



**Mulvihill**

## Hybrid Income Funds



Semi-Annual Report 2003

**Mulvihill Summit *Digital World Fund***

Digital World Trust



## Message to Unitholders

As of June 30, 2003, the net assets of the Fund were \$26.3 million, or \$3.78 per unit, up from \$3.75 per unit at the end of 2002. The Fund's units, listed on the Toronto Stock Exchange as DWT.UN, closed on June 30 at \$3.61.

Unitholders received distributions during the six-month period amounting to \$0.20 per unit, made up of two quarterly payments of \$0.10 each. The Fund has sufficient capital loss carryforward amounts to shelter realized gains in the current period and provide both non-capital and capital loss carryforwards for future periods. As a result, distributions in the current period were non-taxable and will reduce each unitholders cost base.

The long slide in the technology sector seems to be coming to an end, and market prices are now showing encouraging signs of recovery as evidenced by the 21.5 percent rise in the NASDAQ Composite Index. While U.S. equity markets did record overall gains in the first half, the large depreciation of the U.S. dollar versus its Canadian counterpart resulted in negative overall returns to Canadian investors. A portion of the Fund's U.S. dollar exposure was hedged in foreign exchange markets, partially reducing the full impact of the U.S. dollar's decline.

Many companies in the technology sector have undergone severe restructuring and cost cutting initiatives to improve productivity, so any improvement in revenues quickly translates into improved earnings. The U.S. economy is now showing signs of renewed growth, improving the outlook for the second half of the year. However, it is unclear whether this will produce the sustained rebound in capital spending required to fully revive the technology sector.

The Fund is widely diversified across a range of hardware and software companies, as well as e-commerce enterprises, mostly based in the U.S. Our outlook for the technology sector is positive but a prudent level of cash is being maintained within the Fund. Sufficient volatility remains to allow the Fund to continue generating premium income through its active option writing program.

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

# Mulvihill Summit *Digital World Fund*

## Financial Statements

### Interim Statements of Net Assets

June 30, 2003 (Unaudited) and December 31, 2002 (Audited)

	<b>2003</b>	2002
<b>ASSETS</b>		
Investments at market value (average cost - \$45,866,355; 2002 - \$51,444,360)	<b>\$ 21,381,307</b>	\$ 21,616,532
Short-term investments (average cost - \$4,956,590; 2002 - \$7,797,076)	<b>4,958,179</b>	7,831,287
Cash	<b>88,709</b>	91,680
Dividends receivable	<b>9,932</b>	18,711
Interest receivable	<b>8,089</b>	19,014
Due from brokers	<b>20,260</b>	-
<b>TOTAL ASSETS</b>	<b>\$ 26,466,476</b>	<b>\$ 29,577,224</b>
<b>LIABILITIES</b>		
Redemptions payable	<b>121,315</b>	2,309,982
Accrued liabilities	<b>60,624</b>	61,032
Due to brokers	<b>677</b>	-
<b>TOTAL LIABILITIES</b>	<b>182,616</b>	<b>2,371,014</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 26,283,860</b>	<b>\$ 27,206,210</b>
<b>Number of Units Outstanding</b>	<b>6,946,879</b>	<b>7,261,933</b>
<b>Net Asset Value per Unit</b>	<b>\$ 3.7835</b>	<b>\$ 3.7464</b>

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2003	2002
<b>REVENUE</b>		
Dividends	\$ 90,349	\$ 224,078
Interest, net of foreign exchange	(199,226)	10,408
Withholding tax	(13,225)	(31,363)
<b>TOTAL REVENUE</b>	<b>(122,102)</b>	<b>203,123</b>
<b>EXPENSES</b>		
Management fees	156,604	263,776
Custodian and other fees	81,742	48,022
Goods and services tax	16,220	21,826
<b>TOTAL EXPENSES</b>	<b>254,566</b>	<b>333,624</b>
<b>Net Investment Loss</b>	<b>(376,668)</b>	<b>(130,501)</b>
Loss on sale of investments and options	(3,315,928)	(3,758,067)
Change in unrealized depreciation of investments and foreign currency	5,309,406	(13,018,131)
<b>Net Gain (Loss) on Investments</b>	<b>1,993,478</b>	<b>(16,776,198)</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ 1,616,810</b>	<b>\$ (16,906,699)</b>
<b>Net Investment Loss per Unit</b>	<b>\$ (0.0523)</b>	<b>\$ (0.0158)</b>
<b>Net Gain (Loss) on Investments per Unit</b>	<b>0.2770</b>	<b>(2.0354)</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 7,197,017; 2002 - 8,242,171)</b>		
	<b>\$ 0.2247</b>	<b>\$ (2.0512)</b>

## Mulvihill Summit *Digital World Fund*

### Financial Statements

#### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2003	2002
NET ASSETS, BEGINNING OF PERIOD	\$ 27,206,210	\$ 53,624,217
<b>Total Results of Financial Operations</b>	<b>1,616,810</b>	<b>(16,906,699)</b>
<b>Unit Transactions</b>		
Proceeds from reinvestment of distributions	–	82,356
Amount paid for units redeemed	<b>(1,125,889)</b>	(675,794)
	<b>(1,125,889)</b>	<b>(593,438)</b>
<b>Distributions to unitholders</b>		
Non-taxable distribution	<b>(1,413,271)</b>	<b>(2,465,337)</b>
<b>Changes in Net Assets during the Period</b>	<b>(922,350)</b>	<b>(19,965,474)</b>
NET ASSETS, END OF PERIOD	\$ 26,283,860	\$ 33,658,743
<b>Net Asset Value per Unit</b>	<b>\$ 3.7835</b>	<b>\$ 4.1292</b>
<b>Distribution per Unit</b>		
Non-taxable distribution	<b>\$ 0.2000</b>	<b>\$ 0.3000</b>

Financial Statements

Statement of Investments

June 30, 2003 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
<b>SHORT-TERM INVESTMENTS</b>			
<b>Treasury Bills</b>			
Government of Canada - August 28, 2003	2,025,000	\$ 2,008,801	<b>\$ 2,008,801</b>
Government of Canada - September 25, 2003	1,735,000	1,721,589	<b>1,721,589</b>
Government of Canada, USD - August 5, 2003	655,000	878,065	<b>889,037</b>
<b>Total Treasury Bills</b>		<b>4,608,455</b>	<b>4,619,427</b>
<b>Discount Commercial Paper</b>			
Canadian Wheat Board, USD - August 6, 2003	75,000	105,273	<b>101,615</b>
Canadian Wheat Board, USD - August 8, 2003	175,000	242,862	<b>237,137</b>
<b>Total Discount Commercial Paper</b>		<b>348,135</b>	<b>338,752</b>
		<b>4,956,590</b>	<b>4,958,179</b>
<b>Accrued Interest</b>			<b>8,089</b>
<b>TOTAL SHORT-TERM INVESTMENTS</b>		<b>\$ 4,956,590</b>	<b>\$ 4,966,268</b>

INVESTMENTS

Canadian Common Shares

Telecommunication Equipment Suppliers

Celestica Inc.	20,000	\$ 1,836,050	<b>\$ 422,400</b>
<b>Total Canadian Common Shares</b>		<b>\$ 1,836,050</b>	<b>\$ 422,400</b>

United States Common Shares

Enabling Hardware and Software

Applied Materials Inc.	20,000	\$ 384,372	<b>\$ 430,996</b>
Dell Computer Corporation	20,000	913,386	<b>868,514</b>
EMC Corporation	50,000	699,794	<b>711,306</b>
Hewlett-Packard Company	30,000	2,615,045	<b>868,242</b>
Intel Corporation	60,000	2,966,050	<b>1,694,417</b>
Maxim Integrated Products Inc.	10,000	585,001	<b>464,557</b>
Microsoft Corporation	25,000	988,306	<b>869,940</b>
Oracle Corporation	50,000	1,817,089	<b>816,609</b>
Texas Instruments Inc.	50,000	5,162,811	<b>1,195,701</b>
VERITAS Software Corp.	30,000	4,068,033	<b>1,168,662</b>
<b>Total Enabling Hardware and Software</b>		<b>20,199,887</b>	<b>9,088,944</b>

Related Digital Commerce

AOL Time Warner Inc.	12,500	252,349	<b>273,279</b>
General Electric Company	20,000	1,097,495	<b>779,380</b>
The Charles Schwab Corporation	60,000	1,210,833	<b>822,588</b>
<b>Total Related Digital Commerce</b>		<b>2,560,677</b>	<b>1,875,247</b>

## Mulvihill Summit *Digital World Fund*

### Financial Statements

#### Statement of Investments (continued)

June 30, 2003 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)			
United States Common Shares (continued)			
Telecommunication Equipment Suppliers			
Cisco Systems Inc.	50,000	2,652,445	1,127,084
Motorola Inc.	60,000	903,652	768,781
QUALCOMM Inc.	15,000	890,289	728,630
<b>Total Telecommunication Equipment Suppliers</b>		<b>4,446,386</b>	<b>2,624,495</b>
Telecommunication Services			
Nextel Communications, Inc., Class A	22,500	1,254,030	552,740
SBC Communications Inc.	25,000	877,367	867,902
Sprint Corp.	50,000	4,123,429	978,301
<b>Total Telecommunication Services</b>		<b>6,254,826</b>	<b>2,398,943</b>
<b>Total United States Common Shares</b>		<b>\$33,461,776</b>	<b>\$15,987,629</b>
Non-North American Common Shares			
Enabling Hardware and Software			
SAP AG ADR	25,000	\$ 1,209,352	\$ 992,568
Related Digital Commerce			
Sony Corporation ADR	15,000	1,284,370	570,675
Telecommunication Equipment Suppliers			
Alcatel ADR	50,000	634,885	608,041
Nokia Corp. ADR	50,000	1,845,113	1,116,214
<b>Total Telecommunication Equipment Suppliers</b>		<b>2,479,998</b>	<b>1,724,255</b>
Telecommunication Services			
BT Group PLC ADR	20,000	1,094,980	914,711
Deutsche Telekom AG ADR	40,000	4,854,012	826,121
<b>Total Telecommunication Services</b>		<b>5,948,992</b>	<b>1,740,832</b>
<b>Total Non-North American Common Shares</b>		<b>\$10,922,712</b>	<b>\$ 5,028,330</b>
Forward Exchange Contracts			
Sold USD \$1,280,000, Bought CAD \$1,862,902 @ 0.68710 - July 23, 2003			
<b>Total Forward Exchange Contracts</b>			<b>\$ 121,026</b>



Financial Statements

Statement of Investments (continued)

June 30, 2003 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS			
<b>Written Covered Call Options</b> (100 shares per contract)			
Alcatel ADR - July 2003 @ \$10	500	\$ (42,734)	\$ (11,468)
Applied Materials Inc. - July 2003 @ \$16	150	(13,901)	(14,048)
BT Group PLC - July 2003 @ \$35	100	(14,137)	(8,891)
Cisco Systems Inc. - July 2003 @ \$18	250	(14,584)	(1,827)
Dell Computer Corporation - July 2003 @ \$32	200	(16,938)	(22,138)
Deutsche Telekom AG - July 2003 @ \$15	400	(18,561)	(17,106)
EMC Corporation - July 2003 @ \$11	375	(24,645)	(9,546)
General Electric Company - July 2003 @ \$29	100	(6,386)	(4,861)
Intel Corporation - July 2003 @ \$22	300	(26,153)	(4,042)
Microsoft Corporation - July 2003 @ \$25	125	(11,824)	(9,297)
Motorola Inc. - July 2003 @ \$10	450	(21,304)	(20,463)
Nextel Communications, Inc., Class A - July 2003 @ \$18	225	(23,593)	(25,759)
Nokia Corp. ADR - July 2003 @ \$17	250	(13,874)	(7,887)
Oracle Corporation - July 2003 @ \$14	250	(15,773)	-
QUALCOMM Inc. - July 2003 @ \$37	100	(13,797)	(10,337)
SAP AG ADR - July 2003 @ \$33	125	(20,286)	(715)
SBC Communications Inc. - July 2003 @ \$27	100	(6,105)	(602)
Sprint Corp. - July 2003 @ \$15	200	(10,282)	(2,107)
Sony Corporation - July 2003 @ \$30	150	(15,524)	(672)
Texas Instruments Inc. - July 2003 @ \$19	250	(23,782)	(6,312)
<b>Total Written Covered Call Options</b>		(354,183)	(178,078)
<b>TOTAL OPTIONS</b>		\$ (354,183)	\$ (178,078)
<b>TOTAL INVESTMENTS</b>		\$45,866,355	\$21,381,307

## Mulvihill Summit *Digital World Fund*

### Notes to Financial Statements

#### 1. Basis of Presentation

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The interim financial statements for Digital World Trust (the “Fund”) have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP 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 December 31, 2002.

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, 2002.

#### 2. Normal Course Issuer Bid

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The Toronto Stock Exchange recently accepted 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 of 709,208 units, 10% of its public float as determined in accordance with the rules of the Exchange. The purchases would be made in the open market through facilities of the Exchange. The normal course issued bid will remain in effect until the earlier of April 27, 2004 or until the Fund has purchased the maximum number of units permitted under the bid. As at June 30, 2003, no units 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 Mulvihill Investors Services at the address below.

#### 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, 2003 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto ON M5H 3T9.

## Mulvihill Hybrid Income Funds

### Hybrid Income Funds

#### Managed by Mulvihill Structured Products

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#### 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

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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 *Global Income Fund*  
Premium *Canadian Income Fund*

### Head Office

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**Mulvihill**

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**Mulvihill Structured Products**

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