



Hybrid Income Funds



Annual Report 2002

Mulvihill Pro-AMS 100 Plus (CDN \$) Fund





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

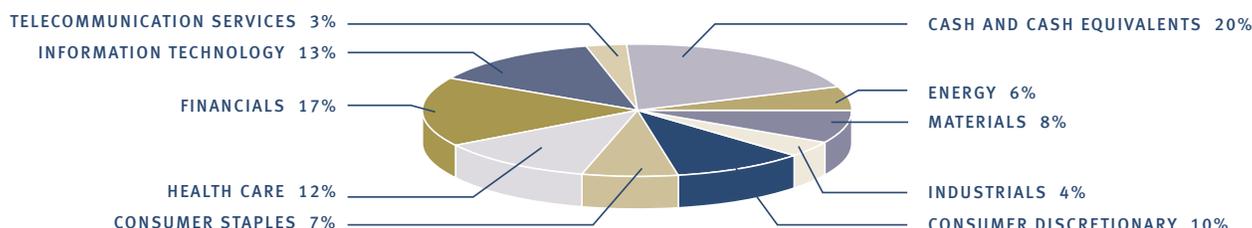
The Fund's investment objectives are to provide unitholders of the Fund with a stable stream of monthly distributions of at least \$0.17708 (\$2.1250 annually) per unit, to return at a minimum the original issue price of the units to unitholders upon termination of the Fund on December 30, 2016, and to preserve the value of the Fund's managed portfolio which will provide unitholders with capital appreciation above the original issue price.

Investment Strategy

To provide the Fund with the means to return the original issue price on termination, the Fund has entered into a "Forward Agreement" with the Royal Bank of Canada ("RBC") whereby RBC will pay the Fund \$25.00 for each unit outstanding on the Termination Date in exchange for delivery of the Fund's fixed portfolio. The Fund intends to achieve its investment objectives by investing the balance of the net assets in a diversified internationally focused portfolio consisting principally of equity securities (including common shares and ADRs) that are listed on a major North American stock exchange or market with an emphasis on the top 100 in each category by market capitalization of ADRs, U.S. equities and Canadian equities. In addition, the issuers of such securities must have a market capitalization in excess of U.S. \$5.0 billion if listed solely in the United States or a market capitalization in excess of Cdn. \$1.0 billion if listed in Canada. To generate additional returns above the dividend income generated by the portfolio, the Fund will write covered call options in respect of all or part of the securities in the managed portfolio. From time to time, the Fund may hold a portion of its assets in cash equivalents, which may be utilized to provide cover in respect of the writing of cash covered put positions.

Asset Mix

December 31, 2002



Distribution History

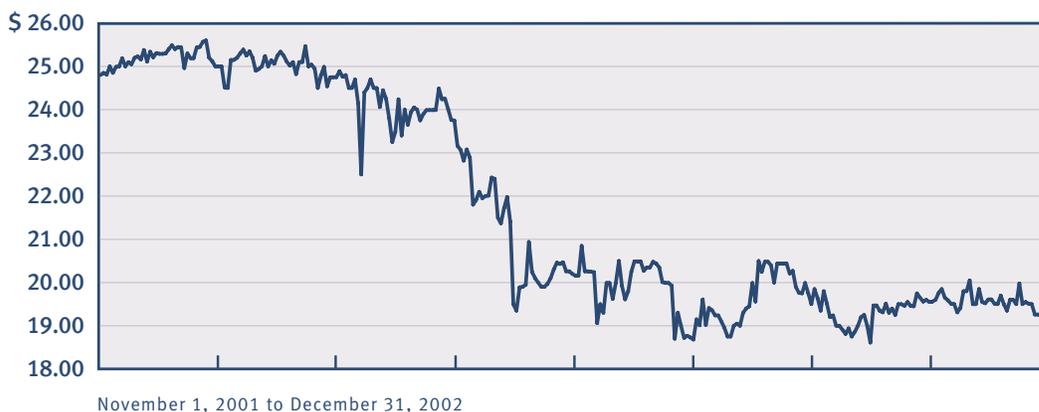
INCEPTION DATE: NOVEMBER 2001	REGULAR DISTRIBUTION
Total for 2001	\$ 0.35416
January 2002	0.17708
February 2002	0.17708
March 2002	0.17708
April 2002	0.17708
May 2002	0.17708
June 2002	0.17708
July 2002	0.17708
August 2002	0.17708
September 2002	0.17708
October 2002	0.17708
November 2002	0.17708
December 2002	0.17708
Total for 2002	2.12496
Total Distributions to Date	\$ 2.47912

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

Top 10 Holdings

- Apache Corporation
- The Toronto-Dominion Bank
- The News Corporation Limited ADR
- Inco Limited
- Sun Life Financial Services of Canada Inc.
- Citigroup Inc.
- Nokia Corp. ADR
- Barrick Gold Corporation
- Verizon Communications Inc.
- Amgen Inc.

Trading History



Commentary

As at December 31, 2002, the net assets of the Fund were \$137.3 million, or \$19.44 per unit, down from \$22.50 per unit, at the end of 2001. The Fund’s units, listed on the Toronto Stock Exchange as PRC.UN, began the year trading just above \$25.00, and touched a low of \$18.61 later in the year, before rebounding to close at \$19.15 at year-end.

Unitholders received distributions of \$2.12 per unit during the year, and based on the year end net asset value, these distributions represent a distribution yield of 10.9 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.

The continuing weakness of equity markets around the world made 2002 a difficult year for investors. The greatest challenge came from the steep decline in the U.S., where the managed portion of the Fund has the largest share of its investments. The S&P500 Index declined almost 22 percent during the year, whereas the Fund substantially outperformed this benchmark with a return of -4.1 percent including distributions for the year. Conditions are now favorable for the delayed recovery of the U.S. economy to take hold, and begin a new growth cycle. Geopolitical uncertainties, however, will continue to inhibit investors in the U.S. and globally.

Market volatility was substantial for most of the year, especially in the third quarter, allowing the Fund to generate the required income to maintain distributions. Towards year-end, however, volatility was much reduced, making profitable option writing increasingly difficult. Consequently, income generated from these programs was insufficient to offset the erosion of capital due to the declining market values of investments.

The Fund’s diversified investment portfolio is now made up of approximately 60 percent U.S. stocks, 25 percent Canadian, and 15 percent International. 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 Pro-AMS 100 Plus (Cdn \$) Fund

We have audited the accompanying statement of investments of Mulvihill Pro-AMS 100 Plus (CDN \$) Trust (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, of gain (loss) on sale of investments and options and of financial highlights for the periods (since inception) then ended. 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 gain (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 - \$130,781,840; 2001 - \$144,458,810)	\$ 127,535,377	\$ 136,627,897
Short-term investments (average cost - \$11,012,757; 2001 - \$24,013,350)	11,032,440	24,056,209
Cash	117,586	21,218
Dividends receivable	34,454	10,079
Interest receivable	25,223	32,672
Due from brokers	174,663	-
TOTAL ASSETS	138,919,743	160,748,075
LIABILITIES		
Redemptions payable	1,248,902	-
Accrued liabilities	390,717	452,897
TOTAL LIABILITIES	1,639,619	452,897
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 137,280,124	\$ 160,295,178
Number of Units Outstanding (Note 6)	7,060,765	7,125,000
Net Asset Value per Unit	\$ 19.4427	\$ 22.4976

On Behalf of the Manager,
Mulvihill Fund Services Inc.


John P. Mulvihill, Director


David N. Middleton, Director

Statements of Financial Operations

Periods ended December 31, 2002 and 2001

	2002	2001*
REVENUE		
Dividends	\$ 805,070	\$ 65,513
Interest	440,903	233,549
Withholding taxes	(95,205)	(5,924)
TOTAL REVENUE	1,150,768	293,138
EXPENSES (Note 7)		
Management fees	1,736,900	326,206
Forward agreement fee (Note 5)	841,326	144,580
Service fees	399,381	80,497
Custodian and other fees	311,314	30,148
Goods and services tax	170,553	30,580
TOTAL EXPENSES	3,459,474	612,011
Net investment loss	(2,308,706)	(318,873)
Gain (loss) on sale of investments and options	(8,580,895)	2,592,218
Foreign exchange gains (losses) on sale of investments	(299,707)	74,846
Change in unrealized depreciation of investments and foreign currency	4,563,496	(7,788,061)
Net loss on investments	(4,317,106)	(5,120,997)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ (6,625,812)	\$ (5,439,870)

* For the period from inception on November 2, 2001 to December 31, 2001.

Statements of Changes in Net Assets

Periods ended December 31, 2002 and 2001

	2002	2001*
NET ASSETS, BEGINNING OF PERIOD	\$ 160,295,178	\$ -
Total results of financial operations	(6,625,812)	(5,439,870)
Unit transactions		
Proceeds from units issued, net of issue costs (Note 6)	-	168,258,438
Amount paid for units redeemed	(1,248,902)	-
	(1,248,902)	168,258,438
Distributions to unitholders (Note 8)		
From net investment income	-	(15,940)
From net realized gain on sale of investments and options	-	(2,354,230)
Non-taxable distribution	(15,140,340)	(153,220)
	(15,140,340)	(2,523,390)
Changes in net assets during the period	(23,015,054)	160,295,178
NET ASSETS, END OF PERIOD	\$ 137,280,124	\$ 160,295,178

Statements of Gain (Loss) on Sale of Investments and Options

Periods ended December 31, 2002 and 2001

	2002	2001*
Proceeds from sale of investments	\$ 73,509,115	\$ 21,557,146
Cost of investments sold		
Cost of investments, beginning of period	144,458,810	-
Cost of investments purchased	68,413,040	163,423,738
	212,871,850	163,423,738
Cost of investments, end of period	(130,781,840)	(144,458,810)
	82,090,010	18,964,928
GAIN (LOSS) ON SALE OF INVESTMENTS AND OPTIONS	\$ (8,580,895)	\$ 2,592,218

* For the period from inception on November 2, 2001 to December 31, 2001.

Statement of Investments

December 31, 2002

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO				
Treasury Bills				
Canadian Treasury Bill, USD - January 9, 2003		125,000	\$ 196,191	\$ 197,391
Canadian Treasury Bill - February 27, 2003		1,970,000	1,954,634	1,954,634
Canadian Treasury Bill - March 27, 2003		90,000	89,353	89,352
Canadian Treasury Bill - February 13, 2003		10,000	9,919	9,919
Canadian Treasury Bill - March 13, 2003		7,395,000	7,341,685	7,341,685
Canadian Treasury Bill - April 24, 2003		500,000	492,660	492,660
Canadian Treasury Bill, USD - January 8, 2003		400,000	619,308	631,587
Total Treasury Bills	96.9 %		10,703,750	10,717,228
Discount Commercial Paper				
Canadian Wheat Board, USD - March 5, 2003	2.9 %	200,000	309,007	315,212
	99.8 %		11,012,757	11,032,440
Accrued interest	0.2 %			25,223
TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO	100.0 %		\$ 11,012,757	\$ 11,057,663

INVESTMENTS - MANAGED PORTFOLIO

Canadian Common Shares

Financials

Sun Life Financial Services of Canada Inc.		61,000	\$ 2,054,391	\$ 1,629,310
The Toronto-Dominion Bank		50,000	2,149,564	1,700,500
Total Financials	2.6 %		4,203,955	3,329,810

Health Care

Biovail Corporation	1.0 %	30,000	1,298,805	1,262,100
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Information Technology

Celestica Inc.	0.7 %	43,000	2,592,155	948,150
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Materials

Alcan Inc.		26,500	1,572,918	1,227,745
Barrick Gold Corporation		63,000	1,843,860	1,534,050
Inco Limited		49,000	1,196,269	1,635,620
Total Materials	3.5 %		4,613,047	4,397,415

Total Canadian Common Shares

United States Common Shares

Consumer Discretionary

Limited Brands		49,000	\$ 1,280,937	\$ 1,078,327
The Walt Disney Co.		20,000	622,963	515,332
Wal-Mart Stores, Inc.		14,000	1,156,784	1,117,142
Total Consumer Discretionary	2.1 %		3,060,684	2,710,801

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
United States Common Shares (continued)				
Consumer Staples				
CVS Corporation		33,500	1,616,082	1,321,498
The Procter & Gamble Company		8,000	1,094,070	1,086,147
Total Consumer Staples	1.9 %		2,710,152	2,407,645
Energy				
Apache Corporation		24,000	2,172,860	2,160,793
Baker Hughes Incorporated		24,000	1,140,638	1,220,493
Total Energy	2.7 %		3,313,498	3,381,286
Financials				
American Express Company		10,000	622,675	558,461
American International Group Inc.		13,500	1,273,180	1,233,787
Citigroup Inc.		29,000	2,296,605	1,612,204
Morgan Stanley		21,800	1,432,081	1,374,834
Wells Fargo & Company		8,000	577,963	592,363
Total Financials	4.2 %		6,202,504	5,371,649
Health Care				
AmerisourceBergen Corporation		10,000	1,071,350	857,992
Amgen Inc.		20,000	1,443,241	1,527,354
Pfizer Inc.		28,000	1,449,812	1,352,249
Total Health Care	2.9 %		3,964,403	3,737,595
Industrials				
General Electric Company		35,000	1,546,204	1,346,388
Illinois Tool Works		11,000	1,159,351	1,127,127
Total Industrials	1.9 %		2,705,555	2,473,515
Information Technology				
Cisco Systems Inc.		68,500	1,609,161	1,417,637
Dell Computer Corporation		25,000	1,139,070	1,056,099
Intel Corporation		55,000	2,548,477	1,352,865
Microsoft Corporation		10,000	874,651	816,758
Total Information Technology	3.7 %		6,171,359	4,643,359
Telecommunication Services				
Verizon Communications Inc.	1.2 %	25,000	1,994,507	1,530,435
Total United States Common Shares	20.6 %		\$ 30,122,662	\$ 26,256,285
Non-North American Common Shares				
Consumer Discretionary				
Koninklijke (Royal) Philips Electronics N.V.		38,000	\$ 1,843,307	\$ 1,061,375
The News Corporation Limited ADR		40,000	1,863,442	1,658,794
Total Consumer Discretionary	2.1 %		3,706,749	2,720,169

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
Non-North American Common Shares (continued)				
Consumer Staples				
Diageo PLC ADR	1.0 %	18,500	1,473,868	1,280,115
Financials				
ING Groep N.V. ADR	0.8 %	40,000	1,682,482	1,064,156
Health Care				
Aventis S.A. ADR		8,000	922,946	684,877
Teva Pharmaceutical Industries Ltd. ADR		20,000	1,148,928	1,219,924
Total Health Care	1.5 %		2,071,874	1,904,801
Information Technology				
Nokia Corp. ADR	1.2 %	64,000	2,482,441	1,567,166
Total Non-North American Common Shares	6.6 %		\$ 11,417,414	\$ 8,536,407

	% of Portfolio	Number of Contracts	Proceeds	Market Value
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
BCE Inc. - January 2003 @ \$29		240	\$ (20,880)	\$ (15,921)
Written Covered Call Options (100 shares per contract)				
Alcan Inc. - January 2003 @ \$49		100	(14,000)	(6,753)
American Express Company - January 2003 @ \$40		100	(22,537)	(483)
American International Group Inc. - January 2003 @ \$61		70	(23,510)	(7,338)
AmerisourceBergen Corporation - January 2003 @ \$66		50	(18,739)	(7)
Amgen Inc. - January 2003 @ \$49		100	(29,311)	(8,314)
Amgen Inc. - January 2003 @ \$53		50	(16,091)	(7,351)
Apache Corporation - January 2003 @ \$53		120	(32,733)	(76,662)
Apache Corporation - January 2003 @ \$54		60	(16,359)	(31,714)
Aventis S.A. ADR - January 2003 @ \$56		40	(12,598)	(5,236)
Baker Hughes Incorporated - January 2003 @ \$34		120	(19,778)	(9,503)
Celestica Inc. - January 2003 @ \$24		325	(52,130)	(33,084)
Cisco Systems Inc. - January 2003 @ \$13		455	(49,361)	(55,947)
Citigroup Inc. - January 2003 @ \$37		50	(9,916)	(3,000)
Citigroup Inc. - January 2003 @ \$39		95	(21,271)	(2,642)
CVS Corporation - January 2003 @ \$28		225	(34,030)	(2,309)

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Contracts	Proceeds	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
OPTIONS (continued)				
Written Covered Call Options (100 shares per contract) (continued)				
Dell Computer Corporation - January 2003 @ \$29		62	(8,112)	(37)
Dell Computer Corporation - January 2003 @ \$30		63	(9,321)	(38)
Diageo PLC ADR - January 2003 @ \$44		185	(27,759)	(29,177)
General Electric Company - January 2003 @ \$26		230	(28,006)	(10,248)
Illinois Tool Works - January 2003 @ \$69		77	(20,746)	(1,043)
Inco Limited - January 2003 @ \$34		370	(37,370)	(43,765)
ING Groep N.V. ADR - January 2003 @ \$17		320	(42,135)	(43,091)
Intel Corporation. - January 2003 @ \$20		385	(68,959)	(97)
Koninklijke (Royal) Philips Electronics N.V. - January 2003 @ \$20		380	(51,626)	(12,837)
Limited Brands - January 2003 @ \$15		370	(36,401)	(8,143)
Morgan Stanley - January 2003 @ \$44		36	(7,426)	(386)
Morgan Stanley - January 2003 @ \$46		43	(11,732)	(44)
Morgan Stanley - January 2003 @ \$47		30	(8,326)	(28)
The News Corporation Limited ADR - January 2003 @ \$26		200	(27,963)	(37,678)
Nokia Corp. ADR - January 2003 @ \$18		320	(46,901)	(6,773)
Pfizer Inc. - January 2003 @ \$31		210	(27,707)	(28,667)
Sun Life Financial Services of Canada Inc. - January 2003 @ \$28		610	(42,243)	(24,114)
Teva Pharmaceutical Industries Ltd. ADR - January 2003 @ \$40		130	(17,586)	(6,802)
The Procter & Gamble Company - January 2003 @ \$89		80	(18,093)	(13,791)
The Toronto-Dominion Bank - January 2003 @ \$36		500	(33,500)	(22,446)
The Walt Disney Co. - January 2003 @ \$18		150	(14,901)	(5,662)
Verizon Communications Inc. - January 2003 @ \$39		125	(30,015)	(27,179)
Wal-Mart Stores, Inc. - January 2003 @ \$54		140	(28,717)	(1,147)
Wells Fargo & Company - January 2003 @ \$47		53	(9,807)	(6,924)
Total Written Covered Call Options	(0.4)%		(1,027,716)	(580,460)
TOTAL OPTIONS	(0.4)%		\$ (1,048,596)	\$ (596,381)
TOTAL INVESTMENTS - MANAGED PORTFOLIO	34.6 %		\$ 53,199,442	\$ 44,133,786

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - FIXED PORTFOLIO				
Canadian Common Shares				
Health Care				
Biovail Corporation		132,654	\$ 10,247,286	\$ 5,580,754
QLT Inc.		278,455	10,002,104	3,731,297
Total Health Care	7.3 %		20,249,390	9,312,051
Industrials				
Royal Group Technologies Limited	2.9 %	241,161	6,231,598	3,668,059
Information Technology				
ATI Technologies Inc.		769,392	10,002,096	5,593,480
Celestica Inc.		169,671	10,228,221	3,741,245
Cognos Inc.		369,217	10,002,089	13,661,029
Total Information Technology	18.0 %		30,232,406	22,995,754
Materials				
Inco Limited		456,926	10,866,910	15,252,190
Meridian Gold Inc.		593,244	10,002,094	16,456,588
Total Materials	24.9 %		20,869,004	31,708,778
TOTAL INVESTMENTS - FIXED PORTFOLIO	53.1 %		\$ 77,582,398	\$ 67,684,642
Forward Agreement (Note 5)	12.3 %			15,716,949
TOTAL INVESTMENTS	100.0 %		\$130,781,840	\$127,535,377
Short-Term Investments - Managed Portfolio				11,032,440
Other Assets Less Liabilities				(1,287,693)
NET ASSETS				\$137,280,124
TOTAL MANAGED PORTFOLIO			\$ 64,212,199	\$ 55,166,226
TOTAL FIXED PORTFOLIO			77,582,398	83,401,591
TOTAL INVESTMENT PORTFOLIO			\$141,794,597	\$138,567,817

Statements of Financial Highlights

Periods ended December 31

	2002	2001*
DATA PER UNIT		
Net Asset Value, Beginning of Period	\$ 22.50	\$ 23.62**
INCOME FROM INVESTMENT OPERATIONS		
Net investment income	(0.02)	(0.01)
Net loss on investments and options	(0.92)	(0.76)
Total from Investment Operations	(0.94)	(0.77)
DISTRIBUTION TO UNITHOLDERS		
From net realized gain on sale of investments and options	-	(0.33)
Non-taxable distribution (Note 8)	(2.12)	(0.02)
Total distributions	(2.12)	(0.35)
Net Asset Value, End of Period	\$ 19.44	\$ 22.50
RATIOS/SUPPLEMENTAL DATA		
Total net assets, end of period (\$millions)	\$ 137.28	\$ 160.30
Average net assets (\$millions)	\$ 145.79	\$ 158.89
Management expense ratio	2.39%	2.25%
Portfolio turnover rate	54.2%	13.6%
Annual rate of return	(4.1)%	N/A

* For the period from inception on November 2, 2001 to December 31, 2001.

** Net of agent fees.

1. Establishment of the Fund

Mulvihill Pro-AMS 100 Plus (CDN \$) Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario on October 18, 2001. The Fund began operations on November 2, 2001 and will terminate on December 30, 2016 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.

2. Investment Objectives of the Fund

The Fund's investment objectives are (i) to return at least the original issue price of \$25.00 per unit to the unitholders upon termination of the Fund and (ii) to provide unitholders with a stable stream of monthly distributions. To achieve the first objective, the Fund has entered into a forward purchase and sale agreement (the "Forward Agreement") pursuant to which the counterparty will pay to the Fund an amount equal to the original issue price for each unit outstanding on the termination date in exchange for the Fund delivering to the counterparty certain equity securities which it purchased with approximately 39 percent of the gross proceeds from the initial offering of units (the "Fixed Portfolio"). The balance of the net proceeds of the initial offering has been invested in a diversified portfolio (the "Managed Portfolio") consisting principally of equity securities (including common shares and ADRs) that are listed on a major North American stock exchange or market with an emphasis on the top 100 in each category by market capitalization of ADRs, U.S. equities and Canadian equities. In addition, the issuers of such securities must have a market capitalization in excess of U.S. \$5.0 billion if listed solely in the United States or a market capitalization in excess of Cdn. \$1.0 billion if listed in Canada. ADRs are issued by a depository as evidence of a beneficial interest in foreign securities of an issuer that are held on deposit by the depository.

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 Managed 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 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.

The Forward Agreement is stated at estimated fair value which equals the difference between the consideration receivable under the contract and the change in fair value of the securities in the Fixed Portfolio since the date the contract was entered into.

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 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. 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 and options 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. Forward Agreement

The Fund has entered into a Forward Agreement with Royal Bank of Canada ("RBC") pursuant to which RBC will pay the Fund an amount equal to \$25.00 for each unit outstanding on the termination date in exchange for the Fund delivering to RBC the equity securities included in the Fixed Portfolio.

Securities in the Fixed Portfolio have been pledged to RBC as security for the obligations of the Fund under the Forward Agreement. The Forward Agreement is a direct obligation of RBC, a company with a credit rating of Moodys-Aa2 and DBRS-AA (low). The Forward Agreement may be physically or cash settled at the option of the Fund. In order to permit the Fund to fund periodic redemptions of units, the Forward Agreement may be settled in whole or in part in respect of any valuation date by the Fund tendering to RBC securities of the Fixed Portfolio at a price equal to the current market value of the tendered securities and the value of the portion of the Forward Agreement attributable to such securities.

A yearly fee of 0.3892 percent on the guaranteed value of the Forward Agreement and 0.2425 percent on the market value of the Fixed Portfolio is payable by the Fund. Fees are accrued and payable every quarter.

6. 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. 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, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund. Units are issued only as fully paid and are non-assessable. Fractions of units are proportionately entitled to all of these rights except voting rights.

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) \$1.00. 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.

On November 1, 2001, the Fund issued 6,500,000 units at \$25.00 per unit for total gross cash proceeds of \$162,500,000. On November 20, 2001, the Fund issued an additional 625,000 units at \$25.00 per unit for total gross cash proceeds of \$15,625,000. Costs of \$9,866,562 were incurred in connection with these offerings and the establishment of the Fund.

Following are the unit transactions for the period:

	2002	2001
Units outstanding, beginning of year	7,125,000	-
Units issued for cash	-	7,125,000
Units redeemed	(64,235)	-
Units outstanding, end of year	7,060,765	7,125,000

7. 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 the 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 fee payable to the Manager is payable at an annual rate of 0.10 percent of the Fund's net asset value calculated and payable monthly, plus applicable taxes. The fee payable to the Investment Manager is payable at an annual rate of 1.10 percent of the Fund's net asset value calculated and payable monthly, plus applicable taxes. In the event that no distributions are made for six or more consecutive months, the monthly investment management fee will be reduced to 1/12 of 0.40 percent of the Fund's net asset value and the full amount of such fees will not be payable until such time as regular distributions resume. The unpaid portion of such fees will be accrued but will not be paid until such time as the distribution shortfall has been paid to the unitholders. No unpaid portion of such fees will be paid out of the proceeds of the Forward Agreement.

The Manager also collects from the Fund a service fee equal to 0.30 per cent annually of the net asset value of the Fund which it pays to dealers in connection with amounts held by clients of the sales representatives of such dealers, plus applicable taxes. This service fee is payable quarterly.

8. Distributions

The Fund endeavours to make monthly cash distributions to unitholders of net income and net realized capital gains and option premiums on the last day of each month in each year.

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

9. 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.

Issue costs of approximately \$7.9 million (2001 - \$9.9 million) remain undeducted for tax purposes at year end.

Accumulated non-capital losses of approximately \$3.6 million and capital losses of approximately \$8.7 million are available for utilization against net investment income and realized gain on sales of investments, respectively, in future years. The non-capital losses have expiration dates extending to 2009 and the capital losses can be carried forward indefinitely.

10. Commission Charges

Total commissions paid in 2002 in connection with portfolio transactions were \$166,058 (2001 - \$153,044).

11. Comparative Figures

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

12. 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

Mulvihill Pro-AMS 100 Plus (CDN \$) Fund [PRC.UN]

Board of Advisors

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Mulvihill Capital Management Inc.

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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.

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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

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