



Hybrid Income Funds



Annual Report 2002

Mulvihill Premium 60 Plus Fund

60 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

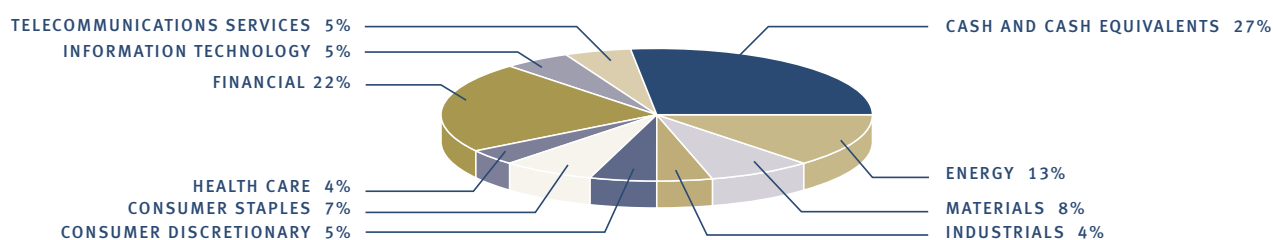
The Fund's investment objectives are to provide unitholders of the Fund with a stable stream of quarterly distributions of at least \$0.50 (\$2.00 annually) per unit while returning at a minimum the original issue price of the units to unitholders upon termination of the Fund on January 1, 2009.

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 S&P/TSX 60 Index. The Fund may also, from time to time, invest up to 20 percent of the cost amount of its assets in (i) common shares issued by the top 60 corporations of the S&P 100 Index or (ii) ADR's of the top 60 corporations trading on the New York Stock Exchange or NASDAQ, selected on the basis of market capitalization. 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: FEBRUARY 1999	REGULAR DISTRIBUTION	SPECIAL DISTRIBUTION	TOTAL DISTRIBUTION
Total for 1999	\$ 1.80	\$ 0.50	\$ 2.30
Total for 2000	2.00	2.00	4.00
Total for 2001	2.00	0.50	2.50
March 2002	0.50	0.00	0.50
June 2002	0.50	0.00	0.50
September 2002	0.50	0.00	0.50
December 2002	0.50	0.00	0.50
Total for 2002	2.00	0.00	2.00
Total Distributions to Date	\$ 7.80	\$ 3.00	\$ 10.80

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

Top 10 Holdings

- Bank of Montreal
- The Bank of Nova Scotia
- EnCana Corporation
- BCE Inc.
- Petro-Canada
- Royal Bank of Canada
- The Toronto-Dominion Bank
- Imperial Oil Ltd.
- Canadian Imperial Bank of Commerce
- Alcan Inc.

Trading History



Commentary

As at December 31, 2002, the net assets of the Fund were \$78.3 million, or \$ 19.48 per unit, down from \$23.23 per unit, at the end of 2001. The Fund’s units, listed on the Toronto Stock Exchange as SIX.UN, closed the year at \$19.40.

Unitholders received regular distributions of \$0.50 per quarter through the year, for a total of \$2.00 per unit. Based on the year end net asset value these distributions represent a distribution yield of 10.3 percent for the year. Distributions were non-taxable, as capital losses realized on the sale of securities offset all of the taxable option premium generated from the covered option writing program. This tax treatment reduces each unitholders cost base.

Slower than expected economic recovery in North America made 2002 a difficult year for equity markets. The S&P/TSX60 Index added a further decline of over 14 percent to its similar slide in 2001 of 15 percent. U.S. markets fared even worse, with the S&P100 Index sinking by 23 percent. Notwithstanding these market declines, the Fund experienced an annual return of -7.5 percent including distributions. The accelerating recovery expected for 2002 has yet to take hold, although positive conditions exist to bring this about in due course.

The Fund benefited from giving greater weight in its portfolio to investments in sectors that produced positive results in Canada, including energy, which rose by 14 percent, and financial services. Less weight was given to weaker sectors, such as technology, which was down 65 percent, and industrial products, which was down 31 percent.

The much greater magnitude of declines compared to gains resulted in an overall reduction in the portfolio’s net asset value. Capital losses were realized in the last quarter to position the Fund for expected better conditions in 2003. 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 unitholders for their continuing support.

To the Unitholders of Mulvihill Premium 60 Plus Fund

We have audited the accompanying statement of investments of 60 Plus Income Trust (operating as Mulvihill Premium 60 Plus Fund) (the "Fund") as at December 31, 2002, the statements of net assets as at December 31, 2002 and 2001, the statements of financial operations, of changes in net assets and of gain on sale of investments and options for the years then ended, and of 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 gain 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 - \$67,913,588; 2001 - \$72,002,368)	\$ 59,324,787	\$ 71,971,101
Short-term investments (average cost - \$22,592,110; 2001 - \$28,831,865)	22,618,639	28,843,795
Cash	45,094	67,349
Dividends receivable	124,104	141,708
Interest receivable	75,037	71,294
Due from brokers	29,594	-
Subscriptions receivable	-	40,331
TOTAL ASSETS	82,217,255	101,135,578
LIABILITIES		
Redemptions payable	3,558,900	-
Due to broker	242,844	1,657,476
Accrued liabilities	117,262	137,010
TOTAL LIABILITIES	3,919,006	1,794,486
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 78,298,249	\$ 99,341,092
Number of Units Outstanding (Note 5)	4,019,778	4,276,520
Net Asset Value per Unit	\$ 19.4783	\$ 23.2294

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	\$ 1,126,145	\$ 1,880,202
Interest	595,475	1,690,178
Withholding taxes	(23,161)	(27,686)
TOTAL REVENUE	1,698,459	3,542,694
EXPENSES (Note 6)		
Management fees	1,122,149	1,269,607
Custodian and other fees	162,015	182,323
Goods and services tax	89,110	101,635
TOTAL EXPENSES	1,373,274	1,553,565
Net investment income	325,185	1,989,129
Gain on sale of investments and options	686,473	6,837,434
Foreign exchange gains (losses) on sale of investments	(33,137)	5,098
Change in unrealized depreciation of investments and foreign currency	(8,542,496)	(8,562,581)
Net loss on investments	(7,889,160)	(1,720,049)
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ (7,563,975)	\$ 269,080

Statements of Changes in Net Assets

Years ended December 31, 2002 and 2001

	2002	2001
NET ASSETS, BEGINNING OF YEAR	\$ 99,341,092	\$ 109,550,860
Total results of financial operations	(7,563,975)	269,080
Unit transactions		
Amount paid for units redeemed	(5,041,405)	–
Proceeds from reinvestment of distributions	42,431	199,353
	(4,998,974)	199,353
Distributions to unitholders (Note 7)		
From net investment income	–	(896,248)
From net realized gain on sale of investments and options	–	(5,310,074)
Non-taxable distribution	(8,479,894)	(4,471,879)
	(8,479,894)	(10,678,201)
Changes in net assets during the year	(21,042,843)	(10,209,768)
NET ASSETS, END OF YEAR	\$ 78,298,249	\$ 99,341,092

Statements of Gain on Sale of Investments and Options

Years ended December 31, 2002 and 2001

	2002	2001
Proceeds from sale of investments	\$ 69,094,904	\$ 59,169,526
Cost of investments sold		
Cost of investments, beginning of year	72,002,368	61,502,780
Cost of investments purchased	64,319,651	62,831,680
	136,322,019	124,334,460
Cost of investments, end of year	(67,913,588)	(72,002,368)
	68,408,431	52,332,092
GAIN ON SALE OF INVESTMENTS AND OPTIONS	\$ 686,473	\$ 6,837,434

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 9, 2003		400,000	\$ 627,811	\$ 631,650
Government of Canada - January 30, 2003		11,465,000	11,380,431	11,380,431
Government of Canada - February 13, 2003		190,000	188,501	188,501
Government of Canada - March 13, 2003		2,700,000	2,680,148	2,680,148
Government of Canada - March 27, 2003		3,685,000	3,658,415	3,658,415
Government of Canada - April 10, 2003		1,155,000	1,146,022	1,146,021
Government of Canada - April 24, 2003		765,000	754,461	754,461
Government of Canada - June 5, 2003		250,000	247,068	247,068
Total Treasury Bills	91.2 %		20,682,857	20,686,695
Discount Commercial Paper				
Province of Quebec, USD - January 21, 2003		500,000	789,102	789,304
Canadian Wheat Board, USD - March 5, 2003		725,000	1,120,151	1,142,640
Total Discount Commercial Paper	8.5 %		1,909,253	1,931,944
	99.7 %		22,592,110	22,618,639
Accrued interest	0.3 %			75,037
TOTAL SHORT-TERM INVESTMENTS	100.0 %		\$ 22,592,110	\$ 22,693,676

INVESTMENTS

Canadian Common Shares

Consumer Discretionary

Magna International Inc., Class A		21,000	\$ 1,842,496	\$ 1,849,470
The Thomson Corporation		42,500	2,270,600	1,785,000
Total Consumer Discretionary	6.1 %		4,113,096	3,634,470

Consumer Staples

Loblaw Companies Limited		32,500	1,779,661	1,739,075
Molson Inc., Class A		54,500	1,650,968	1,823,025
Total Consumer Staples	6.0 %		3,430,629	3,562,100

Energy

EnCana Corporation		63,200	2,989,657	3,082,896
Imperial Oil Ltd.		54,000	2,313,364	2,422,440
Petro-Canada		55,000	2,560,160	2,690,050
Precision Drilling Corporation		22,500	1,177,798	1,146,375
Suncor Energy Inc.		40,000	980,505	988,000
Total Energy	17.4 %		10,021,484	10,329,761

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
Canadian Common Shares (continued)				
Financials				
Bank of Montreal		81,325	3,142,220	3,390,439
Brascan Corporation		50,000	1,572,933	1,587,500
Canadian Imperial Bank of Commerce		52,000	2,475,720	2,263,040
Manulife Financial Corporation		45,000	1,889,639	1,547,550
Royal Bank of Canada		45,000	2,538,511	2,603,250
Sun Life Financial Services of Canada Inc.		51,500	1,722,365	1,375,565
The Bank of Nova Scotia		60,000	2,721,291	3,159,600
The Toronto-Dominion Bank		76,000	2,720,018	2,584,760
Total Financials	31.2 %		18,782,697	18,511,704
Health Care				
Biovail Corporation		25,500	1,176,277	1,072,785
MDS Inc.		55,000	1,245,750	1,210,000
Total Health Care	3.8 %		2,422,027	2,282,785
Industrials				
Canadian National Railway Company	1.2 %	11,000	850,249	717,970
Information Technology				
ATI Technologies Inc.		114,600	1,602,786	833,142
Celestica Inc.		50,000	2,682,628	1,102,500
Zarlink Semiconductor Inc.		110,000	2,249,673	388,300
Total Information Technology	3.9 %		6,535,087	2,323,942
Materials				
Alcan Inc.		45,000	2,756,710	2,084,850
Barrick Gold Corporation		50,000	1,199,630	1,217,500
Domtar Inc.		120,000	2,169,141	1,884,000
Placer Dome Inc.		85,020	1,319,634	1,518,457
Total Materials	11.3 %		7,445,115	6,704,807
Telecommunication Services				
BCE Inc.	4.7 %	97,000	2,752,253	2,764,500
Total Canadian Common Shares	85.6 %		\$ 56,352,637	\$ 50,832,039
United States Common Shares				
Consumer Staples				
The Procter & Gamble Company	1.4 %	6,000	\$ 836,076	\$ 814,610
Health Care				
Amgen Inc.	1.5 %	12,000	1,129,753	916,413
Information Technology				
Oracle Corporation	1.2 %	42,000	1,589,635	716,599

Statement of Investments

December 31, 2002

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)				
United States Common Shares (continued)				
Industrials				
General Electric Company		33,000	1,663,787	1,269,451
United Technologies Corporation		13,000	1,241,724	1,272,090
Total Industrials	4.3 %		2,905,511	2,541,541
Telecommunication Services				
Nextel Communications Inc., Class A	1.7 %	54,000	2,180,570	985,324
Total for United States Common Shares	10.1 %		\$ 8,641,545	\$ 5,974,487

Non-North American Common Shares

Consumer Discretionary				
Koninklijke (Royal) Philips Electronics N.V.	1.2 %	25,000	\$ 840,566	\$ 698,273
Consumer Staples				
Diageo PLC ADR	2.9 %	25,000	1,883,740	1,729,887
Information Technology				
Nokia Corp. ADR	1.5 %	36,000	1,098,724	881,531
Total Non-North American Common Shares	5.6 %		\$ 3,823,030	\$ 3,309,691

	% of Portfolio	Number of Contracts	Proceeds	Market Value
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
Microsoft Corporation - January 2003 @ \$54		150	\$ (56,443)	\$ (68,071)
Vodafone Group PLC ADR - January 2003 @ \$18		600	(92,059)	(70,847)
Total Written Cash Covered Put Options	(0.2)%		(148,502)	(138,918)

Written Covered Call Options (100 shares per contract)

Bank of Montreal - January 2003 @ \$42		320	(19,840)	(23,612)
Barrick Gold Corporation - January 2003 @ \$24		375	(38,063)	(41,277)
BCE Inc. - January 2003 @ \$29		500	(22,500)	(23,106)
Canadian Imperial Bank of Commerce - February 2003 @ \$46		260	(29,640)	(23,121)
Canadian National Railway Company - January 2003 @ \$66		55	(8,718)	(9,018)
Celestica Inc. - January 2003 @ \$24		300	(48,120)	(30,539)
Diageo PLC ADR - January 2003 @ \$44		150	(22,507)	(23,657)
Domtar Inc. - January 2003 @ \$18		600	(20,700)	(125)
EnCana Corporation - January 2003 @ \$49		432	(53,136)	(71,259)
General Electric Company - January 2003 @ \$26		220	(26,789)	(9,803)
Imperial Oil Ltd. - January 2003 @ \$46		300	(25,650)	(20,294)
Koninklijke (Royal) Philips Electronics N.V. - January 2003 @ \$20		125	(16,201)	(3,456)
Magna International Inc., Class A - January 2003 @ \$88		210	(52,290)	(43,300)
Petro-Canada - March 2003 @ \$50		300	(53,700)	(49,788)

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) (continued)				
Placer Dome Inc. - January 2003 @ \$17		600	(53,400)	(75,932)
Precision Drilling Corporation - January 2003 @ \$59		225	(39,825)	(1,109)
Royal Bank of Canada - January 2003 @ \$60		400	(40,000)	(40,688)
Sun Life Financial Services of Canada Inc. - January 2003 @ \$28		250	(17,313)	(9,883)
Suncor Energy Inc. - February 2003 @ \$25		400	(27,600)	(30,627)
The Bank of Nova Scotia - January 2003 @ \$53		300	(39,900)	(34,037)
The Toronto-Dominion Bank - February 2003 @ \$36		380	(41,420)	(31,293)
United Technologies Corporation - February 2003 @ \$63		130	(57,810)	(56,588)
Total Written Covered Call Options	(1.1)%		(755,122)	(652,512)
TOTAL OPTIONS	(1.3)%		(903,624)	(791,430)
TOTAL INVESTMENTS	100.0 %		\$ 67,913,588	\$ 59,324,787

Statements of Financial Highlights

Years ended December 31

	2002	2001	2000	1999*
DATA PER UNIT				
Net Asset Value, Beginning of Year	\$ 23.23	\$ 25.67	\$ 26.39	\$ 23.75**
INCOME FROM INVESTMENT OPERATIONS				
Net investment income	0.07	0.47	0.32	0.21
Net gain (loss) on investments and options	(1.82)	(0.41)	2.96	4.73
Total from Investment Operations	(1.75)	0.06	3.28	4.94
DISTRIBUTION TO UNITHOLDERS				
From net investment income	-	(0.21)	(0.17)	(0.13)
From net realized gain on sale of investments and options	-	(1.24)	(3.54)	(1.96)
Non-taxable distribution (Note 7)	(2.00)	(1.05)	(0.29)	(0.21)
Total distributions	(2.00)	(2.50)	(4.00)	(2.30)
Net Asset Value, End of Year	\$ 19.48	\$ 23.23	\$ 25.67	\$ 26.39
RATIOS/SUPPLEMENTAL DATA				
Total net assets, end of year (\$millions)	\$ 78.30	\$ 99.34	\$ 109.55	\$ 115.10
Average net assets (\$millions)	\$ 89.77	\$ 101.57	\$ 117.62	\$ 105.28
Management expense ratio	1.53%	1.53%	1.49%	1.48%
Portfolio turnover rate	10.2%	58.3%	25.4%	60.3%
Annual rate of return	(7.5)%	0.2%	12.4%	N/A

* For the period from inception on February 8, 1999 to December 31, 1999.

** Net of agent fees.

1. Establishment of the Fund

60 Plus Income Trust (the “Fund”) is an investment trust established under the laws of the Province of Ontario on January 27, 1999. The Fund began operations on February 8, 1999 and will terminate on January 1, 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 60 Plus Fund.

2. Investment Objectives and Strategy

The Fund intends to achieve its investment objectives by investing in a diversified portfolio consisting principally of common shares issued by corporations selected from the S&P/TSX 60 Index. The Fund may also, from time to time, invest up to 20 percent of the cost amount of its assets in (i) common shares issued by the top 60 corporations selected on the basis of market capitalization from the S&P 100 Index or (ii) American Depository Receipts (“ADRs”) of the top 60 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.

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 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 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.

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 value of portfolio 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 that 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 assets 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	4,276,520	4,268,280
Units redeemed	(258,511)	–
Units issued on reinvestment of distributions	1,769	8,240
Units outstanding, end of year	4,019,778	4,276,520

6. 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 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 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 \$115,000 are available for utilization against net investment income and realized gains on sales of investments in future years. The non-capital losses have expiration dates extending to 2009.

Issue costs of approximately \$1.3 million (2001 - \$2.5 million) remain undeducted for tax purposes at year end.

9. Commission Charges

Total commissions paid in 2002 in connection with portfolio transactions were \$164,757 (2001 - \$188,175).

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 unitholder to the Fund at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

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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

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.

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
SIX.UN

Trustee:

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 U.S. Equity Fund
Mulvihill Global Equity Fund
Premium Canadian Income Fund
Premium Global Income Fund

Head Office:

Mulvihill Capital Management Inc.
121 King St. W., Suite 2600
Toronto ON
M5H 3T9

Tel: 416 681-3966 or 1 800 725-7172

Fax: 416 681-3901

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

121 King St. W., Suite 2600

Toronto ON

M5H 3T9

Tel: 416 681-3966 or 1 800 725-7172

Fax: 416 681-3901

e-mail: hybrid@mulvihill.com

Mulvihill Capital Management Inc.

Please contact your broker directly for address changes, questions and concerns.