



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2004

Mulvihill World Financial Split Fund

Mulvihill World Financial Split Fund

Message to Shareholders

Mulvihill World Financial Split Fund was launched on February 17, 2004, with initial prices of \$15.00 for Class A shares and \$10.00 for Preferred shares. As of June 30, 2004, the net assets of the Fund were \$430.3 million, or \$22.83 per unit, compared to \$23.87 per unit at inception. Class A shares, listed on the Toronto Stock Exchange as WFS, closed on June 30, 2004 trading at \$13.60, while Preferred shares, listed as WFS.PR.A, closed at \$10.44.

Distributions of \$0.44 per Class A share and \$0.19 per Preferred share were made to shareholders on June 30, 2004. Based on the initial share prices, these distributions represent an 8 percent annual yield for Class A shares and a 5.25 percent annual yield for Preferred shares.

The main cause of the decline in net asset value was the general weakness of global financial services equities due to fears about rising interest rates. The TSX Financial Services Index was relatively flat during the period, while the S&P 500 Financials Index and the MSCI World Financial Services Index declined by 3.9 percent and 3.6 percent respectively. Some central banks, such as those in the U.K. and Australia, have already begun tightening monetary policy, and the U.S. Federal Reserve made the first of an expected series of rate hikes at the end of June. The Bank of Canada has yet to follow suit, and a low interest rate environment is expected to continue until significant inflationary pressure develops. Meanwhile, market volatility remains low but is sufficient to maintain option writing programs.

The Fund's portfolio of financial service equities is diversified geographically, with roughly 43 percent invested in the U.S., 30 percent in Canada and 27 percent in international markets. A prudent level of cash is also being maintained for defensive purposes.

We would like to take this opportunity to welcome all shareholders, and thank them for their support.

August 2004

Management's Responsibility for Financial Reporting

This report has been prepared in accordance with the Accounting Standards Board guidelines.

The accompanying financial statements of World Financial Split Corp. (operating as Mulvihill World Financial Split Fund) (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Capital Management Inc., (the "Manager"), and have been approved by the Board of Directors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with those of the other Hybrid Income Funds financial statements.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Audit Committee meets periodically with management and external auditors to discuss internal controls, the financial reporting process, various auditing and financial reporting issues, and to review the annual report, the financial statements and the external auditors' report. Deloitte & Touche LLP has full and unrestricted access to the Audit Committee and the Board.



John P. Mulvihill
President
Mulvihill Capital Management Inc.



David N. Middleton
CFO
Mulvihill Capital Management Inc.

August 2004

Mulvihill World Financial Split Fund

Financial Statements

Interim Statement of Financial Position

June 30, 2004 (Unaudited)

	2004
ASSETS	
Investments at market value (average cost - \$304,539,694)	\$ 291,377,899
Short-term investments (average cost - \$147,601,053)	147,359,641
Cash	67,384
Dividends receivable	543,824
Interest receivable	257,201
Due from brokers	339,407
TOTAL ASSETS	\$ 439,945,356
LIABILITIES	
Due to brokers	\$ 8,929,976
Accounts payable and accrued liabilities	688,377
Redeemable Preferred shares	188,500,000
TOTAL LIABILITIES	198,118,353
EQUITY	
Class A shares	261,500,625
Deficit	(19,673,622)
	241,827,003
TOTAL LIABILITIES AND EQUITY	\$ 439,945,356
Number of Units Outstanding	18,850,000
Net Asset Value per Unit	
Preferred share	\$ 10.0000
Class A share	12.8290
	\$ 22.8290

Mulvihill World Financial Split Fund

Financial Statements

Interim Statement of Operations and Deficit

For the period from inception on February 17, 2004 to June 30, 2004 (Unaudited)

	2004
REVENUE	
Interest, net of foreign exchange	\$ 2,056,603
Dividends	3,224,477
Withholding taxes	(478,771)
	<hr/> 4,802,309
Net realized gain on investments and options	3,358,831
	<hr/> 8,161,140
EXPENSES	
Management fees	1,775,605
Service fees	363,709
Custodian and other expenses	194,536
GST and capital taxes	137,757
	<hr/> 2,471,607
Net Realized Income before Distributions	5,689,533
Preferred share distributions	(3,639,935)
	<hr/> 2,049,598
Net Realized Income	2,049,598
Unrealized depreciation of investments, options, and foreign currency during the period	(13,403,395)
	<hr/> \$ (11,353,797)
NET LOSS FOR THE PERIOD	\$ (11,353,797)
NET LOSS PER UNIT (based on weighted average number of units outstanding during the period of 18,787,037)	\$ (0.6043)
<hr/>	
DEFICIT	
Balance, beginning of period	\$ –
Net loss for the period	(11,353,797)
Distributions on Class A Shares	(8,319,825)
	<hr/> \$ (19,673,622)
BALANCE, END OF PERIOD	\$ (19,673,622)

Mulvihill World Financial Split Fund

Financial Statements

Interim Statement of Changes in Net Assets

For the period from inception on February 17, 2004 to June 30, 2004 (Unaudited)

	2004
NET ASSETS, BEGINNING OF PERIOD	\$ —
Net Realized Income before Distributions	5,689,533
Unit Transactions	
Proceeds from units issued, net of issue costs	261,500,625
Distributions	
Preferred shares	(3,639,935)
Class A shares	(8,319,825)
	<u>(11,959,760)</u>
Unrealized Depreciation of Investments, Options and Foreign Currency during the Period	(13,403,395)
Changes in Net Assets during the Period	241,827,003
NET ASSETS, END OF PERIOD	<u>\$ 241,827,003</u>
Distribution per Unit	
Distribution per Preferred share	\$ 0.193100
Distribution per Class A share	\$ 0.441237

Mulvihill World Financial Split Fund

Financial Statements

Statement of Investments

June 30, 2004 (Unaudited)

	Par Value	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Treasury Bills			
Government of Canada - August 26, 2004	48,930,000	\$48,647,071	\$48,647,071
Government of Canada, USD - September 17, 2004	300,000	407,853	400,902
Government of Canada - October 7, 2004	70,240,000	69,753,732	69,753,732
United States Treasury Bills, USD - August 5, 2004	6,750,000	9,210,210	9,036,911
Total Treasury Bills		128,018,866	127,838,616
Bankers Acceptance			
Bank of Montreal - September 10, 2004	10,000,000	9,949,600	9,949,600
Discount Commercial Paper			
Export Development Corporation, USD - July 26, 2004	1,100,000	1,504,446	1,472,413
Export Development Corporation, USD - August 3, 2004	700,000	939,371	937,419
Export Development Corporation, USD - August 26, 2004	1,400,000	1,881,841	1,873,187
Export Development Corporation, USD - September 10, 2004	650,000	871,835	868,761
Province of Ontario, USD - July 13, 2004	700,000	953,084	937,635
Total Discount Commercial Paper		6,150,577	6,089,415
Promissory Note			
Province of Prince Edward Island - September 16, 2004	3,500,000	3,482,010	3,482,010
		147,601,053	147,359,641
Accrued Interest			257,201
TOTAL SHORT-TERM INVESTMENTS		\$147,601,053	\$147,616,842

Mulvihill World Financial Split Fund

Financial Statements

Statement of Investments

June 30, 2004 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS			
Canadian Common Shares			
Financials			
Bank of Montreal	217,500	\$ 12,006,930	\$ 11,607,975
Canadian Imperial Bank of Commerce	175,000	11,714,455	11,410,000
Great-West Lifeco Inc.	177,500	9,004,196	8,555,500
IGM Financial Inc.	164,000	5,556,653	5,361,160
Manulife Financial Corporation	70,000	3,424,842	3,783,500
National Bank of Canada	140,000	6,347,600	6,020,000
Royal Bank of Canada	140,000	8,693,080	8,278,200
Sun Life Financial Services of Canada Inc.	290,000	10,872,497	11,138,900
The Bank of Nova Scotia	325,000	11,086,839	11,641,500
The Toronto-Dominion Bank	250,000	11,144,095	10,720,000
Total Financials		89,851,187	88,516,735
Total Canadian Common Shares		\$ 89,851,187	\$ 88,516,735
Non-North American Common Shares			
Financials			
ABN Amro Holdings N.V. ADR	216,000	\$ 6,789,664	\$ 6,385,734
Aegon N.V. ADR	314,500	6,410,799	5,110,599
Allied Irish Banks ADR	163,000	6,896,128	6,772,635
Banco Bilbao Vizcaya ADR	478,600	8,881,606	8,662,734
Barclays PLC ADR	221,000	11,100,839	10,329,235
Credit Suisse Group ADR	205,000	10,302,147	9,842,529
HSBC Holdings PLC ADR	85,000	9,027,998	8,537,038
ING Group N.V. ADR	214,000	7,321,889	6,800,027
UBS AG ADR	134,000	13,616,636	12,766,696
Westpac Banking Corp. ADR	77,000	6,728,915	6,374,941
Total Financials		87,076,621	81,582,168
Total Non-North American Common Shares		\$ 87,076,621	\$ 81,582,168

Mulvihill World Financial Split Fund

Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS (continued)			
United States Common Shares			
Financials			
Allstate Corp.	115,000	\$ 7,075,993	\$ 7,177,382
American Express Company	180,000	12,826,045	12,399,812
American International Group Inc.	138,000	13,500,811	13,188,496
Citigroup Inc.	200,000	13,283,670	12,468,995
Franklin Resource Inc.	144,100	11,030,811	9,675,576
Goldman Sachs Group Inc.	50,000	6,432,474	6,312,261
J.P. Morgan Chase & Co.	160,000	8,564,155	8,316,954
Merrill Lynch & Co.	141,000	11,451,660	10,204,706
Metlife Inc.	150,000	7,119,047	7,209,895
Morgan Stanley	183,000	14,685,936	12,947,523
Northern Trust Corp.	100,000	6,525,238	5,668,700
The Charles Schwab Corporation	263,000	4,435,149	3,388,657
U.S. Bancorp	75,000	2,735,580	2,771,334
Wachovia Corp.	173,000	10,880,372	10,321,781
Total Financials		130,546,941	122,052,072
Total United States Common Shares		\$130,546,941	\$122,052,072
Forward Exchange Contracts			
Sold USD \$1,935,000, Bought CAD \$2,537,505 @ 0.762560 - July 7, 2004			\$ (57,233)
Sold USD \$11,914,000, Bought CAD \$16,038,663 @ 0.742830 - July 14, 2004			60,443
Sold USD \$20,000,000, Bought CAD \$27,182,777 @ 0.735760 - July 21, 2004			356,224
Sold USD \$1,960,000, Bought CAD \$2,702,256 @ 0.725320 - July 21, 2004			73,253
Sold USD \$3,038,000, Bought CAD \$4,171,473 @ 0.728280 - August 4, 2004			95,535
Sold USD \$20,000,000, Bought CAD \$27,618,969 @ 0.724140 - August 18, 2004			781,256
Sold USD \$4,679,000, Bought CAD \$6,383,182 @ 0.733020 - September 2, 2004			103,404
Total Forward Exchange Contracts			\$ 1,412,882

Mulvihill World Financial Split Fund

Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS			
Written Cash Covered Put Options (100 shares per contract)			
Fannie May - July 2004 @ \$70	(900)	\$ (131,558)	\$ (90,501)
U.S. Bancorp - July 2004 @ \$28	(500)	(38,446)	(45,395)
Total Written Cash Covered Put Options		(170,004)	(135,896)
Written Covered Call Options (100 shares per contract)			
ABN Ambro Holdings N.V. ADR			
- July 2004 @ \$22	(1,500)	(66,505)	(66,204)
Aegon N.V. ADR - July 2004 @ \$12	(1,000)	(24,465)	(4,884)
Allstate Corp. - July 2004 @ \$45	(860)	(57,884)	(196,321)
American Express Company			
- July 2004 @ \$52	(1,350)	(85,071)	(38,991)
American International Group Inc.			
- July 2004 @ \$73	(885)	(146,265)	(22,716)
Bank of Montreal - July 2004 @ \$53	(500)	(25,000)	(50,402)
Bank of Montreal - July 2004 @ \$54	(1,000)	(53,750)	(15,000)
Barclays PLC ADR - July 2004 @ 37	(1,105)	(109,467)	(13,958)
Banco Bilbao Vizcaya ADR			
- July 2004 @ \$14	(2,400)	(58,625)	(19,368)
Canadian Imperial Bank of Commerce			
- July 2004 @ \$67	(1,350)	(74,200)	(61,680)
Citigroup Inc. - July 2004 @ \$48	(1,000)	(101,634)	(3,739)
Credit Suisse Group ADR			
- July 2004 @ \$35	(1,000)	(145,944)	(137,427)
Credit Suisse Group ADR			
- July 2004 @ \$36	(1,050)	(108,847)	(107,182)
Franklin Resource Inc. - July 2004 @ \$51	(675)	(71,583)	(23,219)
Franklin Resource Inc. - July 2004 @ \$52	(405)	(62,174)	(10,103)
Goldman Sachs Group Inc.			
- August 2004 @ \$95	(500)	(128,761)	(181,002)
Great-West Lifeco Inc. - July 2004 @ \$49	(1,000)	(33,000)	(1,192)
HSBC Holdings PLC ADR - July 2004 @ \$75	(637)	(85,372)	(87,089)
ING Group N.V. ADR - July 2004 @ \$23	(750)	(44,799)	(74,098)
ING Group N.V. ADR - August 2004 @ \$24	(250)	(20,024)	(29,254)
J.P. Morgan Chase & Co. - July 2004 @ \$38	(1,200)	(88,634)	(147,134)

Mulvihill World Financial Split Fund

Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Contracts	Proceeds	Market Value
INVESTMENTS (continued)			
OPTIONS (continued)			
Written Covered Call Options (100 shares per contract) (continued)			
Manulife Financial Corporation			
- July 2004 @ \$53	(350)	(19,950)	(42,760)
Merrill Lynch & Co. - July 2004 @ \$57	(1,410)	(196,717)	(5,322)
Metlife Inc. - July 2004 @ \$36	(1,125)	(75,766)	(77,627)
Morgan Stanley - July 2004 @ \$54	(1,281)	(140,892)	(44,205)
National Bank of Canada			
- July 2004 @ \$44	(700)	(25,200)	(10,641)
Northern Trust Corp. - July 2004 @ \$42	(1,000)	(116,622)	(67,870)
Royal Bank of Canada - July 2004 @ \$60	(705)	(30,315)	(17,625)
The Charles Schwab Corporation			
- July 2004 @ \$10	(1,300)	(44,603)	(8,654)
Sun Life Financial Services of Canada Inc.			
- July 2004 @ \$39	(1,087)	(58,698)	(87,212)
Sun Life Financial Services of Canada Inc.			
- August 2004 @ \$39	(1,088)	(60,493)	(91,643)
The Bank of Nova Scotia			
- July 2004 @ \$34	(750)	(32,625)	(114,282)
The Bank of Nova Scotia			
- July 2004 @ \$35	(1700)	(48,850)	(167,880)
The Toronto-Dominion Bank			
- July 2004 @ \$46	(250)	(14,000)	(8)
The Toronto-Dominion Bank			
- August 2004 @ \$45	(893)	(40,185)	(13,237)
UBS AG ADR - July 2004 @ \$76	(1,000)	(128,557)	(130)
U.S. Bancorp - July 2004 @ \$28	(250)	(14,443)	(9,987)
Wachovia Corp. - July 2004 @ \$48	(1,500)	(125,131)	(16)
Total Written Covered Call Options		(2,765,051)	(2,050,062)
TOTAL OPTIONS		\$(2,935,055)	\$ (2,185,958)
TOTAL INVESTMENTS		\$304,539,694	\$291,377,899

Mulvihill World Financial Split Fund

Notes to Financial Statements

June 30, 2004

1. Basis of Presentation

The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting standards ("GAAP"). However, not all disclosures required by GAAP for annual financial statements have been presented.

These interim financial statements follow the same accounting policies and method of application as those of the other Mulvihill Hybrid Income Funds.

2. Establishment of the Fund

Mulvihill World Financial Split Fund (the "Fund") is a mutual fund corporation established under the laws of the Province of Ontario on December 5, 2003. The Fund began operations on February 17, 2004. All shares outstanding on June 30, 2011 (the "Termination Date") will be redeemed by the Fund on that date unless otherwise determined by a majority vote of each class of shareholders.

The manager of the Fund is Mulvihill Fund Services Inc. and the Fund's investment manager is Mulvihill Capital Management Inc. The Royal Trust Company is the custodian of the assets of the Fund.

3. Generally Accepted Accounting Principles

The Canadian Institute of Chartered Accountants ("CICA") issued Section 1100, "Generally Accepted Accounting Principles ("GAAP")" of the *CICA Handbook - Accounting*, which establishes standards for financial reporting. Section 1100 applies to all entities, with the exception of rate-regulated operations, for fiscal years beginning on or after October 1, 2003. As a result, certain disclosures previously considered GAAP by virtue of general use in the investment funds industry, are no longer considered GAAP. This section primarily impacts the disclosure of an investment fund's financial statements, and accordingly, has no impact on the valuation of a fund or in the calculation of the net asset value per unit of a fund. The Funds, in conjunction with other investment industry funds, continue to assess the impact of Section 1100 on their financial statements.

Mulvihill World Financial Split Fund

Notes to Financial Statements

June 30, 2004

Statement of Portfolio Transactions

A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill World Financial Split Fund for the period ended June 30, 2004 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto ON M5H 3T9.

Mulvihill Hybrid Income Funds

Hybrid Income Funds

Managed by Mulvihill Structured Products

Mulvihill Platinum

Mulvihill Pro-AMS *U.S. Fund*
Mulvihill Pro-AMS *RSP Fund*
Mulvihill Pro-AMS *100 Plus (Cdn \$) Fund*
Mulvihill Pro-AMS *100 Plus (U.S. \$) Fund*
Mulvihill Pro-AMS *RSP Split Share Fund*

Mulvihill Premium

Mulvihill Premium *Canadian Fund*
Mulvihill Premium *U.S. Fund*
Mulvihill Premium *Oil & Gas Fund*
Mulvihill Premium *60 Plus Fund*
Mulvihill Premium *Canadian Bank Fund*
Mulvihill Premium *Global Plus Fund*
Mulvihill Premium *Split Share Fund*
Mulvihill Premium *Global Telecom Fund*
Mulvihill *World Financial Split Fund*

Mulvihill Summit

Mulvihill Summit *Digital World Fund*

Mutual Funds Managed by Mulvihill Capital Management

Mulvihill Canadian *Money Market Fund*
Mulvihill Canadian *Bond Fund*
Mulvihill Canadian *Equity Fund*
Mulvihill *Global Equity Fund*
Mulvihill *U.S. Equity Fund*
Premium Global Income Fund
Premium Canadian Income Fund

Head Office

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

Tel: 416 681-3966
1 800 725-7172
Fax: 416 681-3901
e-mail: hybrid@mulvihill.com

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



Mulvihill

www.mulvihill.com

Mulvihill Structured Products

Investor Relations

121 King St. W., Suite 2600

Toronto ON

M5H 3T9

Tel: 416 681-3966

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.*