



Hybrid Income Funds



Annual Report 2002

Mulvihill Summit Digital World Fund

Digital World Trust



Message to Unitholders

The continuing weakness of the economic recovery in the United States and even weaker conditions in the main economies of Europe combined to depress equity markets for most of 2002. The Canadian economy fared better, but investor sentiment was heavily influenced by events elsewhere, causing share values in many sectors to lose ground.

The equity market in the U.S. recorded its third straight year of negative returns, with the S&P composite index down 22 percent. Not one industry sector in the U.S. ended the year with positive returns. The market's three-year decline now ranks as the worst since the wartime bear market of 1939-41. The NASDAQ suffered an even larger loss, declining by 32 percent. In Europe, Asia and the Far East the EAFE index declined by 16 percent.

In Canada, stronger economic performance allowed equities in some sectors to advance, but not enough to prevent a decline in the S&P/TSX composite index of 12 percent. Sectors such as energy, materials, utilities and consumer staples made gains, but health care, information technology and industrial products suffered severe declines. Overall, equity returns in Canada declined by only about half as much as those in American markets.

In addition to concerns about economic conditions, investor confidence has been shaken by a wave of corporate governance and accounting scandals, as well as terrorist threats and rising international tensions. These concerns pushed market volatility to a peak of over 50 percent (as measured by the CBOE VIX index) in July 2002 as the market bottomed, but stability began to return late in the fourth quarter, as the market rebounded from lows.

During the year, the U.S. Federal Reserve further reduced already low interest rates to add more liquidity into the market as the American economy continued to sputter. The Bank of Canada did the opposite, modestly increasing rates to temper the strong growth of the interest-sensitive auto and housing sectors.

Uncertainty around geopolitical issues continue to cloud the prospects for 2003. Companies in many industries have continued to reduce expenses and are carrying very little inventory. In this situation, should sales volumes increase this would translate into increased profits, some of which have already begun to appear. Improved earnings reports should help to rebuild investor confidence as the year progresses. In the U.S., taxation policy changes and heavy government spending on defense and security measures will also play a role in spurring growth.



John P. Mulvihill

President

Mulvihill Capital Management Inc.

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Investment Objectives

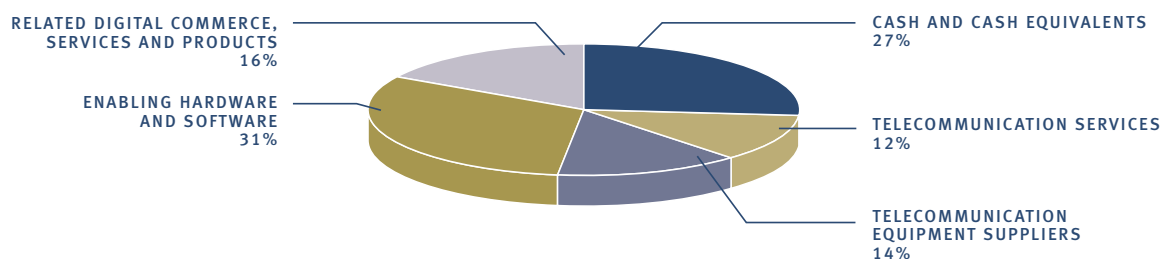
The Fund's investment objective is to provide unitholders with superior returns delivered in the form of (a) quarterly distributions and (b) appreciation in the value of the Fund's portfolio. The quarterly distributions will be paid as a result of realized income. This income will be comprised of dividends received on the Fund's portfolio, from the writing of covered call options on securities held in the Fund's portfolio, and from writing cash covered put options on securities in which the Fund is permitted to invest.

Investment Strategy

The Fund invests 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, as the Digital World Universe. The Fund may, from time to time, write covered call options in respect of all or part of the securities in its portfolio. In addition, the Fund may write cash covered put options in respect of securities in which it is permitted to invest. Accordingly, the Fund will hold a portion of its assets in cash equivalents which will be used to provide cover in respect of the writing of cash covered put positions.

Asset Mix

December 31, 2002



Distribution History

INCEPTION DATE: FEBRUARY 2000	REGULAR DISTRIBUTION
Total for 2000	\$ 2.35
Total for 2001	0.95
March 2002	0.15
June 2002	0.15
September 2002	0.10
December 2002	0.10
Total for 2002	0.50
Total Distributions to Date	\$ 3.80

For complete distribution history and income tax information, please see our website www.mulvihill.com.

Top 10 Holdings

- Intel Corporation
- Nokia Corp. ADR
- Texas Instruments Inc.
- Sprint Corp.
- eBay Inc.
- Cisco System Inc.
- Applied Materials Inc.
- Sony Corporation
- Celestica Inc.
- The Charles Schwab Corporation

Trading History



Commentary

As at December 31, 2002, the net assets of the Fund were \$27.2 million, or \$3.75 per unit, down from \$6.47 per unit, at the end of 2001. This represents an annual rate of return of -34.3 percent including distributions for the year. The Fund’s units, listed on the Toronto Stock Exchange as DWT.UN, closed the year at \$3.56.

Under unusually difficult market conditions, unitholders received reduced distributions of \$0.50 per unit during 2002, consisting of two quarterly payments of \$0.15 each, and two of \$0.10 each. Based on the year end net asset value, these distributions represent a distribution yield of 13.3 percent for the year. Given the unrealized losses generated in the portfolio over the recent market declines, the Fund initiated a tax planning strategy to reposition its portfolio in the latter part of the current year to realize capital losses for income tax purposes. This will provide shelter for realized gains in the current year and provide both non-capital and capital loss carryforwards for future years. As a result, distributions in the current year will be non-taxable and will reduce each unitholders cost base.

Companies in the technology sector, in which the fund is permitted to invest, continue to suffer from weak global demand, and heavily debt-burdened balance sheets. Many companies have been shutting down production and laying off workers to reduce costs. The resumption of corporate capital spending required to revive the sector has yet to appear, though there have been some positive signs in certain areas. Spending on computers and office equipment has increased, but it remains well below historical levels. Meanwhile, share values of technology companies continue to sink, with the NASDAQ composite index down 32 percent for the year and the telecommunications sector down 65 percent.

The Fund’s portfolio is now widely diversified across a range of hardware, software and e-commerce enterprises, with a prudent level of cash reserves being maintained for defensive purposes. A summary of the Fund’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 Fund’s shareholders for their continuing support.

To the Unitholders of Mulvihill Summit Digital World Fund

We have audited the accompanying statement of investments of Digital World Trust (operating as Mulvihill Summit Digital World Fund) (the "Fund") as at December 31, 2002, the statements of net assets as at December 31, 2002 and 2001, and the statements of financial operations, of changes in net assets and of loss on sale of investments and options for the years then ended and the statements of financial highlights for each of the years or periods (since inception) in the three-year period ended December 31, 2002. These financial statements are the responsibility of the Fund's Manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Fund and its investments as at the dates indicated above, and the results of its operations, the changes in its net assets, the loss on sale of investments and options and the financial highlights for the periods indicated above, in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
Toronto, Ontario
February 14, 2003

Statements of Net Assets

December 31, 2002 and 2001

	2002	2001
ASSETS		
Investments at market value (average cost - \$51,444,360; 2001 - \$77,910,692)	\$ 21,616,532	\$ 43,168,112
Short-term investments (average cost - \$7,797,076; 2001 - \$9,918,825)	7,831,287	9,927,179
Cash	91,680	20,013
Interest receivable	19,014	8,299
Dividends receivable	18,711	5,292
Due from brokers	-	518,568
Subscriptions receivable	-	70,698
TOTAL ASSETS	29,577,224	53,718,161
LIABILITIES		
Accrued liabilities	61,032	93,944
Redemptions payable	2,309,982	-
TOTAL LIABILITIES	2,371,014	93,944
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 27,206,210	\$ 53,624,217
Number of Units Outstanding (Note 5)	7,261,933	8,284,245
Net Asset Value per Unit	\$ 3.7464	\$ 6.4730

On Behalf of the Manager,
Mulvihill Fund Services Inc.


John P. Mulvihill, Director


David N. Middleton, Director

Statements of Financial Operations

Years ended December 31, 2002 and 2001

	2002	2001
REVENUE		
Dividends	\$ 294,104	\$ 2,823,937
Interest	35,457	577,618
Withholding taxes	(40,399)	(44,190)
TOTAL REVENUE	289,162	3,357,365
EXPENSES (Note 6)		
Management fees	452,123	727,077
Custodian and other fees	131,204	185,352
Goods and services tax	40,146	63,870
TOTAL EXPENSES	623,473	976,299
Net investment income (loss)	(334,311)	2,381,066
Loss on sale of investments and options	(23,014,507)	(22,979,166)
Foreign exchange gains (losses) on sale of investments	(39,442)	58,565
Change in unrealized depreciation of investments and foreign currency	4,941,792	7,026,645
Net loss on investments	(18,112,157)	(15,893,956)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ (18,446,468)	\$ (13,512,890)

Statements of Changes in Net Assets

Years ended December 31, 2002 and 2001

	2002	2001
NET ASSETS, BEGINNING OF YEAR	\$ 53,624,217	\$ 74,526,471
Total results of financial operations	(18,446,468)	(13,512,890)
Unit transactions		
Amount paid for units redeemed	(3,995,274)	–
Proceeds from reinvestment of distributions	82,356	443,950
	(3,912,918)	443,950
Distributions to unitholders (Note 7)		
From net investment income	–	(1,050,074)
Non-taxable distribution	(4,058,621)	(6,783,240)
	(4,058,621)	(7,833,314)
Changes in net assets during the year	(26,418,007)	(20,902,254)
NET ASSETS, END OF YEAR	\$ 27,206,210	\$ 53,624,217

Statements of Loss on Sale of Investments and Options

Years ended December 31, 2002 and 2001

	2002	2001
Proceeds from sale of investments	\$ 14,863,983	\$ 16,501,054
Cost of investments sold		
Cost of investments, beginning of year	77,910,692	95,493,706
Cost of investments purchased	11,412,158	21,897,206
	89,322,850	117,390,912
Cost of investments, end of year	(51,444,360)	(77,910,692)
	37,878,490	39,480,220
LOSS ON SALE OF INVESTMENTS AND OPTIONS	\$ (23,014,507)	\$ (22,979,166)

Statement of Investments

December 31, 2002

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, USD - January 8, 2003		900,000	\$ 1,393,443	\$ 1,421,070
Government of Canada, USD - January 9, 2003		125,000	196,191	197,391
Government of Canada - January 30, 2003		2,525,000	2,506,366	2,506,366
Government of Canada - March 13, 2003		590,000	585,401	585,401
Government of Canada - March 27, 2003		50,000	49,643	49,643
Total Treasury Bills	60.6 %		4,731,044	4,759,871
Discount Commercial Paper				
Province of Ontario, USD - February 19, 2003	39.1 %	1,950,000	3,066,032	3,071,416
	99.7 %		7,797,076	7,831,287
Accrued interest	0.3 %			19,014
TOTAL SHORT-TERM INVESTMENTS	100.0 %		\$ 7,797,076	\$ 7,850,301

INVESTMENTS

Canadian Common Shares

Enabling Hardware and Software

ATI Technologies Inc. 60,000 \$ 655,200 \$ 436,200

Telecommunication Equipment Suppliers

Celestica Inc. 40,000 3,672,100 882,000

Total Canadian Common Shares 6.1 % \$ 4,327,300 \$ 1,318,200

United States Common Shares

Enabling Hardware and Software

Applied Materials Inc. 50,000 \$ 1,959,117 \$ 1,029,242

Dell Computer Corporation 20,000 913,386 844,879

EMC Corp./Massachusetts 70,000 699,377 679,000

Hewlett-Packard Company 30,000 2,615,045 822,762

Intel Corporation 60,000 2,966,050 1,475,853

Microsoft Corporation 10,000 803,833 816,758

Oracle Corporation 25,000 1,375,474 426,547

Texas Instruments Inc. 50,000 5,162,811 1,185,643

VeriSign, Inc. 25,000 1,622,791 316,750

VERITAS Software Corp. 30,000 4,068,033 740,296

Total Enabling Hardware and Software 38.5 % 22,185,917 8,337,730

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
United States Common Shares (continued)				
Related Digital Commerce, Services and Products				
eBay Inc.		10,000	1,099,571	1,071,423
First Data Corp.		15,000	824,587	839,113
General Electric Company		20,000	1,097,495	769,364
Siebel Systems, Inc.		35,000	976,850	413,593
The Charles Schwab Corporation		50,000	1,096,839	857,043
Total Related Digital Commerce, Services and Products	18.3 %		5,095,342	3,950,536
Telecommunication Equipment Suppliers				
Cisco Systems Inc.		50,000	2,652,446	1,034,772
Motorola Inc.		30,000	520,525	409,959
Total Telecommunication Equipment Suppliers	6.7 %		3,172,971	1,444,731
Telecommunication Services				
Nextel Communications Inc., Class A		45,000	2,508,061	821,103
Sprint Corp.		50,000	4,123,429	1,143,778
Total Telecommunication Services	9.1 %		6,631,490	1,964,881
Total United States Common Shares	72.6 %		\$ 37,085,720	\$15,697,878
Non-North American Common Shares				
Enabling Hardware and Software				
SAP AG ADR	2.9 %	20,000	\$ 1,053,721	\$ 616,124
Related Digital Commerce, Services and Products				
Sony Corporation	4.5 %	15,000	1,284,370	978,925
Telecommunication Equipment Suppliers				
Alcatel ADR		90,000	805,252	631,290
Nokia Corp. ADR		50,000	1,845,114	1,224,348
Total Telecommunication Equipment Suppliers	8.6 %		2,650,366	1,855,638
Telecommunication Services				
BT Group PLC		15,000	879,279	742,429
Deutsche Telekom AG		40,000	4,854,013	802,540
Total Telecommunication Services	7.1 %		5,733,292	1,544,969
Total Non-North American Common Shares	23.1 %		\$ 10,721,749	\$ 4,995,656

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
Forward Exchange Contracts				
Sold USD \$1,875,000, Bought CAD \$2,949,458 @ 0.63571 - January 22, 2003				\$ (15,297)
Sold USD \$1,564,000, Bought CAD \$2,486,605 @ 0.62897 - February 20, 2003				10,825
Sold USD \$1,620,000, Bought CAD \$2,524,190 @ 0.64179 - March 19, 2003				(42,960)
Total Forward Exchange Contracts	(0.2)%			\$ (47,432)

	% of Portfolio	Number of Contracts	Proceeds	Market Value
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
BCE Inc. - February 2003 @ \$28		200	\$ (12,400)	\$ (13,416)
Oracle Corporation - January 2003 @ \$9		250	(33,029)	(3,777)
SBC Communications Inc. - February 2003 @ \$28		150	(32,649)	(41,288)
Total Written Cash Covered Put Options	(0.3)%		(78,078)	(58,481)

Written Covered Call Options (100 shares per contract)				
Alcatel ADR - February 2003 @ \$6		550	(68,710)	(21,040)
ATI Technologies Inc. - January 2003 @ \$11		300	(20,400)	(74)
Celestica Inc. - January 2003 @ \$24		300	(48,120)	(30,539)
Cisco Systems Inc. - January 2003 @ \$13		335	(35,694)	(41,192)
eBay Inc. - January 2003 @ \$70		100	(39,800)	(15,798)
EMC Corp./Massachusetts - January 2003 @ \$7		450	(42,853)	(31,398)
First Data Corp. - January 2003 @ \$37		150	(37,879)	(19,749)
Hewlett-Packard Company - January 2003 @ \$19		300	(33,460)	(15,419)
Intel Corporation - January 2003 @ \$21		400	(52,955)	(27)
Microsoft Corporation - January 2003 @ \$56		50	(16,261)	(3,403)
Motorola Inc. - January 2003 @ \$11		150	(18,866)	(283)
Nokia Corp. ADR - January 2003 @ \$18		250	(36,642)	(5,291)
SAP AG ADR - January 2003 @ \$21		200	(32,523)	(24,832)
Siebel Systems, Inc. - January 2003 @ \$8		350	(34,830)	(23,322)
VeriSign, Inc. - January 2003 @ \$9		250	(31,965)	(19,602)
VERITAS Software Corp. - January 2003 @ \$17		300	(61,373)	(37,320)
Total Written Covered Call Options	(1.3)%		(612,331)	(289,289)
TOTAL OPTIONS	(1.6)%		\$ (690,409)	\$ (347,770)
TOTAL INVESTMENTS	100.0 %		\$ 51,444,360	\$ 21,616,532

Statements of Financial Highlights

Years ended December 31

	2002	2001	2000*
DATA PER UNIT			
Net Asset Value, Beginning of Year	\$ 6.47	\$ 9.06	\$ 14.18**
INCOME FROM INVESTMENT OPERATIONS			
Net investment income (loss)	(0.05)	0.29	0.34
Net loss on investments	(2.17)	(1.93)	(3.11)
Total from Investment Operations	(2.22)	(1.64)	(2.77)
DISTRIBUTION TO UNITHOLDERS			
From net investment income	-	(0.13)	(0.18)
From net realized gain on sale investments	-	-	(2.16)
Non-taxable distribution (Note 7)	(0.50)	(0.82)	(0.01)
Total distributions	(0.50)	(0.95)	(2.35)
Net Asset Value, End of Year	\$ 3.75	\$ 6.47	\$ 9.06
RATIOS/SUPPLEMENTAL DATA			
Total net assets, end of year (\$millions)	\$ 27.21	\$ 53.62	\$ 74.53
Average net assets (\$millions)	\$ 38.99	\$ 61.80	\$ 100.42
Management expense ratio	1.65%	1.61%	1.50%
Portfolio turnover rate	39.5%	26.8%	38.9%
Annual rate of return	(34.3)%	(18.1)%	N/A

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

** Net of agent fees.

1. Establishment of the Fund

Digital World Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario on February 15, 2000. The Fund 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 Fund by a majority vote at a meeting called for such purpose.

The manager of the Fund is Mulvihill Fund Services Inc. (the "Manager") and the Fund'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 Fund.

The Fund operates under the registered name Mulvihill Summit Digital World Fund.

2. Investment Objectives of the Fund

The Fund achieves 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 Fund may, from time to time, write covered call options in respect of all or part of the securities 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. Additionally, the Fund may purchase call options with the effect of closing out existing call options written by the Fund and may also purchase put options to preserve the value of the portfolio where appropriate. The Fund may enter into trades to close out positions in such permitted derivatives.

From time to time the Fund 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 accounting principles generally accepted in Canada. 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 last published sale price if this is between the last recorded bid price (the price someone is willing to pay) and the last recorded asked price (the price at which someone is willing to sell). If the last published sale price is not between the bid and the asked price, the bid or the asked price is used, whichever is nearer the last published sale 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.

Forward foreign exchange contracts are valued at the current market value on the valuation date.

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 received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in changes in unrealized appreciation or depreciation of 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. Statements of Financial Highlights

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

- (a) Net investment income (loss) per unit is calculated based on the weighted average number of units outstanding during the year.
- (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 Fund to average net assets.
- (e) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, divided by the average value of portfolio securities, excluding short-term investments.
- (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 current year distributions. Returns are not reported in the year that the Fund was established.

5. Unitholders' Equity

The Fund 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 Fund.

All units have equal rights and privileges, except that 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

Fund (a "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 Fund. 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 percent 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 Fund may, but is not obligated to, require the Recirculation Agent to use its best efforts to find purchasers for any units tendered for redemption.

Following are the unit transactions for the year:

	2002	2001
Units outstanding, beginning of year	8,284,245	8,229,225
Units issued on reinvestment of distributions	13,386	55,020
Units redeemed	(1,035,698)	-
Units outstanding, end of year	7,261,933	8,284,245

6. Management Fees and Expenses

The Fund 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 the Fund's operations. The Fund is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund 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 percent and 1.10 percent, respectively, of the Fund's net asset value calculated and payable monthly, plus applicable taxes. The fee of 0.10 percent 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 percent of the amount by which cash distributions paid in a financial year plus the change in the net asset value per unit of the Fund since the December valuation date of the previous financial year exceeds 20 percent 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 percent cumulative return since inception on the original investment of \$15.00 and unless the total return for the Fund 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 2002 or 2001.

7. Distributions

The Fund 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 Fund 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 Fund is a "mutual fund trust" as defined in the Income Tax Act (Canada) (the "Act"). The Fund 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 Fund on any net realized capital gains not paid or payable is recoverable by the Fund to the extent and in the circumstances provided in the Act.

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

No amount is payable on account of income taxes in 2002 or 2001.

Accumulated non-capital losses of approximately \$1.8 million and capital losses of approximately \$46.3 million (2001 - \$21.7 million) are available for utilization against net investment income and realized gains on sales of investments, respectively, in future years. The non-capital losses have expiration dates extending to 2009 and capital losses can be carried forward indefinitely.

Issue costs of approximately \$3.1 million (2001 - \$4.5 million) remain undeducted for tax purposes at year end.

9. Commission Charges

Total commissions paid in 2002 in connection with portfolio transactions were \$111,126 (2001 - \$154,258).

10. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

11. Statement of Portfolio Transactions

The Fund will provide, without charge, a Statement of Portfolio Transactions (unaudited) upon written request by any unitholder to the Fund at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

Mulvihill Capital Management Inc.

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than \$3.8 billion in segregated and pooled funds on behalf of institutional and high net worth clients. Founded by Canada Trust in 1985, Mulvihill Capital Management emerged in 1995 as an independent company. Today, Mulvihill is managed by a cohesive team of senior managers and owners who have worked together for more than a decade. Our scale and independent structure allow us to provide our clients with a uniquely customized approach to asset management.

Mulvihill Capital Management operates three main lines of business:

- Mulvihill Institutional Asset Management provides asset growth management of pension funds, corporations, management companies, endowment foundations and mutual funds with a wide variety of investment mandates. Our reputation has been built on the ability to provide customized portfolios that meet the stated needs of our clients.
- Mulvihill Wealth Management offers a comprehensive specialized approach tailored to a client's personal investment strategies. Personalized service and customized reporting ensure that our clients are fully aware of the progress they are making.
- Mulvihill Structured Products is responsible for the development and management of Mulvihill Hybrid Income Funds tailored to meet very specific investment objectives. Assets are generally managed to meet absolute rather than relative returns.

Mulvihill's Hybrid Income Funds are exchange-traded, equity-based funds that are enhanced by virtue of their broad distribution, special structure and performance characteristics. The Hybrid Income Funds are prime examples of our customized approach to asset management.

MULVIHILL HYBRID INCOME FUNDS	SYMBOL	HIGH	LOW
MULVIHILL PLATINUM			
Mulvihill Pro-AMS U.S. Fund	PAM.UN	\$ 24.40	\$ 18.57
Mulvihill Pro-AMS RSP Fund	PR.UN	\$ 24.90	\$ 18.21
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund	PRC.UN	\$ 25.47	\$ 18.61
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund	PRU.U	\$ 21.99 USD	\$ 15.27 USD
Mulvihill Pro-AMS RSP Split Share Fund	SPL.A/SPL.B	\$ 10.15/\$ 19.95	\$ 8.00/\$ 14.31
MULVIHILL PREMIUM			
Mulvihill Premium Canadian Fund	FPI.UN	\$ 26.00	\$ 16.41
Mulvihill Premium U.S. Fund	FPU.UN	\$ 23.30	\$ 12.50
Mulvihill Premium Oil & Gas Fund	FPG.UN	\$ 10.60	\$ 8.15
Mulvihill Premium 60 Plus Fund	SIX.UN	\$ 28.00	\$ 16.68
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 20.80	\$ 11.95
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 13.85/\$ 15.79	\$ 9.35/\$ 15.02
Mulvihill Premium Split Share Fund	MUH.A/MUH.PR.A	\$ 14.65/\$ 16.10	\$ 7.71/\$ 15.00
Mulvihill Premium Global Telecom Fund	GT.A/GT.PR.A	\$ 8.55/\$ 13.50	\$ 1.01/\$ 9.00
MULVIHILL SUMMIT			
Mulvihill Summit Digital World Fund	DWT.UN	\$ 7.14	\$ 3.09

Board of Advisors

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.

Information

Auditors:

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

Transfer Agent:

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

Shares Listed:

Toronto Stock Exchange
trading under
DWT.UN

Trustee:

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

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

Hybrid Income Funds

Managed by Mulvihill Structured Products

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 *Global Plus Fund*
Mulvihill Premium *Canadian Bank Fund*
Mulvihill Premium *Split Share Fund*
Mulvihill Premium *Global Telecom Fund*

Mulvihill Summit

Mulvihill Summit *Digital World Fund*

Mutual Funds Managed by Mulvihill Capital Management

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

Head Office:

Mulvihill Capital Management Inc.
121 King St. W., Suite 2600
Toronto ON
M5H 3T9

Tel: 416 681-3966 or 1 800 725-7172

Fax: 416 681-3901

e-mail: hybrid@mulvihill.com

Contact your broker directly for address changes and for information regarding your brokerage accounts.





www.mulvihill.com

Mulvihill Structured Products

Investor Relations

121 King St. W., Suite 2600

Toronto ON

M5H 3T9

Tel: 416 681-3966 or 1 800 725-7172

Fax: 416 681-3901

e-mail: hybrid@mulvihill.com

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