Mulvihill Structured Products

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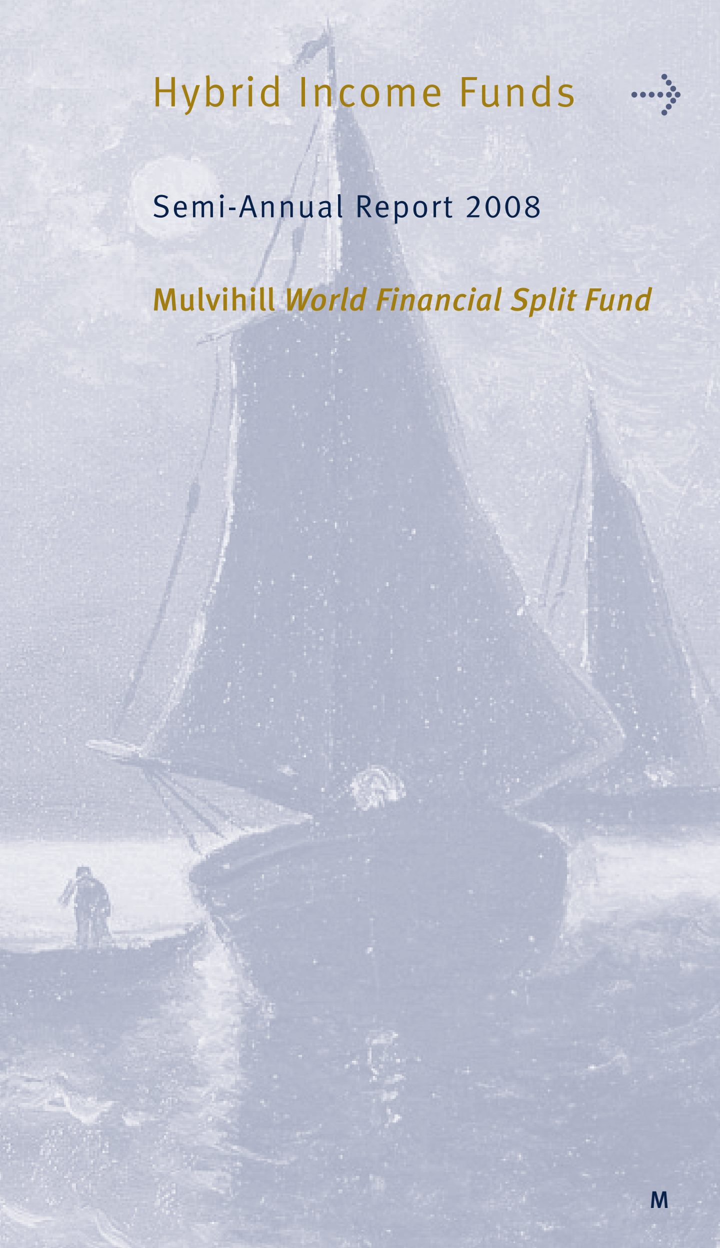
Hybrid Income Funds

Semi-Annual Report 2008

Mulvihill *World Financial Split Fund*



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Message to Shareholders

We are pleased to present the semi-annual financial results of Mulvihill World Financial Split Corp. which operates as Mulvihill World Financial Split Fund (the "Fund").

The following is intended to provide you with the financial highlights of the Fund and we hope you will read the more detailed information contained within the report.

The Fund was launched in 2004 with the objectives to:

(1) 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; and

(2) 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").

To accomplish these objectives the net proceeds of the offering will be invested by the Fund in a portfolio (the "Portfolio") which will include common equity securities selected from the ten largest financial services companies by market capitalization in each of Canada (at the operating 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 agency. 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 six-month period ended June 30, 2008, the Fund earned a total return of negative 15.06 percent. Distributions amounting to $0.8625 per unit were paid during the six-month period, contributing to the overall decline in the net asset value from $19.50 per unit as at December 31, 2007 to $15.74 per unit as at June 30, 2008.

The longer-term financial highlights of the Fund are as follows:

		Years ended December 31			
	June 30, 2008	2007	2006	2005	2004
Total Fund Return	(15.06)%	(9.33)%	11.18%	6.31%	2.66%
Preferred Share Distribution Paid (annual target of $0.131250 per share)	$ 0.262500	$ 0.525000	$ 0.525000	$ 0.525000	$ 0.455600
Class A Share Distribution Paid (annual target of $1.20 per share)	$ 0.600000	$ 1.200000	$ 1.200000	$ 1.200000	$ 1.041237
Ending Net Asset Value per Unit (initial issue price was $25.00 per Unit)	$ 15.74	$ 19.50	$ 23.31	$ 22.60	$ 22.96

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

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

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 six months ended June 30, 2008 of Mulvihill World Financial Split Corp. (Mulvihill World Financial Split Fund) (the “Fund”). The June 30, 2008 unaudited semi-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. You can also get a copy of the annual financial statements at your request and at no cost by using one of these methods.

Management Report on Fund Performance

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

June 30, 2008	% of Net Asset Value*
Canada	36 %
United States	23 %
International	23 %
Cash and Short-Term Investments	21 %
Other Assets (Liabilities)	(3)%
	100 %

*The Net Asset Value excludes the Preferred share liability.

Top 25 Holdings

June 30, 2008	% of Net Asset Value*
Cash and Short-Term Investments	21%
Great-West Lifeco Inc.	4%
Manulife Financial Corporation	4%
The Toronto-Dominion Bank	4%
The Bank of Nova Scotia	4%
Royal Bank of Canada	4%
IGM Financial Inc.	4%
National Bank of Canada	3%
Sun Life Financial Inc.	3%
HSBC Holdings PLC-Spons ADR	3%
Banco Santander SA-Spon ADR	3%
Bank of New York Mellon Corp.	3%
Wells Fargo & Company	3%
Canadian Imperial Bank of Commerce	3%
Mitsubishi UFJ Financial Group, Inc. (MUFG) ADR	3%
Northern Trust Corp.	3%
Bank of Montreal	3%
The Hartford Financial Services Group, Inc.	3%
Metlife Inc.	3%
AXA ADR	2%
JPMorgan Chase & Co.	2%
Allianz SE ADR	2%
Banco Bilbao Vizcaya Argentaria, S.A. ADR	2%
Barclays PLC ADR	2%
The Principal Financial Group	2%
	93%

*The Net Asset Value excludes the Preferred share liability.

Management Report on Fund Performance

Results of Operations

For the six-month period ended June 30, 2008, the net asset value of the Fund for pricing purposes based on closing prices totalled $201.61 million or $15.74 per Unit (see Note 3 to the financial statements) compared to $19.50 per Unit at December 31, 2007. The Fund's Preferred Shares, listed on the Toronto Stock Exchange as WFS.PR.A, closed on June 30, 2008 at $9.01 per share. The Fund's Class A Shares, listed on the Toronto Stock Exchange as WFS.A, closed on June 30, 2008, at $6.04 per share. Each Unit consists of one Preferred Share and one Class A Share together.

Distributions totalling $0.2625 per share were made to the Preferred Shareholders during the period while Class A Shareholders received $0.60 per share.

Volatility increased during the period due to the global credit crunch brought on by the U.S. sub-prime mortgage crisis and peaked on March 17th, the day the U.S. Federal Reserve assisted JP Morgan Chase & Co. in an emergency rescue for Bear Stearns Companies Inc. Due to the high volatility over the period, the Fund reduced its investment position and protective put purchases while increasing the amount of call writing to take advantage of the higher volatility.

The six-month total compound return for the Fund, including reinvestment of distributions, was negative 15.06 percent. This return is reflective of the Fund being overweight the Canadian Financial Services equities that had the strongest returns for the period and underweight the U.S. and Rest of World Financial services which had negative returns during the period. It is also reflective of the cash position as well as the return generated from the covered call writing in a negative market environment for the underlying securities during the period due to deteriorating credit, inflation risks, weak equity markets and a strong Canadian dollar.

For more detailed information on the investment returns, please see the Annual Total Return bar graph on page 7.

During the period, the S&P/TSX Financials Index declined 11.59 percent while the S&P 500 Financials Index declined by 29.73 percent And the MSCI EAFE Financials Index declined by 22.39 percent. The U.S. dollar strengthened versus. the Canadian dollar during the period by approximately 2.7 percent. The aggregate total return for the MSCI World Financial Services Index in Canadian dollar terms was negative 20.20 percent.

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 exposure was actively hedged back into Canadian dollars throughout the semi-annual period and ended June 30, 2008 approximately 75 percent hedged.

World Financial Split Corp. ended 2007 with a regional asset mix of 36 percent in Canada, 29 percent in the United States, and 27 percent in the Rest of World. During the six-month period ending June 30, 2008 the regional asset mix was mainly unchanged with an emphasis on maintaining an overweight exposure to Canada and an underweight exposure to the U.S. and the International areas. The Fund ended June 30, 2008 with a regional asset mix of 36 percent in Canada, 23 percent in the United States and 23 percent in the Rest of World.

Management Report on Fund Performance

Financial Highlights

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

The information for the years ended December 31 is derived from the Fund's audited annual financial statements.

Information for the period ended June 30, 2008 is derived from the

NET ASSETS PER UNIT
Net Assets, beginning of period (based on bid prices)(1)
INCREASE (DECREASE) FROM OPERATIONS
Total revenue
Total expenses
Realized gains (losses) for the period
Unrealized gains (losses) for the period
Total Increase (Decrease) from Operations(2)
DISTRIBUTIONS
Class A Share
From capital gains
Non-taxable distributions
Total Class A Distributions
Preferred Share
From net investment income
From capital gains
Non-taxable distributions
Total Preferred Share Distributions
Total Distributions(3)
Net Assets, end of period (based on bid prices)(1)

(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 of the Fund excluding the liability for the Redeemable 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. The change to the use of bid prices is due to new accounting standards set out by the Canadian Institute of Chartered Accountants relating to Financial Instruments. Refer to Note 4 to the annual financial statements for further discussion.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gains (losses), net of withholding taxes and foreign exchange gains (losses),

RATIOS/SUPPLEMENTAL DATA
Net Asset Value, excluding liability for Redeemable Preferred shares ($millions)
Net Asset Value ($millions)
Number of units outstanding
Management expense ratio(1)
Portfolio turnover rate(2)
Trading expense ratio(3)
Net Asset Value per Unit(6)
Closing market price - Preferred
Closing market price - Class A

(1) Management expense ratio is the ratio of all fees and expenses, including goods and services 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.

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

Management Report on Fund Performance

Fund's unaudited semi-annual financial statements.

For June 30, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Fund's unaudited 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. All other calculations for the purposes of this MRFP are made using Net Asset Value.

Six months ended June 2008	Years ended December 31 2007	2006	2005	2004[4]
$ 19.48	$ 23.29[6]	$ 22.60	$ 22.96	$ 23.87[5]
0.35	0.57	0.61	0.59	0.49
(0.14)	(0.36)	(0.34)	(0.34)	(0.30)
(2.41)	1.59	1.25	0.68	0.65
(0.71)	(3.88)	0.80	0.31	(0.24)
(2.91)	**(2.08)**	**2.32**	**1.24**	**0.60**
–	(0.81)	(0.39)	(0.86)	(0.34)
(0.60)	(0.39)	(0.81)	(0.34)	(0.70)
(0.60)	**(1.20)**	**(1.20)**	**(1.20)**	**(1.04)**
(0.05)	(0.25)	(0.19)	(0.19)	(0.11)
–	(0.28)	(0.34)	(0.28)	(0.35)
(0.21)	–	–	(0.06)	–
(0.26)	**(0.53)**	**(0.53)**	**(0.53)**	**(0.46)**
(0.86)	**(1.73)**	**(1.73)**	**(1.73)**	**(1.50)**
$ 15.71	**$ 19.48**	**$ 23.31**	**$ 22.60**	**$ 22.96**

less expenses, excluding Preferred share distributions, and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.
(3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution and were paid in cash.
(4) For the period from inception on February 17, 2004 to December 31, 2004.
(5) Net of agent fees.
(6) Net Assets per unit has been adjusted for the Transition Adjustment - New Accounting Standards (see Note 4 to the annual financial statements).

Six months ended June 2008	Years ended December 31 2007	2006	2005	2004[5]
$ 201.61	$ 269.64	$ 337.41	$ 369.99	$ 432.80
$ 73.50	$ 131.40	$ 192.66	$ 206.30	$ 244.30
12,810,906	13,824,263	14,474,579	16,368,811	18,850,000
1.44%[4]	1.49%	1.51%	1.48%	1.51%[4]
38.45%	116.48%	189.55%	165.51%	73.63%
0.16%[4]	0.14%	0.23%	0.16%	0.17%[4]
$ 15.74	$ 19.50	$ 23.31	$ 22.60	$ 22.96
$ 9.01	$ 9.95	$ 10.86	$ 11.05	$ 10.75
$ 6.04	$ 8.16	$ 11.50	$ 11.07	$ 12.03

(3) Trading expense ratio represents total commissions expressed as an annualized percentage of the daily average net asset value during the period.
(4) Annualized.
(5) For the period from inception on February 17, 2004 to December 31, 2004.
(6) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities 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 Inc. ("MCM") is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.00 percent of the net asset value 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 the 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 Inc. 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 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 is under considerable pressure currently due to slowing economic growth, weaker capital markets and central banks focusing on inflation risks which has led to tighter liquidity and increased credit risks. This combined with mark-to-market losses on assets, capital issuances and some dividend cuts has weighed on the financial services stocks over the period. The high dividend yield on the Global Financials relative to 10-year Government bond yields in the 5 percent range is at a compelling valuation and the price/earnings multiple of the Financials relative to the broad market is still attractive.

The outlook for earnings growth for the Global Financial Services companies is likely to continue to decline due to more mark-to-market losses, a weaker capital markets environment than the past few years along with an increase in credit losses going forward. This should be offset somewhat by a rising yield curve, more consolidation within the sector along with attractive valuations on both an absolute and relative basis.

Those with strong balance sheets in the Financial Services sector will continue to make acquisitions within and outside of their domestic markets due to the excess capital sitting on their balance sheets.

Past Performance

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

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

Management Report on Fund Performance

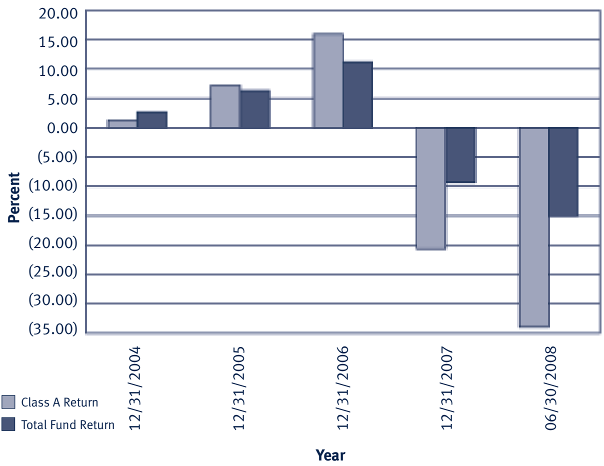
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The bar chart below illustrates how the Fund's total return for each of the past four years including the six months period June 30, 2008 has varied from period to period. 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 that fiscal year, or June 30, 2008 for the six months then ended.

Annual Total Return



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.

Independent Review Committee

On September 19, 2006, the Canadian Securities Administrators approved the final version of National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107"). NI 81-107 requires all publicly offered investment funds to establish an independent review committee ("IRC") to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions.

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

Forward-Looking Statements

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

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund's views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of World Financial Split Corp. (operating as Mulvihill World Financial Split Fund) (the "Fund") and all the information in this semi-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 semi-annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2007.

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, the Fund's independent auditors, has full and unrestricted access to the Audit Committee and the Board.

The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by Canadian Institute of Chartered Accountants.

John P. Mulvihill	Sheila S. Szela
Director	Director
Mulvihill Fund Services Inc.	Mulvihill Fund Services Inc.

August 2008

Financial Statements

Statements of Financial Position

June 30, 2008 (Unaudited) and December 31, 2007 (Audited)

	2008	2007
ASSETS		
Investments at fair value (cost - $216,884,950; 2007 - $289,572,139)	**$ 165,152,834**	$ 247,342,196
Short-term investments at fair value (cost - $43,200,408; 2007 - $23,963,343)	**42,990,109**	23,899,914
Cash	**7,741**	–
Interest receivable	**64,663**	227,023
Dividends receivable	**679,157**	500,798
Due from brokers - investments	**1,542,214**	–
Due from brokers - derivatives	**131,510**	–
TOTAL ASSETS	**$ 210,568,228**	**$ 271,969,931**
LIABILITIES		
Redemptions payable	**$ 8,996,843**	$ 2,284,850
Accrued management fees	**190,136**	254,426
Accrued liabilities	**95,646**	187,195
Bank indebtedness	**–**	10,547
Redeemable Preferred shares	**128,109,060**	138,242,630
	137,391,685	**140,979,648**
EQUITY		
Class A and Class J shares	**177,595,020**	191,642,985
Deficit	**(104,418,477)**	(60,652,702)
	73,176,543	**130,990,283**
TOTAL LIABILITIES AND EQUITY	**$ 210,568,228**	**$ 271,969,931**
Number of Units Outstanding	**12,810,906**	**13,824,263**
Net Assets per Unit		
Preferred share	**$ 10.0000**	$ 10.0000
Class A share	**5.7121**	9.4754
	$ 15.7121	**$ 19.4754**

Statements of Operations and Deficit

For the six months ended June 30 (Unaudited)

	2008	2007
REVENUE		
Interest, net of foreign exchange	$ **708,954**	$ (384,342)
Dividends	**4,362,865**	4,775,112
Withholding taxes	**(404,548)**	(563,402)
	4,667,271	3,827,368
Net realized gains on short-term investments	**2,244**	82,367
Net realized gains on derivatives	**3,396,058**	6,355,500
Net realized gains (losses) on investments	**(35,866,498)**	13,467,039
Total Net Realized Gains (Losses)	**(32,468,196)**	**19,904,906**
TOTAL REVENUE	**(27,800,925)**	**23,732,274**
EXPENSES		
Management fees	**1,300,837**	1,815,100
Service fees	**176,769**	356,931
Administration and other expenses	**93,106**	134,963
Transaction fees	**196,348**	279,240
Custodian fees	**34,529**	39,857
Audit fees	**–**	33,549
Director fees	**9,734**	10,363
Independent review committee fees	**2,002**	–
Legal fees	**5,688**	6,082
Shareholder reporting costs	**35,563**	49,806
Goods and services tax	**73,408**	119,246
TOTAL EXPENSES	**1,927,984**	**2,845,137**
Net Realized Income (Loss) before Distributions	**(29,728,909)**	**20,887,137**
Preferred share distributions	**(3,512,934)**	(3,792,436)
Net Realized Income (Loss)	**(33,241,843)**	**17,094,701**
Net change in unrealized appreciation/ depreciation of short-term investments during the period	**(146,896)**	36,194
Net change in unrealized appreciation/ depreciation of investments during the period	**(9,502,173)**	(24,864,821)
Total Net Change in Unrealized Appreciation/Depreciation of Investments	**(9,649,069)**	**(24,828,627)**
NET LOSS FOR THE PERIOD	**$ (42,890,912)**	**$ (7,733,926)**
NET LOSS PER CLASS A SHARE (based on the weighted average number of Class A shares outstanding during the period of 13,500,149; 2007 - 14,456,270)	**$ (3.1771)**	**$ (0.5350)**
DEFICIT		
Balance, beginning of period	**$ (60,652,702)**	$ (7,996,142)
Transition Adjustment - New Accounting Standards	**–**	(302,804)
Net allocations on retractions	**7,154,701**	530,303
Net loss for the period	**(42,890,912)**	(7,733,926)
Distributions on Class A shares	**(8,029,564)**	(8,668,428)
BALANCE, END OF PERIOD	**$(104,418,477)**	**$ (24,170,997)**

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2008	2007
NET ASSETS, BEGINNING OF PERIOD	$ 130,990,283	$ 192,662,043
Transition Adjustment - New Accounting Standards	–	(302,804)
Net Realized Income (Loss) before Distributions	(29,728,909)	20,887,137
Share Capital Transactions		
Amount paid for Class A shares redeemed	(6,893,264)	(3,771,254)
Distributions		
Class A Share		
From capital gains	–	(8,668,428)
Non-taxable distributions	(8,029,564)	–
Preferred Share		
From net investment income	(717,158)	(2,197,699)
From capital gains	–	(1,594,737)
Non-taxable distributions	(2,795,776)	–
Total Distributions	(11,542,498)	(12,460,864)
Net Change in Unrealized Appreciation/ Depreciation of Investments	(9,649,069)	(24,828,627)
Changes in Net Assets during the Period	(57,813,740)	(20,476,412)
NET ASSETS, END OF PERIOD	$ 73,176,543	$ 172,185,631

The statement of changes in net assets excludes cash flows pertaining to the Preferred Shares as they are reflected as liabilities. During the period, amounts paid for the redemption of 1,013,357 Preferred Shares (2007 - 310,925) totalled $10,133,570 (2007 - $3,102,950).

Statements of Changes in Investments

For the six months ended June 30 (Unaudited)

	2008	2007
INVESTMENTS AT FAIR VALUE, BEGINNING OF PERIOD	$ 247,342,196	$ 318,986,426
Transition Adjustment - New Accounting Standards	–	(302,804)
Unrealized Appreciation/Depreciation of Investments, Beginning of Period	42,229,943	(13,188,375)
Investments at Cost, Beginning of Period	289,572,139	305,495,247
Cost of Investments Purchased during the Period	77,425,437	247,101,896
Cost of investments Sold during the Period		
Proceeds from sales	117,642,186	259,230,150
Net realized gains (losses) on sales	(32,470,440)	19,822,539
	150,112,626	239,407,611
Investments at Cost, End of Period	216,884,950	313,189,532
Unrealized Depreciation of Investments, End of Period	(51,732,116)	(11,675,470)
INVESTMENTS AT FAIR VALUE END OF PERIOD	$ 165,152,834	$ 301,514,062

Statement of Investments

June 30, 2008 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Discount Commercial Paper				
Canadian Wheat Board, USD, 2.00% - July 18, 2008	27,305,000	$ 27,870,275	**$ 27,647,643**	
Export Development Corporation, USD, 2.09% - July 14, 2008	260,000	263,572	**263,572**	
Export Development Corporation, USD, 2.11% - July 28, 2008	3,090,000	3,116,823	**3,129,156**	
Total Discount Commercial Paper		**31,250,670**	**31,040,371**	72.1%
Treasury Bills				
Government of Canada, 2.60% - August 7, 2008	7,775,000	7,725,857	**7,725,857**	
Government of Canada, 2.65% - September 18, 2008	3,820,000	3,792,244	**3,792,244**	
Government of Canada, 2.56% - October 16, 2008	435,000	431,637	**431,637**	
Total Treasury Bills		**11,949,738**	**11,949,738**	27.8%
		$ 43,200,408	**$ 42,990,109**	**99.9%**
Accrued Interest			**64,663**	**0.1%**
TOTAL SHORT-TERM INVESTMENTS		**$ 43,200,408**	**$ 43,054,772**	**100.0%**
INVESTMENTS				
Canadian Common Shares				
Financials				
Bank of Montreal	125,000	$ 7,939,427	**$ 5,300,000**	
Canadian Imperial Bank of Commerce	100,000	8,976,047	**5,592,000**	
Great-West Lifeco Inc.	294,500	9,791,158	**8,581,730**	
IGM Financial Inc.	170,000	8,530,088	**7,177,400**	
Manulife Financial Corporation	236,600	9,213,378	**8,378,006**	
National Bank of Canada	138,700	8,571,333	**6,998,802**	
Royal Bank of Canada	164,000	8,666,965	**7,458,720**	
Sun Life Financial Inc.	162,000	8,185,520	**6,763,500**	
The Bank of Nova Scotia	163,000	8,318,899	**7,607,210**	
The Toronto-Dominion Bank	127,000	8,812,103	**8,136,890**	
Total Financials		**87,004,918**	**71,994,258**	43.6%
Total Canadian Common Shares		**$ 87,004,918**	**$ 71,994,258**	**43.6%**
Non-North American Common Shares				
Financials				
Allianz SE ADR	250,000	$ 5,953,512	**$ 4,425,968**	
Allied Irish Banks PLC (AIB) ADR	80,000	5,221,139	**2,494,978**	
AXA ADR	165,000	7,925,490	**4,924,924**	
Banco Bilbao Vizcaya Argentaria, S.A. ADR	220,000	6,124,892	**4,234,117**	
Banco Santander SA-Spon ADR	342,900	7,376,728	**6,328,096**	
Barclays PLC ADR	180,000	11,097,450	**4,227,624**	
Deutsche Bank AG ADR	22,000	3,232,248	**1,905,018**	
HSBC Holdings PLC-Spons ADR	85,000	7,257,699	**6,609,176**	
ING Groep N.V. ADR	95,000	4,734,048	**3,039,892**	
Mitsubishi UFJ Financial Group, Inc. (MUFG) ADR	615,000	6,812,700	**5,490,737**	
Prudential PLC-ADR	128,500	3,565,338	**2,759,922**	
Total Financials		**69,301,244**	**46,440,452**	28.1%
Total Non-North American Common Shares		**$ 69,301,244**	**$ 46,440,452**	**28.1%**

Financial Statements

Statement of Investments (continued)

June 30, 2008 (Unaudited)

	Number of Shares/ Number of Contracts	Average Cost	Fair Value	% of Portfolio
INVESTMENTS (continued)				
United States Common Shares				
Financials				
American Express Company	80,000	$ 4,713,843	**$ 3,054,197**	
Bank of New York Mellon Corp.	163,000	7,256,836	**6,252,694**	
Chubb Corp.	67,500	3,620,922	**3,356,304**	
JPMorgan Chase & Co.	130,000	7,219,954	**4,525,191**	
Metlife Inc.	95,000	5,942,151	**5,075,482**	
Northern Trust Corp.	78,000	5,856,700	**5,421,525**	
The Hartford Financial Services Group, Inc.	79,000	8,265,648	**5,164,824**	
The Principal Financial Group	95,000	5,403,239	**4,041,302**	
US Bancorp	139,500	4,704,574	**3,934,521**	
Wells Fargo & Company	250,000	8,886,940	**6,003,592**	
Total Financials		**61,870,807**	**46,829,632**	28.4%
Total United States Common Shares		**$ 61,870,807**	**$ 46,829,632**	**28.4%**
Forward Exchange Contracts				
Sold USD $30,310,000, Bought CAD $30,903,974 @ 0.98078 - July 9, 2008			**$ 148,949**	
Bought USD $23,275,000, Sold CAD $23,801,002 @ 0.97790 - July 9, 2008			**(184,268)**	
Sold USD $16,525,000, Bought CAD $16,736,889 @ 0.98734 - July 23, 2008			**(34,142)**	
Sold USD $12,930,000, Bought CAD $12,976,586 @ 0.99641 - August 6, 2008			**(148,585)**	
Sold USD $20,770,000, Bought CAD $20,535,282 @ 1.01143 - August 20, 2008			**(552,297)**	
Sold USD $8,750,000, Bought CAD $8,935,683 @ 0.97922 - September 17, 2008			**49,638**	
Sold USD $14,890,000, Bought CAD $15,149,819 @ 0.98285 - October 1, 2008			**26,773**	
Sold USD $13,570,000, Bought CAD $13,734,262 @ 0.98804 - October 15, 2008			**(49,945)**	
Total Forward Exchange Contracts			**$ (743,877)**	**(0.4)%**
OPTIONS				
Purchased Put Options (100 shares per contract)				
Bank of Montreal - September 2008 @ $44	140	$ 31,360	**$ 43,434**	
Canadian Imperial Bank of Commerce - September 2008 @ $61	100	31,450	**64,476**	
Financial Select Sector SPDR - September 2008 @ $22	2,000	282,471	**602,275**	
National Bank of Canada - September 2008 @ $52	139	30,163	**44,546**	
Royal Bank of Canada - September 2008 @ $47	175	34,650	**46,605**	
The Bank of Nova Scotia - September 2008 @ $49	163	30,725	**57,367**	
The Toronto Dominion Bank - September 2008 @ $65	127	32,639	**40,492**	
Total Purchased Put Options		**473,458**	**899,195**	0.5%

Statement of Investments (continued)

June 30, 2008 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS (continued)				
Written Covered Call Options (100 shares per contract)				
Allianz SE ADR - July 2008 @ $18	(1,250)	(61,005)	**(41,869)**	
Banco Santander SA-Spon ADR - July 2008 @ $21	(1,150)	(76,460)	**–**	
Bank of Montreal - July 2008 @ $45	(230)	(31,855)	**(5,234)**	
Bank of Montreal - July 2008 @ $51	(230)	(32,660)	**–**	
Bank of New York Mellon Corp. - July 2008 @ $41	(815)	(131,619)	**(11,956)**	
Canadian Imperial Bank of Commerce - July 2008 @ $65	(300)	(36,750)	**(4)**	
Chubb Corp. - July 2008 @ $53	(675)	(111,196)	**(3,821)**	
Great-West Lifeco Inc. - July 2008 @ $33	(600)	(36,000)	**–**	
HSBC Holdings PLC-Spons ADR - July 2008 @ $80	(425)	(128,251)	**(36,651)**	
IGM Financial Inc. - July 2008 @ $48	(425)	(26,775)	**(4,675)**	
ING Groep N.V. ADR - July 2008 @ $32	(950)	(131,510)	**(77,362)**	
JPMorgan Chase & Co. - July 2008 @ $40	(430)	(63,966)	**(3,083)**	
Manulife Financial Corporation - July 2008 @ $38	(592)	(44,104)	**(1,028)**	
Metlife Inc. - July 2008 @ $56	(475)	(79,010)	**(23,273)**	
National Bank of Canada - July 2008 @ $55	(555)	(48,285)	**(5,698)**	
Northern Trust Corp. - July 2008 @ $74	(390)	(110,982)	**(17,615)**	
Royal Bank of Canada - July 2008 @ $51	(463)	(44,974)	**(2,387)**	
The Bank of Nova Scotia - July 2008 @ $49	(400)	(25,800)	**(3,457)**	
The Bank of Nova Scotia - July 2008 @ $52	(100)	(7,750)	**(325)**	
The Hartford Financial Services Group, Inc. - July 2008 @ $70	(395)	(170,256)	**(14,026)**	
The Toronto-Dominion Bank - July 2008 @ $71	(340)	(44,540)	**(1,774)**	
Wells Fargo & Company - July 2008 @ $26	(1,250)	(186,405)	**(12,588)**	
Total Written Covered Call Options		**(1,630,153)**	**(266,826)**	(0.2)%
TOTAL OPTIONS		**$ (1,156,695)**	**$ 632,369**	**0.3%**
Adjustment for transaction fees		**$ (135,324)**		
TOTAL INVESTMENTS		**$ 216,884,950**	**$ 165,152,834**	**100.0%**

Notes to Financial Statements

June 30, 2008

1. Basis of Presentation

The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2007.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2007, with the exception of Note 2 below.

2. Summary of Significant Accounting Policies

Commencing January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 “Financial Instruments - Disclosures” and Section 3863, “Financial Instruments - Presentation”. The new standards replace Section 3861 “Financial Instruments - Disclosure and Presentation”. The new disclosure standards increase the emphasis on the disclosure on the nature and extent of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward relatively unchanged. Adoption of the new standards does not impact the net asset value for pricing purposes, nor the calculation of net assets.

3. 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:

	2008	2007
Net Asset Value (for pricing purposes)	**$ 15.74**	$ 22.17
Difference	**(0.03)**	(0.01)
Net Assets (for financial statement purposes)	**$ 15.71**	$ 22.16

4. 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 other price risk, liquidity risk, interest rate risk, currency risk, short-term investments credit rating and credit risk.

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

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Portfolio consists only of securities in the financial services industry selected from Canada, the United States and the Rest of the World. 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 the companies in the global financial services industry. The Fund's market risk is managed by taking a long-term perspective and utilizing an option writing program.

Approximately 82 percent of the Fund's net assets held at June 30, 2008 were publicly traded securities. If equity prices on the exchange increased or decreased by 10 percent as at June 30, 2008, the net assets of the Fund would have increased or decreased by $16.5M respectively or 8.2 percent of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

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. The Fund may also purchase put options. The Fund has full downside risk on invested positions which may be partially mitigated by the use of purchased put options. The risk to the Fund with respect to purchased put options is limited to the premiums paid to purchase the put options.

All securities present a risk of loss of capital. The Manager moderates this risk by taking a long-term perspective and utilizing an option writing program. The maximum risk resulting from financial instruments is determined by the market value of financial instruments.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk,

Notes to Financial Statements

June 30, 2008

the Fund invests the majority of its assets in investments that are traded in an active market and can be easily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

Cash is required to fund redemptions. Shareholders must surrender shares at least 5 business days prior to the last day of the month and receive payment on or before 8 business days following the month end valuation date. Therefore the Fund has a maximum of 13 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short term fixed income securities. Effective durations, a commonly used measure of interest rate risk, incorporates a security's yield, coupon, final maturity, call features and other embedded options into one number expressed in years that indicates how price-sensitive a security or portfolio of securities is to changes in interest rates. The effective duration of a security or portfolio of securities indicates the approximate percentage change in fair value expected for a one percent change in interest rates. The longer the duration, the more sensitive the security or portfolio is to changes in interest rates. The Fund has minimal sensitivity to change in rates since they are usually held to maturity and short-term in nature.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Portfolio includes securities and options denominated in foreign currencies. The net asset value of the Fund and the value of the dividends and option premiums received by the Fund will be affected by fluctuations in the value of the foreign currencies relative to the Canadian dollar. The Fund uses foreign exchange contracts to actively hedge the majority of its foreign currency exposure.

Approximately 47 percent of the Fund's net assets held at June 30, 2008 were held in securities denominated in U.S. currency. If the Canadian dollar strengthened or weakened by 1 percent in relation to the U.S. currency, the net assets of the Fund would have increased or decreased, by approximately $0.9M respectively or 0.5 percent of the net assets with all other factors remaining constant.

Short-Term Investments Credit Rating

The following are credit ratings for short-term investments held by the Fund as at June 30, 2008:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Treasury Bills	AAA	27.8%
Discount Commercial Paper	AAA	72.2%
Total		**100.0%**

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short term.

Credit Risk

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 Fund manages these risks through the use of various risk limits and trading strategies.

The credit risk is mitigated by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102.

The following are credit ratings for the counterparties to derivative instruments the Fund deals with during the period, based on Standard & Poor's credit rating as of June 30, 2008:

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

5. Future Accounting Policy Changes

At June 30, 2008 the Manager has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (“CICA”) for changeover to International Financial Reporting Standards (“IFRS”). The key elements of the plan include disclosures of the qualitative impact in the 2008 annual financial statements, the disclosures of the quantitative impact, if any, in the 2009 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional notes disclosures in the financial statements of the Fund.

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 *Canadian Bank Fund*
Mulvihill Premium *Global Plus Fund*
Mulvihill Premium *Split Share 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*
Mulvihill *Total Return Fund*

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www.mulvihill.com

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