
Premium Income Corporation

Semi-Annual Report 2025



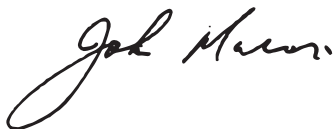
Letter to Shareholders

We are pleased to present the 2025 semi-annual report containing the management report of the fund performance and the unaudited financial statements for Premium Income Corporation (the “Fund”).

The Canadian banks continued to rise to new highs after their fiscal year-end on October 31, 2024, and peaked on January 30, 2025, on continued easing of interest rates by central banks, lower inflation as well as improving economic data. However, markets turned negative on February 3, 2025, after U.S. President Donald Trump hit Canada with 25% tariffs on most goods and 10% tariffs on energy imports, prompting Canada to retaliate with levies on U.S. goods. Markets have been on a roller coaster ride ever since as investors try to price in the economic consequences of these tariffs and the potential for slower economic growth and increasing unemployment. For the six-month period ended April 30, 2025, the Canadian Banks posted a total return of 4.0 percent, slightly underperforming the broader S&P/TSX Composite Index total return of 4.4 percent. Reported earnings for the Canadian banks were better than expected during the period compared to the previous year driven by stronger revenue growth and better expense management.

The net asset value of the Fund per Unit increased 5.1 percent from \$19.14 (pre-consolidated) per Unit at October 31, 2024 to \$20.12 per Unit at April 30, 2025. The Fund paid cash distributions of \$0.64 per Preferred share and \$0.48 per Class A share during the period. For a detailed review of the operations of the Fund, please see the Results of Operations and the Portfolio Manager Report sections.

We thank all shareholders for their continued support and encourage shareholders to review the detailed information contained within the semi-annual report.



John P. Mulvihill
Chairman & CEO
Mulvihill Capital Management Inc.

The Fund

The Fund is a split share corporation designed to provide Preferred shareholders with cumulative preferential monthly cash distributions of \$0.10625 per share, to provide Class A shareholders with monthly cash distributions equal to the amount, if any, by which the net realized capital gains, dividends and option premiums (other than option premiums in respect of options outstanding at year-end) earned on the Fund's portfolio in any year, net of expenses and loss carryforwards, exceed the amount of the distributions paid on the Preferred shares, and to return the original issue price to holders of both Preferred shares and Class A shares upon windup of the Fund. A Unit of the Fund consists of one Preferred share and one Class A share. The shares are listed on the Toronto Stock Exchange under the ticker symbols PIC.PR.A for the Preferred shares and PIC.A for the Class A shares.

To accomplish its objectives, the Fund invests at least 75 percent of its net asset value ("NAV") in common shares of the Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank (collectively, the "Banks") and may also invest up to 25 percent of its NAV in common shares of National Bank of Canada. In addition, the Fund may purchase public investment funds including exchange-traded funds and other Mulvihill Funds (provided that no more than 15 percent of the NAV of the Fund may be invested in securities of other Mulvihill Funds) that provide exposure to such common shares.

The Fund employs an active covered call writing strategy to enhance the income generated by the portfolio and to reduce volatility. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest.

The strategy is a quantitative, technical based methodology that identifies appropriate times to write and/or close out option positions compared to writing continuously and rolling options every thirty days. This proprietary process has been developed over many years through various market cycles. The Manager believes the primary benefit to investors is to maximize the total return of the Fund while reducing the level of volatility of the portfolio, thereby increasing the risk-adjusted return.

Management Report of Fund Performance

Management Report of Fund Performance

This semi-annual management report of fund performance contains the financial highlights for the six months ended April 30, 2025 of Premium Income Corporation (the “Fund”). The unaudited semi-annual condensed financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll free, by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, P.O. Box 113, Toronto, Ontario, M5H 3T9, by email at info@mulvihill.com or by visiting our website at www.mulvihill.com. You can also request semi-annual or annual reports at no cost by using one of the above methods.

Results of Operations

Distributions

For the six months ended April 30, 2025, cash distributions of \$0.64 per share were paid to Preferred shareholders, compared to \$0.43 in the same period last year and cash distributions of \$0.48 per share were paid to Class A shareholders compared to \$0.41 per share in the same period last year.

Since the inception of the Fund in October 1996, the Fund has paid total cash distributions of \$25.00 per Preferred share and \$29.57 per Class A share.

Revenue and Expenses

The Fund’s total revenue was \$0.51 per Unit for the six months ended April 30, 2025, up \$0.05 per Unit compared to the same period last year. Total expenses were \$0.13 per Unit, up \$0.01 compared to the same period last year. The Fund had a realized and unrealized loss of \$0.12 per Unit for the six months ended April 30, 2025 compared to a realized and unrealized gain of \$2.74 in the same period last year.

Net Asset Value

The net asset value of the Fund per Unit increased 5.1 percent from \$19.14 (pre-consolidated) per Unit at October 31, 2024 to \$20.12 per Unit at April 30, 2025. The aggregate net asset value of the Fund decreased \$69.8 million, from \$397.0 million at October 31, 2024 to \$327.2 million at April 30, 2025, reflecting an operating profit of \$4.0 million, cash distributions of \$16.7 million to Preferred and Class A shareholders, proceeds from issuance of Units, net of issue costs, of \$105.5 million and redemptions of Preferred and Class A shares of \$162.6 million.

Recent Development

On November 6, 2024, the Fund announced it had completed the previously announced treasury offering of 4,350,000 preferred shares for gross proceeds of approximately \$65,250,000. The preferred shares were offered at a price of \$15.00 per preferred share representing a yield of 8.5%.

On November 12, 2024, the Fund consolidated the Class A shares, as previously announced, to ensure that an equal number of Class A shares and Preferred shares were outstanding. On November 12, 2024 each Class A shareholder received 0.6767938 new Class A shares for each Class A share held (the “Class A Share Consolidation”).

Related Party Transactions

Mulvihill Capital Management Inc. (“Mulvihill”), as the Investment Manager of the Fund, manages the 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 Mulvihill dated October 17, 1996 and amended as of October 8, 2010.

Management Report of Fund Performance

Mulvihill is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 17, 1996 and amended as of October 8, 2010. As such, Mulvihill is responsible for providing or arranging for required administrative services to the Fund.

Mulvihill is paid the fees described under the Management Fees section of this report.

During the period, no recommendations or approvals were required to be sought from the Independent Review Committee ("IRC") concerning related party transactions.

Independent Review Committee

National Instrument 81-107 – Independent Review Committee for Investment Funds ("NI 81-107") requires all publicly offered investment funds to establish an 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. The Chief Compliance Officer, designated by the Manager, is in charge of facilitating the fulfillment of these obligations.

The IRC will prepare, for each financial year, a report to securityholders that describes the IRC and its activities during such financial year and includes, if known, a description of each instance when the Manager acted in a conflict of interest matter for which the IRC did not give a positive recommendation or for which a condition, imposed by the IRC, was not met in its recommendation or approval. Members of the IRC are Robert G. Bertram and Dr. Robert Bell.

Management Report of 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. Information for the period ended April 30, 2025 is derived from the Fund's unaudited semi-annual condensed financial statements.

	Six months ended April 30, 2025	
NET ASSETS PER UNIT		
Net Assets, beginning of period⁽¹⁾	\$	19.14
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		0.51
Total expenses		(0.13)
Realized gain (loss) for the period		0.15
Unrealized gain (loss) for the period		(0.27)
Total Increase (Decrease) from Operations⁽²⁾		0.26
DISTRIBUTIONS		
Preferred Share		
From net investment income		(0.36)
Non-taxable distributions		(0.28)
Total Preferred Share Distributions		(0.64)
Class A Share		
Non-taxable distributions		(0.48)
From capital gains		—
Total Class A Share Distributions		(0.48)
Total Distributions⁽³⁾		(1.12)
Net Assets, end of period⁽¹⁾	\$	20.12

(1) All per Unit figures are derived from the Fund's unaudited condensed financial statements for the six months ended April 30, 2025 and audited financial statements for the years ended October 31. Net assets per Unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gain (loss), less expenses, excluding Preferred share distributions, 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.

	Six months ended April 30, 2025	
RATIOS/SUPPLEMENTAL DATA		
Net Asset Value, excluding the Redeemable Preferred Share liability (\$millions)	\$	327.21
Net Asset Value (\$millions)	\$	81.19
Number of Preferred shares outstanding		16,401,376
Number of Class A shares outstanding		15,872,939
Management expense ratio ⁽¹⁾		1.21% ⁽⁴⁾
Portfolio turnover rate ⁽²⁾		11.86%
Trading expense ratio ⁽³⁾		0.05% ⁽⁴⁾
Net Asset Value per Unit ⁽⁵⁾	\$	20.12
Closing market price – Preferred	\$	15.07 ⁽⁶⁾
Closing market price – Class A	\$	5.04 ⁽⁶⁾

(1) The management expense ratio ("MER") is the sum of all fees and expenses for the stated period, including harmonized sales tax but excluding transaction fees and Preferred share distributions, divided by the average net asset value, excluding the Redeemable Preferred Share liability. Generally, the MER increases when the Fund becomes smaller in size due to redemptions. The MER, including Preferred share distributions, is 7.47%, 6.15%, 6.04%, 5.19%, 5.42% and 6.12% for the six months ended April 30, 2025, and years ended October 31, 2024, 2023, 2022, 2021 and 2020 respectively.

Management Report of Fund Performance

The information for the years ended October 31 is derived from the Fund's audited annual financial statements.

Years ended October 31									
2024		2023		2022		2021		2020	
\$	15.46	\$	19.26	\$	22.54	\$	15.95	\$	20.70
	0.92		0.84		0.95		0.82		0.87
	(0.25)		(0.25)		(0.28)		(0.25)		(0.23)
	1.05		0.99		2.30		1.71		(2.13)
	3.53		(3.90)		(4.59)		5.91		(1.89)
	5.25		(2.32)		(1.62)		8.19		(3.38)
	(0.48)		(0.76)		(0.86)		(0.86)		(0.82)
	(0.38)		(0.10)		—		—		(0.04)
	(0.86)		(0.86)		(0.86)		(0.86)		(0.86)
	(0.81)		(0.81)		(0.20)		(0.73)		(0.50)
	—		—		(0.61)		—		—
	(0.81)		(0.81)		(0.81)		(0.73)		(0.50)
	(1.67)		(1.67)		(1.67)		(1.59)		(1.36)
\$	19.14	\$	15.46	\$	19.26	\$	22.54	\$	15.95

(3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution.

(4) On November 12, 2024, the Fund consolidated the Class A shares whereby each Class A shareholder received 0.6767938 new Class A shares for each Class A share held. The net asset value per unit at April 30, 2025 reflects the effect of the Class A Share Consolidation and represents the combined value of a Class A Share and a Preferred Share on that date.

Years ended October 31									
2024		2023		2022		2021		2020	
\$	397.03	\$	236.79	\$	256.53	\$	297.19	\$	214.43
\$	83.63	\$	7.13	\$	56.71	\$	99.42	\$	12.76
	20,893,591		15,310,591		13,321,291		13,184,191		13,444,291
	20,222,591		15,379,791		13,321,291		13,184,191		13,444,291
	1.20%		1.25%		1.23%		1.21%		1.20%
	101.55%		66.08%		52.48%		60.49%		97.13%
	0.14%		0.09%		0.07%		0.03%		0.14%
\$	19.14	\$	15.46	\$	19.26	\$	22.54	\$	15.95
\$	14.95	\$	13.09	\$	13.39	\$	15.40	\$	12.60
\$	4.19	\$	3.95	\$	6.25	\$	6.80	\$	3.26

(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.

(3) Trading expense ratio represents total commissions expressed as a percentage of 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 including the valuation of securities at closing prices and the aggregate value of the liabilities, excluding the Redeemable Preferred Share liability, divided by the number of Units then outstanding.

(6) The last day with an executed trade was April 30, 2025.

Management Report of Fund Performance

Management Fees

Mulvihill, as the Investment Manager of the Fund, is entitled to fees under the Investment Management Agreement calculated monthly as $\frac{1}{12}$ of 0.80 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. Mulvihill also makes all decisions as to the purchase and sale of securities in the Fund’s portfolio and as to the execution of all portfolio and other transactions.

Mulvihill, as the Manager of the Fund, is entitled to fees under the Management Agreement calculated monthly as $\frac{1}{12}$ 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.

Past Performance

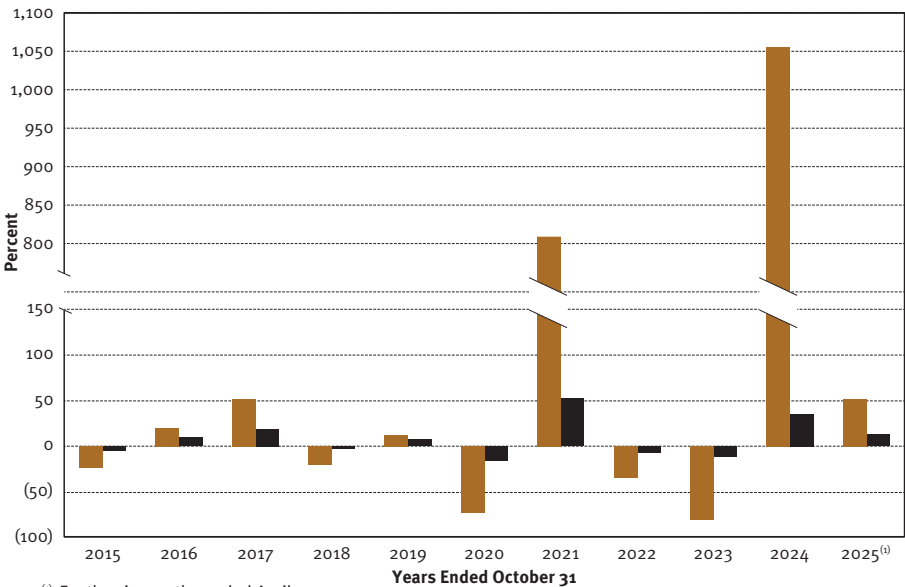
The following chart sets out the Fund’s year-by-year past performance. It is important to note that the:

- (1) information shown assumes that all distributions made by the Fund during these periods were reinvested in Units of the Fund;
- (2) information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns; and
- (3) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The following bar chart illustrates how the Fund’s total return varied from year to year for each of the past ten years and for the six months ended April 30, 2025. The chart also shows, in percentage terms, how much an investment made on November 1 in each year would have increased or decreased by the end of that fiscal year or April 30, 2025 for the six months ended.

Total Return



(i) For the six months ended April 30, 2025.

■ Class A
■ Fund Total Return

Portfolio Manager Report

The Canadian banks continued to rise to new highs after their fiscal year-end on October 31, 2024, and peaked on January 30, 2025, on continued easing of interest rates by central banks, lower inflation as well as improving economic data. However, markets turned negative on February 3, 2025, after U.S. President Donald Trump hit Canada with 25% tariffs on most goods and 10% tariffs on energy imports, prompting Canada to retaliate with levies on U.S. goods. Markets have been on a roller coaster ride ever since as investors have tried to price in the economic consequences of these tariffs and the potential for slower economic growth and increasing unemployment. For the six-month period ended April 30, 2025, the Canadian banks posted a total return of 4.0 percent, slightly underperforming the broader S&P/TSX Composite Index total return of 4.4 percent.

Reported earnings for the Canadian banks were better than expected during the period compared to the previous year driven by stronger revenue growth and better expense management. During the period, Canadian Imperial Bank of Commerce President and CEO Victor Dodig announced his plan to retire on October 31, 2025, with Henry Culham to succeed as President and CEO on November 1, 2025.

The net asset value of the Fund per Unit increased 5.1 percent from \$19.14 (pre-consolidated) per Unit at October 31, 2024 to \$20.12 per Unit at April 30, 2025. The Fund paid cash distributions of \$0.64 per Preferred share and \$0.48 per Class A share during the period. For a detailed review of the operations of the Fund, please see the Results of Operations and Portfolio Manager Report.

The Fund maintained a fully invested position throughout most of the period with an average cash position of 3.3 percent compared to 9.7% percent for the same period in the previous year. Although volatility spiked for the overall market and the Canadian Banks in particular, once the tariffs were announced and implemented, the corrections have been quick with markets rebounding and volatility declining.

Management Report of Fund Performance

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly portfolio summary, which includes the percentage of net asset value for each holding, and a monthly portfolio list are available on our website at www.mulvihill.com.

Asset Mix

April 30, 2025

	% OF NET ASSET VALUE ⁽¹⁾
Financial Institutions	81.6%
Exchange-Traded Funds	14.7%
Cash and Short-Term Investments	3.3%
Other Assets (Liabilities)	0.4%
	100.0%

(1) The Net Asset Value excludes the Redeemable Preferred Share liability.

Portfolio Holdings

April 30, 2025

	% OF NET ASSET VALUE ⁽¹⁾
Exchange-Traded Funds	14.7%
The Toronto-Dominion Bank	14.3%
Canadian Imperial Bank of Commerce	13.8%
Royal Bank of Canada	13.7%
Bank of Montreal	13.4%
The Bank of Nova Scotia	13.3%
National Bank of Canada	13.1%
Cash and Short-Term Investments	3.3%

(1) The Net Asset Value excludes the Redeemable Preferred Share liability.

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.

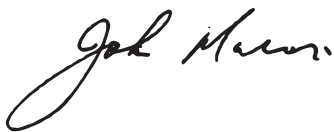
Management's Responsibility for Financial Reporting

The accompanying condensed financial statements of Premium Income Corporation (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Capital Management Inc. (the "Manager") and have been approved by the Fund's Board of Directors (the "Board").


The condensed financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") 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 condensed financial statements. The material accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended October 31, 2024.

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 Audit Committee meets periodically with management and the independent auditor to discuss internal controls, the financial reporting process, various auditing and financial reporting matters, and to review the annual report, the financial statements and the independent auditor's report. Deloitte LLP, the Fund's independent auditor, has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill
Director
Mulvihill Capital Management Inc.



John D. Germain
Director
Mulvihill Capital Management Inc.

June 3, 2025

Notice to Shareholders

The accompanying unaudited condensed financial statements for the six months ended April 30, 2025 have been prepared by management and have not been reviewed by the independent auditor of the Fund.

Condensed financial statements

Statements of Financial Position

As at April 30, 2025 (Unaudited) and October 31, 2024 (Audited)

	Note	April 30, 2025	Oct. 31, 2024
ASSETS			
Financial assets at fair value through profit or loss	2	\$ 315,183,543	\$ 264,481,683
Short-term investments	2	10,530,169	130,862,716
Dividends receivable		1,637,250	1,496,997
Interest receivable		13,135	499,842
Cash		99,405	25,533
TOTAL ASSETS		327,463,502	397,366,771
LIABILITIES			
Accrued management fees	4	241,232	302,463
Accrued liabilities		7,188	29,783
Redeemable Preferred shares		246,020,640	313,403,865
Class B shares		1,000	1,000
TOTAL LIABILITIES		246,270,060	313,737,111
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES		\$ 81,193,442	\$ 83,629,660
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE		5.1152	4.1355

Premium Income Corporation [PIC.PR.A/PIC.A]

Condensed financial statements

Statements of Comprehensive Income

Six months ended April 30 (Unaudited)

	Note	2025	2024
INCOME			
Dividend income		\$ 7,424,009	\$ 7,262,530
Interest income		183,386	159,683
Net realized gain on investments at fair value through profit or loss		2,313,309	1,562,517
Net change in unrealized gain/(loss) on investments at fair value through profit or loss		(4,016,024)	42,657,804
TOTAL INCOME, NET		5,904,680	51,642,534
EXPENSES			
Management fees	4	1,410,396	1,338,298
Administrative and other expenses		107,637	131,098
Transaction fees	5	83,202	152,556
Custodian fees		35,804	30,188
Audit fees		54,686	42,953
Director fees	4	11,100	11,100
Independent review committee fees	4	6,500	6,386
Legal fees		69,132	46,671
Shareholder reporting costs		16,341	29,177
Harmonized sales tax		159,788	151,465
TOTAL EXPENSES		1,954,586	1,939,892
OPERATING PROFIT		3,950,094	49,702,642
Preferred share distributions	3	(9,655,111)	(7,326,826)
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES	6	\$ (5,705,017)	\$ 42,375,816
INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES PER CLASS A SHARE	6	\$ (0.3813)	\$ 2.6186

The notes are an integral part of the condensed financial statements.

Condensed financial statements

Statements of Changes in Net Assets Attributable to Holders of Class A Shares

Six months ended April 30 (Unaudited)

	2025	2024
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, BEGINNING OF PERIOD	\$ 83,629,660	\$ 7,132,817
Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares	(5,705,017)	42,375,816
Class A Share Capital Transactions		
Proceeds from issuance of Class A Shares, net of issue costs	10,394,406	5,176,257
Redemption of Class A Shares	(92,100)	—
	10,302,306	5,176,257
Class A Share Distributions		
Non-taxable distributions	(7,033,507)	(6,759,843)
Changes in Net Assets Attributable to Holders of Class A Shares during the Period	(2,436,218)	40,792,230
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES, END OF PERIOD	\$ 81,193,442	\$ 47,925,047

Statements of Cash Flows

Six months ended April 30 (Unaudited)

	2025	2024
Cash Flows Provided By (Used In) Operating Activities		
Operating Profit	\$ 3,950,094	\$ 49,702,642
Adjustments to Reconcile Net Cash Provided By (Used In) Operating Activities		
Net realized gain on investments at fair value through profit or loss	(2,313,309)	(1,562,517)
Net change in unrealized (gain)/loss on investments at fair value through profit or loss	4,016,024	(42,657,804)
(Increase)/decrease in dividends receivable	346,454	(355,847)
Increase/(decrease) in accrued management fees and accrued liabilities	(83,826)	75,013
Purchase of investment securities	(88,704,796)	(70,651,118)
Proceeds from disposition of investment securities	36,300,221	60,076,441
	(46,489,138)	(5,373,190)
Cash Flows Provided By (Used In) Financing Activities		
Preferred share distributions	(9,655,111)	(7,326,826)
Class A share distributions	(7,033,507)	(6,759,843)
Proceeds from issuance of Units, net of issue costs	105,549,291	43,659,407
Preferred share redemptions	(162,538,110)	—
Class A share redemptions	(92,100)	—
	(73,769,537)	29,572,738
Net Increase/(Decrease) in Cash during the Period	(120,258,675)	24,199,548
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	130,888,249	6,724,445
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 10,629,574	\$ 30,923,993
Cash and Cash Equivalents are comprised of:		
Cash	99,405	585,611
Short-Term Investments	10,530,169	30,338,382
CASH AND CASH EQUIVALENTS, END OF PERIOD	10,629,574	30,923,993
Dividends received	\$ 7,283,756	\$ 6,932,815
Interest received	\$ 670,093	\$ 133,551

The notes are an integral part of the condensed financial statements.

Schedule of Investments

As at April 30, 2025 (Unaudited)

	Number of Shares	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Class A Shares and Redeemable Preferred Shares
INVESTMENTS				
Short-Term Investments				
Treasury Bills				
Canadian Treasury Bill, 2.68%, July 2, 2025	10,590,000	\$ 10,530,169	\$ 10,530,169	
Total Treasury Bills		10,530,169	10,530,169	3.2%
Total Short-Term Investments		\$ 10,530,169	\$ 10,530,169	3.2%
Canadian Common Shares				
Financials				
Bank of Montreal	331,000	\$ 40,044,735	\$ 43,721,790	
Canadian Imperial Bank of Commerce	522,300	43,972,683	45,413,985	
National Bank of Canada	353,700	44,463,753	42,825,996	
Royal Bank of Canada	270,600	43,820,664	44,776,182	
The Bank of Nova Scotia	630,800	45,607,936	43,512,584	
The Toronto-Dominion Bank	529,900	44,898,487	46,678,891	
Total Financials		262,808,258	266,929,428	81.6%
Total Canadian Common Shares		\$262,808,258	\$ 266,929,428	81.6%
Exchange-Traded Funds				
Mulvihill Canadian Bank Enhanced Yield ETF	6,069,700	\$ 46,977,252	\$ 48,254,115	
Total Exchange-Traded Funds		\$ 46,977,252	\$ 48,254,115	14.7%
Adjustment for transaction fees		(299,790)		
TOTAL INVESTMENTS		\$ 320,015,889	\$ 325,713,712	99.5%
OTHER NET ASSETS			1,501,370	0.5%
NET ASSETS ATTRIBUTABLE TO HOLDERS OF CLASS A SHARES AND REDEEMABLE PREFERRED SHARES				
		\$	327,215,082	100.0%

Notes to the Condensed financial statements

April 30, 2025 (Unaudited)

1. Basis of Presentation

The semi-annual condensed financial statements for Premium Income Corporation (the “Fund”) have been prepared in compliance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

These semi-annual condensed financial statements follow the same accounting policies and method of application as, and should be read in conjunction with, the most recent audited financial statements for the year ended October 31, 2024.

These condensed financial statements were approved by the Board of Directors on June 3, 2025.

2. Risks Associated with Financial Instruments

The various types of risks that are associated with its investment strategies, financial instruments and markets in which the Fund invests remain unchanged from the prior year and are described in Note 6 of the audited financial statements for the year ended October 31, 2024.

Credit Risk

The counterparties to the Fund’s derivative financial instruments had a short-term credit rating of A-1 or higher (October 31, 2024 – A-1 or higher) by Standard & Poor’s Ratings Services.

Liquidity Risk

The amounts in the table are the contractual undiscounted cash flows:

As at April 30, 2025 Financial Liabilities			
	On Demand	< 3 months	Total
Accrued management fees	\$ –	\$ 241,232	\$ 241,232
Accrued liabilities	–	7,188	7,188
Redeemable Preferred shares	246,020,640	–	246,020,640
Class B shares	1,000	–	1,000
Class A shares	81,193,442	–	81,193,442
	\$ 327,215,082	\$ 248,420	\$ 327,463,502

As at October 31, 2024 Financial Liabilities			
	On Demand	< 3 months	Total
Accrued management fees	\$ –	\$ 302,463	\$ 302,463
Accrued liabilities	–	29,783	29,783
Redeemable Preferred shares	313,403,865	–	313,403,865
Class B shares	1,000	–	1,000
Class A shares	83,629,660	–	83,629,660
	\$ 397,034,525	\$ 332,246	\$ 397,366,771

Notes to the Condensed financial statements

April 30, 2025 (Unaudited)

Market Risk

Price Risk

Approximately 96 percent (October 31, 2024 – 67 percent) of the Fund's net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, held at April 30, 2025 were publicly traded equities. If equity prices on the exchange increased or decreased by 5 percent as at April 30, 2025, the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, would have increased or decreased by \$15.8 million (October 31, 2024 – \$13.2 million) respectively or 4.8 percent (October 31, 2024 – 3.3 percent) of the net assets attributable to holders of Class A shares, excluding the Redeemable Preferred Share liability, with all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

In the Manager's opinion, a portfolio that is subject to covered call option writing or purchased put options has a degree of protection against falling share prices in a downward trending market.

Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

	April 30, 2025	Oct. 31, 2024
Financials	84.7%	77.2%
Exchange-Traded Funds	15.3%	22.8%
	100.0%	100.0%

Fair Value Measurement

The following table illustrates the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at April 30, 2025 and October 31, 2024.

As at April 30, 2025					
	Level 1	Level 2	Level 3	Total	
Canadian Common Shares	\$ 266,929,428	\$ –	\$ –	\$ 266,929,428	
Exchange-Traded Funds	48,254,115	–	–	48,254,115	
Short-Term Investments	–	10,530,169	–	10,530,169	
	\$ 315,183,543	\$ 10,530,169	\$ –	\$ 325,713,712	

As at October 31, 2024					
	Level 1	Level 2	Level 3	Total	
Canadian Common Shares	\$ 204,100,131	\$ –	\$ –	\$ 204,100,131	
Exchange-Traded Funds	60,381,552	–	–	60,381,552	
Short-Term Investments	–	130,862,716	–	130,862,716	
	\$ 264,481,683	\$ 130,862,716	\$ –	\$ 395,344,399	

Notes to the Condensed financial statements

April 30, 2025 (Unaudited)

There were no transfers between Level 1 and Level 2 and the Fund did not hold any financial instruments within Level 3 of the fair value hierarchy during the six months ended April 30, 2025 and during the year ended October 31, 2024.

3. Shares

For the six months ended April 30, 2025, cash distributions paid to Preferred shareholders were \$9,655,111 (April 30, 2024 – \$7,326,826) representing a payment of \$0.64 (April 30, 2024 – \$0.43) per Preferred share and cash distributions paid to Class A shareholders were \$7,033,507 (April 30, 2024 – \$6,759,843) representing a payment of \$0.48 (April 30, 2024 – \$0.41) per Class A share.

During the six months ended April 30, 2025, 4,327,659 Class A Shares (April 30, 2024 – 1,910,300 Class A Shares) were issued for proceeds, net of issue costs, of \$10,394,406 (April 30, 2024 – \$8,387,321) and 6,343,659 Preferred Shares (April 30, 2024 – 2,667,600 Preferred Shares) were issued for proceeds, net of issue costs, of \$95,154,885 (April 30, 2024 – \$36,802,936). During the six months ended April 30, 2025, 21,993 Class A Shares were redeemed for consideration of \$92,100 and 10,835,874 Preferred Shares were redeemed for consideration of \$162,538,110. No Class A Shares or Preferred Shares were redeemed during the six months ended April 30, 2024.

During the six months ended April 30, 2025 and the year ended October 31, 2024, share transactions were as follows:

	April 30, 2025	Oct. 31, 2024
Redeemable Preferred Shares		
Shares outstanding, beginning of period	20,893,591	15,310,591
Shares issued	6,343,659	5,583,000
Shares redeemed	(10,835,874)	–
Shares outstanding, end of period	16,401,376	20,893,591
Class A Shares		
Shares outstanding, beginning of period	20,222,591	15,379,791
Shares issued	2,201,300	4,842,800
Share consolidation	(6,528,959)	–
Shares redeemed	(21,993)	–
Shares outstanding, end of period	15,872,939	20,222,591
Class B Shares		
Shares outstanding, beginning and end of period	1,000	1,000

4. Related Party Transactions

(a) Management Fees

Total management fees for the six months ended April 30, 2025 were \$1,410,396 (April 30, 2024 – \$1,338,298) of which \$241,232 (April 30, 2024 – \$233,355) was unpaid.

(b) Director Fees

Total director fees paid to the external members of the Board of Directors for the six months ended April 30, 2025 were \$11,100 (April 30, 2024 – \$11,100).

Notes to the Condensed financial statements

April 30, 2025 (Unaudited)

(c) Independent Review Committee Fees

Total remuneration paid to the external members of the Independent Review Committee for the six months ended April 30, 2025 were \$6,500 (April 30, 2024 – \$6,386).

(d) The Fund may invest in units of other funds managed by the Manager. The Fund's ownership in Mulvihill Canadian Bank Enhanced Yield ETF ("CBNK") was 48.5% as at April 30, 2025 (October 31, 2024 – 49.4%).

5. Brokerage Commissions and Soft Dollars

The ascertainable soft dollar value received as a percentage of total transaction fees paid during the six months ended April 30, 2025 and 2024 is disclosed below:

	April 30, 2025	April 30, 2024
Soft Dollars	\$ 47,429	\$ 126,302
Percentage of Total Transaction Fees	57.0%	82.8%

6. Increase/(Decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share

The increase/(decrease) in net assets attributable to holders of Class A shares per Class A share for the six months ended April 30, 2025 and 2024 is calculated as follows:

	April 30, 2025	April 30, 2024
Increase/(decrease) in Net Assets Attributable to Holders of Class A Shares	\$ (5,705,017)	\$ 42,375,816
Weighted Average Number of Class A Shares Outstanding during the Period	14,960,260	16,182,545
Increase/(decrease) in Net Assets Attributable to Holders of Class A Shares per Class A Share	\$ (0.3813)	\$ 2.6186

Investment Funds Managed by Mulvihill Capital Management Inc.

EXCHANGE-TRADED FUNDS

Mulvihill Canadian Bank Enhanced Yield ETF (CBNK)

Mulvihill Premium Yield ETF (MPY)

Mulvihill Enhanced Split Preferred Share ETF (SPFD)

MUTUAL FUNDS

Mulvihill Premium Yield Fund

SPLIT SHARES

Premium Income Corporation (PIC.PR.A, PIC.A)

Premium Global Income Split Corp. (PGIC.PR.A, PGIC)

Head Office:

Mulvihill Capital Management Inc.
121 King Street West, Suite 2600
P.O. Box 113
Toronto, Ontario
M5H 3T9

Tel: 416-681-3966

Toll Free: 1-800-725-7172

Fax: 416-681-3901

Email: info@mulvihill.com

Visit our website at www.mulvihill.com for additional
information on all Mulvihill Investment Funds.

Mulvihill Capital Management Inc.
Investor Relations
121 King Street West, Suite 2600
P.O. Box 113
Toronto, Ontario
M5H 3T9



Tel: 416-681-3966
Toll Free: 1-800-725-7172
Fax: 416-681-3901
Email: info@mulvihill.com