

# DIGITAL WORLD TRUST [DWT.UN]

## **Annual Report 2000**

December 31, 2000

Investment Management by Mulvihill Capital Management Inc.



# The Mulvihill Premium Funds

## Commentary

April, 2001

Equity markets experienced a sharp reversal of long-standing growth trends during 2000. The year began with both Canadian and U.S. economies expanding at an unsustainable pace, and many stocks pushing to record highs, particularly in the technology sector. However, by year-end, a sharp slowdown in economic activity in the U.S. had set in, and technology stocks had undergone a severe correction.

All the major U.S. and foreign market indices recorded negative returns for the year. The strong uptrend of the TSE 300 was also reversed, but the Canadian market was one of the few to record an overall gain, with a total return for 2000 of 7.41 percent. A major factor in both the rise and fall of the TSE was the performance of Nortel Networks shares after the company was spun off by its parent, BCE Inc. Early in the year, Nortel shares soared to a high of \$124.50, accounting for more than one-third of the TSE 300 Index, but began sinking towards year-end, taking the Index with them.

The valuations of many technology stocks were significantly reduced as investors reacted to reduced growth and earnings expectations in a weakening economic environment. Stocks in the e-commerce and telecom sectors were particularly hard-hit, with the tech-heavy NASDAQ exchange losing roughly half its peak value.

Stocks in other sectors fared better, as investors began returning to value-oriented “old economy” companies in sectors such as financial services, oil and gas and health care. The financial sector benefitted from expectations of lower interest rates as the year progressed, and higher world energy prices bolstered stocks of oil, gas, pipeline and utility companies.

The U.S. slowdown reflects reduced capital spending on telecom and information-processing equipment, including personal computers and software, as well as slackening consumer demand for motor vehicles and other durable goods. These trends are spilling over into Canada, particularly in the automotive sector, which exports much of its output to the U.S. However, the overall slowdown is less pronounced in Canada than in the U.S., as other sectors such as energy retain considerable momentum. Governments in both Canada and the U.S. are now in a stimulatory mode, planning or making moves to reverse the slowdown through tax cuts and reduced interest rates. Similar measures are being taken abroad, though latitude for rate reductions in Europe is limited by persistent inflationary concerns. As a result, consensus opinion foresees a shift back to a sustainable growth trend in the latter part of this year.

Uncertainty as to the specific timing of this renewal of growth is generating increased market turbulence and volatility. This market volatility will, however, continue to benefit the Premium Funds as significant amounts of option premiums can be generated in this type of market environment.

John P. Mulvihill  
President  
Mulvihill Capital Management Inc.

Donald Biggs  
Vice President, Structured Finance  
Mulvihill Capital Management Inc.

## Investment Highlights

### Investment Objectives

The Trust's investment objective is to provide unitholders with superior returns delivered in the form of (a) quarterly distributions and (b) appreciation in the value of the Trust's portfolio. The quarterly distributions will be derived primarily from net realized capital gains from the portfolio including premiums from writing covered call options on securities held in the Trust's portfolio, and from writing cash covered put options on securities in which the Trust is permitted to invest as well as from dividends received on the Trust's portfolio.

### Investment Strategy

The Trust will invest its net assets in a diversified portfolio of common shares issued by leading digitally based companies. These companies are either listed on a major North America stock exchange or quoted on NASDAQ with a market capitalization in excess of US\$5.0 billion. They must operate within the sectors of Telecommunication Services, Telecommunication Equipment Suppliers, Enabling Hardware and Software, and Related Digital Commerce, Services and Products. The Trust will, from time to time, write covered call options in respect of all or part of the securities in its portfolio. The Trust may hold a portion of its assets in cash equivalents which may be utilized to provide cover in respect of the writing of the cash covered put positions.

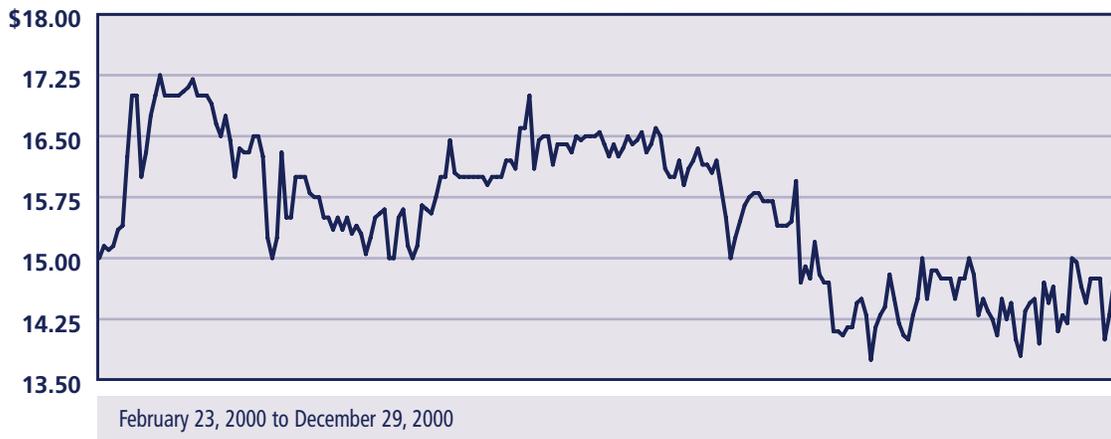
### Distribution History

Inception Date: February 2000	Regular Distribution
March 2000	\$ 0.25
June 2000	0.60
September 2000	0.75
December 2000	0.75
<b>Total for 2000</b>	<b>2.35</b>
<b>Total Distribution to Date</b>	<b>\$ 2.35</b>

### Top 10 Holdings:

Texas Instruments Inc.	Telefonos de Espana SA, ADR
TD Waterhouse Group Inc.	Oracle Corp.
Telefonos de Mexico S.A. ADR	Sony Corp.
Microsoft Corp.	Agilent Technologies Inc.
International Business Machines Corp.	Veritas Software Corp.

### Trading History



### Commentary

In a year of extreme volatility, the net asset value of the Fund's units declined from an initial value of approximately \$14 each in February to a level of \$9.06 by the end of 2000. This decrease was attributable to reductions in the market value of the Trust's investments, as well as the payment of four quarterly distributions to unitholders. During 10 months of operations, unitholders received distributions totalling \$2.35 per unit, which represents a yield of 15.6 percent on the initial unit price of \$15. In spite of a decidedly negative market environment, the Trust still managed to generate significant income from its covered call options program, enabling distributions to continue. The Trust's units, listed on the Toronto Stock as DWT.UN, traded at prices ranging from a high of \$17.25 to a low of \$13.75 during the year.

The telecommunications and technology sectors of the market were extremely hard hit, especially towards year-end. The NASDAQ index, the most relevant fund benchmark, soared to an all-time high of 5048 in March, then plunged to about half that level, finishing the year at 2470. The overall market decline was of such magnitude that even the highest-quality companies within this index were adversely affected.

A major cause for concern in the telecom sector is the difficulty many companies now face in financing huge capital expenditures for wireless license fees and other network expansion moves made over the past few years. This has led to substantial downward revisions in growth and earnings expectations for these companies, with corresponding declines in the market values of their shares.

In these troubled conditions, the Trust is concentrating its investments in the most proven and long-established companies in the technology, telecom and services sectors. These large, well-managed companies are best able to withstand a period of slower growth and more intense competition. The Trust will also continue to generate premium income from the writing of covered call options. A summary of the Trust's investments as well as its financial statements are included in this annual report.

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

## Auditors' Report

### To the Unitholders

We have audited the accompanying statements of net assets and investments of Digital World Trust (the "Trust") as at December 31, 2000, and the statements of financial operations, changes in net assets, gain on sale of investments and financial highlights for the period then ended. These financial statements are the responsibility of the Trust's Manager. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust and its investments as at December 31, 2000, and the results of its operations, the changes in its net assets, the gain on sale of investments and the financial highlights for the period then ended in accordance with Canadian generally accepted accounting principles.

(signed) Deloitte and Touche LLP

Chartered Accountants

Toronto, Ontario  
March 10, 2001

### Statement of Net Assets

December 31, 2000

	2000
<b>Assets</b>	
Investments at market value (average cost - \$95,493,706)	\$ 54,060,904
Short-term investments (average cost - \$20,433,758)	20,105,658
Cash	27,131
Subscription receivable	311,323
Interest receivable	73,940
Dividends receivable	84,809
	<b>74,663,765</b>
<b>Liabilities</b>	
Accrued liabilities	137,294
<b>Net Assets, Represented by Unitholders' Equity</b>	<b>\$ 74,526,471</b>
<b>Number of Units Outstanding (Note 5)</b>	<b>8,229,225</b>
<b>Net Asset Value Per Unit</b>	<b>\$9.0563</b>

On behalf of the Manager,  
Mulvihill Fund Services Inc.

(signed)

\_\_\_\_\_  
Manager: John P. Mulvihill

(signed)

\_\_\_\_\_  
Manager: David N. Middleton

### Statement of Financial Operations

Period ended December 31, 2000

	2000
<b>Income</b>	
Interest	\$ 3,502,124
Dividends	652,033
Withholding taxes	(62,181)
	<b>4,091,976</b>
<b>Expenses (Note 6)</b>	
Management fees	1,033,358
Goods and services tax	174,638
Custodian and other fees	84,560
	<b>1,292,556</b>
<b>Net Investment Income</b>	<b>2,799,420</b>
<b>Gain on Sale of Investments</b>	<b>16,604,868</b>
<b>Unrealized Depreciation of Investments</b>	<b>(41,760,902)</b>
<b>Net Loss on Investments</b>	<b>(25,156,034)</b>
<b>Total Results of Financial Operations</b>	<b>\$ (22,356,614)</b>

## Financial Statements

### Statement of Changes in Net Assets

Period ended December 31, 2000

	2000
<b>Net Assets, Beginning of Period</b>	<b>\$ -</b>
<b>Unit Transactions</b>	
Proceeds from units issued, net of issue cost	115,426,500
Proceeds from reinvestment of distributions	705,663
	<b>116,132,163</b>
<b>Total Results of Financial Operations</b>	<b>(22,356,614)</b>
<b>Distributions to Unitholders (Note 7)</b>	
From net investment income	(1,470,563)
From net realized gain on sale of investments	(17,692,003)
Non-taxable distribution	(86,512)
	<b>(19,249,078)</b>
<b>Increase in Net Assets During the Year</b>	<b>74,526,471</b>
<b>Net Assets, End of Period</b>	<b>\$ 74,526,471</b>

### Statement of Gain on Sale of Investments and Options

Period ended December 31, 2000

	2000
<b>Proceeds from Sale of Investments</b>	<b>\$ 39,042,057</b>
<b>Cost of Investments Sold</b>	
Cost of investments purchased	117,930,895
Cost of investments, end of period	(95,493,706)
	<b>22,437,189</b>
<b>Gain on Sale of Investments and Options</b>	<b>\$ 16,604,868</b>

### Statement of Investments

December 31, 2000

	Par Value/ No. of Shares	Average Cost (\$)	Market Value (\$)	% of Portfolio
<b>Short-term Investments</b>				
<b>Treasury Bills</b>				
Government of Canada, USD - January 17, 2001	2,005,000	\$ 3,018,102	\$ 3,000,694	
Government of Canada, USD - February 22, 2001	2,450,000	3,716,299	3,621,016	
Government of Canada, USD - January 8, 2001	75,000	114,080	111,335	
Government of Canada, USD - February 20, 2001	70,000	103,557	102,851	
Government of the United States - March 22, 2001	6,600,000	9,900,753	9,770,633	
<b>Total Treasury Bills</b>		<b>16,852,791</b>	<b>16,606,529</b>	<b>82.3%</b>
<b>Discount Commercial Paper</b>				
Canadian Wheat Board, USD - January 25, 2001	300,000	448,182	443,309	
Canadian Wheat Board, USD - March 5, 2001	715,000	1,080,259	1,057,154	
Export Development Corp., USD - January 16, 2001	1,285,000	1,962,034	1,908,546	
<b>Total Discount Commercial Paper</b>		<b>3,490,475</b>	<b>3,409,009</b>	<b>16.9%</b>
<b>Interest Bearing Notes</b>				
Royal Bank of Canada, USD 6.625% - January 3, 2001	60,000	90,492	90,120	0.4%
		<b>20,433,758</b>	<b>20,105,658</b>	<b>99.6%</b>
<b>Accrued interest</b>		-	73,940	0.4%
<b>Total Short-term Investments</b>		<b>\$ 20,433,758</b>	<b>\$ 20,179,598</b>	<b>100.0%</b>
<b>Investments</b>				
<b>Canadian Common Stocks</b>				
<b>Industrial Products</b>				
BCE Emergis Inc.	45,000	\$ 4,349,580	\$ 1,984,500	
Celestica Inc.	25,000	2,481,250	2,025,000	
Nortel Networks Corp.	31,030	1,879,299	1,497,198	
<b>Total Industrial Products</b>		<b>8,710,129</b>	<b>5,506,698</b>	<b>10.2%</b>
<b>Total Canadian Common Stocks</b>		<b>8,710,129</b>	<b>5,506,698</b>	<b>10.2%</b>
<b>Foreign Common Stocks (excluding U.S.A.)</b>				
<b>Britain</b>				
British Telecommunications PLC, ADR	15,000	4,000,850	1,954,475	3.6%
<b>France</b>				
Alcatel Alsthom, ADR	15,000	1,658,988	1,260,281	
STMicroelectronics NV	30,000	2,809,959	1,929,128	
<b>Total France</b>		<b>4,468,947</b>	<b>3,189,409</b>	<b>5.8%</b>
<b>Germany</b>				
Deutsche Telekom AG, ADR	40,000	4,854,013	1,757,337	3.3%
<b>Italy</b>				
Telecom Italia SpA, ADR	10,000	2,379,675	1,656,899	3.1%

## Financial Statements

### Statement of Investments (continued)

December 31, 2000

	Par Value/ No. of Shares	Average Cost (\$)	Market Value (\$)	% of Portfolio
<b>Investments</b>				
<b>Foreign Common Stocks (excluding U.S.A.) (continued)</b>				
<b>Japan</b>				
Sony Corp., ADR	20,000	4,397,259	2,087,777	3.9%
<b>Mexico</b>				
Telefonos de Mexico SA, ADR	40,000	4,143,622	2,711,106	5.0%
<b>Spain</b>				
Telefonos de Espana SA, ADR	30,000	3,097,535	2,252,996	4.2%
<b>Total Foreign Common Stocks (excluding U.S.A.)</b>		<b>27,341,901</b>	<b>15,609,999</b>	<b>28.9%</b>
<b>Common Stocks - U.S.A.</b>				
<b>Data Processing and Reproduction</b>				
Hewlett-Packard Co.	30,000	2,615,045	1,422,204	
International Business Machines Corp.	20,000	3,245,781	2,553,396	
Microsoft Corp.	40,000	4,962,724	2,605,966	
Novell Inc.	75,000	3,561,140	587,891	
Oracle Corp.	50,000	2,750,947	2,182,591	
<b>Total Data Processing and Reproduction</b>		<b>17,135,637</b>	<b>9,352,048</b>	<b>17.3%</b>
<b>Telecommunications</b>				
AT&T Corp.	40,000	1,776,340	1,040,134	
Global Crossing Ltd.	70,000	3,764,090	1,504,814	
JDS Uniphase Corp.	30,000	4,632,131	1,878,436	
Lucent Technologies Inc.	50,000	4,278,752	1,013,848	
Motorola Inc.	60,000	4,215,069	1,824,927	
Nextel Communications Inc., Class A	45,000	2,508,061	1,672,850	
Qwest Communications International Inc.	25,000	1,616,496	1,539,548	
Sprint Corp.	50,000	4,123,429	1,525,466	
<b>Total Telecommunications</b>		<b>26,914,368</b>	<b>12,000,023</b>	<b>22.2%</b>
<b>Electrical Components and Instruments</b>				
Texas Instruments Inc.	50,000	5,162,811	3,557,857	
Agilent Technologies Inc.	25,000	2,960,229	2,055,859	
<b>Total Electrical Components and Instruments</b>		<b>8,123,040</b>	<b>5,613,716</b>	<b>10.4%</b>
<b>Internet Service Provider</b>				
AOL Time Warner Inc.	25,000	1,694,688	1,306,738	2.4%
<b>Financial Services</b>				
TD Waterhouse Group Inc.	150,000	4,120,814	2,985,220	5.5%
<b>Software</b>				
Veritas Software Corp.	15,600	2,540,264	2,050,227	3.8%
<b>Total Common Stocks - U.S.A.</b>		<b>60,528,811</b>	<b>33,307,972</b>	<b>61.6%</b>

### Statement of Investments (continued)

December 31, 2000

	Number of Contracts	Proceeds (\$)	Market Value (\$)	% of Portfolio
<b>Options</b>				
<b>Written Covered Call Options (100 Shares per Contract)</b>				
AOL Time Warner Inc. - April 2001 @ USD \$45	(250)	(240,664)	(75,100)	
Nextel Communications Inc. - February 2001 @ USD \$35	(450)	(455,650)	(71,814)	
Veritas Software Corp. - February 2001 @ USD \$110	(150)	(390,821)	(216,851)	
<b>Total Written Coverd Call Options</b>		<b>(1,087,135)</b>	<b>(363,765)</b>	<b>(0.7)%</b>
<b>Total Investments</b>		<b>\$ 95,493,706</b>	<b>\$ 54,060,904</b>	<b>100.0%</b>

### Statement of Financial Highlights

Period ended December 31

	2000*
<b>Data Per Unit</b>	
<b>Net Asset Value, Beginning of Period</b>	<b>\$ 14.18**</b>
<b>Income from Investment Operations</b>	
Net investment income	0.34
Net loss on investments	(3.11)
<b>Total from investment operations</b>	<b>(2.77)</b>
<b>Distributions to Unitholders</b>	
From net investment income	(0.18)
From net realized gain on sale of investments	(2.16)
Non-taxable distribution	(0.01)
<b>Total distributions</b>	<b>(2.35)</b>
<b>Net Asset Value, End of Period</b>	<b>\$ 9.06</b>
<b>Ratios/Supplemental Data</b>	
Total net assets, end of period (\$millions)	\$ 74.53
Average net assets (\$millions)	\$ 100.42
Management expense ratio	1.50%
Portfolio turnover rate	38.88%
Annual rate of return	N/A

\* For the period from inception on February 23, 2000 to December 31, 2000.

\*\* Net of agent fees.

## Notes to the Financial Statements

### 1. Establishment of the Trust

Digital World Trust (the "Trust") is an investment trust established under the laws of the Province of Ontario on February 15, 2000. The Trust began operations on February 23, 2000 and will terminate on December 31, 2009 and its assets will be distributed to unitholders unless unitholders determine to continue the Trust by a majority vote at a meeting called for such purpose.

The manager of the Trust is Mulvihill Fund Services Inc. (the "Manager") and the Trust's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). The Royal Trust Company (the "Trustee") is the trustee and acts as custodian of the assets of the Trust.

### 2. Investment Objectives of the Trust

The Trust intends to achieve its investment objectives by investing in a diversified portfolio consisting principally of common shares issued by leading "digitally- based" companies listed on a major North American stock exchange or quoted on NASDAQ with a market capitalization in excess of US \$5.0 billion and which operate within the sectors of telecommunication services, telecommunication equipment suppliers, enabling hardware and software and related digital commerce services and products.

To generate additional returns, the Trust will, from time to time, write covered call options in respect of all or part of the securities in the portfolio. In addition, the Trust may write cash covered put options in respect of securities in which the Trust is permitted to invest. Additionally, the Trust may purchase call options with the effect of closing out existing call options written by the Trust and may also purchase put options to preserve the value of the portfolio where appropriate. The Trust may enter into trades to close out positions in such permitted derivatives.

From time to time the Trust may hold a portion of its assets in cash equivalents.

### 3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of significant accounting policies.

#### *Valuation of investments*

Securities are valued at market value, which is determined by the closing sale price on the recognized stock exchange on which the securities are listed or principally traded. If no sale has taken place on that day, valuation will be at the average of the bid and the asked price.

Short-term investments are valued at cost plus accrued interest, which approximates market value.

Listed options are valued at market values as reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

#### *Investment transactions and income*

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and unrealized appreciation or depreciation of investments are determined on an average cost basis.

Option premiums paid or received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in unrealized appreciation or depreciation in investments.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

#### *Foreign currency translation*

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the prevailing rate of exchange on each valuation date. Purchases and sales of investments, and income derived from investments, are translated at the rate of exchange prevailing on the respective dates of such transactions.

### 4. Statement Of Financial Highlights

The following explanatory notes pertain to the Statement of Financial Highlights:

- (a) Net investment income (loss) per unit is calculated based on the weighted average number of units outstanding during the period.
- (b) Net gain (loss) on investments per unit includes the impact of timing of unitholder transactions.
- (c) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution.
- (d) Management expense ratio is the ratio of all fees and expenses charged to the Trust to average net assets.
- (e) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by average net assets during the period.
- (f) Annual rate of return represents the historical annual total rate of return of an investment in a unit for the year, assuming reinvestment of distributions. Returns are not reported in the year that the Trust was established.

### 5. Unitholders' Equity

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust.

All units have equal rights and privileges, except the units issued to a trust managed by the Manager or an affiliate of the Manager all or part of whose investment strategy is to track performance of the units of the Trust ("Related Trust"), a counterparty to a forward agreement entered into with a Related Trust (a "Counterparty") or an entity designated by a Counterparty (a "Designated party") may be redeemed at the net asset value on any valuation date. No units have been issued to either a Related Trust, Counterparty or Designated Party. Each whole unit is entitled to one vote at all meetings of unitholders and

is entitled to participate equally with respect to any and all distributions made by the Trust. Fractional units are not entitled to voting privileges.

Units may be surrendered at any time for redemption but will be redeemed only on a monthly valuation date. Unitholders whose units are redeemed on a December valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit. Unitholders whose units are redeemed on any other valuation date will be entitled to receive a redemption price per unit equal to the net asset value per unit less the lesser of (i) 4% of such net asset value per unit and (ii) \$0.60, except units held by a Related Trust, Counterparty or a Designated Party, which may be redeemed at the net asset value per unit on any valuation date. Under the terms of a Recirculation Agreement, the Trust may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any units tendered for redemption.

On February 23, 2000, the Trust issued 7,500,000 units at \$15.00 per unit for total gross cash proceeds of \$112,500,000. On March 6 and March 16, 2000, the Trust issued 600,000 and 80,000 units respectively at \$15 per unit, for total gross cash proceeds of \$10,200,000. Costs of \$7,273,500 were incurred in connection with these offerings and the establishment of the Trust.

Following are the unit transactions for the period:

	2000
Units outstanding, beginning of period	-
Units issued for cash	8,180,000
Units issued on reinvestment of distribution	49,225
Units outstanding, end of period	8,229,225

### 6. Management Fees and Expenses

The Trust is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the Trustee and manager in the ordinary course of business relating to

## Notes to the Financial Statements

the Trust's operations. The Trust is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Trust which may be incurred from time to time.

Fees are payable to the Manager under the terms of the trustee agreement and to the Investment Manager under the terms of an investment management agreement. The fees are payable at annual rates of 0.10% and 1.10%, respectively, of the Trust's net asset value calculated and payable monthly, plus applicable taxes. The fee of 0.10% is not payable on the value of units held by Related Trusts.

The Investment Manager is also entitled to an annual performance fee per unit equal to 10% of the amount by which cash distributions paid in a financial year plus the change in the net asset value per unit of the Trust since the December valuation date of the previous financial year exceeds 20% of the net asset value per unit at the December valuation date of the previous financial year. No performance fee will be paid in a financial year if cumulative total returns have not exceeded a 15% cumulative return since inception on the original investment of \$15.00, and unless the total return for the Trust for such year exceeds the simple average of the annual total return for such year of the Scotia Capital 91-day T-Bill Index and the NASDAQ 100 Index. No incentive fee was payable in respect of 2000.

### 7. Distributions

The Trust endeavours to make quarterly cash distributions to unitholders of net income and net realized capital gains and options on the last day of March, June, September and December in each year. Unitholders may elect to reinvest distributions received from the Trust in additional units.

The non-taxable distributions received by the unitholders reduce the adjusted cost base of the unit for tax purposes.

### 8. Income Taxes

The Trust is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Trust is subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in the year. Income tax paid by the Trust on any net realized capital gains not paid or payable is recoverable by the Trust to the extent and in the circumstances provided in the Act.

Given the investment and distribution policies of the Trust and taking into account expenses, the Trust does not expect to bear any appreciable non-refundable income tax.

No amount is payable on account of income taxes in 2000.

### 9. Commission Charges

Total commissions paid in 2000 in connection with portfolio transactions were \$240,786.

### 10. Statement of Portfolio Transactions

The Trust will provide, without charge, a Statement of Portfolio Transactions (unaudited) upon written request by any unitholder to the Trust at:

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

# Mulvihill Capital Management Inc.

Mulvihill Capital Management Inc. is a leading Canadian investment counselor responsible for the care of institutional and personal assets. The company manages corporate, pension, insurance, endowment, trust and mutual funds under a wide variety of investment mandates. Founded in 1985 as CT Investment Counsel Inc., the investment arm of Canada Trust, the company emerged in 1995 as an independent company operated by a cohesive team of senior managers and owners who have been together for more than a decade. The company's scale and independent structure allow it to provide clients with a uniquely customized approach to asset management.

The Mulvihill Funds are managed by Mulvihill Capital's structured finance group. This area of the company concentrates exclusively on creating and managing products tailored to meet very specific investment objectives. Assets are generally managed to meet specific absolute return levels rather than taking on the additional risk of targeting relative returns. This methodology allows the company to make investment decisions that meet the client's needs rather than to make investments to rival the competition.

Mulvihill's personal asset management division, Mulvihill Wealth Management, offers a comprehensive specialized approach tailored to clients' personal strategies. This not only relieves the client's burden of day-to-day investment decisions but also provides financial peace of mind for today and tomorrow. The company's personalized service and customized reporting assure that its powerful team of professionals is always working toward your current objectives and that you are fully aware of the progress you are making.

Mulvihill's reputation has been built on its ability to provide customized portfolios that meet the stated needs of its clients. The Premium Income investments are prime examples of that customized approach to asset management.

Other Premium Income products within the Mulvihill Group which traded on the Toronto Stock Exchange over the past year are as follows:

	Symbol	High	Low
First Premium Income Trust	FPI.UN	\$ 28.95	\$ 25.00
First Premium U.S. Income Trust	FPU.UN	\$ 27.15	\$ 24.20
First Premium Oil & Gas Income Trust	FPG.UN	\$ 10.30	\$ 7.25
60 Plus Income Trust	SIX.UN	\$ 29.50	\$ 25.50
Global Plus Income Trust	GIP.UN	\$ 27.00	\$ 23.00
Digital World Trust	DWT.UN	\$ 17.25	\$ 13.75
Pro-AMS U.S. Trust	PAM.UN	\$ 26.50	\$ 24.95
Premium Income Corporation	PIC.A/PIC.PR.A	\$ 12.00/15.90	\$ 10.00/14.15
MCM Split Share Corp.	MUH.A/MUH.PR.A	\$ 18.45/15.10	\$ 14.00/13.25
Global Telecom Split Share Corp.	GT.A/GT.PR.A	\$ 22.90/14.75	\$ 14.90/13.25

## Board of Directors<sup>1</sup>/Advisors<sup>2</sup>

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### John P. Mulvihill\*

Chairman & President,  
Mulvihill Capital Management Inc.

### David N. Middleton

Vice President, Finance & CFO,  
Mulvihill Capital Management Inc.

### Michael M. Koerner\*

Corporate Director

### Robert W. Korthals\*

Corporate Director

### C. Edward Medland\*

President, Beauwood Investments Inc.

\* Audit Committee

<sup>1</sup> Corporation

<sup>2</sup> Trusts

## Information

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### Auditors:

Deloitte & Touche LLP  
BCE Place  
181 Bay Street, Suite 1400  
Toronto, Ontario M5J 2V1

### Shares Listed:

Toronto Stock Exchange trading under  
FPI.UN, FPU.UN, FPG.UN, SIX.UN, GIP.UN,  
DWT.UN, PAM.UN, MUH.A, MUH.PR.A

### Transfer Agent:

Computershare  
100 University Avenue, 8th Floor  
Toronto, Ontario M5J 2Y1

### Trustee:

Royal Trust  
Royal Trust Tower  
77 King Street West, 11th Floor  
Toronto, Ontario M5W 1P9

## Other Premium Funds Managed by Mulvihill Capital Management Inc.

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### Mulvihill First Premium Funds

First Premium Income Trust  
First Premium U.S. Income Trust  
First Premium Oil & Gas Income Trust  
60 Plus Income Trust  
Global Plus Income Trust  
Global Telecom Split Share Corp  
MCM Split Share Corp.

### Mulvihill Mutual Funds

Mulvihill Canadian Money Market Fund  
Mulvihill Canadian Bond Fund  
Mulvihill Canadian Equity Fund  
Mulvihill Global Equity Fund  
Mulvihill U.S. Equity Fund  
Premium Global Income Fund  
Premium Canadian Income Fund

### Mulvihill Summit Series

Digital World Trust

### Mulvihill Platinum Series

Pro-AMS U.S. Trust

## Head Office

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The Mulvihill Premium Funds  
121 King Street West, Suite 2600  
Toronto, Ontario M5H 3T9  
fax: (416) 681-3901  
tel: (416) 681-3966 or (800) 725-7172  
email: premium@mulvihill.com

Visit our website at [www.mulvihill.com](http://www.mulvihill.com) for additional information on all Premium Income Funds.



**Mulvihill Capital Management Inc.**

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