

Mulvihill Structured Products



Mulvihill

Hybrid Income Funds

Semi-Annual Report 2002



Mulvihill Summit Digital World Fund

*Digital World Trust*

### Notice To Unitholders

#### Change of Record Date for Regular Distributions

The Fund is hereby providing notice to unitholders that it intends to change the record date for its regular distributions to unitholders. Regular distributions will now be payable to unitholders of record on the fifteenth (15th) day of each month (or on the first business day thereafter if the 15th day is not a business day) and will continue to be paid on or about the last business day of each quarter.

The Fund's Manager, Mulvihill Fund Services Inc., will amend the trust agreement governing the Fund in order to make this change. This amendment will be effective on or about September 13, 2002. As a result the December 31, 2002 distribution, when declared, will be payable to unitholders of record as of December 16, 2002.

### Message to Unitholders

As of June 30, 2002, the net assets of the fund were \$33.7 million, or \$4.13 per unit, down from net assets of \$53.6 million, or \$6.47 per unit, at the end of 2001. Distributions to unitholders during the first two quarters of 2002 were limited to \$0.30 per unit.

Earnings in the technology sector continue to suffer from weak global demand and sharply reduced corporate spending. While the economy has recovered from its recessionary levels of 2001, there are concerns about further economic weakness. Other factors, including corporate accounting scandals, over leveraged balance sheets and the fear of terrorist activity have further undermined investor confidence, weakening the entire market.

In spite of these discouraging conditions, we believe we are nearing the bottom in terms of the market valuation of technology stocks. Many corporations have been pruning costs for some time, and are now in a position to show strong earnings improvements as soon as demand rebounds. As conditions in the various technology sectors improve, we will be able to place less emphasis on option writing, and achieve greater gains in net asset value from stock price appreciation.

The Fund's portfolio is now widely diversified in a variety of technology areas, including software, hardware and e-commerce enterprises. A prudent level of cash is also being maintained for defensive purposes.

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

*August 2002*

# Mulvihill Summit *Digital World Fund*

## Financial Statements

### Interim Statements of Net Assets

	June 30, 2002 (Unaudited)	December 31, 2001 (Audited)
<b>Assets</b>		
Investments at market value (average cost - \$72,357,460; 2001 - \$77,910,692)	\$ 24,793,918	\$ 43,168,112
Short-term investments (average cost - \$8,742,135; 2001 - \$9,918,825)	8,553,354	9,927,179
Cash	26,642	20,013
Subscriptions receivable	–	70,698
Dividends receivable	8,532	5,292
Interest receivable	34,789	8,299
Due from broker	304,178	518,568
	<b>33,721,413</b>	<b>53,718,161</b>
<b>Liabilities</b>		
Accrued Liabilities	62,670	93,944
<b>Net Assets, Represented by Unitholders' Equity</b>	<b>\$ 33,658,743</b>	<b>\$ 53,624,217</b>
<b>Number of Units Outstanding</b>	<b>8,151,331</b>	<b>8,284,245</b>
<b>Net Asset Value per Unit</b>	<b>\$ 4.1292</b>	<b>\$ 6.4730</b>

# Mulvihill Summit Digital World Fund

## Financial Statements

### Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2002	2001
<b>Revenue</b>		
Dividends	\$ 224,078	\$ 1,450,551
Interest, net of foreign exchange	10,408	237,420
Withholding tax	(31,363)	(34,647)
	<b>203,123</b>	<b>1,653,324</b>
<b>Expenses</b>		
Management fees	263,776	411,558
Custodian and other fees	48,022	94,318
Goods and services tax	21,826	35,411
	<b>333,624</b>	<b>541,287</b>
<b>Net Investment Income (Loss)</b>	<b>(130,501)</b>	<b>1,112,037</b>
<b>Gain (Loss) on Sale of Investments and Options</b>	<b>(3,758,067)</b>	<b>4,349,112</b>
<b>Change in Unrealized Depreciation of Investments and Foreign Currency</b>	<b>(13,018,131)</b>	<b>(13,485,028)</b>
<b>Net Loss on Investments</b>	<b>(16,776,198)</b>	<b>(9,135,916)</b>
<b>Total Results of Financial Operations</b>	<b>\$ (16,906,699)</b>	<b>\$ (8,023,879)</b>
<b>Net Investment Income (Loss) per Unit</b>	<b>\$ (0.0158)</b>	<b>\$ 0.1350</b>
<b>Net Loss on Investments per Unit</b>	<b>(2.0354)</b>	<b>(1.1090)</b>
<b>Total Results of Financial Operations per Unit</b> (based on the weighted average number of units outstanding during the period of 8,242,171; 2001 - 8,238,053)	<b>\$ (2.0512)</b>	<b>\$ (0.9740)</b>

# Mulvihill Summit *Digital World Fund*

## Financial Statements

### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2002	2001
<b>Net Assets, Beginning of Period</b>	<b>\$ 53,624,217</b>	<b>\$ 74,526,471</b>
<b>Total Results of Financial Operations</b>	<b>(16,906,699)</b>	<b>(8,023,879)</b>
<b>Unit Transactions</b>		
Proceeds from reinvestment of distributions	82,356	180,543
Amount paid for units redeemed	(675,794)	–
	<b>(593,438)</b>	<b>180,543</b>
<b>Distributions to Unitholders</b>		
From net investment income	–	(1,112,037)
From net realized gain on sale of investments and options	–	(4,241,373)
Non-taxable distribution	(2,465,337)	–
	<b>(2,465,337)</b>	<b>(5,353,410)</b>
<b>Changes in Net Assets During the Period</b>	<b>(19,965,474)</b>	<b>(13,196,746)</b>
<b>Net Assets, End of Period</b>	<b>\$ 33,658,743</b>	<b>\$ 61,329,725</b>
<b>Net Asset Value per Unit</b>	<b>\$ 4.1292</b>	<b>\$ 7.4367</b>
<b>Distribution per Unit</b>		
From net investment income	\$ –	\$ 0.1350
From net realized gain on sale of investments and options	–	0.5150
From non-taxable distribution	0.3000	–
	<b>\$ 0.3000</b>	<b>\$ 0.6500</b>

# Mulvihill Summit *Digital World Fund*

## Financial Statements

### Statement of Investments

June 30, 2002 (Unaudited)

	PAR VALUE/ NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Short-term Investments</b>			
<b>Treasury Bills</b>			
Government of Canada - August 1, 2002	80,000	\$ 79,547	\$ 79,547
Government of Canada, USD - September 5, 2002	150,000	228,072	227,230
Government of Canada - July 18, 2002	25,000	24,866	24,866
Government of Canada - September 12, 2002	365,000	362,706	362,705
<b>Total Treasury Bills</b>		<b>695,191</b>	<b>694,348</b>
<b>Discount Commercial Paper</b>			
Canadian Wheat Board, USD - July 12, 2002	1,200,000	1,875,139	1,818,187
Canadian Wheat Board, USD - August 2, 2002	50,000	76,198	75,833
Canada Mortgage & Housing Corp. - July 2, 2002	2,155,000	2,140,863	2,140,863
Export Development Corp., USD - September 26, 2002	50,000	75,729	75,729
Province of Ontario, USD - July 10, 2002	2,350,000	3,686,638	3,559,079
Province of Ontario, USD - August 6, 2002	50,000	78,088	75,709
Province of Ontario, USD - August 22, 2002	75,000	114,289	113,606
<b>Total Discount Commercial Paper</b>		<b>8,046,944</b>	<b>7,859,006</b>
		<b>8,742,135</b>	<b>8,553,354</b>
<b>Accrued Interest</b>		-	<b>34,789</b>
<b>Total Short-term Investments</b>		<b>\$ 8,742,135</b>	<b>\$ 8,588,143</b>
<b>Investments</b>			
<b>Canadian Common Shares</b>			
<b>E-Commerce</b>			
BCE Emergis Inc.	45,000	\$ 4,349,580	\$ 273,150
<b>Telecommunication Equipment</b>			
Celestica Inc.	40,000	3,672,100	1,369,200
Nortel Networks Corporation, USD	125,000	1,235,492	275,661
<b>Total Telecommunication Equipment</b>		<b>4,907,592</b>	<b>1,644,861</b>
<b>Total Canadian Common Shares</b>		<b>\$ 9,257,172</b>	<b>\$ 1,918,011</b>

# Mulvihill Summit *Digital World Fund*

## Financial Statements

### Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Investments (continued)</b>			
<b>Non-North American Common Shares</b>			
<b>E-Commerce</b>			
Sony Corporation	15,000	\$ 1,284,370	\$ 1,213,213
<b>Hardware and Software</b>			
SAP AG	20,000	1,053,721	733,981
STMicroelectronics N.V.	30,000	2,809,959	1,110,097
<b>Total Hardware and Software</b>		<b>3,863,680</b>	<b>1,844,078</b>
<b>Telecommunication Equipment</b>			
Nokia Corp.	50,000	1,845,114	1,101,124
<b>Telecommunication Services</b>			
BT Group PLC	15,000	1,004,178	869,645
Deutsche Telekom AG	40,000	4,854,013	566,379
MM02 PLC	15,000	4,000,850	143,724
Telecom Italia S.P.A.	10,000	2,379,675	1,195,419
<b>Total Telecommunication Services</b>		<b>12,238,716</b>	<b>2,775,167</b>
<b>Total Non-North American Common Shares</b>		<b>\$19,231,880</b>	<b>\$6,933,582</b>
<b>United States Common Shares</b>			
<b>E-Commerce</b>			
AOL Time Warner Inc.	30,000	\$ 1,604,128	\$ 671,168
The Charles Schwab Corporation	50,000	1,096,838	851,698
eBay Inc.	20,000	1,840,883	1,874,344
Siebel Systems, Inc.	35,000	976,850	756,947
General Electric Company	15,000	888,104	662,727
<b>Total E-Commerce</b>		<b>6,406,803</b>	<b>4,816,884</b>
<b>Hardware and Software</b>			
Agilent Technologies Inc.	25,000	2,960,229	899,226
Applied Materials Inc.	50,000	1,959,118	1,446,366
Hewlett-Packard Company	30,000	2,615,045	697,176
Intel Corporation	60,000	2,966,050	1,667,199
Oracle Corporation	25,000	1,375,474	360,071
Texas Instruments Inc.	50,000	5,162,811	1,802,254
VeriSign, Inc.	25,000	1,622,792	273,380
VERITAS Software Corp.	30,000	4,068,033	902,952
<b>Total Hardware and Software</b>		<b>22,729,552</b>	<b>8,048,624</b>



# Mulvihill Summit *Digital World Fund*

## Financial Statements

### Statement of Investments (continued)

June 30, 2002 (Unaudited)

	NO. OF SHARES	AVERAGE COST	MARKET VALUE
<b>Investments (continued)</b>			
<b>United States Common Shares (continued)</b>			
<b>Telecommunication Equipment</b>			
Cisco Systems Inc.	50,000	2,652,445	1,060,820
Corning Incorporated	100,000	1,440,183	539,916
<b>Total Telecommunication Equipment</b>		<b>4,092,628</b>	<b>1,600,736</b>
<b>Telecommunication Services</b>			
AT&T Corp.	40,000	1,776,340	650,941
Nextel Communications, Inc.	45,000	2,508,061	219,692
Qwest Communications International Inc.	50,000	3,044,636	212,924
Sprint FON Group	50,000	4,123,429	806,832
<b>Total Telecommunication Services</b>		<b>11,452,466</b>	<b>1,890,389</b>
<b>Total United States Common Shares</b>		<b>\$44,681,449</b>	<b>\$16,356,633</b>

	NUMBER OF CONTRACTS	PROCEEDS	MARKET VALUE
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### Options

#### Written Covered Call Options (100 shares per contract)

Applied Materials Inc. - July 2002 @ \$25	(500)	\$ (269,219)	\$ (3,802)
BT Group PLC, ADR - August 2002 @ \$35	(75)	(35,969)	(49,049)
BT Group PLC, ADR - July 2002 @ \$35	(75)	(29,139)	(41,064)
eBay Inc. - July 2002 @ \$56	(200)	(99,439)	(220,241)
General Electric Company - July 2002 @ \$31	(150)	(18,627)	(10,426)
Nokia Corp. - July 2002 @ \$25	(500)	(172,340)	(3,802)
Siebel Systems Inc. - August 2002 @ \$19	(350)	(126,213)	(25,551)
STMicroelectronics N.V. - July 2002 @ \$24	(300)	(62,095)	(60,373)
<b>Total Written Covered Call Options</b>		<b>\$ (813,041)</b>	<b>\$ (414,308)</b>
<b>Total Investments</b>		<b>\$72,357,460</b>	<b>\$24,793,918</b>

## Notes to the Financial Statements

*June 30, 2002 (Unaudited)*

### 1. Basis of Presentation

These interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2001 as not all disclosures required by Canadian generally accepted accounting principles for annual financial statements have been presented.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2001.

## Statement of Portfolio Transactions

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A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Summit Digital World Fund for the period ended June 30, 2002 may be obtained without charge by writing to:

Mulvihill Summit Digital World Fund  
Investor Relations  
121 King Street West, Suite 2600  
Toronto, Ontario M5H 3T9

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

**Other Hybrid Income Funds Managed  
by Mulvihill Structured Products**

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**Mulvihill Premium Funds**

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 *Global Telecom Fund*  
Mulvihill Premium *Split Share Fund*

**Mulvihill Platinum Funds**

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*

**Mutual Funds Managed by  
Mulvihill Capital Management**

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

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