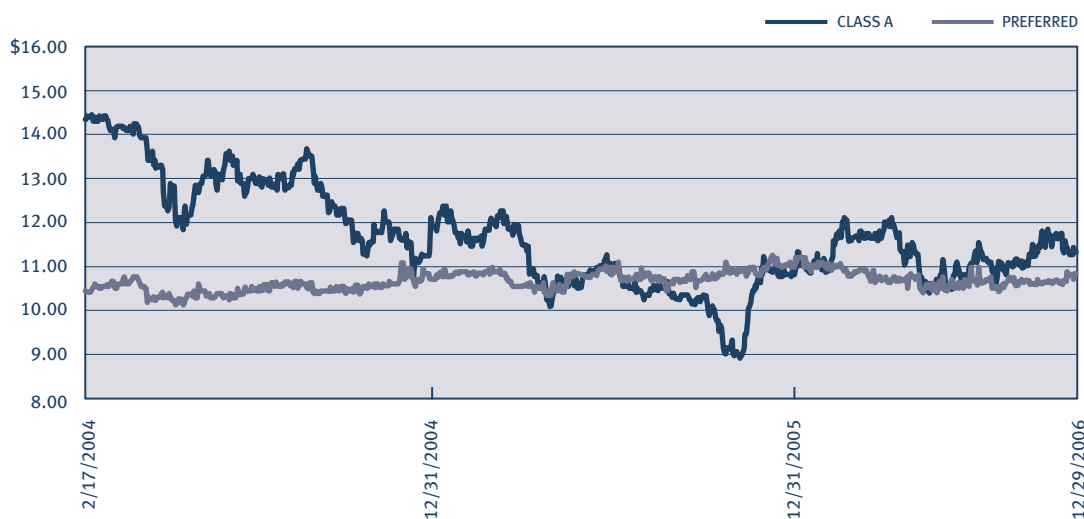
INCEPTION DATE: FEBRUARY 2004

	CLASS A DISTRIBUTION	PREFERRED SHARE DISTRIBUTION
Total for 2004	\$ 1.04137	\$ 0.45560
Total for 2005	1.20000	0.52500
Total for 2006	1.20000	0.52500
Total Distributions to Date	\$ 3.44137	\$ 1.50560

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

Trading History

February 17, 2004 to December 31, 2006



Results of Operations

For the fiscal year ended December 31, 2006, the net asset value of the Fund increased to \$23.31 per unit from \$22.60 per unit on December 31, 2005. The Fund’s Preferred shares, listed on the Toronto Stock Exchange as WFS.PR.A, closed on December 29, 2006, at \$10.86 per share. The Fund’s Class A shares, listed on the Toronto Stock Exchange as WFS, closed on December 29, 2006, at \$11.50 per share. Each unit consists of one Preferred share and one Class A share together.

Distributions amounting to \$0.5250 per Preferred share and \$1.20 per Class A share were made to shareholders during the fiscal year. Based on the initial issue price of the units, these distributions represent an 8 percent annual yield for Class A shares and a 5.25 percent annual yield for Preferred shares.

Volatility was low throughout the period, but remained sufficient to maintain option writing programs. However, due to this low level of volatility, the Fund increased its invested position thereby providing greater income capabilities. 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.

The total return for the MSCI World/Finance Index in Canadian dollars was 24.9 percent. Very strong performance across the different regions produced this result. In Canada, the S&P/TSX Financial Services Index rose 19.2 percent, in the U.S., the S&P 500 Financials Index rose 19.5 percent, while the international MSCI EAFE Financials Index rose 29.7 percent. These returns are reflective of the positive market environment for the underlying Financial Portfolio due to continued low interest rates globally, the high yield and dividend growth of the group relative to the broad market as well as the consolidation of financial services companies that continued in 2006. One of the reasons why the International Financials Index outperformed was because of the strength in the Euro currency relative to the U.S. and the Canadian dollar.

The one-year return for the Fund, including reinvestment of distributions, was 11.2 percent. This return is reflective of the relative underweight position in the International Financials, which was the best performing group in 2006. It is also reflective of the average cash position of 13 percent and the protective put options purchased in a very positive market environment for the underlying Financial Portfolio. The one-year compound total return for the Class A shares, including reinvestment of distributions, was 15.9 percent. For more detailed information on investment returns, please see the Annual Total Return bar graph and the Annual Compound Returns table on page 6 of this report.

World Financial Split Fund ended 2005 with a regional asset mix of 38 percent invested in the Canada, 35 percent in the United States and 19 percent in the Rest of World. During 2006 the regional asset mix changed with an emphasis on increasing exposure to the International Financials and reducing the exposure to the U.S. market. The Fund ended 2006 with a regional asset mix of 35 percent in Canada, 30 percent in the United States and 30 percent in the Rest of World.

During the course of the year the Fund had varying exposures to the U.S. dollar due to the investments in U.S. Financial Services equities along with International Financial Services equities through the ADR market. The U.S. dollar was actively hedged throughout year and ended 2006 being approximately 50 percent hedged.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from its inception date on February 17, 2004. This information is derived from the Fund's audited annual financial statements.

Years ended December 31

	2006	2005	2004 ⁽⁴⁾
THE FUND'S NET ASSET VALUE PER UNIT			
Net Asset Value, beginning of year⁽¹⁾	\$ 22.60	\$ 22.96	\$ 23.87 ⁽⁵⁾
INCREASE (DECREASE) FROM OPERATIONS			
Total revenue	0.61	0.59	0.49
Total expenses	(0.34)	(0.34)	(0.30)
Realized gains (losses) for the period	1.25	0.68	0.65
Unrealized gains (losses) for the period	0.80	0.31	(0.24)
Total Increase (Decrease) from Operations⁽²⁾	2.32	1.24	0.60
DISTRIBUTIONS			
Class A			
From capital gains	(0.39)	(0.86)	(0.34)
Non-taxable distributions	(0.81)	(0.34)	(0.70)
Total Class A	(1.20)	(1.20)	(1.04)
Preferred Share			
From taxable income	(0.19)	(0.19)	(0.11)
From capital gains	(0.34)	(0.28)	(0.35)
Non-taxable distributions	-	(0.06)	-
Total Preferred Share	(0.53)	(0.53)	(0.46)
Total Distributions⁽³⁾	(1.73)	(1.73)	(1.50)
Net Asset Value, end of December 31⁽¹⁾	\$ 23.31	\$ 22.60	\$ 22.96

(1) 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 divided by the number of units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), 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 asset value 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) For the period from inception on February 17, 2004 to December 31, 2004.

(5) Net of agent fees.

RATIOS/SUPPLEMENTAL DATA

	2006	2005	2004
Net Assets, excluding liability for Redeemable Preferred shares (millions) ⁽¹⁾	\$ 337.41	\$ 369.99	\$ 432.80
Net Assets (\$millions) ⁽¹⁾	\$ 192.66	\$ 206.30	\$ 244.30
Number of units outstanding ⁽¹⁾	14,474,579	16,368,811	18,850,000
Management expense ratio ⁽²⁾	1.51%	1.48%	1.51% ⁽⁵⁾
Portfolio turnover rate ⁽³⁾	189.55%	165.51%	73.63%
Trading expense ratio ⁽⁴⁾	0.23%	0.16%	0.17% ⁽⁵⁾
Closing market price - Preferred	\$ 10.86	\$ 11.05	\$ 10.75
Closing market price - Class A	\$ 11.50	\$ 11.07	\$ 12.03

(1) This information is provided as at December 31. One Unit represents 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 income taxes and Preferred share distributions, charged to the Fund to average net assets, excluding the liability for the Redeemable Preferred shares. The management expense ratio for 2004 is annualized.

(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 an annualized percentage of daily average net assets during the period.

(5) Annualized.

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 net assets of the Fund at each month end, excluding the Redeemable Preferred shares. 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 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 assets of the Fund at each month end, excluding the Redeemable Preferred shares. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

The Global Financial Services sector continues to demonstrate strong fundamentals and profitability with strong capital positions, high return on equity and low balance sheet risk. The high dividend yield on the Global Banks relative to 10-year Government bond yields in the 4 - 5 percent range is at a compelling valuation and the price/earnings multiple of the Financials relative to the broad market is still attractive.

Although the outlook for earnings growth should decline due to slowing economic growth, a continuation of an inverted yield curve as well as from an expected normalization of loan loss provisions from extraordinarily low levels going forward, net interest margins have started to stabilize/expand, protection and wealth management earnings have been growing very strong due to strong annuity and mutual fund flows as well as better capital markets.

Due to the strong balance sheets of the Financial Services Companies, we expect to see further acquisitions within and outside of the domestic markets by these companies due to the excess capital sitting on their balance sheets. We should also see the companies return some of this excess capital to shareholders in the form of increased dividends and share repurchases.

Past Performance

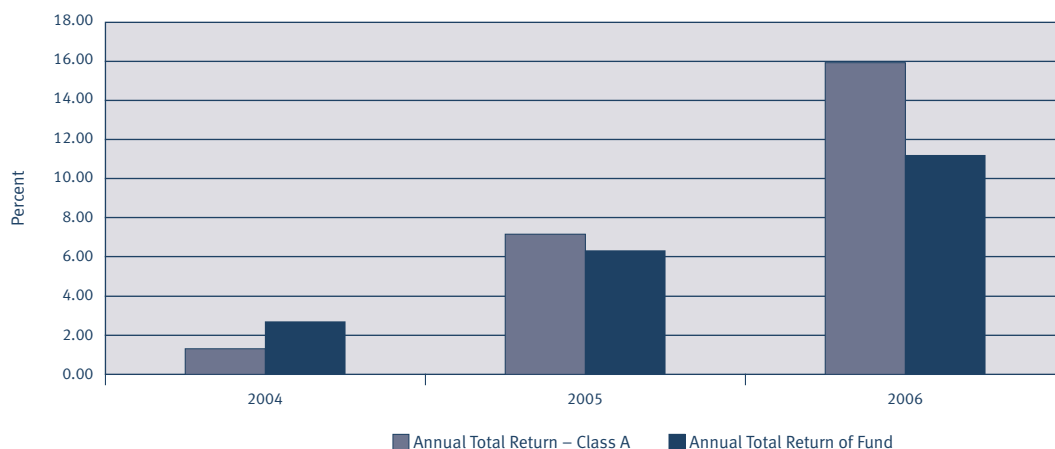
The chart below sets out the Fund’s year-by-year past performance. It is important to note that:

- the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,
- the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- 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 three 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 or the date of inception in 2004 would have increased or decreased by the end of fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund’s historical annual compound total return for the periods ended December 31 as compared to the performance of the MSCI World/Finance Index.

(In Canadian Dollars)	One Year	Since Inception*
Mulvihill World Financial Split Fund	11.18%	6.66%
Mulvihill World Financial Split Fund - Class A	15.92%	7.96%
Mulvihill World Financial Split Fund - Preferred Share	5.35%	5.11%

In order to meet regulatory requirements, the performance of a broader based market index has been included below.

MSCI World/Finance Index**	24.88%	10.59%
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* From date of inception on February 17, 2004.

** The MSCI World/Finance Index is a capitalization-weighted index that monitors the performance of financial stocks from around the world excluding the country of Australia.

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 generally 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 February 17, 2004.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated February 17, 2004, 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 forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Mulvihill World Financial Split Corp. (operating as Mulvihill World Financial Split 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 3 of the 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 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
Director
Mulvihill Fund Services Inc.
February 22, 2007



Sheila S. Szela
Director
Mulvihill Fund Services Inc.

To the Shareholders of Mulvihill World Financial Split Fund

We have audited the accompanying statement of investments of Mulvihill World Financial Split Corp. (the "Fund") as at December 31, 2006, the statements of financial position as at December 31, 2006 and 2005 and the statements of operations and deficit, 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 and its investments as at the dates indicated above, and the results of its operations, the changes in its net assets, and the changes in its investments for the years indicated above in accordance with Canadian generally accepted accounting principles.

The logo for Deloitte & Touche LLP is written in a stylized, cursive script. The letters are dark and have a slightly irregular, hand-drawn appearance. The 'D' is large and prominent, followed by 'eloitte & Touche' and 'LLP' at the end.

Chartered Accountants
Toronto, Ontario
February 22, 2007

Statements of Financial Position

December 31, 2006 and 2005

	2006	2005
ASSETS		
Investments - at market value (cost - \$305,495,247; 2005 - \$340,489,964)	\$318,986,426	\$341,631,240
Short-term investments (cost - \$18,654,612; 2005 - \$28,350,101)	18,617,669	28,338,936
Cash	3,474	110,771
Dividends receivable	718,461	776,469
Interest receivable	63,608	119,390
TOTAL ASSETS	\$338,389,638	\$370,976,806
LIABILITIES		
Redemptions payable	\$ 409,960	\$ 347,791
Accrued management fees	316,117	346,529
Accounts payable and accrued liabilities	255,728	294,718
Redeemable Preferred shares (Note 4)	144,745,790	163,688,110
	145,727,595	164,677,148
EQUITY		
Class A and Class J shares (Note 4)	200,658,185	226,917,544
Deficit	(7,996,142)	(20,617,886)
	192,662,043	206,299,658
TOTAL LIABILITIES AND EQUITY	\$338,389,638	\$370,976,806
Number of Units Outstanding (Note 4)	14,474,579	16,368,811
Net Asset Value per Unit		
Preferred Share (Note 4)	\$ 10.0000	\$ 10.0000
Class A Share	13.3104	12.6032
	\$ 23.3104	\$ 22.6032

On Behalf of the Board of Directors,



John P. Mulvihill, Director



Robert W. Korthals, Director

Statements of Operations and Deficit

For the years ended December 31, 2006 and 2005

	2006	2005
REVENUE		
Interest, net of foreign exchange	\$ 1,918,820	\$ 1,310,918
Dividends	8,344,736	10,325,471
Withholding taxes	(781,451)	(863,743)
	9,482,105	10,772,646
Net realized losses on short-term investments	(60,722)	(10,180)
Net realized gains on derivatives	10,052,336	19,961,384
Net realized gains (losses) on investments	9,361,454	(7,539,427)
Total Net Realized Gains	19,353,068	12,411,777
TOTAL REVENUE	28,835,173	23,184,423
EXPENSES		
Management fees (Note 5)	3,882,308	4,492,629
Service fees	789,238	876,317
Administrative and other expenses	151,039	156,966
Custodian fees	94,874	95,219
Audit fees	29,948	22,414
Director fees	20,427	20,127
Legal fees	7,005	5,348
Shareholder reporting costs	74,356	63,348
Capital tax	-	1,351
Goods and services tax	272,571	338,556
TOTAL EXPENSES	5,321,766	6,072,275
Net Realized Income before Income Taxes and Distributions	23,513,407	17,112,148
Income tax recovery/(expense)	35,000	(53,000)
Net Realized Income before Distributions	23,548,407	17,059,148
Preferred share distributions	(8,095,633)	(9,470,747)
Net Realized Income	15,452,774	7,588,401
Net change in unrealized appreciation/depreciation of investments	12,349,903	5,682,166
Net change in unrealized appreciation/depreciation of short-term investments	(25,994)	47,521
Total Net Change in Unrealized Appreciation/Depreciation	12,323,909	5,729,687
NET INCOME FOR THE YEAR	\$ 27,776,683	\$ 13,318,088
NET INCOME PER CLASS A SHARE		
(based on the weighted average number of Class A shares outstanding during the period of 15,490,910; 2005 - 18,262,212)	\$ 1.7931	\$ 0.7293
DEFICIT		
Balance, beginning of year	\$(20,617,886)	\$(17,014,947)
Net allocations on retractions	3,349,365	4,726,394
Net income for the year	27,776,683	13,318,088
Distributions on Class A Shares	(18,504,304)	(21,647,421)
BALANCE, END OF YEAR	\$ (7,996,142)	\$ (20,617,886)

Statements of Changes in Net Assets

For the years ended December 31, 2006 and 2005

	2006	2005
NET ASSETS - CLASS A AND J SHARES, BEGINNING OF YEAR	\$206,299,658	\$244,298,822
Net Realized Income before Distributions	23,548,407	17,059,148
Class A Share Capital Transactions		
Amount paid for units redeemed	(22,909,994)	(29,669,831)
Distributions		
Preferred shares		
From taxable income	(2,986,737)	(3,297,821)
From net realized gain on investments	(5,108,896)	(5,242,287)
Non-taxable distributions	-	(930,639)
Class A shares		
From net realized gain on investments	(5,991,352)	(15,990,628)
Non-taxable distributions	(12,512,952)	(5,656,793)
	(26,599,937)	(31,118,168)
Net Change in Unrealized Appreciation/Depreciation	12,323,909	5,729,687
Changes in Net Assets during the Year	(13,637,615)	(37,999,164)
NET ASSETS - CLASS A AND J SHARES, END OF YEAR	\$192,662,043	\$206,299,658

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 1,894,232 (2005 - 2,481,189) Preferred shares totalled \$18,942,320 (2005 - \$24,811,890). (see Note 4)

Statements of Changes in Investments

For the years ended December 31, 2006 and 2005

	2006	2005
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	\$341,631,240	\$308,703,884
Unrealized appreciation/depreciation of investments, beginning of year	(1,141,276)	4,540,890
Investments at Cost, Beginning of Year	340,489,964	313,244,774
Cost of Investments Purchased during the Year	586,617,358	563,578,057
Cost of Investments Sold during the Year		
Proceeds from sales	641,025,865	548,754,824
Net realized gains on sales	19,413,790	12,421,957
	621,612,075	536,332,867
Investments at Cost, End of Year	305,495,247	340,489,964
Unrealized Appreciation of Investments, End of Year	13,491,179	1,141,276
INVESTMENTS AT MARKET VALUE, END OF YEAR	\$318,986,426	\$341,631,240

Statement of Investments

December 31, 2006

	Par Value/ Number of Shares	Average Cost	Market Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Term Deposit				
Royal Bank of Canada, USD, 5.20% - January 2, 2007	2,700,000	\$ 3,141,983	\$ 3,141,983	16.8%
Bonds				
Canada Mortgage & Housing Corporation, 5.30% - December 3, 2007	15,310,000	15,512,629	15,475,686	82.9%
		18,654,612	18,617,669	99.7%
Accrued Interest				
			63,608	0.3%
TOTAL SHORT-TERM INVESTMENTS		\$ 18,654,612	\$ 18,681,277	100.0%
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	158,000	\$ 11,092,573	\$ 10,902,000	
Canadian Imperial Bank of Commerce	136,000	12,079,145	13,368,800	
Great-West Lifeco Inc.	258,000	8,305,508	8,720,400	
IGM Financial Inc.	156,400	7,489,561	7,679,240	
Manulife Financial Corporation	311,000	11,393,977	12,237,850	
National Bank of Canada	182,000	11,275,207	11,982,880	
Royal Bank of Canada	278,500	13,709,567	15,456,750	
Sun Life Financial Inc.	205,000	9,601,860	10,110,600	
The Bank of Nova Scotia	260,000	12,942,946	13,546,000	
The Toronto-Dominion Bank	202,000	12,896,467	14,083,440	
Total Financials		110,786,811	118,087,960	37.0%
Total Canadian Common Shares		\$110,786,811	\$118,087,960	37.0%
Non-North American Common Shares				
Financials				
Allied Irish Banks PLC (AIB) ADR	83,800	\$ 5,436,389	\$ 5,927,134	
Australia and New Zealand Banking Group Limited	27,645	3,482,779	3,588,931	
AXA Spons ADR	195,000	8,427,553	9,151,723	
Banco Bilbao Vizcaya Argentaria, S.A. ADR	420,000	11,183,773	11,759,394	
Barclays PLC ADR	111,000	6,735,946	7,509,967	
Credit Suisse Group ADR	127,000	9,662,608	10,323,100	
Deutsche Bank AG ADR	68,000	10,187,538	10,543,471	
HSBC Holdings PLC ADR	100,000	10,607,432	10,665,286	
ING Groep N.V. ADR	245,000	12,208,860	12,593,125	
Mitsubishi UFJ Financial GRP-ADR	500,000	7,974,239	7,244,015	
UBS AG ADR	170,000	11,500,953	11,934,996	
Total Financials		97,408,070	101,241,142	31.7%
Total Non-North American Common Shares		\$ 97,408,070	\$101,241,142	31.7%

Statement of Investments (continued)

December 31, 2006

	Number of Shares	Average Cost	Market Value	% of Portfolio
INVESTMENTS (continued)				
United States Common Shares				
Financials				
American Family Life Assurance Company of Columbus	80,500	\$ 6,457,050	\$ 6,712,939	
Bank of America Corporation	160,000	9,631,127	9,940,768	
Citigroup Inc.	129,600	7,731,134	8,400,405	
Hartford Financial Services Group Inc.	83,400	8,154,827	9,055,955	
J.P. Morgan Chase & Co.	152,700	7,830,193	8,582,745	
Lehman Brothers Holdings Inc.	95,600	8,391,104	8,690,808	
Morgan Stanley	90,000	8,069,014	8,528,388	
Northern Trust Corp.	99,500	6,473,471	7,027,167	
The Chubb Corporation	145,000	8,499,294	8,927,827	
U.S. Bancorp	195,000	7,361,143	8,212,270	
Wachovia Corporation	132,500	8,084,976	8,781,114	
Wells Fargo & Company	201,700	8,015,915	8,346,563	
Total Financials		94,699,248	101,206,949	31.7 %
Total United States Common Shares		\$94,699,248	\$101,206,949	31.7 %
Forward Exchange Contracts				
Sold USD \$3,115,000, Bought CAD \$3,539,934 @ 0.87996 - January 17, 2007			\$ (83,086)	
Sold USD \$6,930,000, Bought CAD \$7,836,973 @ 0.88427 - January 17, 2007			(223,229)	
Sold USD \$6,930,000, Bought CAD \$7,843,270 @ 0.88356 - January 17, 2007			(216,931)	
Sold USD \$12,870,000, Bought CAD \$14,651,139 @ 0.87843 - February 7, 2007			(308,585)	
Sold USD \$31,195,000, Bought CAD \$35,669,773 @ 0.87455 - February 21, 2007			(576,930)	
Sold USD \$1,355,000, Bought CAD \$1,544,776 @ 0.87843 - March 7, 2007			(29,012)	
Sold USD \$25,795,000, Bought CAD \$29,675,007 @ 0.86925 - March 14, 2007			(278,776)	
Total Forward Exchange Contracts			(1,716,549)	(0.5)%

Statement of Investments (continued)

December 31, 2006

	Number of Contracts	Average Cost/ Proceeds	Market Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS				
Purchased Put Options				
Financial Select Sector SPDR - February 2007 @ \$33 (100 shares per contract)	6,000	\$ 300,941	\$ 7,213	
Financial Select Sector SPDR - February 2007 @ \$34 (100 shares per contract)	4,000	169,478	26,374	
Financial Select Sector SPDR - March 2007 @ \$34 (100 shares per contract)	5,000	253,721	63,503	
Financial Select Sector SPDR - March 2007 @ \$34 (1 share per contract)	779,246	425,179	131,851	
Financial Select Sector SPDR - April 2007 @ \$35 (1 share per contract)	1,480,000	744,616	730,012	
S&P/TSX Capped Financials Index (iUnits) - January 2007 @ \$47 (100 shares per contract)	900	116,100	-	
S&P/TSX Capped Financials Index (iUnits) - January 2007 @ \$48 (100 shares per contract)	2,300	119,600	10,350	
S&P/TSX Capped Financials Index (iUnits) - February 2007 @ \$47 (100 shares per contract)	3,424	328,424	574	
S&P/TSX Capped Financials Index (iUnits) - February 2007 @ \$50 (100 shares per contract)	1,700	105,400	20,400	
S&P/TSX Capped Financials Index (iUnits) - March 2007 @ \$50 (100 shares per contract)	4,640	330,230	98,810	
S&P/TSX Capped Financials Index (iUnits) - April 2007 @ \$51 (100 shares per contract)	5,646	515,734	326,843	
Total Purchased Put Options		3,409,423	1,415,930	0.5%
Written Covered Call Options (100 shares per contract)				
Allied Irish Banks PLC (AIB) ADR - January 2007 @ \$60	(353)	(25,363)	(65,230)	
AXA Spons ADR - January 2007 @ \$39	(975)	(56,212)	(168,839)	
Banco Bilbao Vizcaya Argentaria, S.A. ADR - January 2007 @ \$25	(1,200)	(34,404)	(18,425)	
Bank of America Corporation - January 2007 @ \$54	(1,160)	(60,385)	(6,872)	
Canadian Imperial Bank of Commerce - January 2007 @ \$91	(112)	(12,376)	(81,641)	
Canadian Imperial Bank of Commerce - January 2007 @ \$94	(112)	(10,136)	(55,217)	
Credit Suisse Group ADR - January 2007 @ \$71	(635)	(67,700)	(58,164)	
Citigroup Inc. - January 2007 @ \$53	(972)	(91,899)	(370,037)	
Deutsche Bank AG - January 2007 @ \$134	(340)	(88,900)	(61,083)	
Great-West Lifeco Inc. - January 2007 @ \$34	(455)	(15,470)	(6,302)	
Great-West Lifeco Inc. - February 2007 @ \$35	(295)	(16,962)	(10,108)	
IGM Financial Inc. - January 2007 @ \$50	(910)	(48,230)	(54,600)	
Manulife Financial Corporation - January 2007 @ \$40	(622)	(31,100)	(27,530)	
Morgan Stanley - January 2007 @ \$82	(472)	(63,781)	(60,327)	
National Bank of Canada - January 2007 @ \$67	(273)	(12,968)	(20,293)	
Royal Bank of Canada - January 2007 @ \$56	(390)	(24,570)	(17,943)	
Sun Life Financial Services Inc. - January 2007 @ \$50	(676)	(37,180)	(18,489)	
The Bank of Nova Scotia - January 2007 @ \$53	(172)	(4,644)	(3,048)	
The Chubb Corporation - January 2007 @ \$53	(1,100)	(48,195)	(19,663)	
The Toronto-Dominion Bank - January 2007 @ \$69	(200)	(14,500)	(18,777)	
The Toronto-Dominion Bank - February 2007 @ \$68	(200)	(15,600)	(36,878)	
U.S. Bancorp - January 2007 @ \$36	(1,000)	(27,730)	(69,540)	
Total Written Covered Call Options		(808,305)	(1,249,006)	(0.4)%
TOTAL OPTIONS		\$ 2,601,118	\$ 166,924	0.1%
TOTAL INVESTMENTS		\$305,495,247	\$318,986,426	100.0%

1. Corporate Information

Mulvihill World Financial Split Corp. (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 2003. The Fund began operations on February 17, 2004. All shares outstanding on June 30, 2011 (the "Termination Date") will be redeemed by the Fund on that date unless otherwise determined by a majority vote of each class of shareholders.

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 is the custodian of the assets of the Fund.

2. Investment Objectives of the Fund

The Fund's investment objectives are to provide holders of Preferred shares with fixed cumulative preferential quarterly cash distributions in the amount of \$0.13125 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25% per annum, to provide holders of Class A shares with regular quarterly cash distributions targeted to be 8.0% per annum and to return the original issue price to holders of both Preferred shares and Class A shares at the time of redemption of such shares on the termination date of June 30, 2011.

Foreign exchange forward contracts may be used to hedge the Fund's exposure to potential fluctuations in foreign exchange or as a means to gain exposure to other currencies. The hedging strategy can include the hedging of all or a portion of the currency exposure of an existing investment or group of investments and will vary based upon the manager's assessment of market conditions. There can be no assurance that the use of foreign exchange forward contracts will be effective. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

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 market value at the end of the period which is determined as follows:

Securities are valued at fair market value, which is determined by the closing sale price on the recognized stock exchange on which the securities are listed or principally traded. If no sale has taken place on that day, valuation will be at the average of the bid and the asked price.

Short-term investments excluding short-term bonds are valued at cost plus accrued interest, which approximates market value.

Short-term bonds are valued at latest sale price (or at the average of the closing bid and offering price) as reported by a recognized investment dealer or valuation service.

Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

The value of a forward contract shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract, as the case may be, was to be closed out.

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.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

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.

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	AA-	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	A+	A-1
U.S. Dollar		
Citigroup Inc.	AA-	A-1+
Lehman Brothers Holdings Inc.	A+	A-1
The Toronto-Dominion Bank	A+	A-1
UBS AG	AA+	A-1+

Redeemable Preferred Shares

Each Redeemable Preferred share is valued for financial statement purposes at the lesser of: (i) \$10.00; and (ii) the net asset value of the Fund divided by the number of Preferred shares outstanding.

Foreign Currency Translation

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

Foreign exchange gains (losses) on short-term investments are reflected as interest income (loss). Other foreign exchange gains (losses) are recorded as realized or unrealized gain (loss) on investments, as appropriate.

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.

New Accounting Standards

The Canadian Institute of Chartered Accountants issued new accounting standards relating to Financial Instruments which will be effective for the Fund from January 1, 2007. These new standards will

impact certain financial statement accounting and disclosure including the valuation of securities at bid price and accounting for transaction costs.

However, 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.

4. Share Capital

The Fund is authorized to issue an unlimited number of Preferred shares, Class A shares and 100 Class J shares. Together, a Preferred share and a Class A share constitutes a Unit.

Preferred Shares

Preferred shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Preferred shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96% of the lesser of (i) the net asset value per Unit determined as of such valuation date less the cost of the purchase of a Class A share in the market for cancellation; and (ii) \$10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A share. Preferred shares also have an annual retraction right under which a shareholder may concurrently retract one Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the net asset value per Unit.

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 period is stated after Preferred share distributions.

Class A Shares

The policy of the Board of Directors of the Fund will be to pay quarterly non-cumulative distributions to the holders of Class A shares in an amount targeted to be at least 8.0% per annum. There can be no assurance that the Company will be able to pay distributions to the holders of Class A shares. No distributions will be paid to Class A shares if (i) the distributions payable on the Preferred shares are in arrears; or (ii) after the payment of the distribution by the Fund, the net asset value per unit would be less than \$15.00. In addition, the Fund will not pay special distributions, meaning distributions in excess of the targeted 8.0% quarterly distribution, on the Class A shares if after payment of the distribution the net asset value per Unit would be less than \$23.50 unless the Fund would need to make such distribution so as to fully recover refundable taxes.

Class A shares may be surrendered at any time for retraction, but will be retracted only on the monthly valuation date. Class A shares whose shares are surrendered for retraction will be entitled to receive a price per share equal to 96% of the difference between (i) the net asset value per Unit determined as of such valuation date, and (ii) the cost to the Fund of the purchase of a Preferred share in the market for cancellation. The cost of the purchase of a Preferred share will include the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred share. If the net asset value per Unit is less than \$10.00 the retraction price of a Class A share will be nil. Class A shares also have an annual retraction right under which a shareholder may concurrently retract one Preferred share and one Class A share on the June month-end valuation date. The price paid will be equal to the net asset value per unit.

Class J Shares

Holders of Class J shares are not entitled to receive dividends and are entitled to one vote per share. Class J shares are redeemable and retractable at a price of \$1.00 per share. The Class J shares rank subsequent to both the Preferred shares and the Class A shares with respect to distributions on the dissolution, liquidation or winding-up of the Fund.

During the year, 1,894,232 Units (2005 - 2,481,189) were redeemed by the Fund.

Issued and Outstanding

	2006	2005
14,474,579 Preferred shares (2005 - 16,368,811)	\$144,745,790	\$ 163,688,110
14,474,579 Class A shares (2005 - 16,368,811)	\$200,658,085	\$ 226,917,444
100 Class J shares (2005 - 100)	100	100
	\$200,658,185	\$ 226,917,544

Under the terms of the normal course issuer bid that was renewed in November 2006, the Fund proposes to purchase, if considered advisable, up to a maximum of 1,457,587 Class A shares (2005 - 1,776,851) and up to a maximum of 1,457,857 Preferred shares (2005 - 1,776,851) representing approximately 10% 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 November 2, 2007 or until the Fund has purchased the maximum number of units permitted under the bid. As at December 31, 2006, no Units (2005 - nil) have been purchased by the Fund. Shareholders 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 World Financial Split Fund, Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

5. 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. 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 a management agreement and to the Investment Manager under the terms of an investment management agreement. The fees are payable at annual rates of 0.10 percent and 1.00 percent, respectively, of the Fund's net asset value, excluding the Redeemable Preferred shares liability, calculated and payable monthly, plus applicable taxes.

The Manager will pay a service fee (the "Service Fee") to each dealer whose clients hold Class A shares. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.40 percent annually of the value of the Class A shares held by clients of the dealer. For these purposes, the value of the Class A share will be the NAV per Unit less \$10.00.

6. 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 and foreign dividend 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.

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.

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.

Amount paid on account of income taxes in 2006 is nil (2005 - \$53,000).

Issue costs of approximately \$9.0 million (2005 - \$13.3 million) remain undeducted for tax purposes at year-end.

7. Commissions

Total commissions paid for the period ended December 31, 2006 in connection with portfolio transactions were \$818,106 (2005 - \$665,608). Of this amount 136,050 (2005 - \$95,173) was directed for payment of trading related goods and services.

8. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, investments and certain derivative contracts (options and forward exchange contracts).

Risks of these contracts arise from the potential inability of the counterparties to meet the terms of their contracts and from future movement in stock values and interest rates. The maximum credit risk exposure is the aggregate of all contracts with a positive value as disclosed on the statement of investments. The Fund manages these risks through the use of various risk limits and trading strategies.

Investments and derivative contracts are carried at fair market values. Other financial instruments are carried at cost, which approximates fair value.

9. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

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 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 auditor 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 \$2.8 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, 2006 to December 31, 2006	
MULVIHILL PLATINUM			
Mulvihill Government Strip Bond Fund	GSB.UN	\$ 21.44	\$ 19.20
Mulvihill Pro-AMS U.S. Fund	PAM.UN	\$ 22.44	\$ 20.44
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund	PRC.UN	\$ 19.20	\$ 16.05
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund	PRU.U	\$ 15.57	\$ 13.35
Mulvihill Pro-AMS RSP Split Share Fund	SPL.A/SPL.B	\$ 10.10/\$15.60	\$ 8.80/\$ 13.07
MULVIHILL PREMIUM			
Mulvihill Core Canadian Dividend Fund	CDD.UN	\$ 10.90	\$ 9.70
Mulvihill Premium Canadian Fund	FPI.UN	\$ 19.99	\$ 16.60
Mulvihill Premium Oil & Gas Fund	FPG.UN	\$ 14.21	\$ 10.95
Mulvihill Premium 60 Plus Fund	SIX.UN	\$ 18.75	\$ 16.15
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 11.80	\$ 10.48
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 11.70/\$ 16.94	\$ 9.82/\$ 15.51
Mulvihill Premium Split Share Fund	MUH.A/MUH.PR.A	\$ 8.65/\$ 16.00	\$ 6.87/\$ 15.14
Mulvihill Premium Global Telecom Fund	GT.A/GT.PR.A	\$ 0.28/\$ 12.70	\$ 0.08/\$ 10.75
Mulvihill Top 10 Canadian Financial Fund	TCT.UN	\$ 17.08	\$ 14.28
Mulvihill Top 10 Split Fund	TXT.UN/TXT.PR.A	\$ 12.74/\$ 13.75	\$ 8.45/\$ 12.42
Mulvihill World Financial Split Fund	WFS/WFS.PR.A	\$ 12.25/\$ 11.30	\$ 10.40/\$ 10.41

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

Auditors:

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Toronto, Ontario M5J 2V1

Transfer Agent:

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Toronto, Ontario M5J 2Y1

Shares Listed:

Toronto Stock Exchange
trading under
WFS/WFS.PR.A

Custodian:

RBC Dexia Investor Services
Royal Trust Tower
77 King Street West, 11th Floor
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Visit our website at www.mulvihill.com for additional information on all Mulvihill Hybrid Income Funds.

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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 Oil & Gas 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 *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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Contact your broker directly for address changes.





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