



Hybrid Income Funds



Semi-Annual Report 2009

Mulvihill Premium *Canadian Fund*

First Premium Income Trust

Mulvihill Premium Canadian Fund

Message to Unitholders

We are pleased to present the semi-annual financial results of First Premium Income Trust, which operates as Mulvihill Premium Canadian 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 1996 with the objectives to:

- (1) Provide unitholders with a stable stream of quarterly distributions of at least \$0.50 (\$2.00 annually) per unit; and
- (2) Return, at a minimum, the original issue price of the units to unitholders upon termination of the Fund.

To accomplish these objectives the Fund invests its net assets in a diversified portfolio of common shares issued by major Canadian issuers that are in the top 200 of the S&P/TSX Composite Index by market capitalization. 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 1.90 percent. Distributions amounting to \$0.70 per unit were paid during the six-month period, resulting in an overall decline in the net asset value from \$12.25 per unit as at December 31, 2008 to \$11.76 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	2005	2004
Total Fund Return	1.90%	(21.53)%	6.01%	5.04%	8.09%	8.15%
Distribution Paid (annual target of \$2.00 per unit)	\$ 0.70	\$ 1.70	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Ending Net Asset Value per Unit (initial issue price was \$25.00 per unit)	\$ 11.76	\$ 12.25	\$ 17.42	\$ 18.37	\$ 19.43	\$ 19.90

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 First Premium Income Trust, which operates as Mulvihill Premium Canadian 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. 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 Premium Canadian 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, 2009

	% of Net Asset Value
Cash and Short-Term Investments	34 %
Financials	25 %
Materials	19 %
Energy	18 %
Consumer Staples	8 %
Telecommunications Services	4 %
Consumer Discretionary	3 %
Information Technology	3 %
Industrials	2 %
Other Assets (Liabilities)	(16)%
	100 %

Portfolio Holdings

June 30, 2009

	% of Net Asset Value
Cash and Short-Term Investments	34 %
The Bank of Nova Scotia	7 %
Goldcorp Inc.	6 %
Kinross Gold Corporation	6 %
The Toronto-Dominion Bank	6 %
National Bank of Canada	6 %
Shoppers Drug Mart Corporation	5 %
Nexen Inc.	5 %
EnCana Corporation	5 %
Husky Energy Inc.	4 %
Royal Bank of Canada	4 %
Imperial Oil Ltd.	4 %
Red Back Mining Inc.	4 %
Rogers Communications Inc. - Cl B	4 %
Barrick Gold Corp.	4 %
Shaw Communications Inc.	3 %
Research In Motion Limited	3 %
Manulife Financial Corporation	2 %
Loblaw Companies Limited	2 %
SNC-Lavalin Group Inc.	2 %
	116 %

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 \$11.76 per unit (see Note 2 to the financial statements) compared to \$12.25 per unit at December 31, 2008. The Fund's units, listed on the Toronto Stock Exchange as FPI.UN, closed on June 30, 2009 at \$11.24 per unit, representing a 4.4 percent discount to the net asset value.

Distributions totalling \$0.70 per unit were made to the unitholders during the first six months of the fiscal period, which resulted in a total return of 1.9 percent, including reinvestment of distributions, during this period. We continue to generate distributions using a combination of realized capital gains and option writing programs. 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.

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 Premium Canadian 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 for the past five years.

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, 2009 is derived from the

Six months ended
June 2009

NET ASSETS PER UNIT

Net Assets, beginning of period (based on bid prices)⁽¹⁾	\$ 12.25
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.14
Total expenses	(0.15)
Realized gains (losses) for the period	(1.65)
Unrealized gains (losses) for the period	1.84
Total Increase (Decrease) from Operations⁽²⁾	0.18
DISTRIBUTIONS	
From net investment income	–
From capital gains	–
Non-taxable distributions	(0.70)
Total Distributions⁽³⁾	(0.70)
Net Assets, end of period (based on bid prices)⁽¹⁾	\$ 11.75

(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 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 accounting standards set out by the Canadian Institute of Chartered Accountants adopted January 1, 2007 relating to Financial Instruments. Refer to Note 3 to the annual financial statements for further discussion.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized

Six months ended
June 2009

RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	\$ 22.40
Number of units outstanding	1,905,643
Management expense ratio ⁽¹⁾	2.27% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾	65.67%
Trading expense ratio ⁽³⁾	0.32% ⁽⁴⁾
Net Asset Value per unit ⁽⁵⁾	\$ 11.76
Closing market price	\$ 11.24

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

Mulvihill Premium Canadian Fund

Management Report on Fund Performance

Fund's unaudited semi-annual financial statements.

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 Fund's 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.

Years ended December 31				
2008	2007	2006	2005	2004
\$ 17.40	\$ 18.36 ⁽⁴⁾	\$ 19.43	\$ 19.90	\$ 20.31
0.36	0.37	0.38	0.37	0.36
(0.34)	(0.37)	(0.35)	(0.35)	(0.36)
(0.87)	1.09	1.83	1.30	2.19
(2.01)	(0.09)	(0.99)	0.03	(0.61)
(2.86)	1.00	0.87	1.35	1.58
–	(0.29)	(0.29)	(0.26)	(0.22)
–	(0.34)	(1.01)	(0.45)	(0.56)
(1.70)	(1.37)	(0.70)	(1.29)	(1.22)
(1.70)	(2.00)	(2.00)	(2.00)	(2.00)
\$ 12.25	\$ 17.40	\$ 18.37	\$ 19.43	\$ 19.90

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 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) Net Assets per unit has been adjusted for the Transition Adjustment (see Note 3 to the annual financial statements).

Years ended December 31				
2008	2007	2006	2005	2004
\$ 27.38	\$ 49.58	\$ 61.68	\$ 87.24	\$ 110.21
2,234,176	2,845,744	3,357,025	4,490,351	5,538,445
1.95%	1.91%	1.83%	1.76%	1.79%
149.92%	109.81%	190.12%	234.60%	222.18%
0.20%	0.15%	0.24%	0.26%	0.27%
\$ 12.25	\$ 17.42	\$ 18.37	\$ 19.43	\$ 19.90
\$ 11.44	\$ 16.76	\$ 17.60	\$ 18.60	\$ 19.65

(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) 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 Premium Canadian 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 1.15 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 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. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

Most Financial Services stocks had positive returns in the first half of the year, lead by National Bank of Canada, up 76.3 percent. We added these shares during the second quarter and participated in part of this rally. Other bank shares, including holdings in: The Bank of Nova Scotia, The Toronto-Dominion Bank, and Royal Bank of Canada also delivered double-digit returns and were key contributors to Fund performance in the first half.

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 has 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.

Management Report on Fund Performance

Past Performance

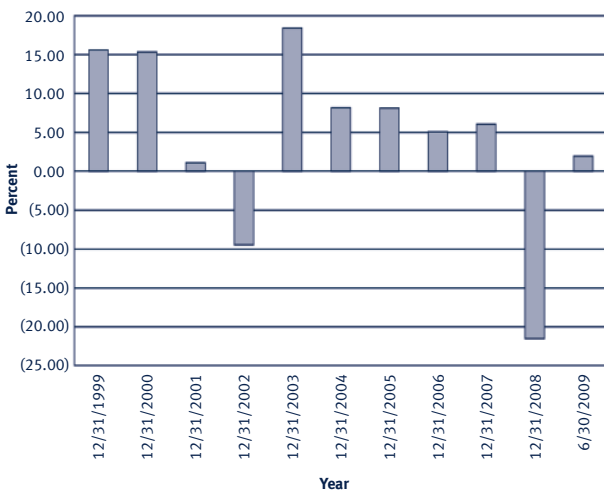
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (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 how the Fund's total return for each of the past ten years including the six month period ended June 30, 2009 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year, or June 30, 2009 for the six months then ended.

Annual Total Return



Mulvihill Premium Canadian 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 June 21, 1996.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated June 21, 1996, 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 First Premium Income Trust (operating as Mulvihill Premium Canadian 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 Premium Canadian Fund

Financial Statements

Statements of Net Assets

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

	2009	2008
ASSETS		
Investments at fair value (cost - \$19,142,670; 2008 - \$18,811,826)	\$ 18,263,211	\$ 13,852,688
Short-term investments at fair value (cost - \$7,620,674; 2008 - \$13,853,800)	7,620,674	13,853,800
Cash	16,751	12,976
Interest receivable	2,774	25,382
Dividends receivable	44,953	42,780
Due from brokers - investments	1,299,284	–
TOTAL ASSETS	27,247,647	27,787,626
LIABILITIES		
Redemptions payable	3,504,702	358,653
Due to brokers - derivatives	1,288,809	–
Accrued liabilities	61,964	71,543
TOTAL LIABILITIES	4,855,475	430,196
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 22,392,172	\$ 27,357,430
Number of Units Outstanding	1,905,643	2,234,176
Net Assets per Unit	\$ 11.7505	\$ 12.2450

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2009	2008
REVENUE		
Dividends	\$ 267,169	\$ 402,298
Interest	40,573	166,109
TOTAL REVENUE	307,742	568,407
EXPENSES		
Management fees	159,320	306,044
Service fees	36,942	71,402
Administrative and other expenses	37,917	44,486
Transaction fees	41,308	60,401
Custodian fees	14,317	13,389
Audit fees	8,912	–
Independent review committee fees	3,275	1,938
Legal fees	3,869	2,005
Unitholder reporting costs	15,105	12,493
Goods and services tax	11,890	19,112
TOTAL EXPENSES	332,855	531,270
Net Investment Income (Loss)	(25,113)	37,137
Net loss on sale of investments	(4,175,752)	(446,649)
Net gain on sale of derivatives	531,536	1,006,030
Net change in unrealized appreciation/ depreciation of investments	4,079,679	1,900,159
Net Gain on Investments	435,463	2,459,540
NET INCREASE IN NET ASSETS FROM OPERATIONS	\$ 410,350	\$ 2,496,677
NET INCREASE IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 2,212,445; 2008 - 2,842,634)	\$ 0.1855	\$ 0.8783

Mulvihill Premium Canadian Fund

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2009	2008
NET ASSETS, BEGINNING OF PERIOD	\$ 27,357,430	\$ 49,524,994
Net Increase in Net Assets from Operations	410,350	2,496,677
Unit Transactions		
Amount paid for units redeemed	(3,832,965)	(9,801,359)
Distributions to Unitholders		
Non-taxable distributions	(1,542,643)	(2,845,744)
Changes in Net Assets during the Period	(4,965,258)	(10,150,426)
NET ASSETS, END OF PERIOD	\$ 22,392,172	\$ 39,374,568
Net Assets per Unit	\$ 11.7505	\$ 17.2713

Statements of Net Gain (Loss) on Sale of Investments

For the six months ended June 30 (Unaudited)

	2009	2008
Proceeds from Sale of Investments	\$ 10,941,031	\$ 53,145,017
Cost of Investments Sold		
Cost of investments, beginning of period	18,811,826	42,093,734
Cost of investments purchased	14,916,091	41,256,536
	33,727,917	83,350,270
Cost of Investments, End of Period	(19,142,670)	(30,764,634)
	14,585,247	52,585,636
NET GAIN (LOSS) ON SALE OF INVESTMENTS	\$ (3,644,216)	\$ 559,381

Financial Statements

Statement of Investments

June 30, 2009 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Bankers' Acceptances				
National Bank of Canada, 0.27% - August 27, 2009	1,000,000	\$ 999,330	\$ 999,330	
The Bank of Nova Scotia, 0.28% - July 6, 2009	1,400,000	1,399,734	1,399,734	
Total Bankers' Acceptances		2,399,064	2,399,064	31.5%
Treasury Bills				
Government of Canada, 0.29% - July 23, 2009	3,360,000	3,357,699	3,357,699	
Government of Canada, 0.20% - August 20, 2009	1,205,000	1,204,501	1,204,501	
Province of Ontario, 0.42% - July 15, 2009	440,000	439,538	439,538	
Province of Ontario, 0.25% - September 2, 2009	220,000	219,872	219,872	
Total Treasury Bills		5,221,610	5,221,610	68.5%
		7,620,674	7,620,674	100.0%
Accrued Interest			2,774	0.0%
TOTAL SHORT-TERM INVESTMENTS		\$ 7,620,674	\$ 7,623,448	100.0%
INVESTMENTS				
Canadian Common Shares				
Consumer Discretionary				
Shaw Communications Inc.	39,200	\$ 839,374	\$ 767,144	4.2%
Consumer Staples				
Loblaw Companies Limited	14,200	512,339	493,450	
Shoppers Drug Mart Corporation	24,200	1,209,581	1,209,032	
Total Consumer Staples		1,721,920	1,702,482	9.3%
Energy				
EnCana Corporation	17,800	1,276,327	1,026,526	
Husky Energy Inc.	30,700	1,273,379	998,671	
Imperial Oil Ltd.	20,900	1,029,666	938,828	
Nexen Inc.	43,600	904,960	1,101,772	
Total Energy		4,484,332	4,065,797	22.3%
Financials				
Manulife Financial Corporation	26,500	951,852	535,035	
National Bank of Canada	22,900	1,192,012	1,230,875	
Royal Bank of Canada	20,000	924,445	949,800	
The Bank of Nova Scotia	35,200	1,578,406	1,528,384	
The Toronto-Dominion Bank	20,900	1,170,920	1,255,881	
Total Financials		5,817,635	5,499,975	30.1%
Industrials				
SNC-Lavalin Group Inc.	9,000	431,722	385,380	2.1%
Information Technology				
Research In Motion Limited	8,800	796,520	727,584	4.0%

Mulvihill Premium Canadian Fund

Financial Statements

Statement of Investments (continued)

June 30, 2009 (Unaudited)

	Number of Shares/ Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
Canadian Common Shares (continued)				
Materials				
Barrick Gold Corp.	20,000	707,941	780,600	
Goldcorp Inc.	33,500	1,316,632	1,354,405	
Kinross Gold Corporation	61,300	1,238,333	1,299,560	
Red Back Mining Inc.	92,800	948,344	940,992	
Total Materials		4,211,250	4,375,557	24.0 %
Telecommunication Services				
Rogers Communications Inc., Class B	26,900	902,012	804,310	4.4 %
Total Canadian Common Shares		\$ 19,204,765	\$ 18,328,229	100.4 %
OPTIONS				
Written Covered Call Options (100 shares per contract)				
Manulife Financial Corporation				
- July 2009 @ \$24	(105)	\$ (11,970)	\$ (2,588)	
Royal Bank of Canada				
- July 2009 @ \$45	(47)	(4,982)	(14,988)	
The Bank of Nova Scotia				
- July 2009 @ \$41	(140)	(15,316)	(40,622)	
Shaw Communications Inc.				
- July 2009 @ \$20	(392)	(9,408)	(6,820)	
Total Written Covered Call Options		(41,676)	(65,018)	(0.4)%
TOTAL OPTIONS		\$ (41,676)	\$ (65,018)	(0.4)%
Adjustment for transaction costs		(20,419)		
TOTAL INVESTMENTS		\$19,142,670	\$ 18,263,211	100.0 %

Notes to Financial Statements

June 30, 2009

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, 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

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)	\$ 11.76	\$ 12.25

3. Financial Instruments and Risk Management

The Fund’s financial instruments consist of cash, investments, receivables, payables 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 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. The Fund’s market risk is managed by taking a long-term perspective and utilizing an option writing program.

Approximately 82 percent (December 31, 2008 - 53 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 Premium Canadian Fund

Notes to Financial Statements

June 30, 2009

by 10 percent as at June 30, 2009, the net assets of the Fund would have increased or decreased by \$1.8M (December 31, 2008 - \$1.4M) respectively or 8.2 percent (December 31, 2008 - 5.3 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 5 business days prior to the last day of the month and receive payment on or before 5 business days following the month end valuation date. Therefore the Fund has a maximum of 10 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

Mulvihill Premium Canadian Fund

Notes to Financial Statements

June 30, 2009

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 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 of June 30, 2009:

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.	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
Canadian Dollar		
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	60%
Bankers' Acceptances	A	31%
Province of Ontario Treasury Bills	AA	9%
Total		100%

Mulvihill Premium Canadian Fund

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The following is the credit rating 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	100%
Total		100%

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 Premium *Canadian 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 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*

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Mulvihill Premium *Canadian Fund*

Notes



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