



Hybrid Income Funds

Annual Report 2002



Mulvihill Premium Global Telecom Fund

Global Telecom Split Share Corp.

**Notice to
Shareholders** →

Change of Record Date for Regular Distributions

The Fund is hereby providing notice to shareholders that it intends to change the record date for its regular distributions to shareholders. Regular distributions will now be payable to shareholders 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 December 5, 2002. As a result the December 31, 2002 distribution when declared, will be payable to shareholders on record as of December 16, 2002.

Message to
Shareholders →

The fiscal year ended June 29, 2002, was a disappointing one for investors in the telecommunications sector. At the fiscal year end, the Fund's net asset value per Unit was \$12.49. Each Unit consists of one Class A share and one Preferred share. The Fund's Class A shares closed the year trading at \$1.25 on the Toronto Stock Exchange, while Preferred shares closed at \$10.45.

The decline in net asset values was due to persistent weakness on both the supply and service sides of the telecommunications market, which has severely depressed share values. Negative market sentiment has also been exacerbated by accounting and corporate governance scandals that have undermined investor confidence.

After paying dividends of \$0.30 per Class A share in the first quarter and \$0.15 in the second, market declines in the third and fourth quarter prompted the Fund to suspend dividend payments to Class A shareholders for the balance of the year. Preferred shareholders continued to receive dividends totalling \$0.87 per share for the full fiscal year, maintaining the target yield for these investors.

Given the general weakness of the telecommunications industry, the Fund has substantially raised its cash position in order to reposition its portfolio. Currently, cash holdings are at 65% of total assets, with the focus going forward placed on high quality, cash rich companies that are expected to be survivors in the telecommunications sector going forward.

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



John P. Mulvihill
President
Mulvihill Capital Management Inc.

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Investment Highlights

Investment Objectives

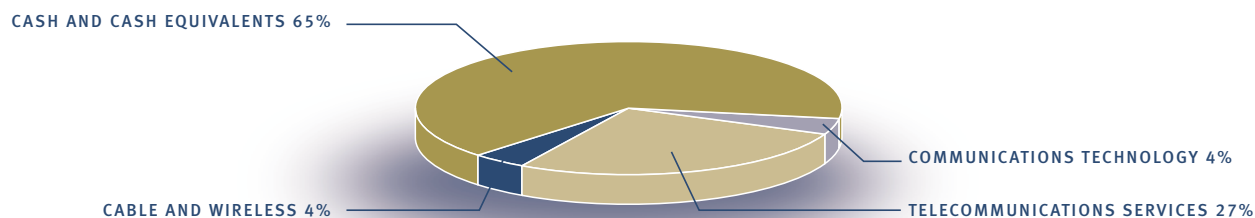
The Fund's investment objectives are: (i) to provide Preferred shareholders with quarterly cash dividends to yield 5.5% per annum based on the Preferred share's par value (\$15.00) and to return the original issue price of the Preferred shares at the time of redemption on July 2, 2008 and (ii) to provide Class A shareholders with the benefit of any capital appreciation in the value of the Portfolio over the amount due to Preferred shareholders at the time of redemption on July 2, 2008 and with cash dividends equal to all excess realized income of the Fund at each fiscal year end.

Investment Strategy

The Fund intends to achieve its investment objectives by investing its net assets in a diversified portfolio consisting principally of common shares issued by corporations within the Fund's Global Telecom Universe. To generate additional returns above the dividend income earned on the portfolio, the Fund will from time to time, write covered call options in respect of all or part of the common shares 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

The asset mix at year end is not indicative of the funds asset mix going forward. The high percentage of cash and cash equivalents is temporary due to the desire to reposition holdings within the fund.



Distribution History

INCEPTION DATE: JUNE 1998	CLASS A REGULAR DISTRIBUTION	CLASS A SPECIAL DISTRIBUTION	TOTAL CLASS A DISTRIBUTION	REGULAR PREFERRED DISTRIBUTION
Total for 1998*	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.441600
Total for 1999	1.80	6.40	8.20	0.874903
Total for 2000	1.20	1.50	2.70	0.876778
Total for 2001	1.05	0.10	1.15	0.873839
March 2002	0.00	0.00	0.00	0.218189
June 2002	0.00	0.00	0.00	0.219087
Total for 2002	0.00	0.00	0.00	0.437276
Total Distributions to Date	\$ 4.05	\$ 8.00	\$ 12.05	\$ 3.504396

*Distributions are shown above on a calendar year basis to reflect amounts subject to tax in the year in which they are paid.

Top 10 Holdings

(equity securities)

- AT&T Canada Inc.
- BCE Inc.
- Telefonica De Espana SA ADR
- Nippon Telegraph & Telephone ADR
- Tele Danmark AS ADR
- Nokia Corp. ADR
- America Movil ADR
- Aliant Inc.
- BT Group PLC ADR
- Bellsouth Corp.

Trading History



Commentary

Conditions in the telecommunications sector worldwide continue to be difficult. Performance measures in this sector give an indication of just how poorly this sector has underperformed. For the 12 month period ended June 2002, the MSCI World Telecom Index was down 37.9% and the S&P 500 Telco Services Index was down 42.8%. Demand has weakened substantially in both residential and business telecom markets, and many companies are struggling with inadequate revenues and debt-laden balance sheets. Competition has intensified as many companies have taken drastic steps to cut costs and lure customers with lower prices. Companies under bankruptcy protection are continuing to operate in restructured form, putting further pressure on prices and profit margins. Few buyers are willing or able to pay acceptable prices to companies seeking to divest of assets.

With the service providers slashing their spending, major equipment suppliers such as Nortel Networks Corp., Lucent Technologies Inc. and Alcatel SA are being particularly hard-hit, and will only recover when demand rebounds. With no such rebound presently in sight, the Fund now has limited its exposure in the equipment vendor sector to such names as Cisco Systems Inc. and Nokia Corp.

In the service sector, the Fund has concentrated its investments in the strongest dividend-paying companies, which have low debt, solid credit ratings, and strong cash flows. These superior performers include BCE Inc., SBC Communications Inc., Manitoba Telecom Services Inc., Verizon Communications Inc. and Telecom Corp. of New Zealand.

Auditors' Report

To the Shareholders

We have audited the accompanying statement of investments of Global Telecom Split Share Corp. (operating as Mulvihill Premium Global Telecom Fund) (the "Fund") as at June 29, 2002, the statements of financial position as at June 29, 2002 and 2001, the statements of operations and deficit, of changes in net assets (deficiency) and of changes in investments for the years then ended, and the statements of financial highlights for each of the years (since inception) in the four-year period ended June 29, 2002. These financial statements are the responsibility of the Fund's management. 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 management, 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 dates indicated above, and the results of its operations, the changes in its net assets (deficiency) and investments, and the financial highlights for the periods indicated above, in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants

Toronto, Ontario

August 30, 2002

Statements of Financial Position

June 29, 2002 and 2001

	2002	2001
Assets		
Investments at market value (average cost - \$20,138,121; 2001 - \$76,189,974)	\$ 14,263,507	\$ 46,516,590
Short-term investments (average cost - \$26,944,160; 2001 - \$24,796,960)	26,936,765	24,771,671
Cash	79,785	1,275,157
Interest, dividends and other receivables	167,231	454,436
Total Assets	\$ 41,447,288	\$ 73,017,854
Liabilities		
Accounts payable and accrued liabilities	\$ 61,953	\$ 1,856,863
Redeemable preferred shares (Note 4)	49,704,675	52,481,175
	49,766,628	54,338,038
Equity (Deficiency)		
Class A and Class B shares (Note 4)	41,390,619	42,314,644
Deficit	(49,709,959)	(23,634,828)
	(8,319,340)	18,679,816
Total Liabilities and Equity (Deficiency)	\$ 41,447,288	\$ 73,017,854
Net Asset Value Per Unit		
Preferred share	\$ 12.4894	\$ 15.0000
Class A share	—	5.3387
	\$ 12.4894	\$ 20.3387

On Behalf of the Board of Directors



John P. Mulvihill, Director



Robert W. Korthals, Director

Financial Statements

Statements of Financial Operations and Deficit

Years ended June 29, 2002 and 2001

	2002	2001
Revenue		
Interest	\$ 391,854	\$ 1,548,361
Dividends	2,474,766	2,062,196
Withholding taxes	(87,636)	(105,573)
	2,778,984	3,504,984
Net realized gains (losses) on investments and options	(47,143,691)	7,969,877
Foreign exchange gains	284,097	575,574
	(46,859,594)	8,545,451
	(44,080,610)	12,050,435
Expenses (Note 5)		
Management fees	702,635	1,113,123
Administrative and other expenses	209,985	158,556
Custodian fees	35,419	41,140
GST and capital taxes	146,380	91,897
	1,094,419	1,404,716
Realized Income (Loss) Before Income Taxes and Distributions	(45,175,029)	10,645,719
Income tax expense (Note 6)	(287,599)	–
Net Realized Income (Loss) Before Distributions	(45,462,628)	10,645,719
Preferred share distributions (Note 7)	(2,904,091)	(3,125,307)
Net Realized Income (Loss)	(48,366,719)	7,520,412
Change in net unrealized depreciation of investments and foreign exchange during the year	23,787,228	(38,046,191)
Net Loss for the Year	\$ (24,579,491)	\$ (30,525,779)
Deficit		
Balance, beginning of year	\$ (23,634,828)	\$ 12,604,183
Net loss for the year	(24,579,491)	(30,525,779)
Distributions on Class A shares	(1,495,640)	(5,713,232)
Balance, End of Year	\$ (49,709,959)	\$ (23,634,828)

Statements of Changes in Net Assets (Deficiency)

Years ended June 29, 2002 and 2001

	2002	2001
Net Assets, Beginning of Year	\$ 18,679,816	\$ 55,510,330
Share Capital Transactions		
Shares redeemed, net	(924,025)	(591,503)
Net Realized Income (Loss) Before Distributions	(45,462,628)	10,645,719
Distributions (Note 7)		
Preferred shares	(2,904,091)	(3,125,307)
Class A shares	(1,495,640)	(5,713,232)
	(4,399,731)	(8,838,539)
Change in Net Unrealized Depreciation of Investments and Foreign Exchange During the Year	23,787,228	(38,046,191)
Change in Net Assets During the Year	(26,999,156)	(36,830,514)
Net Assets (Deficiency), End of Year	\$ (8,319,340)	\$ 18,679,816

Statements of Changes in Investments

Years ended June 29, 2002 and 2001

	2002	2001
Investments at Market Value, Beginning of Year	\$ 46,516,590	\$103,394,034
Unrealized Appreciation (Depreciation) of Investments, Beginning of Year	(29,673,384)	8,372,807
Investments at Cost, Beginning of Year	76,189,974	95,021,227
Cost of Investments Purchased During the Year	22,252,234	24,907,301
Cost of Investments Sold During the Year		
Proceeds from sales	31,186,697	51,699,646
Net realized gains (losses) on sale	(47,143,691)	7,969,877
Foreign exchange gains (losses) on sale of the investments and options	26,301	(8,785)
	78,304,087	43,738,554
Investments at Cost, End of Year	20,138,121	76,189,974
Unrealized Appreciation (Depreciation) of Investments, End of Year	(5,874,614)	(29,673,384)
Investments at Market Value, End of Year	\$ 14,263,507	\$ 46,516,590

Financial Statements

Statement of Investments

June 29, 2002

	Par Value/ No. of Shares	Average Cost	Market Value	% of Portfolio
Short-term Investments				
Treasury Bills				
Government of Canada - July 4, 2002	35,000	\$ 34,831	\$ 34,831	
Government of Canada - July 18, 2002	30,000	29,813	29,813	
Government of Canada - August 29, 2002	1,215,000	1,206,604	1,206,604	
Government of Canada, USD - September 5, 2002	200,000	304,387	302,873	
Government of Canada - September 12, 2002	50,000	49,708	49,708	
Government of Canada - September 26, 2002	5,175,000	5,140,638	5,140,638	
Total Treasury Bills		6,765,981	6,764,467	25.1%
Bankers Acceptance				
Royal Bank of Canada - August 26, 2002	2,000,000	1,978,120	1,978,120	7.3%
Discount Commercial Paper				
Canada Mortgage & Housing Corp. - July 2, 2002	4,860,000	4,828,118	4,828,118	
Canadian Wheat Board, USD - August 8, 2002	50,000	78,250	75,710	
Province of Ontario, USD - August 22, 2002	275,000	419,780	416,439	
Export Development Corp., USD - September 26, 2002	8,500,000	12,873,911	12,873,911	
Total Discount Commercial Paper		18,200,059	18,194,178	67.4%
		26,944,160	26,936,765	99.8%
Accrued Interest		–	53,134	0.2%
Total Short-term Investments		\$ 26,944,160	\$ 26,989,899	100.0%
Investments				
Canadian Common Shares				
Telecommunication Services				
Aliant Inc.	30,000	\$ 1,150,775	\$ 838,800	
AT&T Canada Inc.	40,000	2,318,844	1,930,000	
BCE Inc.	50,000	1,926,755	1,319,500	
Manitoba Telecom Services Inc.	20,000	850,730	622,800	
Total Telecommunication Services		6,247,104	4,711,100	33.0%
Total Canadian Common Shares		\$ 6,247,104	\$ 4,711,100	33.0%

Statement of Investments (continued)

June 29, 2002

	No. of Shares	Average Cost	Market Value	% of Portfolio
Investments (continued)				
United States Common Shares				
Cable and Wireless				
Alltel Corp.	10,000	\$ 1,006,349	\$ 714,818	5.0%
Communications Technology				
Cisco Systems Inc.	30,000	1,188,590	636,492	4.5%
Telecommunication Services				
Bellsouth Corp.	15,000	958,526	718,620	
SBC Communications Inc.	15,000	1,037,592	695,807	
Verizon Communications Inc.	10,000	827,610	610,637	
Total Telecommunication Services		2,823,728	2,025,064	14.2%
Total United States Common Shares		\$ 5,018,667	\$ 3,376,374	23.7%
Non-North American Common Shares				
Cable and Wireless				
America Movil ADR	40,000	\$ 1,238,559	\$ 815,197	5.7%
Communications Technology				
Nokia Corp. ADR	45,000	1,756,995	991,012	7.0%
Telecommunication Services				
BT Group PLC ADR	15,000	1,004,178	869,645	
Nippon Telegraph & Telephone ADR	30,000	1,210,767	939,453	
Tele Danmark AS ADR	45,000	1,258,892	970,480	
Telecom Corp. of New Zealand ADR	20,000	556,474	593,451	
Telefonica De Espana SA ADR	27,060	1,893,123	1,022,708	
Total Telecommunication Services		5,923,434	4,395,737	30.8%
Total Non-North American Common Shares		\$ 8,918,988	\$ 6,201,946	43.5%
	Number of Contracts	Proceeds	Market Value	% of Portfolio
Options				
Written Covered Call Options (100 Shares per Contract)				
America Movil ADR - July 2002 @ \$21	204	\$ (21,388)	\$ –	
Written Cash Covered Put Options (100 Shares per Contract)				
BCE Inc. - August 2002 @ \$25	250	(25,250)	(25,913)	
Total Options		\$ (46,638)	\$ (25,913)	(0.2)%
Total Investments		\$ 20,138,121	\$ 14,263,507	100.0%

Financial Statements

Statements of Financial Highlights

Years ended June 29

	2002	2001	2000	1999
Data per Unit				
Net Asset Value, as at June 30	\$ 20.34	\$ 30.46	\$ 31.86	\$ 29.25 *
Income from Investment Operations				
Net investment income	0.50	0.75	0.29	0.04
Net gain (loss) on investments and options	(7.03)	(8.39)	6.69	5.95
Total from Investment Operations	(6.53)	(7.64)	6.98	5.99
Distributions to Shareholders				
Preferred shares				
From taxable dividends	(0.30)	(0.09)	(0.08)	(0.06)
From net realized gain on sale of investments and options	(0.57)	(0.79)	(0.80)	(0.82)
Class A shares				
From net realized gain on sale of investments and options	(0.45)	(1.60)	(7.50)	(2.50)
Total Distributions	(1.32)	(2.48)	(8.38)	(3.38)
Net Asset Value Per Unit, as at June 29	\$ 12.49	\$ 20.34	\$ 30.46	\$ 31.86
Preferred shares	\$ 12.49	\$ 15.00	\$ 15.00	\$ 15.00
Class A shares	\$ –	\$ 5.34	\$ 15.46	\$ 16.86
Ratios/Supplemental Data				
Total net assets, end of year (\$millions)	\$ 41.39	\$ 71.16	\$ 109.36	\$ 156.67
Average net assets (\$millions)	\$ 58.88	\$ 88.91	\$ 121.52	\$ 162.42
Management expense ratio	1.88%	1.58%	1.60%	1.52%
Portfolio turnover rate	38.3%	28.0%	67.4%	50.1%
Annual rate of return				
Preferred shares	5.83%	5.83%	5.84%	5.88%
Class A shares	(138.6)%	(55.1)%	36.2%	35.9%

* Net of agent fees.

1. Corporate Information

Global Telecom Split Share Corp. (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on May 7, 1998. The Fund was inactive prior to the initial public offering of Preferred shares and Class A shares on June 30, 1998. All shares outstanding on July 2, 2008 will be redeemed by the Fund on that date.

The Fund operates under the registered name Mulvihill Premium Global Telecom Fund.

The Fund invests in a diversified portfolio consisting principally of common shares and American Depository Receipts ("ADRs") issued by selected corporations operating in the global telecommunications industry. 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 will 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 portfolio may include debt securities having a remaining term to maturity of less than one year issued or guaranteed by the government of Canada or a province or the government of the United States of America or short-term commercial paper with a rating of at least R-1 (mid).

2. 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 the significant accounting policies.

Investment valuation policies

Investments are recorded in the financial statements at their market value at the end of the period, determined as follows:

Shares or other securities for which market quotations are readily available are valued at the closing sale price or, if there is no sale price, the average of the closing bid and ask prices.

Listed options are valued at market values as reported on recognized exchanges. Over-the-counter options are valued using an appropriate valuation model.

Short-term investments are valued at cost plus accrued interest which approximates market values.

Policies for the recognition of investment appreciation, investment depreciation and income

Realized gains and losses on investment sales and unrealized appreciation or depreciation in investment values are calculated on the average cost basis.

Option fees received are deferred and included in investments on the statement of financial position so long as the options are outstanding. Any difference resulting from revaluation is included in unrealized appreciation or depreciation of investments.

Dividend income is recognized on the ex-dividend date. Interest income is recognized when 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.

3. Statements of Financial Highlights

The following explanatory notes pertain to the Statements of Financial Highlights:

(a) Net investment income per Unit consists of interest and dividend revenue less expenses, including Preferred share distributions, and 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 shareholder transactions.

(c) Distributions to shareholders are based on the number of Preferred shares and Class A shares outstanding on the record date for each distribution.

(d) Management expense ratio is the ratio of all fees and expenses, including GST and capital taxes but excluding income taxes, charged to the Fund to average net assets, including redeemable Preferred shares.

Notes to Financial Statements

3. Statements of Financial Highlights (continued)

(e) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, excluding short-term investments, divided by average net assets during the year, including redeemable Preferred shares.

(f) Annual rate of return represents the historical annual total rate of return of an investment in a Preferred share or a Class A share for the year, assuming reinvestment of current year distributions.

4. Share Capital

The Fund is authorized to issue an unlimited number of Preferred and Class A shares and 1,000 Class B shares.

All Preferred shares and Class A shares outstanding on July 2, 2008 will be redeemed by the Fund on that date.

Preferred shares and Class A shares may be surrendered at any time for retraction at specified retraction amounts. Holders of Preferred shares and Class A shares may concurrently retract one Preferred share and one Class A share (together, a "Unit") on a June month end valuation date at their net asset values. Shares retracted at any other valuation date or not retracted concurrently at a June month end valuation date will be retracted at a discount to their net asset values. 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 Preferred shares and Class A shares tendered for retraction. The Preferred shares rank in priority to the Class A shares and the Class A shares rank in priority to the Class B shares with respect to the payment of dividends and repayment of capital on the dissolution, liquidation or winding up of the Fund.

The holders of Class B shares are not entitled to receive dividends. The Class B shares are retractable at a price of \$1.00 per share.

Class B shares are entitled to one vote per share. Preferred shares and Class A shares are entitled to vote on certain shareholder matters.

The Fund's preferred shares have been classified as liabilities in accordance with the accounting guidelines of The Canadian Institute of Chartered Accountants. Accordingly, net income for the year is stated after Preferred shares distributions.

A net of 185,100 (2001 - 91,300) each of Preferred shares and Class A shares were redeemed during the year. Subsequent to the year end, 59,587 Units were surrendered for concurrent retraction.

Issued and outstanding

	2002	2001
Preferred shares 3,313,645 (2001 - 3,498,745)	\$ 49,704,675	\$ 52,481,175
Class A shares 3,313,645 (2001 - 3,498,745)	\$ 41,389,619	\$ 42,313,644
Class B shares 1,000	1,000	1,000
	\$ 41,390,619	\$ 42,314,644

5. Management Fees and Expenses

The Fund is responsible for all ongoing custodial, manager, legal, accounting and audit fees as well as all other expenses incurred by the custodian and manager in the ordinary course of business relating to the Fund's operations.

Fees are paid to Mulvihill Capital Management Inc. ("MCM") under the terms of an investment management

agreement and to Mulvihill Fund Services Inc. ("Mulvihill") under the terms of a management agreement. The fees are comprised of monthly fees calculated at 1/12 of 1.15% and 1/12 of 0.10%, respectively, of the net assets of the Fund at each month end, including the redeemable Preferred shares.

6. Income Taxes

The Fund is a "mutual fund corporation" as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33 1/3% under Part IV of the Act on

taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses. The amount paid in respect of income

6. Income Taxes (continued)

taxes for 2002 was \$287,599 (2001 – nil).

The Fund incurred income taxes as a result of a foreign spin off by Telefonos de Mexico, ADR which, consistent with current rulings of the Canada Customs and Revenue Agency, the Fund is required to treat as a taxable foreign dividend rather than as a capital gain.

The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid on taxable preferred shares.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax at 40.2%.

Capital losses of approximately \$47.3 million are available for utilization against realized gains on sales of investments in future years. Capital losses can be carried forward indefinitely.

Issue costs of approximately \$1.4 million (2001 - \$2.9 million) remain undeducted for tax purposes at year end.

7. Distributions – Preferred Shares

Distributions per Preferred share paid during the period were allocated as follows:

	2002	2001	2000	1999
Taxable dividends	\$ 0.2997	\$ 0.0880	\$ 0.0815	\$ 0.0627
Capital gains dividends	0.5747	0.7871	0.7941	0.8166
	\$ 0.8744	\$ 0.8751	\$ 0.8756	\$ 0.8793

Preferred shares are entitled to a cumulative preferential quarterly dividend of \$0.20625 per share payable on the last day of September, December, March and June in each year. To the extent that a quarterly dividend is a capital gains dividend funded by net realized capital gains or option premiums, holders of Preferred shares will receive an additional capital gains dividend of \$0.068 for each \$1.00 of Preferred share dividend so funded.

8. Commissions Paid

Total commissions paid for the year in connection with portfolio transactions were \$154,941 (2001 - \$86,581).

9. Financial Instruments and Risk Management

The value of the Fund's assets and liabilities is affected by changes in interest rates and equity markets. The Fund manages these risks through the use of various risk limits and trading strategies. The Fund's assets and liabilities are included in the statements of financial position at market value.

10. Subsequent Event

Commencing with the September 2002 distribution, the Fund has suspended payment of the cumulative preferential dividends on the Preferred shares.

11. Comparative Figures

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

12. Statement of Portfolio Transactions

The Fund will provide, without charge, a Statement of Portfolio Transactions (unaudited) upon written request by any shareholder to the Fund at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

Mulvihill Capital Management

Mulvihill Capital Management Inc. is a leading Canadian investment counselor responsible for the care of institutional and personal assets. The Company manages corporate, pension, insurance, endowment, trust and mutual funds under a wide variety of investment mandates. Founded in 1985 as CT Investment Counsel Inc., the investment arm of Canada Trust, the company emerged in 1995 as an independent company operated by a cohesive team of senior managers and owners who have been together for more than a decade. The Company's scale and independent structure allow it to provide clients with a uniquely customized approach to asset management.

The Mulvihill Hybrid Income Funds are managed by Mulvihill Capital's Structured Products Group. This area of the Company concentrates exclusively on creating and managing products tailored to meet very specific investment objectives. Assets are generally managed to meet specific absolute return levels rather than taking on the additional risk of targeting relative returns. This methodology allows the Company to make investment decisions that meet the client's needs rather than to make investments to rival the competition.

Mulvihill's personal asset management division, Mulvihill Wealth Management, offers a comprehensive specialized approach tailored to clients' personal strategies. This not only relieves the client's burden of day-to-day investment decisions but also provides financial peace of mind for today and the future. The Company's personalized service and customized reporting assure that its powerful team of professionals is always working toward your current objectives and that you are fully aware of the progress you are making.

Mulvihill's reputation has been built on its ability to provide customized portfolios that meet the stated needs of its clients. The Hybrid Income Funds are prime examples of that customized approach to asset management.

Other Hybrid Income Funds within the Mulvihill Group include 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 Summit Digital World Fund, Mulvihill Pro-AMS U.S. Fund, Mulvihill Pro-AMS RSP Fund, Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund, Mulvihill Pro-AMS Plus (U.S. \$) Fund and Mulvihill Pro-AMS RSP Split Share Fund.

These funds are Mutual Fund Corporations or Trusts and traded on the Toronto Stock Exchange over the past year as follows:

	SYMBOL	HIGH	LOW
MULVIHILL PREMIUM CANADIAN FUND	FPI.UN	\$ 27.00	\$ 19.90
MULVIHILL PREMIUM U.S. FUND	FPU.UN	\$ 23.98	\$ 14.10
MULVIHILL PREMIUM OIL & GAS FUND	FPG.UN	\$ 10.60	\$ 7.91
MULVIHILL PREMIUM 60 PLUS FUND	SIX.UN	\$ 28.00	\$ 19.21
MULVIHILL PREMIUM GLOBAL PLUS FUND	GIP.UN	\$ 22.95	\$ 13.28
MULVIHILL SUMMIT DIGITAL WORLD FUND	DWT.UN	\$ 9.00	\$ 3.95
MULVIHILL PRO-AMS U.S. FUND	PAM.UN	\$ 24.99	\$ 18.57
MULVIHILL PRO-AMS RSP FUND	PR.UN	\$ 25.35	\$ 18.65
MULVIHILL PRO-AMS 100 PLUS (CDN \$) FUND	PRC.UN	\$ 25.60	\$ 19.06
MULVIHILL PRO-AMS 100 PLUS (U.S. \$) FUND	PRU.U	\$ 21.99	\$ 18.00
MULVIHILL PRO-AMS RSP SPLIT SHARE FUND	SPL.A/SPL.B	\$ 10.15/19.95	\$ 9.30/16.25
MULVIHILL PREMIUM SPLIT SHARE FUND	MUH.A/MUH.PR.A	\$ 14.80/16.10	\$ 10.00/14.65
MULVIHILL PREMIUM GLOBAL TELECOM FUND	GT.A/GT.PR.A	\$ 9.50/14.00	\$ 1.06/10.30
MULVIHILL PREMIUM CANADIAN BANK FUND	PIC.A/PIC.PR.A	\$ 15.44/15.80	\$ 11.40/12.50

Board of Directors

John P. Mulvihill*

Chairman & President,
Mulvihill Capital Management Inc.

Michael M. Koerner*

Corporate Director

*Audit Committee

Robert W. Korthals*

Corporate Director

David N. Middleton

Vice President, Finance & CFO,
Mulvihill Capital Management Inc.

C. Edward Medland*

President, Beauwood Investments Inc.

Information

Auditors:

Deloitte & Touche LLP
BCE Place
181 Bay Street, Suite 1400
Toronto, Ontario M5J 2V1

Shares Listed:

Toronto Stock Exchange
trading under GT.A, GT.PR.A

Transfer Agent:

Computershare
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

Trustee:

Royal Trust
Royal Trust Tower
77 King Street West, 11th Floor
Toronto, Ontario M5W 1P9

Other Hybrid Income Funds Managed by Mulvihill Structured Products

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 *Split Share Fund*
Mulvihill Premium *Canadian Bank Fund*

Mulvihill Summit Fund

Mulvihill Summit *Digital World 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

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



Mulvihill

Mulvihill Structured Products

Investor Relations

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*For questions or concerns regarding your
mailing address, please contact your broker.*

Mulvihill Capital Management Inc.

www.mulvihill.com

**Additional
Notice to
Shareholders**



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 of 307,266 Class A shares and 307,266 Preferred shares, together representing 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 issuer bid will remain in effect until the earlier of October 30, 2003 or until the Fund has purchased the maximum number of Class A shares and Preferred shares permitted under the bid.

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