



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2005

**Mulvihill Premium *Canadian Fund***

First Premium Income Trust

## Message to Unitholders

As of June 30, 2005, the net assets of the Fund were \$97.9 million, or \$19.13 per unit, down from net assets of \$110.2 million, or \$19.90 per unit, at the end of 2004. The Fund's units, listed on the Toronto Stock Exchange as FPI.UN, closed on June 30 trading at \$18.43.

A total of \$1.00 per unit was distributed to unitholders during the first two quarters, maintaining an annual rate of return of 8 percent based on the original issue price.

The S&P/TSX Composite Index rose 8.1 percent during the six-month period, with the strongest gains made in the energy, utilities and telecommunications sectors. The weakest sectors were information technology, health care and materials. Interest rates remain at low levels, and the series of measured increases made by the U.S. Federal Reserve over the past year may now be coming to an end. Although the Canadian economy is currently expected to grow at a slower pace than the U.S., the Bank of Canada has not ruled out rate increases going forward. Inflation remains under control in both countries. Global economic growth is also slowing, but remains positive, bolstered by China's continuing strong demand for products and services. However, persistently high energy prices are becoming an inhibiting factor in oil-importing countries, as they act like a tax on consumers, depressing domestic demand for other goods. The ever-growing U.S. trade and budget deficits are also causing some concern about the value of the U.S. dollar.

Volatility was low throughout the period, but remained sufficient to maintain option writing programs. However, due to this low volatility, the Fund increased its investment position, thereby providing greater income generating capabilities. To offset the risk of added equity exposure the Fund purchased protective puts to mitigate the potential impact of a severe market decline as well as to take advantage of the low cost of this protection.

The Fund's portfolio is presently well diversified across a wide range of economic sectors, and a prudent defensive cash position is also being maintained.

We would like to take this opportunity to thank each of the Fund's unitholders for their continuing support.

August 2005

### 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.

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 has full and unrestricted access to the Board.



John P. Mulvihill  
Director  
Mulvihill Fund Services Inc.



Sheila S. Szela  
Director  
Mulvihill Fund Services Inc.

August 2005

## Mulvihill Premium Canadian Fund

### Financial Statements

#### Interim Statements of Net Assets

June 30, 2005 (Unaudited) and December 31, 2004 (Audited)

	2005	2004
<b>ASSETS</b>		
Investments at market value (cost - \$78,947,609; 2004 - \$81,291,016)	\$ 79,563,797	\$ 85,602,383
Short-term investments (cost - \$24,189,503; 2004 - \$22,110,992)	24,189,503	22,110,992
Cash	–	6,642
Interest receivable	56,302	38,688
Dividends receivable	226,917	191,280
Due from brokers	4,004,554	2,484,000
<b>TOTAL ASSETS</b>	<b>108,041,073</b>	<b>110,433,985</b>
<b>LIABILITIES</b>		
Redemptions payable	7,462,625	–
Due to brokers	2,505,600	–
Accrued liabilities	212,051	222,518
<b>TOTAL LIABILITIES</b>	<b>10,180,276</b>	<b>222,518</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 97,860,797</b>	<b>\$ 110,211,467</b>
<b>Number of Units Outstanding</b>	<b>5,115,824</b>	<b>5,538,445</b>
<b>Net Asset Value per Unit</b>	<b>\$ 19.1290</b>	<b>\$ 19.8994</b>

# Mulvihill Premium Canadian Fund

## Financial Statements

### Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2005	2004
<b>REVENUE</b>		
Dividends	\$ 731,892	\$ 591,069
Interest	346,826	425,846
<b>TOTAL REVENUE</b>	<b>1,078,718</b>	<b>1,016,915</b>
<b>EXPENSES</b>		
Management fees	671,222	708,816
Service fees	156,966	213,980
Custodian and other expenses	102,800	86,980
Goods and services tax	54,176	55,706
<b>TOTAL EXPENSES</b>	<b>985,164</b>	<b>1,065,482</b>
<b>Net Investment Income (Loss)</b>	<b>93,554</b>	<b>(48,567)</b>
Gain on sale of investments	4,839,843	10,423,148
Change in unrealized appreciation of investments	(3,695,179)	(6,837,985)
<b>Net Gain on Investments</b>	<b>1,144,664</b>	<b>3,585,163</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ 1,238,218</b>	<b>\$ 3,536,596</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 5,528,390; 2004 - 5,560,084)	<b>\$ 0.2240</b>	<b>\$ 0.6361</b>

## Mulvihill Premium Canadian Fund

### Financial Statements

#### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2005	2004
NET ASSETS, BEGINNING OF PERIOD	\$110,211,467	\$ 122,845,469
<b>Total Results of Financial Operations</b>	<b>1,238,218</b>	<b>3,536,596</b>
<b>Unit Transactions</b>		
Proceeds from reinvestment of distributions	–	62,456
Amount paid for units redeemed	(8,066,693)	(10,402,689)
	<b>(8,066,693)</b>	<b>(10,340,233)</b>
<b>Distributions to Unitholders</b>		
From net investment income	(696,255)	–
From net realized gain on sale of investments	(2,842,174)	–
Non-taxable distributions	(1,983,766)	(5,541,110)
	<b>(5,522,195)</b>	<b>(5,541,110)</b>
<b>Changes in Net Assets during the Period</b>	<b>(12,350,670)</b>	<b>(12,344,747)</b>
NET ASSETS, END OF PERIOD	\$ 97,860,797	\$ 110,500,722
<b>Net Asset Value per Unit</b>	<b>\$ 19.1290</b>	<b>\$ 19.9516</b>
<b>Distribution per Unit</b>		
From net investment income	\$ 0.1257	\$ –
From net realized gain on sale of investments	0.5140	–
Non-taxable distributions	0.3603	1.0000
	<b>\$ 1.0000</b>	<b>\$ 1.0000</b>

#### Interim Statements of Gain on Sale of Investments

For the six months ended June 30 (Unaudited)

	2005	2004
Proceeds from Sale of Investments	\$ 95,390,218	\$ 102,038,726
<b>Cost of Investments Sold</b>		
Cost of investments, beginning of period	81,291,016	84,463,713
Cost of investments purchased	88,206,968	77,365,551
	<b>169,497,984</b>	<b>161,829,264</b>
<b>Cost of Investments, End of Period</b>	<b>(78,947,609)</b>	<b>(70,213,686)</b>
	<b>90,550,375</b>	<b>91,615,578</b>
<b>GAIN ON SALE OF INVESTMENTS</b>	<b>\$ 4,839,843</b>	<b>\$ 10,423,148</b>

Financial Statements

Statement of Investments

June 30, 2005 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
<b>SHORT-TERM INVESTMENTS</b>			
<b>Treasury Bills</b>			
Government of Canada - July 28, 2005	3,915,000	\$ 3,887,703	\$ 3,887,703
Government of Canada - August 25, 2005	8,395,000	8,343,515	8,343,515
Government of Canada - September 22, 2005	12,040,000	11,958,285	11,958,285
<b>Total Treasury Bills</b>		<b>24,189,503</b>	<b>24,189,503</b>
<b>Accrued Interest</b>			<b>56,302</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$24,189,503</b>	<b>\$24,245,805</b>

INVESTMENTS

Canadian Common Shares

Consumer Discretionary

Canadian Tire Corporation Ltd.	54,000	\$ 3,011,691	\$ 3,057,480
CanWest Global Communications Corp.	60,000	855,000	817,200
Rogers Communications, Class B	36,000	1,456,704	1,447,200
The Thomson Corporation	60,000	2,711,574	2,461,200
<b>Total Consumer Discretionary</b>		<b>8,034,969</b>	<b>7,783,080</b>

Consumer Staples

Loblaw Companies Ltd.	54,000	3,855,543	3,904,740
Shoppers Drug Mart Corporation	80,000	2,178,588	3,400,000
<b>Total Consumer Staples</b>		<b>6,034,131</b>	<b>7,304,740</b>

Energy

Enbridge Inc.	100,000	3,220,880	3,495,000
EnCana Corporation	84,000	3,328,404	4,059,720
Imperial Oil Ltd.	36,000	3,242,740	3,672,720
Petro-Canada	25,000	1,837,568	1,993,750
Precision Drilling Corporation	50,000	2,259,865	2,414,500
<b>Total Energy</b>		<b>13,889,457</b>	<b>15,635,690</b>

Financials

Canadian Imperial Bank of Commerce	30,000	2,216,841	2,273,700
Manulife Financial Corporation	70,000	4,030,192	4,095,700
National Bank of Canada	52,000	2,824,091	2,829,320
Power Financial Corporation	80,000	2,584,672	2,614,400
Royal Bank of Canada	45,000	3,308,926	3,415,500
Sun Life Financial Services of Canada Inc.	54,000	2,060,315	2,228,580
The Bank of Nova Scotia	110,000	3,998,488	4,459,400
The Toronto-Dominion Bank	45,000	2,505,600	2,458,800
<b>Total Financials</b>		<b>23,529,125</b>	<b>24,375,400</b>

Health Care

Axcan Pharma Inc.	100,000	2,477,415	1,863,000
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Industrials

Canadian National Railway Company	27,000	1,929,912	1,908,360
CP Railway Limited	35,500	1,529,030	1,504,845
<b>Total Industrials</b>		<b>3,458,942</b>	<b>3,413,205</b>

# Mulvihill Premium Canadian Fund

## Financial Statements

### Statement of Investments (continued)

June 30, 2005 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)			
<b>Canadian Common Shares</b> (continued)			
<b>Information Technology</b>			
Celestica Inc.	125,000	2,190,015	2,050,000
Nortel Networks Corporation	452,000	1,591,999	1,441,880
<b>Total Information Technology</b>		<b>3,782,014</b>	<b>3,491,880</b>
<b>Materials</b>			
Agrium Inc.	41,000	994,086	981,540
Alcan Inc.	82,000	4,150,943	3,015,960
Barrick Gold Corp.	40,000	1,124,800	1,224,000
Placer Dome Inc.	60,000	1,151,817	1,125,000
Teck Cominco Limited - CL B	50,000	2,229,620	2,067,000
<b>Total Materials</b>		<b>9,651,266</b>	<b>8,413,500</b>
<b>Telecommunication Services</b>			
BCE Inc.	110,000	3,274,205	3,190,000
TELUS Corporation	68,000	2,565,229	2,928,080
<b>Total Telecommunication Services</b>		<b>5,839,434</b>	<b>6,118,080</b>
<b>Utilities</b>			
TransCanada Corp.	84,000	2,722,936	2,708,160
<b>Total Canadian Common Shares</b>		<b>\$79,419,689</b>	<b>\$81,106,735</b>

	Number of Contracts	Average Cost/ Proceeds	Market Value
OPTIONS			
<b>Purchased Put Options</b> (100 shares per contract)			
iUnits S&P/TSX 60			
- July 2005 @ \$508	177	\$ 142,308	\$ 185
iUnits S&P/TSX 60			
- August 2005 @ \$497	91	60,697	191
iUnits S&P/TSX 60			
- September 2005 @ \$503	89	67,640	1,519
iUnits S&P/TSX 60			
- September 2005 @ \$513	710	369,200	34,304
iUnits S&P/TSX 60			
- October 2005 @ \$538	225	129,600	110,337
<b>Total Purchased Put Options</b>		<b>769,445</b>	<b>146,536</b>
<b>Written Cash Covered Put Options</b> (100 shares per contract)			
Agrium Inc. - July 2005 @ \$24	(410)	\$ (28,700)	\$ (9,064)
Bank of Montreal - July 2005 @ \$55	(200)	(7,500)	(67)
CanWest Global Communications Corp.			
- July 2005 @ \$14	(600)	(16,200)	(25,892)
Rogers Communications, Class B			
- August 2005 @ \$39	(360)	(30,420)	(22,156)
Sun Life Financial Services of Canada Inc.			
- August 2005 @ \$41	(270)	(10,395)	(17,438)
Suncor Energy Inc. - July 2005 @ \$51	(360)	(40,680)	(917)
<b>Total Written Cash Covered Put Options</b>		<b>(133,895)</b>	<b>(75,534)</b>



Financial Statements

Statement of Investments (continued)

June 30, 2005 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS (continued)			
<b>Written Covered Call Options</b> (100 shares per contract)			
Agrium Inc. - July 2005 @ \$25	(410)	\$ (30,340)	\$ (3,027)
Canadian Imperial Bank of Commerce - August 2005 @ \$75	(300)	(23,550)	(52,097)
Canadian Tire Corporation Ltd. - July 2005 @ \$59	(540)	(83,160)	(11,493)
CanWest Global Communications Corp. - July 2005 @ \$14	(600)	(15,300)	(125)
Celestica Inc. - July 2005 @ \$16	(1,250)	(71,875)	(90,360)
CP Railway Limited - July 2005 @ \$47	(355)	(28,045)	(480)
Enbridge Inc. - July 2005 @ \$34	(1,000)	(44,250)	(148,303)
EnCana Corporation - July 2005 @ \$43	(840)	(165,480)	(429,724)
Imperial Oil Ltd. - July 2005 @ \$90	(180)	(43,380)	(217,447)
Loblaw Companies Ltd. - August 2005 @ \$74	(540)	(61,290)	(40,864)
Manulife Financial Corporation - July 2005 @ \$59	(350)	(24,325)	(14,275)
National Bank of Canada - July 2005 @ \$55	(260)	(11,700)	(5,662)
Nortel Networks Corporation - July 2005 @ \$4	(3,400)	(61,200)	(9,976)
Petro-Canada - August 2005 @ \$76	(250)	(76,000)	(129,996)
Power Financial Corporation - August 2005 @ \$34	(400)	(13,800)	(7,063)
Precision Drilling Corporation - July 2005 @ \$50	(500)	(96,000)	(44,170)
Rogers Communications, Class B - August 2005 @ \$41	(360)	(42,120)	(26,220)
Royal Bank of Canada - July 2005 @ \$76	(300)	(21,300)	(33,266)
Shoppers Drug Mart Corporation - August 2005 @ \$41	(800)	(70,400)	(144,574)
Sun Life Financial Services of Canada Inc. - July 2005 @ \$41	(360)	(19,620)	(38,990)
TELUS Corporation - July 2005 @ \$42	(340)	(22,950)	(50,011)
The Bank of Nova Scotia - July 2005 @ \$40	(384)	(12,288)	(35,123)
The Bank of Nova Scotia - August 2005 @ \$41	(358)	(13,067)	(24,650)
The Thomson Corporation - August 2005 @ \$43	(300)	(8,400)	(4,398)
The Toronto-Dominion Bank - August 2005 @ \$57	(450)	(28,050)	(21,770)
TransCanada Corp. - August 2005 @ \$33	(840)	(19,740)	(29,876)
<b>Total Written Covered Call Options</b>		<b>(1,107,630)</b>	<b>(1,613,940)</b>
<b>TOTAL OPTIONS</b>		<b>\$ (472,080)</b>	<b>\$ (1,542,938)</b>
<b>TOTAL INVESTMENTS</b>		<b>\$78,947,609</b>	<b>\$79,563,797</b>

## Mulvihill Premium *Canadian Fund*

### Notes to Financial Statements

June 30, 2005

#### 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, 2004.

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, 2004, except for new policies adopted for purchased put option transactions. These new policies are as follows:

#### Investment Transactions and Income

Realized gains and losses relating to purchased put options may arise from:

- (i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid;
- (ii) Settlement of purchased put options whereby realized gains are equivalent to the difference between the exercise price of the option less the premium paid; and
- (iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

#### 2. Normal Course Issuer Bid

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The Toronto Stock Exchange recently accepted a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 552,414 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 April 27, 2006 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2005, no units have been purchased by the Fund.

### Notes to Financial Statements

June 30, 2005

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.

#### Statement of Portfolio Transactions

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A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium Canadian Fund for the period ended June 30, 2005 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto, Ontario, M5H 3T9.

## Mulvihill Premium *Canadian Fund*

### Notes



## Mulvihill Premium *Canadian Fund*

### Hybrid Income Funds

#### Managed by Mulvihill Structured Products

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#### Mulvihill Platinum

Mulvihill Pro-AMS *U.S. Fund*

Mulvihill Pro-AMS *RSP 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 Premium *Canadian Fund*

Mulvihill Premium *U.S. Fund*

Mulvihill Premium *Oil & Gas Fund*

Mulvihill Premium *60 Plus Fund*

Mulvihill Premium *Canadian Bank Fund*

Mulvihill Premium *Global Plus Fund*

Mulvihill Premium *Split Share Fund*

Mulvihill Premium *Global Telecom Fund*

Mulvihill *World Financial Split Fund*

#### Mulvihill Summit

Mulvihill Summit *Digital World Fund*

### Mutual Funds Managed by Mulvihill Capital Management

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Mulvihill Canadian *Money Market Fund*

Mulvihill Canadian *Bond Fund*

Mulvihill Global *Equity Fund*

Premium *Global Income Fund*

### Head Office

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