

Fund Highlights

- ✓ Strong track record over 20 years
 - Class A shares 11.1% annual return
 - Preferred shares 5.9% annual return
- ✓ Combined Yield 7.6%
 - 11.9% Class A share Yield
 - 5.7% Preferred share Yield

Fund Objectives

Exposure to Canadian Banks
Track record of performance
Enhanced yield
Lower volatility

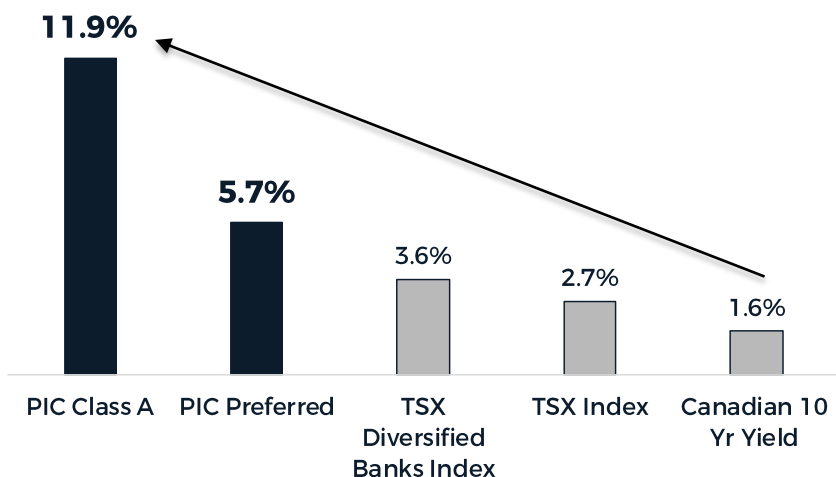
Performance – Over 20 Year track record

	----- (Annualized Total Return) -----						
	1 Month	YTD	1 Year	3 Year	5 Year	10 year	Since Inception *
Class A Shares	-2.3	-3.4	37.4	1.6	19.9	5.9	11.1
Preferred Shares	1.4	4.4	5.9	5.9	5.9	5.9	5.9

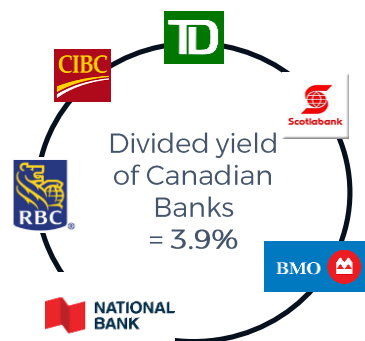
Inception on 10/31/1996
Based on NAV

- ✓ 11.1% annual total return since inception on Class A shares
- ✓ 5.9% annual total return since inception on Preferred shares

Enhanced Yield – 2x the Yield of Canadian Banks



PIC.A	11.9%
PIC.PR.A	5.7%
PIC Unit Yield	7.6%



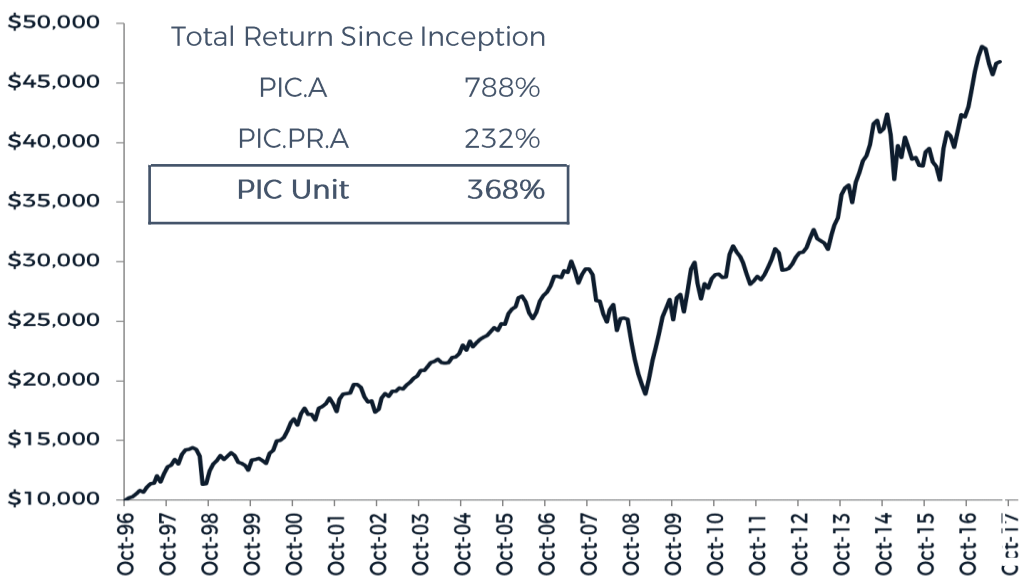
Distributions Since Inception

	Distributions*	NAV	NAV + Distributions
Class A Shares	\$23.59	\$6.61	\$30.20
Preferred Shares	\$18.11	\$15.00	\$33.11
PIC Unit	\$41.70	\$21.61	\$63.31

\$25.00 investment at inception would have paid \$41.70 in distributions with a current NAV of \$21.61

* not adjusted for class A share consolidation effective Nov 1, 2010

Growth of \$10,000 (PIC Unit Since Inception)

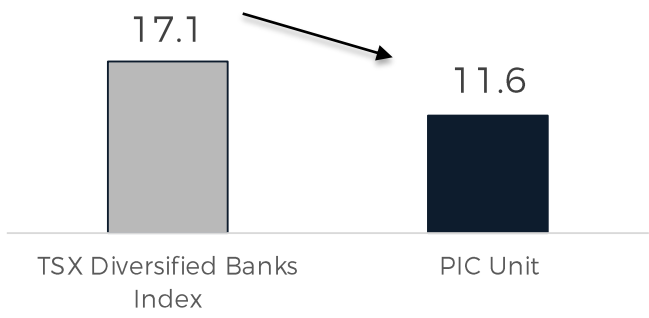


\$10,000 investment in Premium Income Corporation (PIC Unit) at inception would have grown to nearly \$47,000 today

Inception on 10/31/1996
Based on NAV

Lower Volatility (PIC Unit)

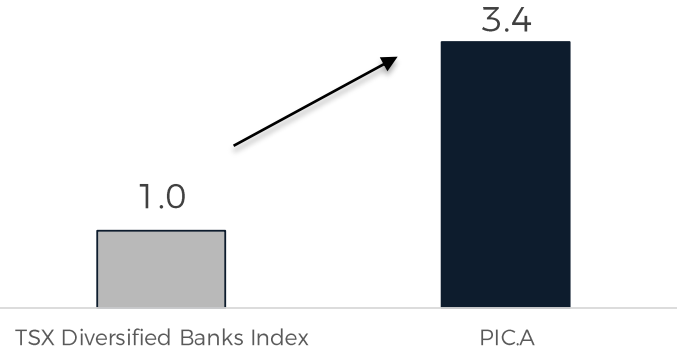
Standard Deviation (Since Inception)



Lower volatility vs TSX Diversified Bank Index

Class A Share (PIC.A) Leverage

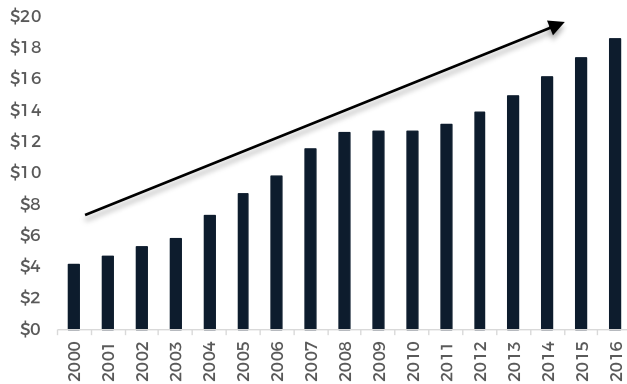
Beta to Diversified Banks Index



Over the last 10 Years, the NAV of the Class A shares have had a beta of 3.4 to the Bank index

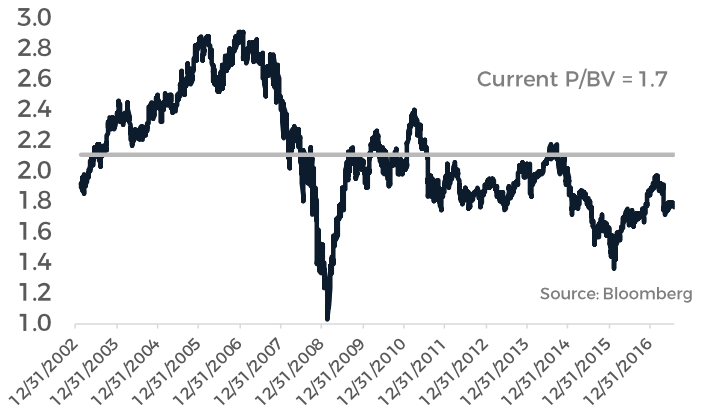
Attractive Canadian Bank Fundamentals

Dividends Per Share
Sum of (RY, TD, BNS, BMO, CM, NA)



10% CAGR in Bank Dividends over past 16 years

Price / Book Value
TSX Diversified Banks Index



Canadian Banks currently undervalued trading at a 19% discount to historical P/BV

Split Share Structure

Class A Shares

- ✓ Leverage to Canadian Bank Performance
- ✓ **11.9% current yield**

Preferred Shares

- ✓ Attractive 5.7% annual distribution
- ✓ Tax-efficient distributions

- ✓ High distribution rate: 11.9% (Class A), 5.7% (Preferred)
- ✓ PIC Unit yield of 7.6% is 2x the yield of TSX Diversified Banks Index
- ✓ Leverage exposure to Canadian Banks through Class A Units (PIC.A)
- ✓ Yield Enhanced through active option overlay strategy
- ✓ Lower Volatility vs Canadian banks

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PREMIUM INCOME
CORPORATION

About Manager

- ✓ Strathbridge Asset Management Inc., experienced issuer with 10 investment funds
- ✓ One of Canada's most experienced option strategy managers, with over 20 years of investment management experience
- ✓ Proprietary selective call writing strategy utilized to enhance income generated from the portfolio and reduce volatility

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