



Hybrid Income Funds



Semi-Annual Report 2008

*Mulvihill Core Canadian
Dividend Fund*

Mulvihill Core Canadian Dividend Fund

Message to Unitholders

We are pleased to present the semi-annual financial results of Mulvihill Core Canadian Dividend 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 2006 with the objectives to:

- (1) Provide unitholders with a stable stream of monthly distributions targeted to be 6.5 percent per annum on the Net Asset Value ("NAV") of the Fund; and
- (2) Preserve and grow the NAV per unit.

To accomplish these objectives the Fund invests its assets primarily in dividend-paying shares listed on the TSX. The Fund will generally invest not less than 4 percent and not more than 10 percent of the NAV in each of fifteen securities in the portfolio universe, as well as, up to 15 percent in other securities listed on the TSX. 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 0.40 percent. Distributions amounting to \$0.28 per unit were paid during the six-month period, contributing to the overall decline in the net asset value from \$8.79 per unit as at December 31, 2007 to \$8.47 per unit as at June 30, 2008.

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

	June 30, 2008	— Years ended December 31 —	
		2007	2006
Total Fund Return	(0.40)%	(2.98)%	3.75%
Distribution Paid (target of 6.50% per annum on Net Asset Value of the Fund)	\$ 0.277073	\$ 0.616378	\$ 0.051000
Ending Net Asset Value per Unit (initial issue price was \$10.00 per unit)	\$ 8.47	\$ 8.79	\$ 9.67

We thank all unitholders for their continued support and encourage unitholders 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 Core Canadian Dividend 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.

Mulvihill Core Canadian Dividend Fund

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
Financials	32%
Materials	17%
Cash and Short-Term Investments	16%
Energy	11%
Industrials	6%
Utilities	5%
Telecommunication Services	4%
Consumer Discretionary	4%
Information Technology	3%
Other Assets (Liabilities)	2%
	100%

Portfolio Holdings

June 30, 2008

	% of Net Asset Value
Cash and Short-Term Investments	16%
Teck Cominco Ltd. Cl B	6%
Russel Metals Inc.	6%
Canadian Utilities Ltd.	5%
Manulife Financial Corporation	5%
The Bank of Nova Scotia	5%
TransCanada Corp.	5%
The Toronto-Dominion Bank	5%
Enbridge Inc.	4%
National Bank of Canada	4%
BCE Inc.	4%
Kinross Gold Corporation	4%
Royal Bank of Canada	4%
AGF Management Ltd. - CL B	4%
Thompson Reuters Corp	4%
Barrick Gold Corp	3%
Bank of Montreal	3%
Goldcorp Inc.	3%
Canadian Imperial Bank of Commerce	3%
Research In Motion Limited	3%
EnCana Corporation	2%
	98%

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 was \$8.47 per unit (see Note 3 to the financial statements) compared to \$8.79 per unit at December 31, 2007. The Fund's units listed on the Toronto Stock Exchange as CDD.UN, closed on June 30, 2008 at \$7.93 per unit representing a 6.4 percent discount to the actual net asset value.

Distributions totalling \$0.28 were paid to unitholders during the first six months of the year, which resulted in a total return of negative 0.40 percent during this period. The S&P/TSX 60 Index total return for the same period was 8.02 percent. Much of this strength was due to the performance of Potash Corp. and Agrium Inc., up 64.9 percent and 53.4 percent respectively; neither stock is in our core basket. Only three names in the core basket were up in the first half of 2008; Teck Cominco Ltd., Russel Metals Inc. and Enbridge Inc., up 40.2, 22.2 and 11.8 percent respectively. The other twelve core names had negative performance during this period. The two core stocks that had weakest performance were Bank of Montreal and Canadian Imperial Bank of Commerce, down 22.1 and 18.0 percent respectively.

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

The covered call writing activity in the Fund during the first six months has been relatively moderate with approximately 25 percent of the notional value of the Fund overwritten during this time, an increase from the previous six month period. With markets continuing to soften into the next quarter, option writing will be increased to generate additional total returns for the Fund.

Mulvihill Core Canadian Dividend Fund

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 on November 16, 2006.

The information for the periods 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 Fund's unaudited semi-annual financial statements.

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

Non-taxable distributions

Total Distributions⁽³⁾

Net Assets, end of period (based on bid prices)⁽⁴⁾

- (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 on that date and including the valuation of securities at bid prices divided by the number of units then outstanding. For years prior to 2007, securities were valued at closing prices.
- (2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gains (losses), less expenses and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total

RATIOS/SUPPLEMENTAL DATA

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

-
- (1) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes, and excluding transaction fees charged to the Fund to the average net asset value.
- (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

For June 30, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Funds 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	Periods ended December 31	
	2007	2006 ⁽⁴⁾
\$ 8.77	\$ 9.66	\$ 9.38 ⁽⁵⁾
0.14	0.29	0.05
(0.10)	(0.19)	(0.03)
(0.18)	0.28	-
0.09	(0.66)	0.32
(0.05)	(0.28)	0.34
(0.28)	(0.62)	(0.05)
(0.28)	(0.62)	(0.05)
\$ 8.45	\$ 8.77	\$ 9.66

to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

(4) For the period from inception on November 16, 2006 to December 31, 2006.

(5) Net of agent fees and initial issue costs.

Six months ended June 2008	Periods ended December 31	
	2007	2006 ⁽⁵⁾
\$ 35.99	\$ 37.33	\$ 57.93
4,248,271	4,248,271	6,000,000
2.08% ⁽⁴⁾	1.95%	1.86% ⁽⁴⁾
55.34%	59.91%	1.82%
0.20% ⁽⁴⁾	0.10%	0.87% ⁽⁴⁾
\$ 8.47	\$ 8.79	\$ 9.67
\$ 7.93	\$ 8.05	\$ 9.95

(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 November 16, 2006 to December 31, 2006.

(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.

Mulvihill Core Canadian Dividend Fund

Management Report on Fund Performance

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. 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 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. Services received under the Management Agreement include providing or arranging required administrative services to the Fund.

Recent Developments

Half of the names in the core basket of this Fund are from the Financial Services sector which delivered weak performance across the board during the first half of 2008; all names had negative performance which adversely affected Fund performance. The Fund can also invest up to fifteen percent of the total Fund value in other TSX listed securities. We took advantage of this feature and held positions in other sectors less represented in the Fund universe, such as gold and energy, which we believed would outperform. Each of these names delivered positive returns during the period. The best performer was Agrium Inc., up 53.4 percent. Other great performers were from the Gold sector, including Goldcorp Inc., Kinross Gold Corporation and Barrick Gold Corp. Our star energy name was EnCana Corporation, up 39.5 per cent.

Significant events in the Canadian market during this period included major writedowns by most Canadian Financial institutions stemming from the global credit crisis which began in 2007. Global events that affected all markets, including Canada were Gold and Oil prices setting all time highs at over U.S. \$1,000 per ounce and over U.S. \$140 per barrel respectively.

Mulvihill Core Canadian Dividend Fund

Management Report on Fund Performance

Past Performance

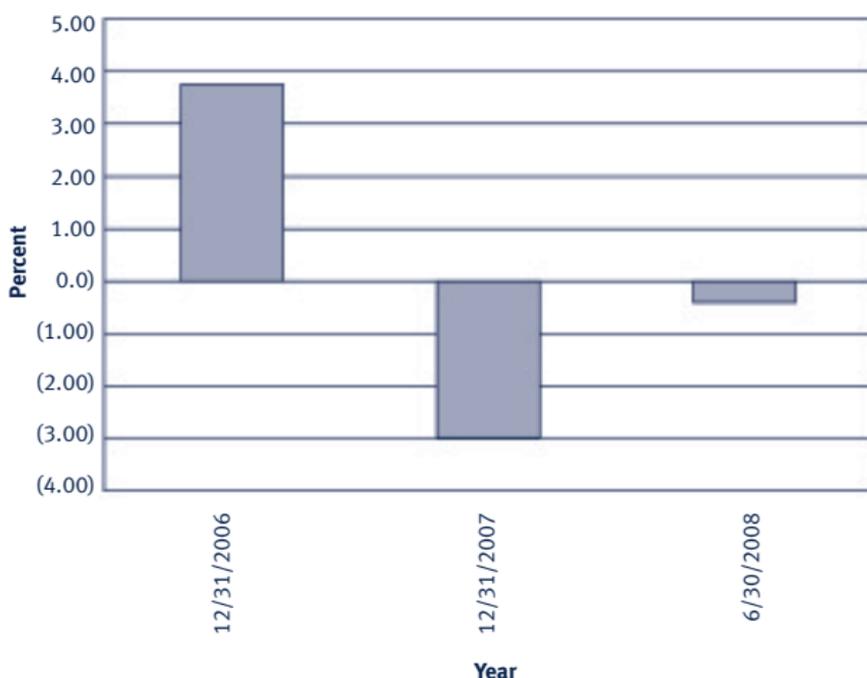
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,
- (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 the Fund's total return for each of the past two years and for the six month period ended June 30, 2008. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2006 would have increased or decreased by the end of the fiscal year, or June 30, 2008 for the six months then ended.

Annual Total Return



Mulvihill Core Canadian Dividend Fund

Management Report on Fund Performance

Related Party Transactions

Mulvihill Capital Management Inc. (“MCM”) manages the Fund’s investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated October 27, 2006.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 27, 2006, 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 Mulvihill Core Canadian Dividend 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 Advisors (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 Board 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 Board.

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



John P. Mulvihill
Director
Mulvihill Fund Services Inc.



Sheila S. Szela
Director
Mulvihill Fund Services Inc.

August 2008

Mulvihill Core Canadian Dividend Fund

Financial Statements

Statements of Net Assets

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

	2008	2007
ASSETS		
Investments at fair value (cost - \$31,108,659; 2007 - \$41,729,920)	\$ 29,350,475	\$ 39,570,771
Short-term investments at fair value (cost - \$5,757,759; 2007 - \$12,923,915)	5,757,759	12,924,842
Cash	–	1,925
Interest receivable	22,866	45,175
Dividends receivable	92,314	158,206
Due from brokers - investments	816,215	–
TOTAL ASSETS	36,039,629	52,700,919
LIABILITIES		
Accrued liabilities	77,014	128,883
Due to brokers - derivatives	46,386	–
Redemptions payable	–	15,300,293
TOTAL LIABILITIES	123,400	15,429,176
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 35,916,229	\$ 37,271,743
Number of Units Outstanding	4,248,271	4,248,271
Net Assets per Unit	\$ 8.4543	\$ 8.7734

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2008	2007
REVENUE		
Dividends	\$ 504,713	\$ 806,386
Interest	106,236	65,861
TOTAL REVENUE	610,949	872,247
EXPENSES		
Management fees	197,662	314,246
Service fees	70,913	113,764
Administrative and other expenses	41,698	50,618
Transaction fees	35,803	19,792
Custodian fees	17,763	16,269
Audit fees	–	20,741
Advisory board fees	9,734	10,363
Independent review committee fees	2,002	–
Legal fees	2,005	6,325
Unitholder reporting costs	19,573	21,272
Goods and services tax	14,532	34,984
TOTAL EXPENSES	411,685	608,374
Net Investment Income	199,264	263,873
Net gain (loss) on sale of investments	(1,071,852)	2,241,639
Net gain (loss) on sale of derivatives	294,117	(388,929)
Net change in unrealized appreciation/ depreciation of investments	400,038	(662,350)
Net Gain (Loss) on Investments	(377,697)	1,190,360
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ (178,433)	\$ 1,454,233
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 4,248,271; 2007 - 6,000,000)	\$ (0.0420)	\$ 0.2424

Mulvihill Core Canadian Dividend Fund

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2008	2007
NET ASSETS, BEGINNING OF PERIOD	\$ 37,271,743	\$ 57,933,205
Net Increase (Decrease) in		
Net Assets from Operations	(178,433)	1,454,233
Distributions to Unitholders		
From net investment income	–	(400,732)
From net gain on sale of investments	–	(1,478,822)
Non-taxable distributions	(1,177,081)	–
	(1,177,081)	(1,879,554)
Changes in Net Assets during the Period	(1,355,514)	(425,321)
NET ASSETS, END OF PERIOD	\$ 35,916,229	\$ 57,507,884
Net Assets per Unit	\$ 8.4543	\$ 9.5846

Statements of Net Gain (Loss) on Sale of Investments

For the six months ended June 30 (Unaudited)

	2008	2007
Proceeds from Sale of Investments	\$ 26,657,495	\$ 24,928,363
Cost of Investments Sold		
Cost of investments, beginning of period	41,729,920	54,178,729
Cost of investments purchased	16,813,969	22,586,078
	58,543,889	76,764,807
Cost of Investments, End of Period	(31,108,659)	(53,689,154)
	27,435,230	23,075,653
NET GAIN (LOSS) ON SALE OF INVESTMENTS	\$ (777,735)	\$ 1,852,710

Mulvihill Core Canadian Dividend Fund

Financial Statements

Statement of Investments

June 30, 2008 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, 1.98% - July 24, 2008	2,495,000	\$ 2,474,439	\$ 2,474,439	
Government of Canada, 2.62% - August 7, 2008	1,095,000	1,088,892	1,088,892	
Government of Canada, 2.72% - September 18, 2008	2,210,000	2,194,428	2,194,428	
Total Treasury Bills		\$ 5,757,759	\$ 5,757,759	99.6%
Accrued Interest			22,866	0.4%
TOTAL SHORT-TERM INVESTMENTS		\$ 5,757,759	\$ 5,780,625	100.0%
INVESTMENTS				
Canadian Common Shares				
Consumer Discretionary				
Thomson Reuters Corp.	42,200	\$ 1,545,455	\$ 1,382,472	4.7%
Energy				
Enbridge Inc.	36,000	1,511,303	1,585,080	
EnCana Corporation	7,000	575,809	649,250	
TransCanada Corp.	41,900	1,623,678	1,653,374	
Total Energy		3,710,790	3,887,704	13.2%
Financials				
AGF Management Ltd. - CL B	64,400	2,186,907	1,414,224	
Bank of Montreal	28,000	1,791,769	1,187,200	
Canadian Imperial Bank of Commerce	18,500	1,725,167	1,034,520	
Manulife Financial Corporation	48,000	1,886,770	1,699,680	
National Bank of Canada	30,700	1,961,121	1,549,122	
Royal Bank of Canada	31,600	1,702,793	1,437,168	
The Bank of Nova Scotia	36,030	1,848,019	1,681,520	
The Toronto-Dominion Bank	25,300	1,760,831	1,620,971	
Total Financials		14,863,377	11,624,405	39.6%
Industrials				
Russel Metals Inc.	71,400	1,972,524	2,156,280	7.4%
Information Technology				
Research In Motion Limited	8,100	1,001,248	965,520	3.3%
Materials				
Barrick Gold Corp.	26,900	1,094,252	1,249,774	
Goldcorp Inc.	22,800	941,747	1,071,600	
Kinross Gold Corporation	61,700	1,166,486	1,485,736	
Teck Cominco Ltd. Cl B	45,500	1,870,007	2,226,770	
Total Materials		5,072,492	6,033,880	20.6%
Telecommunication Services				
BCE Inc.	42,500	1,329,400	1,510,875	5.1%
Utilities				
Canadian Utilities Ltd.	39,000	1,679,619	1,716,780	5.9%
Total Canadian Common Shares		\$ 31,174,905	\$ 29,277,916	99.8%

Mulvihill Core Canadian Dividend Fund

Financial Statements

Statement of Investments (continued)

June 30, 2008 (Unaudited)

	Number of Contracts	Proceeds/ Average Cost	Fair Value	% of Portfolio
INVESTMENTS (continued)				
OPTIONS				
Purchased Put Options				
Bank of Montreal				
- September 2008 @ \$44 (100 shares per contract)	28	\$ 6,272	\$ 8,687	
Canadian Imperial Bank of Commerce				
- September 2008 @ \$61 (100 shares per contract)	18	5,661	11,606	
National Bank of Canada				
- September 2008 @ \$52 (100 shares per contract)	33	7,161	10,575	
Royal Bank of Canada				
- September 2008 @ \$47 (100 shares per contract)	34	6,732	9,055	
S&P/TSE 60				
- September 2008 @ \$832 (10 shares per contract)	171	46,386	25,198	
The Bank of Nova Scotia				
- September 2008 @ \$49 (100 shares per contract)	40	7,540	14,078	
The Toronto-Dominion Bank				
- September 2008 @ \$65 (100 shares per contract)	28	7,196	8,927	
Total Purchased Put Options		86,948	88,126	0.3%
Written Covered Call Options (100 shares per contract)				
Bank of Montreal				
- July 2008 @ \$45	(50)	(6,925)	(1,138)	
Bank of Montreal				
- July 2008 @ \$51	(90)	(12,780)	-	
Canadian Imperial Bank of Commerce				
- July 2008 @ \$65	(92)	(11,270)	(1)	
Enbridge Inc.				
- July 2008 @ \$45	(360)	(28,440)	(4,576)	
Manulife Financial Corporation				
- July 2008 @ \$38	(240)	(17,880)	(417)	
National Bank of Canada				
- July 2008 @ \$55	(130)	(11,310)	(1,334)	
Royal Bank of Canada				
- July 2008 @ \$51	(192)	(18,566)	(608)	
The Bank of Nova Scotia				
- July 2008 @ \$49	(95)	(6,127)	(821)	
The Bank of Nova Scotia				
- July 2008 @ \$52	(95)	(7,362)	(309)	
The Toronto-Dominion Bank				
- July 2008 @ \$71	(147)	(19,243)	(763)	
TransCanada Corp.				
- July 2008 @ \$40	(140)	(8,120)	(5,600)	
Total Written Covered Call Options		(148,023)	(15,567)	(0.1)%
TOTAL OPTIONS		\$ (61,075)	\$ 72,559	0.2%
Adjustment for transaction fees		\$ (5,171)		
TOTAL INVESTMENTS		\$ 31,108,659	\$ 29,350,475	100.0%

Mulvihill Core Canadian Dividend Fund

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)	\$ 8.47	\$ 9.60
Difference	(0.02)	(0.02)
Net Assets (for financial statement purposes)	\$ 8.45	\$ 9.58

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

Mulvihill Core Canadian Dividend Fund

Notes to Financial Statements

June 30, 2008

strategies, financial instruments and markets in which it invests. The most important risks include other price risk, liquidity risk, interest rate 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 of blue chip securities of high quality, large capitalization, dividend paying Canadian companies across multiple industry sectors that have an excellent long term trade record of dividend growth and share price appreciation. Net Asset Value (“NAV”) per Unit varies as the value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the value of the securities in the Portfolio, including factors that affect all of the Canadian securities. 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 \$2.9M 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, 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. Unitholders must surrender units at least 10 business days prior to the last day of the month and receive payment on or before 15 calendar days following the month end valuation date. Therefore the Fund has a maximum of 21 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.

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	100.0%
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.

Mulvihill Core Canadian Dividend Fund

Notes to Financial Statements

June 30, 2008

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+

5. Normal Course Issuer Bid

Under the terms of the normal course issuer bid renewed in May 2008, the Fund proposes to purchase, if considered advisable, up to a maximum of 424,827 (2007 - 599,830 units), 10 percent of its public float as determined in accordance with the rules of the Exchange. The purchases would be made in the open market through facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of May 8, 2009 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2008, no units (2007 - nil) have been purchased by the Fund.

Unitholders 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: 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

6. 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.

Mulvihill Core Canadian Dividend 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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Mulvihill Core Canadian Dividend Fund

Notes



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*Please contact your broker directly
for address changes.*