



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2009

*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:

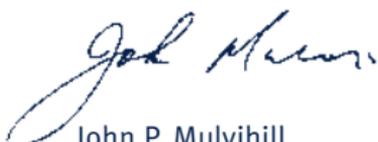
- (1) Provide unitholders with a stable stream of monthly distributions targeted to be 6.5 percent per annum on the Net Asset Value (“NAV”) of the Fund; and
- (2) Preserve and grow the NAV per unit.

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, 2009, the Fund earned a total return of 9.58 percent. Distributions amounting to \$0.201610 per unit were paid during the six-month period. The net asset value increased from \$6.39 per unit as at December 31, 2008 to \$6.78 per unit as at June 30, 2009.

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

	— Years ended December 31 —			
	June 30, 2009	2008	2007	2006
Total Fund Return	9.58%	(22.22)%	(2.98)%	3.75%
Distribution Paid (target of 6.50 percent per annum on Net Asset Value of the Fund)	\$ 0.201610	\$ 0.527003	\$ 0.616378	\$ 0.051000
Ending Net Asset Value per Unit (initial issue price was \$10.00 per unit)	\$ 6.78	\$ 6.39	\$ 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, 2009 of Mulvihill Core Canadian Dividend Fund (the “Fund”). The June 30, 2009 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](http://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](http://www.mulvihill.com).

#### Asset Mix

June 30, 2009

	% of Net Asset Value
Cash and Short-Term Investments	35%
Financials	28%
Materials	14%
Energy	8%
Utilities	6%
Telecommunication Services	3%
Industrials	3%
Information Technology	3%
	100%

#### Portfolio Holdings

June 30, 2009

	% of Net Asset Value
Cash and Short-Term Investments	35%
Canadian Utilities Ltd.	6%
Goldcorp Inc.	5%
The Bank of Nova Scotia	5%
TransCanada Corp.	5%
Kinross Gold Corporation	5%
National Bank of Canada	4%
Canadian Imperial Bank of Commerce	4%
Teck Resources Limited - CL B	4%
Bank of Montreal	4%
Enbridge Inc.	3%
BCE Inc.	3%
Manulife Financial Corporation	3%
Russel Metals Inc.	3%
AGF Management Ltd. - CL B	3%
The Toronto-Dominion Bank	3%
Research In Motion Limited	3%
Royal Bank of Canada	2%
	100%

### Management Report on Fund Performance

#### Results of Operations

For the six-month period ended June 30, 2009, the net asset value of the Fund for pricing purposes based on closing prices was \$6.78 per unit (see Note 2 to the financial statements) compared to \$6.39 per unit at December 31, 2008. The Fund's units listed on the Toronto Stock Exchange as CDD.UN, closed on June 30, 2009 at \$6.28 per unit representing a 7.4 percent discount to the actual net asset value.

Distributions totalling \$0.201610 were paid to unitholders during the first six months of the year, which resulted in a total return, including reinvestment of distributions, of 9.6 percent during this period. The S&P/TSX 60 Index total return for the same period was 18.3 percent. The rebound in the Index during the first half of 2009 started in early March. The Technology sector had the greatest gains lead by Research in Motion Limited, up 67.0 percent in the first half. Significant gains were achieved in other sectors as well, including: Financials up 26.3 percent and Energy up 21.4 percent. One of the notable returns in our portfolio was Teck Resources Limited, up over 200 percent during the past six months along with extremely high price volatility.

We continue to be cautious about the market recovery and, as such, have held higher than normal cash positions to protect the assets of the Fund. These cash assets will be redeployed with a return to greater confidence in future corporate earnings.

The covered call writing activity is down somewhat since the end of 2008. We began to reduce the overwritten amount when select holdings started to rebound off their lows in the second quarter.

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

# 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, 2009 is derived from the Fund's unaudited semi-annual financial statements.

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#### NET ASSETS PER UNIT

##### Net Assets, beginning of period (based on bid prices)<sup>(1)</sup>

##### 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<sup>(2)</sup>

##### DISTRIBUTIONS

Non-taxable distributions

##### Total Distributions<sup>(3)</sup>

##### Net Assets, end of period (based on bid prices)<sup>(1)</sup>

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(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

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#### RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)

Number of units outstanding

Management expense ratio<sup>(1)</sup>

Portfolio turnover rate<sup>(2)</sup>

Trading expense ratio<sup>(3)</sup>

Net Asset Value per unit<sup>(6)</sup>

Closing market price

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(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, 2009, December 31, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Funds 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 2009	2008	Periods ended December 31 2007	2006 <sup>(4)</sup>
\$ 6.38	\$ 8.77	\$ 9.66	\$ 9.38 <sup>(5)</sup>
0.12	0.27	0.29	0.05
(0.09)	(0.18)	(0.19)	(0.03)
(1.04)	(0.57)	0.28	–
1.61	(1.38)	(0.66)	0.32
0.60	(1.86)	(0.28)	0.34
(0.20)	(0.53)	(0.62)	(0.05)
(0.20)	(0.53)	(0.62)	(0.05)
\$ 6.78	\$ 6.38	\$ 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 2009	2008	Periods ended December 31 2007	2006 <sup>(5)</sup>
\$ 20.00	\$ 18.84	\$ 37.33	\$ 57.93
2,949,146	2,949,146	4,248,271	6,000,000
2.63% <sup>(4)</sup>	2.08%	1.95%	1.86% <sup>(4)</sup>
35.59%	75.04%	59.91%	1.82%
0.15% <sup>(4)</sup>	0.15%	0.10%	0.87% <sup>(4)</sup>
\$ 6.78	\$ 6.39	\$ 8.79	\$ 9.67
\$ 6.28	\$ 5.25	\$ 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 the names in the core basket of this Fund are from the Financial Services sector which, finally began to deliver meaningfully positive returns during the first half of 2009 after a very weak 2008. Most Financial Services stocks had positive returns in the first half of the year, lead by National Bank of Canada, up 76.3 percent, and Bank of Montreal, up 63.2 percent. Both of these names are in the core basket.

Canada’s heavy weighting in resources, especially oil and gas, was buoyed in the first half of the year by a significant recovery in the price of crude. The last six months of 2008 erased, in spectacular fashion, more than five years of gains in the commodity, which led to all time highs in July 2008. So far in 2009, we have seen the crude price rally from the mid U.S. \$30’s to the mid U.S. \$60’s per barrel.

Some stability has begun to return to the markets with broad indices trending higher since early March 2009 while volatility trended lower at the same time. However, the price of gold held in fairly well following a major rally that began in October 2008, which may suggest that some investors are still concerned about the prospects for economic recovery.

## Mulvihill Core Canadian Dividend Fund

### Management Report on Fund Performance

#### Past Performance

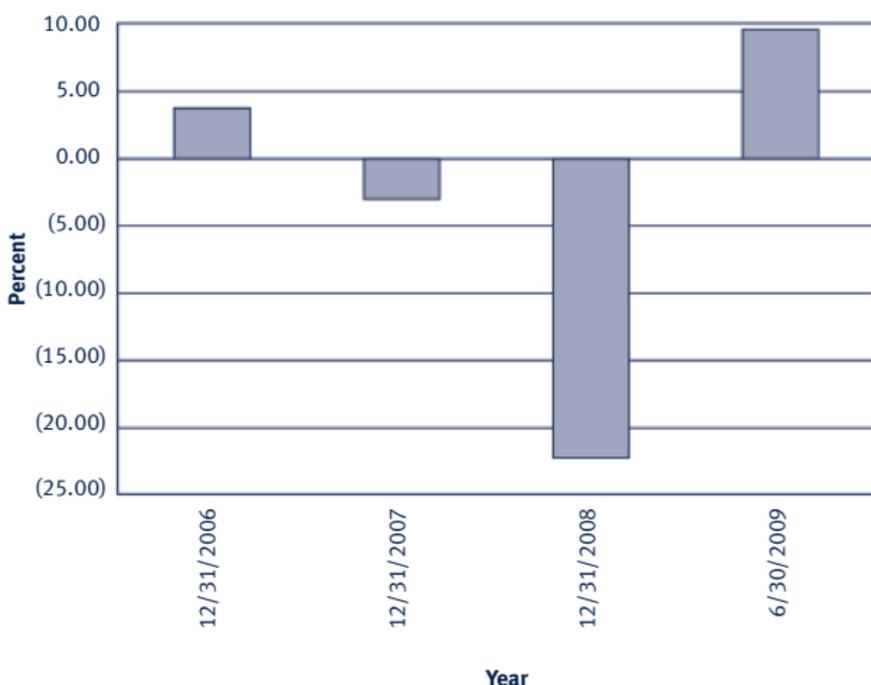
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (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 three years and for the six month period ended June 30, 2009. 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, 2009 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, Michael M. Koerner and Robert G. Bertram.

#### **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**

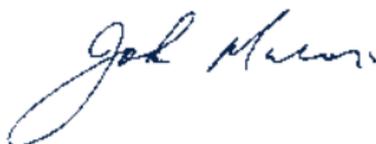
The accompanying financial statements of Mulvihill Core Canadian Dividend Fund (the “Fund”) and all the information in this semi-annual report are the responsibility of the management of Mulvihill Fund Services Inc. (the “Manager”) and have been approved by the Board of Advisors (the “Board”).

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, 2008.

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 2009

## Mulvihill Core Canadian Dividend Fund

### Financial Statements

#### Statements of Net Assets

June 30, 2009 (Unaudited) and December 31, 2008 (Audited)

	2009	2008
<b>ASSETS</b>		
Investments at fair value (cost - \$16,278,938; 2008 - \$22,254,621)	<b>\$ 13,003,314</b>	\$ 14,220,509
Short-term investments at fair value (cost - \$6,985,837; 2008 - \$12,860,256)	<b>6,985,837</b>	12,860,256
Cash	<b>12,691</b>	5,182
Interest receivable	<b>3,024</b>	41,049
Dividends receivable	<b>43,855</b>	55,570
<b>TOTAL ASSETS</b>	<b>20,048,721</b>	<b>27,182,566</b>
<b>LIABILITIES</b>		
Accrued liabilities	<b>55,548</b>	76,766
Redemptions payable	–	8,299,200
<b>TOTAL LIABILITIES</b>	<b>55,548</b>	<b>8,375,966</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 19,993,173</b>	<b>\$ 18,806,600</b>
<b>Number of Units Outstanding</b>	<b>2,949,146</b>	<b>2,949,146</b>
<b>Net Assets per Unit</b>	<b>\$ 6.7793</b>	<b>\$ 6.3770</b>

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2009	2008
<b>REVENUE</b>		
Dividends	\$ 313,015	\$ 504,713
Interest	30,402	106,236
<b>TOTAL REVENUE</b>	<b>343,417</b>	<b>610,949</b>
<b>EXPENSES</b>		
Management fees	102,211	197,662
Service fees	37,004	70,913
Administrative and other expenses	36,222	41,698
Transaction fees	13,816	35,803
Custodian fees	13,365	17,763
Audit fees	10,745	–
Advisory board fees	10,445	9,734
Independent review committee fees	3,437	2,002
Legal fees	3,121	2,005
Unitholder reporting costs	19,039	19,573
Goods and services tax	9,374	14,532
<b>TOTAL EXPENSES</b>	<b>258,779</b>	<b>411,685</b>
<b>Net Investment Income</b>	<b>84,638</b>	<b>199,264</b>
Net loss on sale of investments	(3,429,542)	(1,071,852)
Net gain on sale of derivatives	367,566	294,117
Net change in unrealized appreciation/ depreciation of investments	4,758,488	400,038
<b>Net Gain (Loss) on Investments</b>	<b>1,696,512</b>	<b>(377,697)</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<b>\$ 1,781,150</b>	<b>\$ (178,433)</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 2,949,146; 2008 - 4,248,271)	<b>\$ 0.6040</b>	<b>\$ (0.0420)</b>

## Mulvihill Core Canadian Dividend Fund

### Financial Statements

#### Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2009	2008
NET ASSETS, BEGINNING OF PERIOD	\$ 18,806,600	\$ 37,271,743
<b>Net Increase (Decrease) in</b>		
<b>Net Assets from Operations</b>	<b>1,781,150</b>	<b>(178,433)</b>
<b>Distributions to Unitholders</b>		
Non-taxable distributions	(594,577)	(1,177,081)
<b>Changes in Net Assets during the Period</b>	<b>1,186,573</b>	<b>(1,355,514)</b>
NET ASSETS, END OF PERIOD	\$ 19,993,173	\$ 35,916,229
<b>Net Assets per Unit</b>	<b>\$ 6.7793</b>	<b>\$ 8.4543</b>

#### Statements of Net Loss on Sale of Investments

For the six months ended June 30 (Unaudited)

	2009	2008
Proceeds from Sale of Investments	\$ 7,286,791	\$ 26,657,495
<b>Cost of Investments Sold</b>		
Cost of investments, beginning of period	22,254,621	41,729,920
Cost of investments purchased	4,373,084	16,813,969
	26,627,705	58,543,889
<b>Cost of Investments, End of Period</b>	<b>(16,278,938)</b>	<b>(31,108,659)</b>
	10,348,767	27,435,230
NET LOSS ON SALE OF INVESTMENTS	\$ (3,061,976)	\$ (777,735)

# Mulvihill Core Canadian Dividend Fund

## Financial Statements

### Statement of Investments

June 30, 2009 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
<b>SHORT-TERM INVESTMENTS</b>				
<b>Bankers' Acceptances</b>				
The Bank of Nova Scotia, 0.28% - July 6, 2009	720,000	\$ 719,863	\$ 719,863	10.3%
<b>Treasury Bills</b>				
Government of Canada, 0.28% - July 23, 2009	6,010,000	6,006,135	6,006,135	
Government of Canada, 0.21% - August 20, 2009	20,000	19,992	19,992	
Province of Ontario, 0.42% - July 15, 2009	30,000	29,969	29,969	
Province of Ontario, 0.25% - September 2, 2009	210,000	209,878	209,878	
<b>Total Treasury Bills</b>		<b>6,265,974</b>	<b>6,265,974</b>	<b>89.7%</b>
		<b>6,985,837</b>	<b>6,985,837</b>	<b>100.0%</b>
<b>Accrued Interest</b>			<b>3,024</b>	<b>0.0%</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$ 6,985,837</b>	<b>\$ 6,988,861</b>	<b>100.0%</b>
<b>INVESTMENTS</b>				
<b>Canadian Common Shares</b>				
<b>Energy</b>				
Enbridge Inc.	17,300	\$ 669,798	\$ 698,228	
TransCanada Corp.	30,500	1,091,880	952,820	
<b>Total Energy</b>		<b>1,761,678</b>	<b>1,651,048</b>	<b>12.7%</b>
<b>Financials</b>				
AGF Management Ltd. - CL B	49,900	1,336,425	633,730	
Bank of Montreal	14,400	853,372	705,888	
Canadian Imperial Bank of Commerce	13,800	980,117	802,470	
Manulife Financial Corporation	31,800	1,065,281	642,042	
National Bank of Canada	15,600	896,580	838,500	
Royal Bank of Canada	9,500	453,774	451,155	
The Bank of Nova Scotia	22,330	1,043,891	969,569	
The Toronto-Dominion Bank	10,400	628,460	624,936	
<b>Total Financials</b>		<b>7,257,900</b>	<b>5,668,290</b>	<b>43.6%</b>
<b>Industrials</b>				
Russel Metals Inc.	42,400	1,171,359	637,272	4.9%
<b>Information Technology</b>				
Research In Motion Limited	6,600	597,390	545,688	4.2%
<b>Materials</b>				
Goldcorp Inc.	25,800	947,901	1,043,094	
Kinross Gold Corporation	43,800	945,900	928,560	
Teck Resources Limited - CL B	40,100	1,485,571	743,855	
<b>Total Materials</b>		<b>3,379,372</b>	<b>2,715,509</b>	<b>20.9%</b>
<b>Telecommunication Services</b>				
BCE Inc.	27,500	860,200	660,000	5.0%
<b>Utilities</b>				
Canadian Utilities Ltd.	30,900	1,285,680	1,172,655	9.1%
<b>Total Canadian Common Shares</b>		<b>\$ 16,313,579</b>	<b>\$ 13,050,462</b>	<b>100.4%</b>

## Mulvihill Core Canadian Dividend Fund

### Financial Statements

#### Statement of Investments (continued)

June 30, 2009 (Unaudited)

	Number of Contracts	Proceeds	Fair Value	% of Portfolio
OPTIONS				
<b>Written Covered Call Options</b> (100 shares per contract)				
Manulife Financial Corporation - July 2009 @ \$24	(95)	\$ (10,830)	\$ (2,342)	
Royal Bank of Canada - July 2009 @ \$45	(47)	(4,982)	(14,988)	
The Bank of Nova Scotia - July 2009 @ \$41	(90)	(9,846)	(26,114)	
The Toronto-Dominion Bank - July 2009 @ \$60	(18)	(1,215)	(3,704)	
<b>Total Written Covered Call Options</b>		(26,873)	(47,148)	(0.4)%
TOTAL OPTIONS		\$ (26,873)	\$ (47,148)	(0.4)%
Adjustment for transaction fees		(7,768)		
<b>TOTAL INVESTMENTS</b>		<b>\$ 16,278,938</b>	<b>\$ 13,003,314</b>	<b>100.0 %</b>

# Mulvihill Core Canadian Dividend Fund

## Notes to Financial Statements

June 30, 2009

### 1. Basis of Presentation

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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, 2008.

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, 2008.

### 2. Net Asset Value

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The Net Asset Value of the Fund is calculated using the fair value of investments using the close or last trade price (“Net Asset Value”). The Net Assets per unit for financial reporting purposes and Net Asset Value per unit for pricing purposes will not be the same due to the use of different valuation techniques. The Net Asset Value per unit is as follows:

	June 30, 2009	Dec. 31, 2008
Net Asset Value (for pricing purposes)	<b>\$ 6.78</b>	\$ 6.39

### 3. Financial Instruments and Risk Management

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The Fund’s financial instruments consist of cash, investments, certain derivative contracts, receivables and payables. 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 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 Fund’s most significant exposure to other price risk arises from its investments in equity securities. Net Asset Value 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 65 percent (December 31, 2008 - 78 percent) of the Fund’s net assets held at June 30, 2009 were publicly traded equities. If equity prices on the exchange increased or decreased

## Mulvihill Core Canadian Dividend Fund

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June 30, 2009

by 10 percent as at June 30, 2009, the net assets of the Fund would have increased or decreased by \$1.3M (December 31, 2008 - \$1.5M) respectively or 6.5 percent (December 31, 2008 - 7.8 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.

#### 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. The Fund has minimal sensitivity to change in rates since securities are usually held to maturity and are short-term in nature.

#### Credit Risk

In entering into derivative financial instruments, 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, 2009

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 the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the period, based on Standard & Poor's credit ratings as June 30, 2009:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
<b>Canadian Dollar</b>		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the prior period, based on Standard & Poor's credit ratings as of December 31, 2008:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
<b>Canadian Dollar</b>		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A	A-1
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+

The following are credit ratings for short-term investments held by the Fund based on Standard & Poor's credit ratings as of June 30, 2009:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Government of Canada Treasury Bills	AAA	86%
Bankers' Acceptances	A-1+	10%
Province of Ontario Treasury Bills	AA	4%
<b>Total</b>		<b>100%</b>

## Mulvihill Core Canadian Dividend Fund

### Notes to Financial Statements

June 30, 2009

The following are credit ratings for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2008:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Government of Canada Treasury Bills	AAA	56%
Province of Ontario Treasury Bills	AA	44%
<b>Total</b>		<b>100%</b>

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

#### 4. Future Accounting Policy Changes

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 preliminary plan include disclosures of the qualitative impact in the 2009 annual financial statements, the disclosure of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The current impact, based on the Fund's management's understanding and analysis of IFRS on accounting policies and implementation decisions for 2009, will mainly be in the areas of additional note disclosures in the financial statements of the Fund and is expected to have no material impact on the net assets per unit of the Fund.

## Mulvihill Core Canadian Dividend Fund

### Hybrid Income Funds

#### Managed by Mulvihill Structured Products

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#### Mulvihill Platinum

Mulvihill *Government Strip Bond Fund*

Mulvihill *Pro-AMS U.S. Fund*

Mulvihill *Pro-AMS RSP Split Share Fund*

#### Mulvihill Premium

Mulvihill *Core Canadian Dividend Fund*

Mulvihill *Premium Canadian 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*

#### Head Office

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## *Mulvihill Core Canadian Dividend Fund*

### Notes





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