



Hybrid Income Funds



Annual Report 2002

Mulvihill Premium Global Plus Fund

Global Plus Income Trust





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

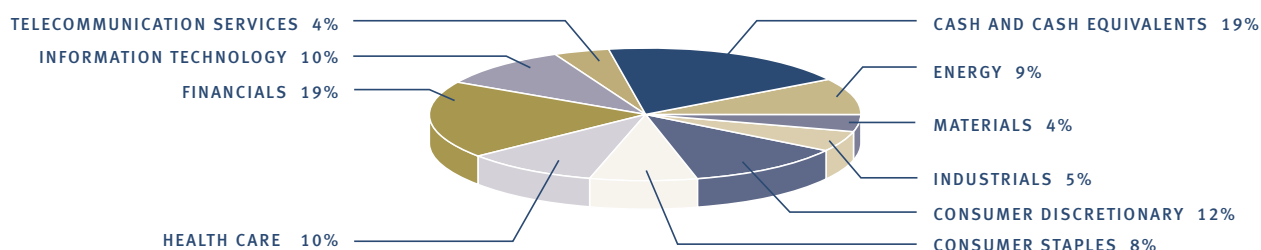
The Fund's investment objectives are to provide unitholders of the Fund with a stable stream of quarterly distributions of at least \$0.50 (\$2.00 annually) per unit while returning at a minimum the original issue price of the units to unitholders upon termination of the Fund on December 31, 2009.

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 Standard and Poor's 100 Index and ADR's of the top 100 corporations trading on the New York Stock Exchange or NASDAQ, selected on the basis of market capitalization. The Fund may also, from time to time, invest up to 25 percent of its net asset value in World Equity Benchmark Shares (WEBS) compiled by Morgan Stanley Capital International Inc. 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, 2002



Distribution History

INCEPTION DATE: SEPTEMBER 1999	REGULAR DISTRIBUTION	SPECIAL DISTRIBUTION	TOTAL DISTRIBUTION
Total for 1999	\$ 0.60	\$ 0.15	\$ 0.75
Total for 2000	2.00	0.75	2.75
Total for 2001	2.00	0.00	2.00
March 2002	0.50	0.00	0.50
June 2002	0.50	0.00	0.50
September 2002	0.25	0.00	0.25
December 2002	0.25	0.00	0.25
Total for 2002	1.50	0.00	1.50
Total Distributions to Date	\$ 6.10	\$ 0.90	\$ 7.00

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

Top 10 Holdings

- Teva Pharmaceutical Industries Ltd.
- Morgan Stanley
- General Electric Company
- American Express Company
- Du Pont (E.I.) De Nemours & Co.
- Citigroup Inc.
- Exxon Mobil Corporation
- Bank of America Corporation
- Wells Fargo & Company
- Unilever N.V.

Trading History



Commentary

As at December 31, 2002, the net assets of the Fund were \$58.5 million, or \$13.71 per unit, down from \$18.50 per unit, at the end of 2001. The Fund's units, listed on the Toronto Stock Exchange as GIP.UN, closed the year at \$12.70.

Unitholders received distributions during 2002 totalling \$1.50 per unit, made up of two regular quarterly payments of \$0.50 each, followed by two reduced payments of \$0.25 each. Distributions were reduced in the second half in order to limit the decline in net asset value, and to preserve the Fund's ability to meet its long-term objectives. 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.

Weak global equity markets made 2002 a difficult year for investors. The MSCI EAFE index declined 16 percent during the year while the U.S. market (S&P500) declined by an even greater 22 percent with all subsectors of the U.S. markets generating a negative return. Elsewhere, conditions were mixed, but losses outweighed gains. Consumer spending has been a source of strength, but has not been matched by a renewal of corporate capital spending. Uncertainties regarding terrorist actions and possible war with Iraq have been further discouraging factors in all markets. These conditions, resulted in an annual return in the Fund of -17.8 percent including distributions for the year.

The Fund's portfolio continues to be diversified across a wide range of sectors and countries. Most investments are in the U.S., where we anticipate some economic improvement this year. International exposure is concentrated in such European countries as the U.K., Germany and the Netherlands with no exposure to the emerging markets. 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 Premium Global Plus Fund

We have audited the accompanying statement of investments of Global Plus Income Trust (operating as Mulvihill Premium Global Plus Fund) (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 and of loss on sale of investments and options for the years then ended, and the statements of financial highlights for each of the years or periods (since inception) in the four-year period ended December 31, 2002. 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 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 - \$65,109,114; 2001 - \$77,592,572)	\$ 51,940,342	\$ 66,658,820
Short-term investments (average cost - \$12,030,834; 2001 - \$24,621,638)	12,032,429	24,956,229
Cash	45,494	266,016
Interest receivable	54,058	30,102
Dividends receivable	63,291	23,441
Due from brokers	20,972	—
Subscriptions receivable	—	38,340
TOTAL ASSETS	64,156,586	91,972,948
LIABILITIES		
Redemptions payable	5,586,078	—
Accrued liabilities	94,375	118,358
Due to brokers	—	2,192,338
TOTAL LIABILITIES	5,680,453	2,310,696
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 58,476,133	\$ 89,662,252
Number of Units Outstanding (Note 5)	4,264,711	4,846,208
Net Asset Value per Unit	\$ 13.7116	\$ 18.5015

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, 2002 and 2001

	2002	2001
REVENUE		
Dividends	\$ 1,040,904	\$ 2,542,913
Interest	367,075	1,953,629
Withholding taxes	(130,409)	(141,490)
TOTAL REVENUE	1,277,570	4,355,052
EXPENSES (Note 6)		
Management fees	922,793	1,179,153
Custodian and other fees	155,851	175,738
Goods and services tax	74,703	94,842
TOTAL EXPENSES	1,153,347	1,449,733
Net investment income (loss)	124,223	2,905,319
Loss on sale of investments and options	(13,438,089)	(7,903,976)
Foreign exchange (losses) on sale of investments	(172,923)	(92,378)
Change in unrealized depreciation of investments and foreign currency	(2,559,425)	(780,818)
Net loss on investments	(16,170,437)	(8,777,172)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ (16,046,214)	\$ (5,871,853)

Statements of Changes in Net Assets

Years ended December 31, 2002 and 2001

	2002	2001
NET ASSETS, BEGINNING OF YEAR	\$ 89,662,252	\$ 105,121,796
Total results of financial operations	(16,046,214)	(5,871,853)
Unit transactions		
Proceeds from reinvestment of distributions	38,092	97,546
Amount paid for units redeemed	(7,981,360)	—
	(7,943,268)	97,546
Distributions to unitholders (Note 7)		
From net investment income	—	(1,340,800)
Non-taxable distribution	(7,196,637)	(8,344,437)
	(7,196,637)	(9,685,237)
Changes in net assets during the year	(31,186,119)	(15,459,544)
NET ASSETS, END OF YEAR	\$ 58,476,133	\$ 89,662,252

Statements of Loss on Sale of Investments and Options

Years ended December 31, 2002 and 2001

	2002	2001
Proceeds from sale of investments	\$ 57,574,843	\$ 43,926,941
Cost of investments sold		
Cost of investments, beginning of year	77,592,572	70,783,739
Cost of investments purchased	58,529,474	58,639,750
	136,122,046	129,423,489
Cost of investments, end of year	(65,109,114)	(77,592,572)
	71,012,932	51,830,917
LOSS ON SALE OF INVESTMENTS AND OPTIONS	\$ (13,438,089)	\$ (7,903,976)

Statement of Investments

December 31, 2002

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada, USD - January 8, 2003		50,000	\$ 77,413	\$ 78,949
Government of Canada - January 30, 2003		6,015,000	5,970,609	5,970,609
Government of Canada - February 13, 2003		35,000	34,742	34,742
Government of Canada - February 27, 2003		3,215,000	3,188,783	3,188,783
Government of Canada - March 13, 2003		540,000	536,112	536,112
Province of Ontario - February 3, 2003		2,000,000	1,986,380	1,986,380
	97.6 %		11,794,039	11,795,575
Discount Commercial Paper				
Province of Quebec, USD - January 13, 2003	2.0 %	150,000	236,795	236,854
	99.6 %		12,030,834	12,032,429
Accrued interest				
	0.4 %			54,058
TOTAL SHORT-TERM INVESTMENTS	100.0 %		\$ 12,030,834	\$ 12,086,487

INVESTMENTS

Non-North American Common Shares

Consumer Discretionary

Koninklijke (Royal) Philips Electronics N.V.		30,000	\$ 1,545,009	\$ 837,928
The News Corporation Limited ADR		30,000	1,689,208	1,244,095
Sony Corporation ADR		15,000	1,303,628	978,925
Toyota Motor Corp. ADR		15,000	1,362,965	1,255,944
Total Consumer Discretionary	8.3 %		5,900,810	4,316,892

Consumer Staples

Diageo PLC ADR		15,000	1,242,554	1,037,931
Unilever N.V.		15,000	1,494,466	1,462,345
Total Consumer Staples	4.8 %		2,737,020	2,500,276

Energy

BP PLC ADR	2.5 %	20,000	1,574,784	1,284,380
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Financials

ING Groep N.V. ADR	2.0 %	40,000	2,040,240	1,064,156
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Health Care

Aventis S.A. ADR		10,000	1,159,574	856,096
Teva Pharmaceutical Industries Ltd.		30,000	1,723,392	1,829,887
Total Health Care	5.2 %		2,882,966	2,685,983

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
Non-North American Common Shares (continued)				
Information Technology				
Nokia Corp. ADR		50,000	2,057,904	1,224,348
SAP AG ADR		30,000	1,764,790	924,185
STMicroelectronics N.V.		15,000	735,137	462,330
Total Information Technology	5.0 %		4,557,831	2,610,863
Telecommunication Services				
Telefonos de Mexico ADR		20,000	1,599,432	1,010,443
Vodafone Group PLC ADR		30,000	2,202,029	858,781
Total Telecommunication Services	3.6 %		3,801,461	1,869,224
Total Non-North American Common Shares	31.4 %		\$ 23,495,112	\$ 16,331,774
United States Common Shares				
Consumer Discretionary				
Limited Brands		60,000	\$ 1,765,730	\$ 1,320,400
Wal-Mart Stores, Inc.		15,000	1,239,411	1,196,938
The Walt Disney Co.		40,000	1,245,926	1,030,664
Total Consumer Discretionary	6.8 %		4,251,067	3,548,002
Consumer Staples				
The Coca-Cola Co.		20,000	1,721,415	1,384,540
PepsiCo Inc.		20,000	1,325,962	1,333,986
Total Consumer Staples	5.2 %		3,047,377	2,718,526
Energy				
Baker Hughes Incorporated		25,000	1,448,338	1,271,347
Exxon Mobil Corporation		30,000	2,051,350	1,655,950
Schlumberger Limited		20,000	1,233,898	1,329,879
Total Energy	8.2 %		4,733,586	4,257,176
Financials				
American Express Company		30,000	1,712,441	1,675,382
American International Group Inc.		15,000	1,414,644	1,370,875
Bank of America Corporation		15,000	1,617,822	1,648,604
Citigroup Inc.		30,000	1,962,514	1,667,799
Morgan Stanley		28,400	1,865,646	1,791,068
U.S. Bancorp		40,000	1,353,135	1,340,937
Wells Fargo & Company		20,000	1,444,906	1,480,908
Total Financials	21.3 %		11,371,108	10,975,573

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
United States Common Shares (continued)				
Health Care				
Amgen Inc.		15,000	1,412,191	1,145,516
Medtronic Inc.		20,000	1,516,754	1,440,781
Pfizer Inc.		25,000	1,336,758	1,207,365
Total Health Care	7.3 %		4,265,703	3,793,662
Industrials				
Burlington Northern Santa Fe Corp.		30,000	1,264,673	1,232,721
General Electric Company		45,000	1,928,289	1,731,070
Tyco International Ltd.		12,000	1,067,973	323,797
Total Industrials	6.3 %		4,260,935	3,287,588
Information Technology				
Cisco Systems Inc.		70,000	2,465,157	1,448,680
Intel Corporation		52,500	2,381,512	1,291,371
Microsoft Corporation		15,000	1,205,749	1,225,138
Total Information Technology	7.6 %		6,052,418	3,965,189
Materials				
Alcoa Inc.		30,000	1,800,429	1,079,638
Du Pont (E.I.) de Nemours & Co.		25,000	1,611,413	1,674,592
Total Materials	5.3 %		3,411,842	2,754,230
Telecommunication Services				
Verizon Communications Inc.	1.8 %	15,000	1,274,874	918,261
Total United States Common Shares	69.8 %		\$ 42,668,910	\$ 36,218,207
Forward Exchange Contracts				
Sold USD \$3,330,000, Bought CAD \$5,238,238, @ 0.63571 - January 22, 2003				\$ (27,167)
Sold USD \$3,008,000, Bought CAD \$4,782,422, @ 0.62897 - February 20, 2003				20,819
Sold USD \$3,390,000, Bought CAD \$5,282,102, @ 0.64179 - March 19, 2003				(89,897)
Total Forward Exchange Contracts	(0.2) %		\$ -	\$ (96,245)
	% of Portfolio	Number of Contracts	Proceeds	Market Value
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
The Procter & Gamble Company - January 2003 @ \$86	(0.1) %	100	\$ (40,789)	\$ (33,897)

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)				
OPTIONS (continued)				
Written Covered Call Options (100 shares per contract)				
Alcoa Inc. - January 2003 @ \$24		150	(19,374)	(16,712)
American Express Company - January 2003 @ \$40		150	(34,376)	(5,044)
American International Group Inc. - January 2003 @ \$61		75	(25,189)	(7,862)
Amgen Inc. - January 2003 @ \$51		75	(15,669)	(2,221)
Amgen Inc. - January 2003 @ \$53		45	(14,482)	(6,616)
Aventis S.A. ADR - January 2003 @ \$56		50	(15,748)	(6,545)
Baker Hughes Incorporated - January 2003 @ \$34		125	(20,602)	(9,899)
Bank of America Corporation - January 2003 @ \$74		150	(40,306)	(10,043)
Burlington Northern Santa Fe Corp. - February 2003 @ \$27		200	(19,373)	(19,381)
Cisco Systems Inc. - January 2003 @ \$13		465	(49,546)	(57,177)
Citigroup Inc. - January 2003 @ \$39		150	(33,586)	(4,172)
The Coca-Cola Co. - January 2003 @ \$48		200	(30,787)	(5,962)
Diageo PLC ADR - January 2003 @ \$44		150	(22,507)	(23,657)
Du Pont (E.I.) de Nemours & Co. - February 2003 @ \$45		250	(50,529)	(50,913)
Exxon Mobil Corporation - January 2003 @ \$36		150	(17,966)	(9,602)
General Electric Company - January 2003 @ \$27		225	(30,836)	(1,345)
ING Groep N.V. ADR - January 2003 @ \$17		300	(39,502)	(40,398)
Intel Corporation - January 2003 @ \$21		350	(46,336)	(23)
Koninklijke (Royal) Philips Electronics N.V. - January 2003 @ \$20		300	(40,758)	(10,134)
Limited Brands - January 2003 @ \$15		450	(44,271)	(9,904)
Morgan Stanley - January 2003 @ \$44		48	(9,902)	(514)
Morgan Stanley - January 2003 @ \$46		55	(15,006)	(56)
Morgan Stanley - January 2003 @ \$47		39	(10,823)	(36)
Medtronic Inc. - February 2003 @ \$48		200	(26,698)	(26,759)
The News Corporation Limited ADR - January 2003 @ \$26		150	(20,972)	(28,259)
Nokia Corp. ADR - January 2003 @ \$18		250	(36,641)	(5,291)
PepsiCo Inc. - January 2003 @ \$46		100	(16,316)	(692)
Pfizer Inc. - January 2003 @ \$31		185	(24,575)	(25,255)
SAP AG ADR - January 2003 @ \$21		300	(48,784)	(37,248)
Schlumberger Limited - January 2003 @ \$45		200	(41,501)	(7,210)
Teva Pharmaceutical Industries Ltd. - January 2003 @ \$40		225	(30,437)	(11,773)
U.S. Bancorp - January 2003 @ \$22		300	(24,848)	(18,461)
Wal-Mart Stores, Inc. - January 2003 @ \$54		150	(30,768)	(1,228)
The Walt Disney Co. - January 2003 @ \$21		400	(39,200)	(815)
Wells Fargo & Company - January 2003 @ \$47		140	(25,905)	(18,290)
Total Written Covered Call Options	(0.9)%		(1,014,119)	(479,497)
TOTAL OPTIONS	(1.0)%		\$ (1,054,908)	\$ (513,394)
TOTAL INVESTMENTS	100.0 %		\$ 65,109,114	\$ 51,940,342

Statements of Financial Highlights

Years ended December 31

	2002	2001	2000	1999 *
DATA PER UNIT				
Net Asset Value, Beginning of Year	\$ 18.50	\$ 21.71	\$ 24.98	\$ 23.75 **
INCOME FROM INVESTMENT OPERATIONS				
Net investment income (loss)	(0.01)	0.60	0.49	0.09
Net gain (loss) on investments and options	(3.28)	(1.81)	(1.01)	1.89
Total from Investment Operations	(3.29)	(1.21)	(0.52)	1.98
DISTRIBUTION TO UNITHOLDERS				
From net investment income	—	(0.28)	(0.22)	—
From net realized gain on sale of investments and options	—	—	(2.45)	(0.71)
Non-taxable distribution (Note 7)	(1.50)	(1.72)	(0.08)	(0.04)
Total distributions	(1.50)	(2.00)	(2.75)	(0.75)
Net Asset Value, End of Year	\$ 13.71	\$ 18.50	\$ 21.71	\$ 24.98
RATIOS/SUPPLEMENTAL DATA				
Total net assets, end of year (\$millions)	\$ 58.48	\$ 89.66	\$ 105.12	\$ 120.89
Average net assets (\$millions)	\$ 73.82	\$ 94.33	\$ 116.89	\$ 116.44
Management expense ratio	1.56%	1.54%	1.57%	1.51%
Portfolio turnover rate	107.5%	46.5%	44.3%	28.5%
Annual rate of return	(17.8)%	(5.6)%	(2.1)%	N/A

* For the period from inception on September 13, 1999 to December 31, 1999.

** Net of agent fees.

1. Establishment of the Fund

Global Plus Income Trust (the "Fund") is an investment trust established under the laws of the Province of Ontario on August 30, 1999. The Fund began operations on September 13, 1999 and will terminate on December 31, 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 Global Plus Fund.

2. Investment Objectives of the Fund

The Fund achieves its investment objectives by investing in a diversified portfolio consisting principally of common shares issued by corporations selected from the Standard & Poor's 100 Index and American Depositary Receipts ("ADRs") of the top 100 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. In addition, in order to provide further global investment opportunities, the Fund may, from time to time, invest up to a maximum of 25 percent of its net asset value in World Equity Benchmark Shares ("WEBS") that seek to provide investment results that track the performance of a specific country index compiled by Morgan Stanley Capital International Inc.

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 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.

Forward foreign exchange contracts are valued at the current market value on the valuation date.

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 portfolio value of 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 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 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.

Following are the unit transactions for the year:

	2002	2001
Units outstanding, beginning of year	4,846,208	4,841,300
Units issued on reinvestment of distributions	2,100	4,908
Units redeemed	(583,597)	—
Units outstanding, end of year	4,264,711	4,846,208

6. Management Fees and Expenses

The Fund is responsible for all on going 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 the 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 2002 or 2001.

Accumulated non-capital losses of approximately \$1 million and capital losses of approximately \$21.3 million (2001 - \$8.2 million) are available for utilization against net investment income and realized gains on sales of investments, respectively, in future years. The non-capital losses have expiration dates extending to 2009 and capital losses can be carried forward indefinitely.

Issue costs of approximately \$2.2 million (2001 - \$3.5 million) remain undeducted for tax purposes at year end.

9. Commission Charges

Total commissions paid in 2002 in connection with portfolio transactions were \$170,444 (2001 - \$211,809).

10. Comparative Figures

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

11. 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

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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GIP.UN

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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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