



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2002

Mulvihill Premium Global Telecom Fund

Global Telecom Split Share Corp.



Message to Shareholders

The six-month period ended December 31, 2002 saw continued difficult conditions in the telecommunications sector. No dividend payments to Class A shareholders were made during this period. The Fund suspended payment of cumulative preferential dividends on the Preferred shares in its first quarter ended September 30, 2002. In its second quarter, the Fund reinstated the cumulative preferential dividends on the Preferred shares in the amount of \$0.21 per share based on 5.5% of the Preferred share's par value of \$15.00. Dividends to Class A shareholders will continue to be suspended until the value of the Fund's underlying portfolio coverage on the Preferred shares improves, and Preferred dividends in arrears have been paid.

As of December 31, 2002, the Fund's net asset value per unit was \$12.32. On the Toronto Stock Exchange, the Fund's Class A shares closed the period trading at \$1.65, and Preferred shares closed at \$10.10.

Weak demand, intense competition and over extended balance sheets continued to plague the telecommunications sector limiting stock price appreciation. As such, the Fund's investment focus has been primarily in the telecom service area with an emphasis on companies with strong cash flow, manageable debt levels and positive earnings growth.

Factors that could provide support for the sector include regulatory reform and dividend tax relief. With a recovery in economic growth, we would also expect to see an increase in demand for telecommunication services. Should these conditions arrive, we believe that revenue growth in the sector will be evident over the next 6 to 12 months. As a result, the companies that have been reducing and rationalizing their costs should start to show rapid profit improvements.

A summary of the Fund's investments is included with the financial statements in this interim report. We would like to take this opportunity to thank our shareholders for their continued support.

February 2003

Mulvihill Premium *Global Telecom Fund*

Financial Statements

Interim Statements of Financial Position

December 31, 2002 (Unaudited) and June 29, 2002 (Audited)

	December 2002	June 2002
ASSETS		
Investments at market value (average cost - \$31,577,755; June 29, 2002 - \$20,138,121)	\$ 24,786,947	\$ 14,263,507
Short-term investments (average cost - \$12,166,645; June 29, 2002 - \$26,944,160)	12,234,644	26,936,765
Cash	40,398	79,785
Interest, dividends and other receivables	101,541	167,231
TOTAL ASSETS	\$ 37,163,530	\$ 41,447,288
LIABILITIES		
Retractions payable	\$ 230,823	\$ —
Accrued Preferred share distributions	649,782	—
Accounts payable and accrued liabilities	73,960	61,953
Redeemable Preferred shares	44,067,870	49,704,675
	45,022,435	49,766,628
DEFICIENCY		
Class A and Class B shares	41,390,619	41,390,619
Deficit	(49,249,524)	(49,709,959)
	(7,858,905)	(8,319,340)
TOTAL LIABILITIES AND DEFICIENCY	\$ 37,163,530	\$ 41,447,288
Net Asset Value per Unit		
Preferred share	\$ 12.3250	\$ 12.4894
Class A share	—	—
	\$ 12.3250	\$ 12.4894

Mulvihill Premium *Global Telecom Fund*

Financial Statements

Interim Statements of Operations and Deficit

For the six months ended December 31 (Unaudited)

	2002	2001
REVENUE		
Interest	\$ 634,636	\$ 290,189
Dividends (Note 2)	220,852	1,834,442
Withholding taxes	(26,347)	(24,893)
	829,141	2,099,738
Net realized gains (losses) on investments and options	1,177,226	2,550,559
Foreign exchange gains (losses)	(5,402)	330,055
	1,171,824	2,880,614
TOTAL REVENUE	2,000,965	4,980,352
EXPENSES		
Management fees	206,697	391,437
Administrative and other expenses	114,998	171,705
GST and capital taxes	52,171	118,755
TOTAL EXPENSES	373,866	681,897
Realized income before income taxes and Preferred share transactions	1,627,099	4,298,455
Income tax expense (Note 2)	(51,537)	(287,599)
Net realized income before Preferred share transactions	1,575,562	4,010,856
Gain on retraction of Preferred shares (Note 3)	989,356	—
Net realized income before distributions	2,564,918	4,010,856
Preferred share distributions (Note 3)		
Accrued distributions	(653,804)	—
Paid distributions	(609,976)	(1,452,931)
	(1,263,780)	(1,452,931)
Net realized income	1,301,138	2,557,925
Change in net unrealized depreciation of investments and foreign exchange during the period	(840,703)	(7,550,789)
NET INCOME (LOSS)	\$ 460,435	\$ (4,992,864)
DEFICIT		
Balance, beginning of period	\$ (49,709,959)	\$ (23,634,828)
Net loss	460,435	(4,992,864)
Distributions on Class A shares	—	(1,495,641)
BALANCE, END OF PERIOD	\$ (49,249,524)	\$ (30,123,333)

Mulvihill Premium *Global Telecom Fund*

Financial Statements

Interim Statements of Changes in Net Assets (Deficiency)

For the six months ended December 31 (Unaudited)

	2002	2001
NET ASSETS (DEFICIENCY), BEGINNING OF PERIOD	\$ (8,319,340)	\$ 18,679,816
Net realized income before distributions	2,564,918	4,010,856
Share capital transactions		
Class A shares redeemed, net	–	(933,124)
Distributions		
Preferred shares	(1,263,780)	(1,452,931)
Class A shares	–	(1,495,641)
	(1,263,780)	(2,948,572)
Change in net unrealized depreciation of investments and foreign exchange during the period	(840,703)	(7,550,789)
Change in net assets during the period	460,435	(7,421,629)
NET ASSETS (DEFICIENCY), END OF PERIOD	\$ (7,858,905)	\$ 11,258,187

Statement of Investments

December 31, 2002 (Unaudited)

	Par Value	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Treasury Bills			
Canada Treasury Bill - January 30, 2003	3,495,000	\$ 3,467,844	\$ 3,467,844
Canada Treasury Bill - March 13, 2003	2,700,000	2,678,792	2,678,792
Government of Canada, USD			
- January 8, 2003	1,800,000	2,786,885	2,842,140
		8,933,521	8,988,776
Bankers Acceptance			
Canadian Imperial Bank of Commerce			
- February 7, 2003	2,000,000	1,985,680	1,985,680
Discount Commercial Paper			
Canadian Wheat Board, USD			
- March 5, 2003	700,000	1,089,598	1,102,302
Province of Quebec, USD			
- January 13, 2003	60,000	94,718	94,742
Province of Quebec, USD			
- January 21, 2003	40,000	63,128	63,144
		1,247,444	1,260,188
		12,166,645	12,234,644
Accrued Interest		–	37,113
TOTAL SHORT-TERM INVESTMENTS		\$12,166,645	\$12,271,757

Financial Statements

Statement of Investments (continued)

December 31, 2002 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS			
Canadian Common Shares			
Cable and Wireless			
Rogers Communications Inc., Class B	60,000	\$ 911,952	\$ 879,600
Telecommunications Services			
Aliant Inc.	30,000	1,150,775	757,500
BCE Inc.	50,000	1,926,755	1,425,000
Manitoba Telecom Services Inc.	20,000	850,730	709,000
Telus Corporation	40,000	659,352	698,000
Total Telecommunications Services		4,587,612	3,589,500
Total Canadian Common Shares		\$ 5,499,564	\$ 4,469,100
United States Common Shares			
Cable and Wireless			
Alltel Corp.	10,000	\$ 1,006,349	\$ 805,700
AT&T Wireless Services Inc.	70,000	805,385	624,812
Nextel Communications Inc., Class A	40,000	818,540	729,869
Total Cable and Wireless		2,630,274	2,160,381
Communications Technology			
Cisco Systems Inc.	30,000	1,188,589	620,863
Motorola Inc.	40,000	694,033	546,612
Total Communications Technology		1,882,622	1,167,475
Telecommunications Services			
AT&T Canada Inc.	20,000	885,746	824,974
Bellsouth Corp.	15,000	958,526	613,043
CenturyTel Inc.	25,000	1,131,383	1,160,366
SBC Communications Inc.	15,000	1,037,592	642,427
Sprint Corp.	40,000	912,231	915,022
Verizon Communications Inc.	10,000	827,610	612,174
Total Telecommunications Services		5,753,088	4,768,006
Total United States Common Shares		\$ 10,265,984	\$ 8,095,862
Non-North American Common Shares			
Cable & Wireless			
America Movil ADR	40,000	\$ 1,238,559	\$ 907,439
Vodafone Group ADR	40,000	1,160,055	1,145,042
Total Cable & Wireless		2,398,614	2,052,481
Communications Technology			
Alcatel ADR	110,000	986,429	771,576
Nokia Corp. ADR	45,000	1,756,994	1,101,913
Total Communications Technology		2,743,423	1,873,489
Telecommunications Services			
Cable & Wireless ADR	85,000	917,744	312,880
BT Group ADR	15,000	1,004,178	742,429
Deutsche Telekom AG ADR	20,000	394,293	401,270

Mulvihill Premium *Global Telecom Fund*

Financial Statements

Statement of Investments (continued)

December 31, 2002 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS			
Non-North American Common Shares (continued)			
Telecommunications Services (continued)			
Nippon Telegraph & Telephone ADR	30,000	1,210,767	836,980
SK Telecom Co. Ltd. ADR	25,000	871,257	843,220
Tele Danmark TDC ADR	45,000	1,258,892	845,985
Telecom New Zealand ADR	20,000	556,474	604,117
Telecom Italia ADR	15,000	1,914,012	1,800,503
Telefonica De Espana ADR	27,060	1,893,123	1,135,854
Telefonos de Mexico ADR	25,000	1,274,079	1,263,053
Total Telecommunications Services		11,294,819	8,786,291
Total Non-North American Common Shares		\$16,436,856	\$12,712,261
	Number of Contracts	Proceeds	Market Value
OPTIONS			
Written Cash Covered Put Options (100 shares per contract)			
Aliant Inc. - February 2003 @ \$27	300	\$ (38,250)	\$ (60,210)
BCE Inc. - February 2003 @ \$28	250	(15,500)	(16,769)
SBC Communications Inc. - February 2003 @ \$28	150	(32,649)	(41,288)
Total Written Cash Covered Put Options		(86,399)	(118,267)
Written Covered Call Options (100 shares per contract)			
Alcatel ADR - February 2003 @ \$6	650	(81,203)	(24,866)
AT&T Wireless Services Inc. - March 2003 @ \$8	700	(48,819)	(38,268)
CenturyTel Inc. - February 2003 @ \$30	250	(60,103)	(65,629)
Motorola Inc. - January 2003 @ \$11	200	(25,155)	(378)
Nextel Communications, Inc., Class A - March 2003 @ \$14	400	(116,492)	(64,255)
Rogers Communications Inc., Class B - February 2003 @ \$15	450	(46,800)	(45,891)
SK Telecom Co. Ltd. ADR - January 2003 @ \$23	250	(34,577)	(16,458)
Sprint Corp.- January 2003 @ \$15	400	(48,974)	(55,945)
Telefonos de Mexico ADR - January 2003 @ \$34	250	(26,430)	(19,263)
Vodafone Group ADR - January 2003 @ \$19	300	(49,697)	(41,056)
Total Written Covered Call Options		(538,250)	(372,009)
TOTAL OPTIONS		\$ (624,649)	\$ (490,276)
TOTAL INVESTMENTS		\$31,577,755	\$24,786,947

Notes to Financial Statements

1. Basis of Presentation

Not all disclosures required by Canadian generally accepted accounting principles for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended June 29, 2002.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended June 29, 2002.

2. Income Taxes

In the period ended December 31, 2001, the Fund incurred income taxes as a result of a foreign spin-off by Telefonos de Mexico ADR which, consistent with the current rulings of the Canada Customs and Revenue Agency, the Fund was required to treat as a taxable foreign dividend rather than as a capital gain.

3. Preferred Share Transactions

A gain was realized on retraction of Preferred shares as the retraction value per share was less than the Preferred share par value of \$15.00 per share.

The Fund suspended payment of cumulative preferential dividends on the Preferred shares in its first quarter ended September 30, 2002. In its second quarter, the Fund reinstated the cumulative preferential dividends on the Preferred shares. The dividend arrears will remain outstanding, and the Fund will pay such arrears over time.

Mulvihill Premium *Global Telecom Fund*

Notes to Financial Statements

4. Normal Course Issuer Bid

The Toronto Stock Exchange recently accepted a Notice of Intention to make a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum 307,266 of its Class A shares and 307,266 of its Preferred shares being approximately, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases, which may commence on October 31, 2002, would be made in the open market through the facilities of the Exchange. The normal course issued bid will remain in effect until the earlier of October 30, 2003 or until the Fund has purchased the maximum number of shares permitted under the bid. As at December 31, 2002, no shares have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Investors Services at: Mulvihill Premium Global Telecom Fund, Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario M5H 3T9.

5. Comparative Figures

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

6. Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Premium Global Telecom Fund for the period ended December 31, 2002 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto ON M5H 3T9.

Mulvihill Premium *Global Telecom Fund*

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 *Canadian Bank Fund*

Mulvihill Premium *Global Plus 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 *Bond Fund*

Mulvihill Canadian *Equity Fund*

Mulvihill Global *Equity Fund*

Mulvihill U.S. *Equity Fund*

Premium *Global Income Fund*

Premium *Canadian 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

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



Mulvihill

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

Mulvihill Capital Management Inc.

*Please contact your broker directly for
address changes, questions and concerns.*