



Mulvihill Premium U.S.

FPU.UN

Announces Proposal

Toronto, October 20, 2005: Mulvihill Premium U.S. (the “Fund”) announced today that its Advisory Board and the Board of Directors of its manager, Mulvihill Fund Services Inc., have approved a proposal (the “Proposal”) to reposition the Fund’s investment portfolio and capital structure as well as to extend the term of the Fund in order to enable it to utilize its existing tax losses.

Accordingly, management is proposing to issue capital units (“Capital Units”) and preferred securities (“Preferred Securities”) to existing Unitholders in order to enable the Fund to continue with a new tax-efficient “split trust” structure going forward. The Preferred Securities have been provisionally rated Pfd–2 (low) by Dominion Bond Rating Service Limited.

To implement the restructuring, Unitholders are being asked to approve the Proposal to reposition the Fund and its portfolio in the following respects:

- amend the investment strategy and investment restrictions of the Fund. The Fund will invest exclusively in the six largest Canadian banks and the four largest Canadian life insurance companies by market capitalization (the “Financial Portfolio”);
- extend the termination date of the Fund to March 31, 2011 from January 1, 2007;
- change the capital structure of the Fund to a tax-efficient “split trust” structure. Under this structure, the Fund would issue Capital Units and Preferred Securities to Unitholders. Existing Units would first be consolidated on an approximate 2.3 to 1 basis and, after giving effect to the consolidation, net asset value (“NAV”) per Unit is expected to be approximately \$25.00. Unitholders would receive for each Unit held one Capital Unit with a NAV of approximately \$12.50 and one Preferred Security with a principal amount of \$12.50;
- in connection with the Proposal, if approved, Mulvihill Fund Services Inc., as manager, and Mulvihill Capital Management Inc., as investment manager, will reduce their fees by approximately 37% from a total of 1.75% of NAV to 1.10% of the Fund’s total assets from and after the effective date of the Proposal and the Fund will change its name to Top 10 Split Trust to better reflect its new investment strategy;
- amend the investment objectives of the Fund. The Fund’s investment objectives for the Capital Units will be (i) to provide holders of Capital Units, upon redemption, with the benefit of any capital appreciation in the market price of the securities in the Financial Portfolio and (ii) to pay quarterly distributions to holders of Capital Units in an amount targeted to be 7.5% of the NAV of the Fund. The Fund believes this is a sustainable level for distributions on the Capital Units which should promote stability and growth in NAV consistent with the investment attributes of the new portfolio. The Fund’s investment objectives for the Preferred Securities will be (i) to pay holders of Preferred Securities fixed quarterly cash interest payments at least equal to 6.00% per annum on the \$12.50 principal amount of a Preferred

Security and (ii) to repay the principal amount of \$12.50 per Preferred Security on termination of the Fund on March 31, 2011;

- 2 -

- move the redemption right available to Unitholders at 100% of NAV from December 31, 2005 to November 30, 2005 in order to give Unitholders an opportunity to exit earlier should they wish not to participate in the Fund going forward. As a result of this change, there would be no December 31, 2005 redemption right for securityholders;
- permit the Fund to issue additional Capital Units and Preferred Securities on a non-dilutive basis; and
- provide for the payment of an annual service fee of 0.40% of the value of the Capital Units to investment dealers whose clients hold Capital Units if the Fund completes a public offering of additional Capital Units and Preferred Securities after the Proposal has been approved.

The Proposal will involve the amendment of the Fund's Trust agreement and will be subject to receipt of all necessary Unitholder and regulatory approvals. A special meeting of Unitholders has been called and will be held on November 21, 2005 to consider and vote upon the Proposal. The record date for the special meeting will be October 20, 2005. Details of the Proposal will be outlined in an information circular to be prepared and delivered to Unitholders in connection with the special meeting. Once the information circular has been prepared and delivered, it will also be available on SEDAR at www.sedar.com and on the Fund's website.

The Fund's investment portfolio is managed by its investment manager, Mulvihill Capital Management Inc. The Fund's Units are listed on the Toronto Stock Exchange under the symbol FPU.UN.

For further information, please contact:

John Mulvihill, President & CEO
Don Biggs, Senior Vice President
Sheila Szela, Vice President & CFO

Mulvihill Structured Products

Mulvihill Premium U.S.

121 King Street West
Suite 2600

Toronto, Ontario M5H 3T9

(416) 681-3966 (800) 725-7172

www.mulvihill.com

hybrid@mulvihill.com

For Release 9 a.m. EDT, October 20, 2005

Press Release 