



Hybrid Income Funds



Annual Report 2003

Mulvihill Premium Split Share Fund

MCM Split Share Corporation





Message to Shareholders

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.

TABLE OF CONTENTS

Message to Shareholders 1

Investment Highlights

- Investment Objectives 4
- Investment Strategy 4
- Asset Mix 4
- Distribution History 4
- Top 10 Holdings 5
- Trading History 5
- Commentary 5

Auditors' Report 6

Financial Statements 7

Notes to Financial Statements 15

Statement of Corporate Governance Practices 18

Mulvihill Capital Management 19

Board of Directors 20

Investment Objectives

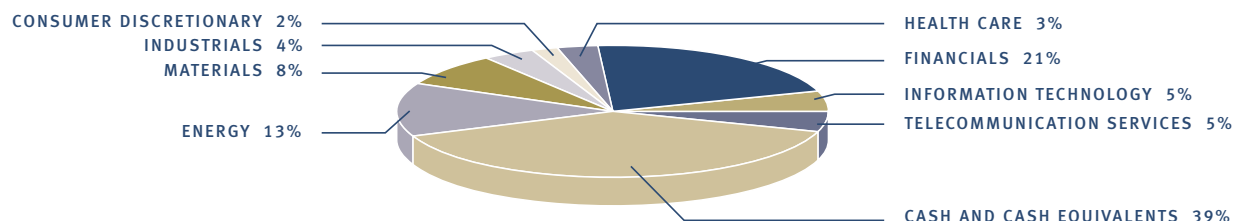
The Fund's investment objectives are (i) to provide Preferred shareholders with quarterly cash dividends to yield 5.50 percent per annum based on the original issue price; (ii) to provide Class A shareholders with all excess realized income of the Fund at each fiscal year end; and (iii) to return, at a minimum, the original issue prices of the shares to shareholders upon windup on February 1, 2008. The Fund has a dividend policy on the Class A shares of \$0.30 per quarter or 8 percent per annum based on the shares' issue price.

Investment Strategy

The Fund achieves its investment objectives by investing its net assets in a diversified portfolio consisting principally of common shares issued by some or all of a group selected from the TSX 300 Index. In order to meet its investment objectives, the Fund may, from time to time invest up to 20 percent of the cost amount of its assets in common shares issued by corporations selected from the Standard & Poor's 100 Index. 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 common shares in the Portfolio.

Asset Mix

January 31, 2003



Distribution History

INCEPTION DATE: FEBRUARY 1998	CLASS A REGULAR DISTRIBUTION	SPECIAL DISTRIBUTION	TOTAL CLASS A DISTRIBUTION	REGULAR PREFERRED DISTRIBUTION
Total for 1998*	\$ 0.8137	\$ 0.0000	\$ 0.8137	\$ 0.586000
Total for 1999	1.2000	0.1000	1.3000	0.860391
Total for 2000	1.2000	1.7500	2.9500	0.858075
Total for 2001	1.2000	0.5000	1.7000	0.862526
January 2002	0.3000	0.1000	0.4000	0.215257
April 2002	0.3000	0.0000	0.3000	0.215397
July 2002	0.3000	0.0000	0.3000	0.215458
October 2002	0.3000	0.0000	0.3000	0.216057
Total for 2002	1.2000	0.1000	1.3000	0.862169
January 2003	0.3000	0.0000	0.3000	0.206250
Total for 2003	0.3000	0.0000	0.3000	0.206250
Total Distributions to Date	\$ 5.9137	\$ 2.4500	\$ 8.3637	\$ 4.235411

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

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

Top 10 Holdings

- Bank of Montreal
- Royal Bank of Canada
- The Bank of Nova Scotia
- EnCana Corporation
- BCE Inc.
- Petro-Canada
- The Toronto-Dominion Bank
- Imperial Oil Ltd.
- Inco Limited
- Domtar Inc.

Trading History



Commentary

As at January 31, 2003, the net assets of the Fund were \$77.3 million, or \$23.48 per unit, down from \$27.59 per unit at the end of the previous fiscal year. Class A shares, listed on the Toronto Stock Exchange as MUH.A, closed the year at \$8.50, while Preferred shares, listed as MUH.PR.A, closed at \$15.70.

Class A shareholders received total distributions during the year of \$1.20 per share, and holders of Preferred shares received distributions totaling \$0.86 per share. Based on the year end net asset value, these distributions represent a distribution yield of 7.4 percent per unit for the year.

The year 2002 was marked by continuing weakness in Canadian and American equity markets, as the expected North American economic recovery failed to materialize. In the U.S., the S&P100 Index declined by 23 percent, while in Canada, the S&P/TSX60 Index added another 14 percent slide to the one it recorded in 2001 of 15 percent. The Fund experienced an annual return of -7 percent per unit including distributions for the year. The technology and industrial products sectors were particularly hard-hit, as the upsurge in business capital spending they require has barely begun to appear. Other sectors in Canada fared better, notably energy companies, banks and selected consumer product companies such as Canadian Tire Corporation and Molson Inc., but their gains were insufficient to offset sharp losses elsewhere.

The outlook for the current year is more positive, as low interest rates and strong consumer spending should maintain momentum until a revival of business capital spending takes hold. The Fund was repositioned in 2002, and is now well diversified in both Canadian and U.S. markets in order to continue generating the required distributions. 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 Shareholders of Mulvihill Premium Split Share Fund

We have audited the accompanying statement of investments of MCM Split Share Corporation (operating as Mulvihill Premium Split Share Fund) (the "Fund") as at January 31, 2003, the statements of financial position as at January 31, 2003 and 2002, the statements of operations and deficit, of changes in net assets and of changes in 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 five-year period ended January 31, 2003. 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, the changes in 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 Financial Position

January 31, 2003 and 2002

	2003	2002
ASSETS		
Investments at market value (average cost - \$46,752,229; 2002 - \$70,758,019)	\$ 45,806,304	\$ 62,951,061
Short-term investments (average cost - \$29,580,790; 2002 - \$28,659,877)	29,584,324	28,639,103
Cash	122,459	50,303
Interest, dividends and other receivables	304,937	440,670
Due from brokers	2,533,940	-
TOTAL ASSETS	78,351,964	92,081,137
LIABILITIES		
Accrued liabilities	110,876	123,956
Due to broker	913,620	1,089,000
Redemptions payable	66,913	-
Redeemable preferred shares (Note 4)	49,358,475	49,401,225
	50,449,884	50,614,181
EQUITY		
Class A and Class B shares (Note 4)	43,591,134	43,615,295
Deficit	(15,689,054)	(2,148,339)
	27,902,080	41,466,956
TOTAL LIABILITIES AND EQUITY	78,351,964	92,081,137
Net Asset Value per Unit	\$ 8.4791	\$ 12.5906

On Behalf of the Directors,


John P. Mulvihill, Director


Robert W. Korthals, Director

Statements of Operations and Deficit

Years ended January 31, 2003 and 2002

	2003	2002
REVENUE		
Interest	\$ 572,118	\$ 1,607,915
Dividends	1,681,234	1,417,058
Withholding taxes	(9,858)	(16,186)
	2,243,494	3,008,787
Net realized gains (losses) on investments and options	(14,489,557)	8,083,290
Foreign exchange losses on sale of investments	(53,796)	(45,003)
	(14,543,353)	8,038,287
TOTAL REVENUE	(12,299,859)	11,047,074
EXPENSES (Note 5)		
Management fees	1,035,286	1,150,693
Administrative and other expenses	160,326	187,028
GST and capital taxes	169,202	221,979
TOTAL EXPENSES	1,364,814	1,559,700
Net realized income (loss) before distributions	(13,664,673)	9,487,374
Preferred share distributions (Note 7)	(2,809,817)	(2,838,946)
Net realized income (loss)	(16,474,490)	6,648,428
Change in unrealized depreciation of investments and foreign currency during the year	6,885,873	(8,221,074)
NET LOSS FOR THE YEAR	\$ (9,588,617)	\$ (1,572,646)
DEFICIT		
Balance, beginning of year	\$ (2,148,339)	\$ 4,364,430
Net loss for the year	(9,588,617)	(1,572,646)
Distributions on Class A shares	(3,952,098)	(4,940,123)
BALANCE, END OF YEAR	\$ (15,689,054)	\$ (2,148,339)

Statements of Changes in Net Assets

January 31, 2003

	2003	2002
NET ASSETS, BEGINNING OF YEAR	\$ 41,466,956	\$ 47,979,725
Net realized income (loss) before distributions	(13,664,673)	9,487,374
Share capital transactions		
Class A shares redeemed, net	(24,161)	-
Distributions		
Preferred shares (Note 7)	(2,809,817)	(2,838,946)
Class A shares	(3,952,098)	(4,940,123)
	(6,761,915)	(7,779,069)
Change in unrealized depreciation of investments and foreign currency during the year	6,885,873	(8,221,074)
Changes in net assets during the year	(13,564,876)	(6,512,769)
NET ASSETS, END OF YEAR	\$ 27,902,080	\$ 41,466,956

Statements of Changes in Investments and Options

Years ended January 31, 2003 and 2002

	2003	2002
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	\$ 62,951,061	\$ 63,875,454
Unrealized depreciation (appreciation) of investments, beginning of year	7,806,958	(454,081)
Investments at cost, beginning of year	70,758,019	63,421,373
Cost of investments purchased during the year	80,336,673	46,144,899
Cost of investments sold during the year		
Proceeds from sales	89,852,906	46,891,540
Net realized gains (losses) on sales	(14,489,557)	8,083,287
	104,342,463	38,808,253
Investments at cost, end of year	46,752,229	70,758,019
Unrealized depreciation of investments, end of year	(945,925)	(7,806,958)
INVESTMENTS AT MARKET VALUE, END OF YEAR	\$ 45,806,304	\$ 62,951,061

Statement of Investments

January 31, 2003

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS				
Treasury Bills				
Government of Canada - May 8, 2003	0.6 %	170,000	\$ 168,717	\$ 168,717
Canadian Bonds				
Canada Mortgage & Housing Corp. - June 2, 2003	98.6 %	29,200,000	29,412,073	29,415,607
	99.2 %		29,580,790	29,584,324
Accrued interest	0.8 %			244,830
TOTAL SHORT-TERM INVESTMENTS	100.0 %		\$ 29,580,790	\$ 29,829,154

INVESTMENTS

Canadian Common Shares

Consumer Discretionary

Magna International Inc., Class A	3.8 %	20,000	\$ 1,754,758	\$ 1,727,800
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Energy

EnCana Corporation		58,000	2,684,510	2,772,400
Imperial Oil Ltd.		50,000	2,224,195	2,279,500
Petro-Canada		50,000	2,340,532	2,550,000
Precision Drilling Corporation		20,000	1,088,900	1,031,000
Suncor Energy Inc.		55,500	1,349,269	1,434,675
Total Energy	22.0 %		9,687,406	10,067,575

Financials

Bank of Montreal		81,000	3,172,269	3,345,300
National Bank of Canada		52,000	1,703,853	1,651,520
Royal Bank of Canada		54,000	3,100,081	2,986,200
The Bank of Nova Scotia		55,000	2,494,725	2,788,500
The Toronto-Dominion Bank		75,000	2,668,391	2,413,500
Total Financials	28.8 %		13,139,319	13,185,020

Health Care

Biovail Corporation	2.2 %	23,000	1,075,073	1,002,800
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Statement of Investments

January 31, 2003

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
Canadian Common Shares (continued)				
Materials				
Barrick Gold Corporation		48,000	1,201,231	1,204,800
Domtar Inc.		110,000	1,986,685	1,757,800
Inco Limited		60,000	2,035,134	2,037,600
Placer Dome Inc.		80,000	1,470,018	1,380,800
Total Materials	13.9 %		6,693,068	6,381,000
Telecommunication Services				
BCE Inc.	5.6 %	90,000	2,544,050	2,601,900
Total Canadian Common Shares	76.3 %		\$ 34,893,674	\$ 34,966,095
United States Common Shares				
Financials				
Citigroup Inc.		28,000	\$ 1,618,956	\$ 1,474,384
U.S. Bancorp		46,000	1,565,604	1,486,575
Total Financials	6.5 %		3,184,560	2,960,959
Health Care				
Pfizer Inc.	3.5 %	34,000	1,592,094	1,580,984
Industrials				
Tyco International Ltd.		60,000	1,519,226	1,471,259
United Technologies Corporation		17,000	1,623,793	1,655,450
Total Industrials	6.8 %		3,143,019	3,126,709
Information Technology				
Microsoft Corporation		19,000	1,654,860	1,381,109
Cisco Systems Inc.		54,000	1,197,127	1,105,788
Dell Computer Corporation		30,000	1,133,186	1,096,323
Total Information Technology	7.8 %		3,985,173	3,583,220
Telecommunication Services				
SBC Communications Inc.	2.5 %	31,000	1,409,049	1,160,405
Total United States Common Shares	27.1 %		\$ 13,313,895	\$ 12,412,277

Statement of Investments

January 31, 2003

	% of Portfolio	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)				
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
Alcan Inc. - February 2003 @ \$49		400	\$ (56,000)	\$ (218,848)
Canadian National Railways Limited - February 2003 @ \$64		200	(37,800)	(51,652)
Celestica Inc. - February 2003 @ \$26		450	(79,650)	(379,620)
Loblaw Companies Limited - March 2003 @ \$53		300	(34,800)	(48,882)
Manulife Financial Corporation - February 2003 @ \$34		600	(59,700)	(39,148)
Sun Life Financial Services of Canada - February 2003 @ \$27		750	(59,250)	(72,051)
The Thomson Corporation - February 2003 @ \$41		400	(50,400)	(61,587)
Total Written Cash Covered Put Options	(1.9)%		(377,600)	(871,788)
Written Covered Call Options (100 shares per contract)				
Bank of Montreal - February 2003 @ \$42		650	(29,900)	(40,012)
Barrick Gold Corporation - March 2003 @ \$26		360	(32,040)	(32,542)
BCE Inc. - February 2003 @ \$31		675	(35,100)	(5,485)
Biovail Corporation - February 2003 @ \$47		230	(49,450)	(5,436)
Cisco Systems Inc. - February 2003 @ \$15		400	(38,880)	(19,602)
Citigroup Inc. - February 2003 @ \$38		280	(42,937)	(3,008)
Dell Computer Corporation - February 2003 @ \$26		225	(25,697)	(18,085)
EnCana Corporation - February 2003 @ \$48		375	(45,750)	(43,836)
EnCana Corporation - February 2003 @ \$49		205	(21,115)	(20,688)
Imperial Oil Ltd. - March 2003 @ \$46		500	(38,000)	(65,834)
Inco Limited - February 2003 @ \$35		510	(50,490)	(33,900)
Magna International Inc., Class A - February 2003 @ \$91		200	(48,000)	(25,849)
Microsoft Corporation - February 2003 @ \$58		140	(34,656)	(38)
National Bank of Canada - February 2003 @ \$33		520	(22,880)	(31,879)
Petro-Canada - March 2003 @ \$51		500	(57,500)	(79,462)
Pfizer Inc. - February 2003 @ \$32		340	(34,921)	(29,501)
Placer Dome Inc. - February 2003 @ \$19		700	(60,900)	(2,831)
Royal Bank of Canada - March 2003 @ \$57		180	(16,200)	(15,026)
Royal Bank of Canada - March 2003 @ \$59		360	(43,200)	(24,852)
SBC Communications Inc. - February 2003 @ \$30		310	(50,618)	(1,024)
Suncor Energy Inc. - February 2003 @ \$25		555	(38,295)	(37,384)
The Bank of Nova Scotia - February 2003 @ \$51		450	(31,500)	(50,820)
The Bank of Nova Scotia - February 2003 @ \$52		100	(6,500)	(9,588)
The Toronto-Dominion Bank - February 2003 @ \$36		550	(59,950)	(1,881)

Statement of Investments

January 31, 2003

	% of Portfolio	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)				
OPTIONS (continued)				
Written Covered Call Options (100 shares per contract) (continued)				
The Toronto-Dominion Bank - February 2003 @ \$36		200	(19,000)	(2,103)
Tyco International Ltd. - February 2003 @ \$17		480	(47,570)	(46,043)
U.S. Bancorp - February 2003 @ \$23		340	(21,092)	(9,016)
United Technologies Corporation - February 2003 @ \$63		170	(75,599)	(44,555)
Total Written Covered Call Options	(1.5)%		(1,077,740)	(700,280)
TOTAL OPTIONS	(3.4)%		\$ (1,455,340)	\$ (1,572,068)
TOTAL INVESTMENTS	100.0 %		\$ 46,752,229	\$ 45,806,304

Statements of Financial Highlights

Years ended January 31

	2003	2002	2001	2000	1999*
DATA PER CLASS A SHARE					
Net Asset Value, as at February 1	\$ 12.59	\$ 14.57	\$ 14.61	\$ 12.77	\$ 14.25**
INCOME FROM INVESTMENT OPERATIONS					
Net investment income	0.25	0.44	0.45	0.36	0.72
Net gain (loss) on investments and options	(3.16)	(0.92)	2.26	3.28	(1.09)
Total from Investment Operations	(2.91)	(0.48)	2.71	3.64	(0.37)
DISTRIBUTIONS TO SHAREHOLDERS					
From net investment income	(0.30)	–	–	–	(0.25)
From net realized gains on sale of investments and options	(0.90)	(1.50)	(2.75)	(1.80)	(0.86)
Total distributions	(1.20)	(1.50)	(2.75)	(1.80)	(1.11)
Net Asset Value, as at January 31	\$ 8.48	\$ 12.59	\$ 14.57	\$ 14.61	12.77
RATIOS/SUPPLEMENTAL DATA					
Total net assets, end of year (\$millions)	\$ 27.90	\$ 41.47	\$ 47.98	\$ 58.91	58.88
Average net assets (\$millions)	\$ 35.40	\$ 44.63	\$ 57.81	\$ 62.00	55.28
Management expense ratio	1.65 %	1.69 %	1.54 %	1.43 %	1.92 %
Portfolio turnover rate	97.0 %	42.8 %	53.7 %	79.3 %	77.4 %
Annual rate of return	(23.1)%	(3.3)%	18.6 %	28.5 %	N/A

* For the period from inception on February 12, 1998 to January 31, 1999.

** Net of agent fees.

1. Corporate Information

MCM Split Share Corporation (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on December 5, 1997. The Fund was inactive prior to the initial public offering of Preferred shares and Class A shares on February 12, 1998. All shares outstanding on February 1, 2008 will be redeemed by the Fund on that date, unless otherwise determined by a majority vote of each class of shareholders.

The Fund operates under the registered name Mulvihill Premium Split Share Fund.

The Fund invests in a diversified portfolio consisting principally of common shares issued by some or all of the group of corporations selected from S&P/TSX Composite. The Fund may invest up to 20 percent of the cost amount of its assets in common shares issued by some or all of a group of corporations selected from the Standard & Poor's 100 Index.

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. In addition the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. The Fund may also use put options to preserve the value of the portfolio where appropriate. 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 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.

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 average of the bid and the asked 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.

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 invest-

ments 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.

3. Statements of Financial Highlights

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

(a) Net investment income (loss) per Class A share consists of interest and dividend revenue less expenses, net of withholding taxes and foreign exchange gains (losses), including Preferred share distributions, and is calculated based on the weighted average number of Class A shares outstanding during the year.

(b) Net gain (loss) on investments and options per Class A share includes the impact of timing of shareholder transactions.

(c) Distributions to Class A shareholders are based on the number of 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.

(e) Portfolio turnover rate is calculated based on the lesser of purchases or sales of investments, divided by the average value of portfolio securities, excluding short-term investments during the year.

(f) Annual rate of return represents the historical annual total rate of return of an investment in a Class A share for the year, assuming reinvestment of current year distributions. Returns are not reported in the year that the Fund was established.

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 February 1, 2008 will be redeemed by the Fund on that date, unless otherwise determined by a majority vote of each class of shareholders.

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 January 31 valuation date at their net asset values. Shares retracted at any other valuation date or not retracted concurrently at a January 31 valuation date will be retracted at a discount to net asset value. 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 requirements of The Canadian Institute of Chartered Accountants. Accordingly, net income for the year is stated after Preferred share distributions.

A net of 2,850 units (2002 – Nil units) were redeemed during the year.

Issued and Outstanding

	2003	2002
3,290,565 Preferred shares (2002 – 3,293,415)	\$ 49,358,475	\$ 49,401,225
3,290,565 Class A shares (2002 – 3,293,415)	\$ 43,590,134	\$ 43,614,295
1,000 Class B shares	1,000	1,000
	\$ 43,591,134	\$ 43,615,295

5. Management Fees and Expenses

The Fund is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the trustee 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 percent and 1/12 of 0.10 percent, 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. The Fund

is generally subject to a tax of 33¹/₃ percent 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 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 38.45 percent.

No amount is payable on account of income taxes in 2003 or 2002.

Accumulated non-capital losses of approximately \$0.9 million and capital losses of approximately \$13.9 million are available for utilization against net investment income and realized gains on sales of investments, respectively, in future years. The non-capital losses expire in 2009 and the capital losses can be carried forward indefinitely.

7. Distributions – Preferred Shares

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

	2003	2002	2001	2000	1999
Taxable dividends	\$ 0.4109	\$ 0.2808	\$ 0.3110	\$ 0.3303	\$ 0.2351
Capital gains dividends	0.4423	0.5812	0.5488	0.5283	0.5666
	\$ 0.8532	\$ 0.8620	\$ 0.8598	\$ 0.8586	\$ 0.8017

Preferred shares are entitled to a cumulative preferential quarterly dividend of \$0.20625 per share payable on the last day of April, July, October and January 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

Total commissions paid for the year ended January 31, 2003 in connection with portfolio transactions were \$200,572 (2002 - \$131,350).

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. Comparative Figures

Certain comparative figures have been reclassified to conform with the 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 shareholder to the Fund at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

The Board of Directors (the "Board") bear responsibility for the stewardship of MCM Split Share Corporation (operating as Mulvihill Premium Split Share Fund) (the "Fund"). Stewardship includes responsibility for the adoption of a strategic planning process, the identification of the principal risks of the Fund and ensuring the implementation of appropriate systems to manage these risks, succession planning, communications policy, and the integrity of the Fund's internal control and management information systems.

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has established, and hereby contin-

ues the existence of, a committee of the Board known as the Audit Committee. The Audit Committee consists of four members, three of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor, oversight of management's reporting on internal control and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the external auditors to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, is evolving a best practices governance procedure.

The Fund maintains an Investor Relations line and web site to respond to inquiries from shareholders. Our Statement of Corporate Governance Practices will be posted on our website at www.mulvihill.com.

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	\$ 22.73	\$ 18.57
Mulvihill Pro-AMS RSP Fund	PR.UN	\$ 23.80	\$ 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	\$ 25.75	\$ 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	\$ 26.00	\$ 16.68
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 20.45	\$ 11.95
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 13.85/\$ 15.78	\$ 9.35/\$ 15.00
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	\$ 8.40/\$ 13.50	\$ 1.01/\$ 9.00
MULVIHILL SUMMIT			
Mulvihill Summit Digital World Fund	DWT.UN	\$ 6.90	\$ 3.09

Board of Directors

John P. Mulvihill*
Chairman & President,
Mulvihill Capital Management Inc.

David N. Middleton
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.

*Audit Committee

Information

Auditors:

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

Transfer Agent:

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

Shares Listed:

Toronto Stock Exchange
trading under
MUH.A/MUH.PR.A

Custodian:

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

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 *Global Income Fund*
Premium *Canadian Income Fund*

Head Office:

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Fax: 416 681-3901

1 800 725-7172

e-mail: hybrid@mulvihill.com

Contact your broker directly for address changes and for information regarding your brokerage accounts.





www.mulvihill.com

Mulvihill Structured Products

Investor Relations

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