



Hybrid Income Funds



Annual Report 2003

Mulvihill Premium 60 Plus Fund

60 Plus Income Trust





TABLE OF CONTENTS

Message to Unitholders	1
Investment Highlights	
• Investment Objectives	2
• Investment Strategy	2
• Asset Mix	2
• Distribution History	2
• Top 10 Holdings	3
• Trading History	3
• Commentary	3
Management's Responsibility for Financial Reporting	5
Auditors' Report	6
Financial Statements	7
Notes to Financial Statements	13
Mulvihill Capital Management Inc.	15
Board of Advisors	16

Message to Unitholders

Equity markets in 2003 made positive returns, strongly outperforming both bonds and cash instruments. The S&P TSX composite index rose 27 percent, with advances in all major industry groups. This reflected the underlying stability of the Canadian economy, which continued to perform well, despite the temporary setbacks of the SARS outbreak, mad cow disease, forest fires in the West and the Ontario power blackout. One other development, however, is having a more lasting effect—the sharp rise in the value of the Canadian dollar. This has hurt the competitiveness of Canadian manufacturers in export markets, and will continue to have a dampening effect on economic growth in 2004.

In the U.S., equity markets rebounded strongly after a sluggish first quarter, buoyed by a surging American economy. The S&P 500 index recorded a 29 percent gain for the year, and the NASDAQ rose by a full 50 percent. The sinking value of the U.S. dollar, however, turned these advances into only 5 percent and 23 percent gains in Canadian currency terms. Low interest rates, tax cuts and depleted inventories have contributed to the resurgence of the American economy, and the weaker dollar is also improving U.S. export prospects for this year. The present federal budget deficit and the chronic and now massive U.S. current account deficit are shifting investor sentiment away from U.S. dollar denominated assets. Commodities priced in depreciating U.S. dollars are thus more affordable, encouraging a rise in global demand.

In both Canada and the U.S., equity investors favoured stocks with depressed prices in sectors poised for renewed growth. This propelled the formerly devastated information technology sector into the forefront of performers, along with the materials and financial sectors. Price volatility was high in the first quarter, but has decreased substantially since then, though it remains sufficient to sustain limited option writing programs.

The outlook at present is for solid economic growth this year, accompanied by low inflation and higher corporate profits. The Canadian economy will benefit from the strong U.S. recovery, though this will be dampened somewhat by the strength of the Canadian dollar. Short-term interest rates are likely to remain low and could even ease from current levels. The U.S. Federal Reserve has probably finished its easing cycle, and will remain on hold for a while, with potential for tightening in the second half of the year.

With valuation levels already quite high, especially in the U.S., equity markets are unlikely to rise as much in 2004 as they did in 2003. Nevertheless, the equity investment environment remains distinctly positive for the year.



John P. Mulvihill
President
Mulvihill Capital Management Inc.

Investment Objectives

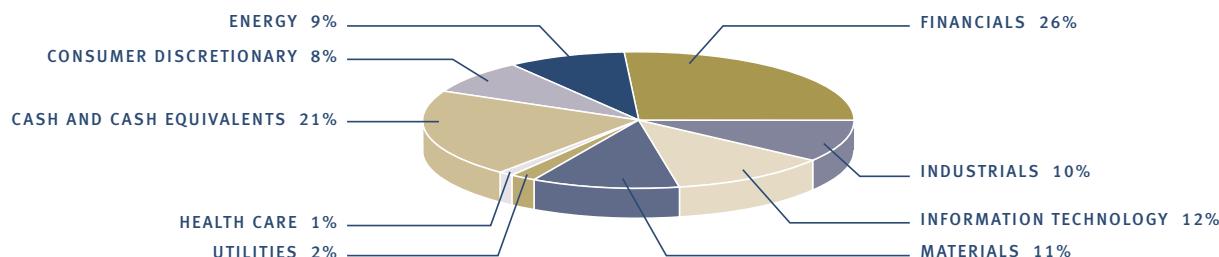
The Fund's investment objectives are to provide unitholders of the Fund with a stable stream of quarterly distributions of at least \$0.50 (\$2.00 annually) per unit while returning at a minimum the original issue price of the units to unitholders upon termination of the Fund on January 1, 2009.

Investment Strategy

The Fund achieves its investment objectives by investing its net assets in a diversified portfolio consisting primarily of common shares issued by corporations selected from the S&P/TSX 60 Index. The Fund may also, from time to time, invest up to 20 percent of the cost amount of its assets in (i) common shares issued by the top 60 corporations of the S&P 100 Index or (ii) ADR's of the top 60 corporations trading on the New York Stock Exchange or NASDAQ, selected on the basis of market capitalization. To generate additional returns above the dividend income generated by the portfolio, the Fund may write covered call options in respect of all or part of the securities in the 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, 2003



Distribution History

INCEPTION DATE: FEBRUARY 1999	REGULAR DISTRIBUTION	SPECIAL DISTRIBUTION	TOTAL DISTRIBUTION
Total for 1999	\$ 1.80	\$ 0.50	\$ 2.30
Total for 2000	2.00	2.00	4.00
Total for 2001	2.00	0.50	2.50
Total for 2002	2.00	0.00	2.00
March 2003	0.50	0.00	0.50
June 2003	0.50	0.00	0.50
September 2003	0.50	0.00	0.50
December 2003	0.50	0.00	0.50
Total for 2003	2.00	0.00	2.00
Total Distributions to Date	\$ 9.80	\$ 3.00	\$ 12.80

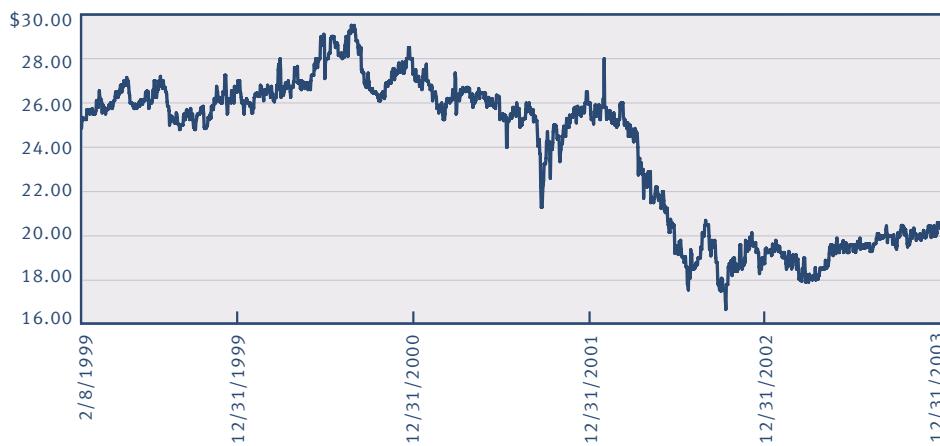
For complete distribution history and income tax information, please see our website www.mulvihill.com.

Top 10 Holdings

- Alcan Inc.
- The Toronto-Dominion Bank
- Imperial Oil Ltd.
- Bank of Montreal
- Royal Bank of Canada
- CP Railway Limited
- Magna International Inc., Class A
- Suncor Energy Inc.
- Nortel Networks Corporation
- Sun Life Financial Services of Canada Inc.

Trading History

February 8, 1999 to December 31, 2003

**Commentary**

As of December 31, 2003, the net assets of the Fund were \$81.0 million, or \$20.24 per unit, up 4 percent per unit after distributions from net assets of \$78.3 million, or \$19.48 per unit, at the end of 2002. The Fund's units, listed on the Toronto Stock Exchange as SIX.UN, closed on December 31, 2003 trading at \$20.35.

Unitholders received regular distributions through the year of \$0.50 per quarter, for a total distribution of \$2.00 per unit. These distributions maintained the Fund's target yield of 8 percent per annum, based on the initial unit price of \$25.00.

Equity markets in both Canada and the United States were on a rising trend for most of the year, as stable economic conditions prevailed in both countries. In Canada, the leading sector by far was information technology, while gains elsewhere were modest. The rising trend in the U.S. was fairly broad, yielding positive results in all sectors, with information technology and materials being the strongest. The Fund's 15 percent weighting in information technology stocks was beneficial, as was its 11 percent weighting in materials stocks. The Fund is now aggressively positioned in these sectors in anticipation of further gains.

The markets' orderly advance was marked by reduced volatility, causing option prices to decline to lows not seen since 1996. Accordingly, the Fund reduced its option-writing activity, and increased its invested position to take advantage of rising equity values. The Fund continues to be invested in a diverse portfolio consisting of approximately 18 percent U.S. equities, and 82 percent Canadian.

Financial statements and a summary of the Fund's investments are included in this annual report. We would like to take this opportunity to thank each of the Fund's unitholders for their continuing support.

Management's Responsibility for Financial Reporting

This report has been prepared in accordance with the Accounting Standards Board guidelines.

The accompanying financial statements of 60 Plus Income Trust (operating as Mulvihill Premium 60 Plus Fund) (the “Fund”) and all the information in this annual report are the responsibility of the management of Mulvihill Fund Services Inc., (the “Manager”), and have been reviewed by the Board of Advisors (the “Board”).

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the financial statements. The financial statements have been audited by Deloitte & Touche LLP on behalf of the unitholders.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Board meets periodically with management and external auditors to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the external auditors’ report. Deloitte & Touche LLP has full and unrestricted access to the Board.



John P. Mulvihill
Director
Mulvihill Fund Services Inc.



David N. Middleton
Director
Mulvihill Fund Services Inc.

February 20, 2004

To the Unitholders of Mulvihill Premium 60 Plus Fund

We have audited the accompanying statement of investments of 60 Plus Income Trust (operating as Mulvihill Premium 60 Plus Fund) (the "Fund") as at December 31, 2003, the statements of net assets as at December 31, 2003 and 2002, the statements of financial operations, of changes in net assets and of gain (loss) on sale of investments and options for the years then ended, and of the statements of financial highlights for each of the years or periods (since inception) in the five-year period ended December 31, 2003. 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 20, 2004

Statements of Net Assets

December 31, 2003 and 2002

	2003	2002
ASSETS		
Investments at market value (average cost - \$60,443,726; 2002 - \$67,913,588)	\$ 64,155,752	\$ 59,324,787
Short-term investments (average cost - \$16,930,472; 2002 - \$22,592,110)	16,869,385	22,618,639
Cash	17,146	45,094
Dividends receivable	126,793	124,104
Interest receivable	31,491	75,037
Due from brokers	12,555	29,594
Subscription receivable	40,187	-
TOTAL ASSETS	81,253,309	82,217,255
LIABILITIES		
Accrued liabilities	110,808	117,262
Redemptions payable	78,950	3,558,900
Due to brokers	15,442	242,844
TOTAL LIABILITIES	205,200	3,919,006
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 81,048,109	\$ 78,298,249
Number of Units Outstanding (Note 5)	4,003,663	4,019,778
Net Asset Value per Unit	\$ 20.2435	\$ 19.4783

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, 2003 and 2002

	2003	2002
REVENUE		
Dividends	\$ 1,125,896	\$ 1,126,145
Interest, net of foreign exchange	350,094	595,475
Withholding taxes	(39,526)	(23,161)
TOTAL REVENUE	1,436,464	1,698,459
EXPENSES (Note 6)		
Management fees	1,000,240	1,122,149
Custodian and other expenses	153,600	162,015
Goods and services tax	79,823	89,110
TOTAL EXPENSES	1,233,663	1,373,274
Net Investment Income	202,801	325,185
Gain (loss) on sale of investments and options	(1,319,077)	653,336
Change in unrealized appreciation (depreciation) of investments, options and foreign currency	12,212,262	(8,542,496)
Net Gain (Loss) on Investments	10,893,185	(7,889,160)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ 11,095,986	\$ (7,563,975)

Statements of Changes in Net Assets

Years ended December 31, 2003 and 2002

	2003	2002
NET ASSETS, BEGINNING OF YEAR	\$ 78,298,249	\$ 99,341,092
Total Results of Financial Operations	11,095,986	(7,563,975)
Unit Transactions		
Amount paid for units redeemed	(360,957)	(5,041,405)
Proceeds from reinvestment of distributions	40,187	42,431
	(320,770)	(4,998,974)
Distributions to Unitholders (Note 7)		
Non-taxable distribution	(8,025,356)	(8,479,894)
Changes in Net Assets during the Year	2,749,860	(21,042,843)
NET ASSETS, END OF YEAR	\$ 81,048,109	\$ 78,298,249

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

Years ended December 31, 2003 and 2002

	2003	2002
Proceeds from Sale of Investments	\$ 89,966,189	\$ 69,061,767
Cost of Investments Sold		
Cost of investments, beginning of year	67,913,588	72,002,368
Cost of investments purchased	83,815,404	64,319,651
	151,728,992	136,322,019
Cost of Investments, End of Year	(60,443,726)	(67,913,588)
	91,285,266	68,408,431
GAIN (LOSS) ON SALE OF INVESTMENTS AND OPTIONS	\$ (1,319,077)	\$ 653,336

Statement of Investments

December 31, 2003

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada - February 12, 2004		665,000	\$ 660,199	\$ 660,199
Government of Canada - February 26, 2004		3,640,000	3,613,857	3,613,857
Government of Canada - March 25, 2004		4,320,000	4,285,222	4,285,222
Government of Canada - April 08, 2004		3,900,000	3,867,460	3,867,460
Government of Canada - May 06, 2004		1,945,000	1,927,208	1,927,208
Total Treasury Bills	84.9%		14,353,946	14,353,946
Discount Commercial Paper				
Canadian Wheat Board, USD - January 21, 2004		200,000	259,533	258,006
Canadian Wheat Board, USD - January 23, 2004		550,000	735,001	710,087
Canadian Wheat Board, USD - February 23, 2004		500,000	657,813	644,526
Province of Ontario, USD - January 14, 2004		700,000	924,179	902,820
Total Discount Commercial Paper	14.9%		2,576,526	2,515,439
	99.8%		16,930,472	16,869,385
Accrued Interest	0.2%			31,491
TOTAL SHORT-TERM INVESTMENTS	100.0%		\$ 16,930,472	\$ 16,900,876
INVESTMENTS				
Canadian Common Shares				
Consumer Discretionary				
Canadian Tire Corporation Ltd.		50,000	\$ 1,732,993	\$ 1,972,500
Magna International Inc., Class A		23,000	2,367,741	2,392,920
Total Consumer Discretionary	6.8%		4,100,734	4,365,420
Energy				
Imperial Oil Ltd.		50,000	2,620,020	2,876,500
Petro-Canada		25,000	1,327,505	1,597,750
Precision Drilling Corporation		18,400	948,432	1,044,200
Suncor Energy Inc.		71,300	1,783,338	2,317,250
Total Energy	12.2%		6,679,295	7,835,700
Financials				
Bank of Montreal		50,000	2,536,259	2,675,000
Canadian Imperial Bank of Commerce		30,000	1,854,593	1,920,000
Manulife Financial Corporation		40,000	1,643,271	1,674,000
National Bank of Canada		40,000	1,540,345	1,725,600
Royal Bank of Canada		43,000	2,504,463	2,657,400
Sun Life Financial Services of Canada Inc.		64,500	2,104,779	2,083,350
The Bank of Nova Scotia		20,400	1,174,621	1,342,320
The Toronto-Dominion Bank		85,000	3,022,976	3,679,650
Total Financials	27.7%		16,381,307	17,757,320

Statement of Investments

December 31, 2003

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
Canadian Common Shares (continued)				
Industrials				
Bombardier Inc., Class B		325,000	1,743,601	1,777,750
CP Railway Limited		70,000	2,359,666	2,560,600
CP Ships Limited		40,000	1,069,884	1,076,000
Total Industrials	8.4%		5,173,151	5,414,350
Information Technology				
ATI Technologies Inc.		90,000	1,813,317	1,754,100
Celestica Inc.		35,000	833,000	684,600
Nortel Networks Corporation		420,000	1,739,569	2,305,800
Total Information Technology	7.4%		4,385,886	4,744,500
Materials				
Alcan Inc.		65,000	3,874,182	3,937,050
Barrick Gold Corp.		50,000	1,251,282	1,465,500
Inco Limited		32,600	1,256,197	1,683,790
Placer Dome Inc.		21,520	334,022	498,618
Total Materials	11.8%		6,715,683	7,584,958
Utilities				
TransCanada Corp.	2.4%	55,000	1,522,400	1,533,400
Total Canadian Common Shares	76.7%		\$ 44,958,456	\$ 49,235,648
United States Common Shares				
Consumer Discretionary				
Wal-Mart Stores, Inc.	2.1%	20,000	\$ 1,555,621	\$ 1,371,084
Financials				
Citigroup Inc.		25,000	1,445,496	1,568,154
Merrill Lynch & Co.		25,000	1,915,452	1,894,772
Total Financials	5.4%		3,360,948	3,462,926
Health Care				
Pfizer Inc.	1.8%	25,000	1,190,367	1,141,386
Information Technology				
Cisco Systems Inc.		50,000	1,108,451	1,569,446
IBM Corporation		15,000	1,870,215	1,796,495
Microsoft Corporation		30,000	1,306,469	1,067,663
Total Information Technology	6.9%		4,285,135	4,433,604

Statement of Investments

December 31, 2003

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
United States Common Shares (continued)				
Industrials				
General Electric Company		33,000	1,663,788	1,321,126
Tyco International Ltd.		30,000	832,581	1,027,344
Total Industrials	3.7%		2,496,369	2,348,470
Materials				
The Dow Chemical Company	1.7%	20,000	1,014,229	1,074,382
Total for United States Common Shares	21.6%		\$ 13,902,669	\$ 13,831,852

Non-North American Common Shares

Consumer Discretionary				
Koninklijke (Royal) Philips Electronics N.V. ADR	1.5%	25,000	\$ 840,566	\$ 939,794
Information Technology				
Nokia Corp. ADR	1.2%	36,000	1,098,724	790,861
Total Non-North American Common Shares	2.7%		\$ 1,939,290	\$ 1,730,655

Forward Exchange Contracts

Sold USD \$1,733,000, Bought CAD \$2,273,860 @ 0.76214 - January 27, 2004				\$ 31,569
Sold USD \$745,000, Bought CAD \$972,014 @ 0.76645 - February 25, 2004				6,913
Sold USD \$2,848,000, Bought CAD \$3,750,971 @ 0.75927 - February 11, 2004				63,667
Bought USD \$1,069,000, Sold CAD \$1,407,042 @ 0.75975 - January 27, 2004				(23,886)
Total Forward Exchange Contracts	0.1%			78,263

	% of Portfolio	Number of Contracts	Proceeds	Market Value
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
BCE Inc. - January 2004 @ \$29		300	\$ (9,900)	\$ (3,849)
Canadian Imperial Bank of Commerce - January 2004 @ \$62		200	(20,200)	(2,781)
Rogers Communications Inc., Class B - January 2004 @ \$22		800	(28,800)	(61,584)
Total Written Cash Covered Put Options	(0.1)%		(58,900)	(68,214)

Written Covered Call Options (100 shares per contract)

Alcan Inc. - January 2004 @ \$62		260	(34,060)	(14,423)
Bank of Montreal - January 2004 @ \$55		200	(7,200)	(8,588)
Barrick Gold Corp. - January 2004 @ \$29		375	(30,750)	(18,711)
Canadian Imperial Bank of Commerce - January 2004 @ \$64		100	(4,800)	(10,533)
Canadian Tire Corporation Ltd. - January 2004 @ \$40		350	(18,900)	(17,207)
Imperial Oil Ltd. - January 2004 @ \$52		500	(35,000)	(280,160)

Statement of Investments

December 31, 2003

	% of Portfolio	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)				
OPTIONS (continued)				
Written Covered Call Options (100 shares per contract) (continued)				
Koninklijke (Royal) Philips Electronics N.V. ADR - January 2004 @ \$29	150	(15,048)		(15,693)
Manulife Financial Corporation - January 2004 @ \$42	300	(15,900)		(15,837)
National Bank of Canada - January 2004 @ \$44	300	(13,200)		(14,414)
Petro-Canada - January 2004 @ \$60	250	(25,250)		(108,048)
Pfizer Inc. - January 2004 @ \$35	188	(10,207)		(16,180)
Precision Drilling Corporation - January 2004 @ \$56	90	(8,460)		(13,691)
Sun Life Financial Services of Canada Inc. - January 2004 @ \$32	242	(12,342)		(17,883)
Suncor Energy Inc. - January 2004 @ \$32	428	(25,252)		(29,679)
The Bank of Nova Scotia - January 2004 @ \$66	100	(3,800)		(5,601)
The Dow Chemical Company - January 2004 @ \$42	150	(12,555)		(14,870)
The Toronto-Dominion Bank - January 2004 @ \$41	210	(17,640)		(40,085)
TransCanada Corp. - January 2004 @ \$28	275	(7,425)		(10,849)
Total Written Covered Call Options	(1.0)%		(297,789)	(652,452)
TOTAL OPTIONS	(1.1)%		\$ (356,689)	\$ (720,666)
TOTAL INVESTMENTS	100.0 %		\$ 60,443,726	\$ 64,155,752

Statements of Financial Highlights

Years ended December 31

	2003	2002	2001	2000	1999*
DATA PER UNIT					
Net Asset Value, Beginning of Year	\$ 19.48	\$ 23.23	\$ 25.67	\$ 26.39	\$ 23.75**
INCOME (LOSS) FROM INVESTMENT OPERATIONS					
Net investment income	0.05	0.07	0.47	0.32	0.21
Net gain (loss) on sale of investments and options	2.71	(1.82)	(0.41)	2.96	4.73
Total from Investment Operations	2.76	(1.75)	0.06	3.28	4.94
DISTRIBUTIONS TO UNITHOLDERS					
From net investment income	–	–	(0.21)	(0.17)	(0.13)
From net realized gain on sale of investments and options	–	–	(1.24)	(3.54)	(1.96)
Non-taxable distribution (Note 7)	(2.00)	(2.00)	(1.05)	(0.29)	(0.21)
Total distributions	(2.00)	(2.00)	(2.50)	(4.00)	(2.30)
Net Asset Value, End of Year	\$ 20.24	\$ 19.48	\$ 23.23	\$ 25.67	\$ 26.39
RATIOS/SUPPLEMENTAL DATA					
Total net assets, end of year (\$millions)	\$ 81.05	\$ 78.30	\$ 99.34	\$ 109.55	\$ 115.10
Average net assets (\$millions)	\$ 80.42	\$ 89.77	\$ 101.57	\$ 117.62	\$ 105.28
Management expense ratio	1.53%	1.53%	1.53%	1.49%	1.48%***
Portfolio turnover rate	137.0%	10.2%	58.3%	25.4%	60.3%
Annual rate of return	14.2%	(7.5)%	0.2%	12.4%	N/A

* For the period from inception on February 8, 1999 to December 31, 1999.

** Net of agent fees.

***Annualized

1. Establishment of the Fund

60 Plus Income Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario on January 27, 1999. The Fund began operations on February 8, 1999 and will terminate on January 1, 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 Premium 60 Plus Fund.

2. Investment Objectives and Strategy

The Fund achieves its investment objectives by investing in a diversified portfolio consisting principally of common shares issued by corporations selected from the S&P/TSX 60 Index. The Fund may also, from time to time, invest up to 20 percent of the cost amount of its assets in (i) common shares issued by the top 60 corporations selected on the basis of market capitalization from the S&P 100 Index or (ii) American Depository Receipts ("ADRs") of the top 60 corporations selected on the basis of market capitalization whose ADRs are trading on the New York Stock Exchange or NASDAQ. 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 above the dividend income earned on the portfolio, 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 all of the 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.

The value of a forward contract shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract, as the case may be, were to be closed out.

Investment transactions and income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation (depreciation) of investments, options and foreign currency are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

(i) Expiration of written options whereby realized gains are equivalent to the premium received;

(ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option; and

(iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in gain (loss) on sale of investments and options.

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 change in unrealized appreciation (depreciation) of investments, options and foreign currency. Premiums received on written put options that are exercised are included in the cost of the securities purchased.

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's 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. 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 assets 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.

Following are the unit transactions for the year:

	2003	2002
Units outstanding, beginning of year	4,019,778	4,276,520
Units redeemed	(18,100)	(258,511)
Units issued on reinvestment of distributions	1,985	1,769
Units outstanding, end of year	4,003,663	4,019,778

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 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 fees are payable at annual rates of 0.10 percent and 1.15 percent, respectively, of the Fund's net asset value calculated and payable monthly, plus applicable taxes.

7. Distributions

The Fund endeavours to make quarterly distributions to unitholders of net income and net realized capital gains and option premiums 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 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 2003 or 2002.

Accumulated non-capital losses of approximately \$900,000 (2002 - \$115,000) and capital losses of approximately \$1.9 million (2002 - nil) are available for utilization against net investment income and realized gains on sale of investments in future years. The non-capital losses have expiration dates extending to 2010.

Issue costs of approximately \$124,000 (2002 - \$1.3 million) remain undeducted for tax purposes at year end.

9. Commission Charges

Total commissions paid in 2003 in connection with portfolio transactions were \$245,895 (2002 - \$164,757).

10. Comparative Figures

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

11. Financial Instruments and Risk Management

The Fund's financial statements consist of cash, investments, and certain derivative contracts (options and forward exchange contracts).

Risks of these contracts arise from the potential inability of the counterparties to meet the terms of their contracts and from future movement in currency, stock values and interest rates. The maximum credit risk exposure is the aggregate of all contracts with a positive value as disclosed on the statement of investments. The Fund manages these risks through the use of various risk limits and trading strategies.

Investments and derivative contracts are carried at fair market values. Other instruments are carried at cost, which approximates fair value.

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 \$3.3 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	\$ 20.81	\$ 18.79
Mulvihill Pro-AMS RSP Fund	PR.UN	\$ 19.78	\$ 18.15
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund	PRC.UN	\$ 20.70	\$ 17.45
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund	PRU.U	\$ 19.90 USD	\$ 15.40 USD
Mulvihill Pro-AMS RSP Split Share Fund	SPL.A/SPL.B	\$ 9.50/\$ 17.24	\$ 7.78/\$ 14.30
MULVIHILL PREMIUM			
Mulvihill Premium Canadian Fund	FPI.UN	\$ 20.55	\$ 17.70
Mulvihill Premium U.S. Fund	FPU.UN	\$ 14.25	\$ 12.36
Mulvihill Premium Oil & Gas Fund	FPG.UN	\$ 9.50	\$ 8.13
Mulvihill Premium 60 Plus Fund	SIX.UN	\$ 20.60	\$ 17.91
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 13.89	\$ 11.82
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 12.65/\$ 17.00	\$ 9.22/\$ 15.00
Mulvihill Premium Split Share Fund	MUH.A/MUH.PR.A	\$ 11.19/\$ 16.00	\$ 7.71/\$ 15.00
Mulvihill Premium Global Telecom Fund	GT.A/GT.PR.A	\$ 2.35/\$ 11.66	\$ 1.00/\$ 9.60
MULVIHILL SUMMIT			
Mulvihill Summit Digital World Fund	DWT.UN	\$ 4.00	\$ 3.25

Mulvihill Premium 60 Plus Fund [SIX.UN]

Board of Advisors

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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.

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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 U.S. Equity Fund
Mulvihill Global Equity Fund
Premium Canadian Income Fund
Premium Global Income Fund*

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