



Hybrid Income Funds



Semi-Annual Report 2008

Mulvihill Pro-AMS U.S. Fund

Pro-AMS U.S. Trust

Mulvihill Pro-AMS U.S. Fund

Message to Unitholders

We are pleased to present the semi-annual financial results of Pro-AMS U.S. Fund, which operates as Mulvihill Pro-AMS U.S. Fund (the "Fund").

The following is intended to provide you with the financial highlights of the Fund and we hope you will read the more detailed information contained within the report.

The Fund was launched in 2000 with the original objectives to:

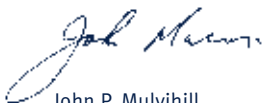
- (1) Pay monthly distributions and to return the original issue price of \$25.00 to unitholders on the termination date of the Fund on January 4, 2011. To provide greater certainty to the principal repayments objective, the Fund suspended the payment of monthly distributions in April 2005.

To provide the Fund with the means to return the original issue price on termination, the Fund entered into a "Forward Agreement" with the Royal Bank of Canada ("RBC") whereby RBC will pay the Fund \$25.00 for each unit outstanding on the Termination Date in exchange for the delivery of the Fund's fixed portfolio. During the six-month period ended June 30, 2008 the Fund earned a total return of 2.57 percent, contributing to the overall increase in the net asset value from \$22.86 per unit as at December 31, 2007 to \$23.44 per unit as at June 30, 2008.

The longer-term financial highlights of the Fund are as follows:

		Years ended December 31				
	June 30, 2008	2007	2006	2005	2004	2003
Total Fund Return	2.57%	1.97%	2.24%	2.15%	5.33%	4.73%
Distribution Paid	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.12	\$ 0.48	\$ 0.48
Ending Net Asset Value per Unit (initial issue price was \$25.00 per unit)	\$ 23.44	\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58	\$ 20.96

We thank all unitholders for their continued support and encourage unitholders to review the more detailed information contained within the semi-annual report.



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

Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the six months ended June 30, 2008 of Pro-AMS U.S. Trust, which operates as Mulvihill Pro-AMS U.S. Fund (the “Fund”). The June 30, 2008 unaudited semi-annual financial statements of the Fund are attached.

Copies of the Fund’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com. You can also get a copy of the annual financial statements at your request and at no cost by using one of these methods.

Mulvihill Pro-AMS U.S. Fund

Management Report on Fund Performance

Summary of Investment Portfolio

The composition of the portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on our website at www.mulvihill.com.

Asset Mix and Portfolio Holdings

June 30, 2008

	% of Net Asset Value
Securities Pledged as Collateral for Forward Agreement (Fixed Portfolio)	105 %
Forward Agreement (Fixed Portfolio)	(7)%
Cash and Short-Term Investments (Managed Portfolio)	8 %
Other Assets (Liabilities)	(6)%
	100 %

Securities in the fixed portfolio have been pledged to the Royal Bank of Canada (“RBC”) as security for the obligation of the Fund under the Forward Agreement. As a result, the fixed portfolio effectively has no equity exposure.

Management Report on Fund Performance

Results of Operations

For the six-month period ended June 30, 2008, the net asset value of the Fund for pricing purposes based on closing prices was \$23.44 per unit (see Note 3 to the financial statements) compared to \$22.86 per unit at December 31, 2007. The Fund's units listed on the Toronto Stock Exchange as PAM.UN, closed on June 30, 2008 at \$22.50 representing a 4.0 percent discount to the actual net asset value.

No distributions were paid to unitholders during this period. The total return of 2.57 percent during this period was primarily due to changes in interest rates, which positively affected the value of fixed portfolio. This is comparable to the return on the Bloomberg/EFFAS Bond Indices Canada 3-5 Year at 3.12 percent during the same period.

For more detailed information on the investment returns, please see the Annual Total Return bar graph on page 7.

Mulvihill Pro-AMS U.S. Fund

Management Report on Fund Performance

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

The information for the years ended December 31 is derived from the Fund's audited annual financial statements.

Information for the period ended June 30, 2008 is derived from the

	Six months ended June 2008
NET ASSETS PER UNIT	
Net Assets, beginning of period (based on bid prices)⁽¹⁾	\$ 22.86
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.03
Total expenses	(0.28)
Realized gains (losses) for the period	6.29
Unrealized gains (losses) for the period	(5.47)
Total Increase (Decrease) from Operations⁽²⁾	0.57
DISTRIBUTIONS	
Non-taxable distributions	—
Total Distributions⁽³⁾	—
Net Assets, end of period (based on bid prices)⁽¹⁾	\$ 23.44

- (1) Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities on that date and including the valuation of securities at bid prices divided by the number of units then outstanding. For years prior to 2007, securities were valued at closing prices. The change to the use of bid prices is due to new accounting standards set out by the Canadian Institute of Chartered Accountants relating to Financial Instruments. Refer to Note 4 to the annual financial statements for further discussion.
- (2) Total increase (decrease) from operations consists of interest and dividend revenue, realized

Six months ended
June 2008

RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	\$ 25.05
Number of units outstanding	1,068,554
Management expense ratio ⁽¹⁾	2.40%⁽⁴⁾
Portfolio turnover rate ⁽²⁾	51.93%
Trading expense ratio ⁽³⁾	0.00%⁽⁴⁾
Net Asset Value per unit ⁽⁵⁾	\$ 23.44
Closing market price	\$ 22.50

- (1) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes, but excluding transaction fees charged to the Fund to the average net asset value.

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

Management Report on Fund Performance

Fund's unaudited semi-annual financial statements.

For June 30, 2008 and December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Fund's unaudited financial statements and calculated using bid prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices. All other calculations for the purposes of this MRFP are made using Net Asset Value.

Years ended December 31				
2007	2006	2005	2004	2003
\$ 22.42	\$ 21.92	\$ 21.58	\$ 20.96	\$ 20.48
0.08	0.08	0.13	(0.02)	(0.03)
(0.54)	(0.47)	(0.43)	(0.42)	(0.41)
1.52	0.95	10.04	5.28	2.30
(0.71)	(0.11)	(9.30)	(3.86)	(1.10)
0.35	0.45	0.44	0.98	0.76
—	—	(0.12)	(0.48)	(0.48)
—	—	(0.12)	(0.48)	(0.48)
\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58	\$ 20.96

and unrealized gains (losses), net of withholding taxes and foreign exchange gains (losses), less expenses and is calculated based on the weighted average number of units outstanding during the period. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the period.

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

Years ended December 31				
2007	2006	2005	2004	2003
\$ 25.16	\$ 33.05	\$ 49.03	\$ 100.70	\$ 209.31
1,100,854	1,474,241	2,236,435	4,666,005	9,987,144
2.41%	2.16%	1.96%	1.98%	2.00%
21.51%	8.71%	198.72%	17.71%	21.40%
0.00%	0.00%	0.02%	0.03%	0.04%
\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58	\$ 20.96
\$ 21.70	\$ 21.70	\$ 21.46	\$ 20.70	\$ 20.00

(3) Trading expense ratio represents total commissions expressed as an annualized percentage of the daily average net asset value during the period.

(4) Annualized.

(5) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities of the Fund on that date and including the valuation of securities at closing prices divided by the number of units then outstanding.

Mulvihill Pro-AMS U.S. Fund

Management Report on Fund Performance

Management Fees

Mulvihill Capital Management Inc. (“MCM”) is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.15 percent of the net asset value of the Fund at each month end. The Investment Manager voluntarily agreed to defer payment of a portion of its management fees. These deferrals in the management fees represent decreases in direct proportion to the decline in targeted distribution rates, to a minimum annual management fee rate of 0.50 percent of the Fund’s net asset value. The Investment Manager may choose at any time to require payment of its full investment management fees and all or any portion of those in arrears. Management fees for the period were paid at an annual rate of 0.50 percent of the Fund’s net asset value.

Services received under the Investment Management Agreement include the making of all investment decisions in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes all decisions as to the purchase and sale of securities in the Fund’s portfolio and the execution of all portfolio and other transactions.

Mulvihill Fund Services Inc. is entitled to fees under the Management Agreement calculated monthly as 1/12 of 0.10 percent of the net asset value of the Fund at each month end. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

Recent Developments

The primary investment objective is to maintain the redemption value of \$25.00 per unit to be paid to unitholders on the termination date of January 4, 2011. To meet this objective, exposure to equities has been eliminated. The managed portion of the Fund holds only cash and cash equivalents while the fixed portfolio contains a forward agreement, which is structured to return \$25.00 per unit outstanding on the termination date, and equity securities that have been pledged as security for the obligations under the forward agreement.

The Bank of Canada held rates steady at 4.25 percent for the second half of 2006 and first half of 2007, then after six months at 4.5 percent, the Bank began lowering its key lending rate. There were three rate reductions in the first half of 2008. The Bank Rate currently stands at 3.0 percent. These reductions impacted the yield curve as far as the seven year maturity, at which point, the curve has modestly steepened. The net effect has been positive for the value of our fixed portfolio.

The Fund remains sensitive to changes in interest rates and the shape the yield curve.

Management Report on Fund Performance

Past Performance

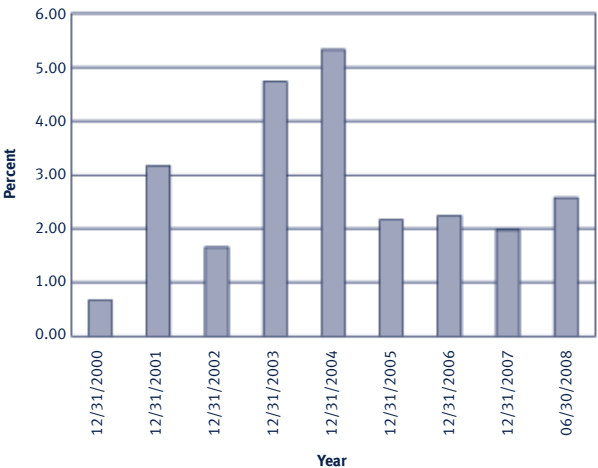
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,
- (2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and
- (3) the past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below illustrates how the Fund's total return for each of the past eight years including for the six month period ended June 30, 2008 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2000 would have increased or decreased by the end of that fiscal year, or June 30, 2008 for the six months then ended.

Annual Total Return



Mulvihill Pro-AMS U.S. Fund

Management Report on Fund Performance

Related Party Transactions

Mulvihill Capital Management Inc. (“MCM”) manages the Fund’s investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to an Investment Management Agreement made between the Fund and MCM dated September 27, 2000.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated September 27, 2000, and, as such, is responsible for providing or arranging for required administrative services to the Fund. Mulvihill is a wholly-owned subsidiary of MCM. These parties are paid the fees described under the Management Fees section of this report.

Independent Review Committee

On September 19, 2006, the Canadian Securities Administrators approved the final version of National Instrument 81-107 - Independent Review Committee for Investment Funds (“NI 81-107”). NI 81-107 requires all publicly offered investment funds to establish an independent review committee (“IRC”) to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions.

In accordance with NI 81-107, the IRC became operational on November 1, 2007. Members of the IRC are Robert W. Korthals, C. Edward Medland, and Michael M. Koerner.

Forward-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund’s views to change, the Fund does not undertake to update any forward-looking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Pro-AMS U.S. Trust (operating as Mulvihill Pro-AMS U.S. Fund) (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Fund Services Inc. (the "Manager") and have been approved by the Board of Advisors (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 the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2007.

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 Board 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, the Fund's independent auditors, has full and unrestricted access to the Board.

The Fund's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Canadian Institute of Chartered Accountants.



John P. Mulvihill
Director
Mulvihill Fund Services Inc.



Sheila S. Szela
Director
Mulvihill Fund Services Inc.

August 2008

Mulvihill Pro-AMS U.S. Fund

Financial Statements

Statements of Net Assets

June 30, 2008 (Unaudited) and December 31, 2007 (Audited)

	2008	2007
ASSETS		
Investments - Fixed portfolio at fair value (cost - \$29,748,271; 2007 - \$29,238,757)	\$ 24,481,656	\$ 29,881,156
Short-term investments - Managed portfolio at fair value (cost - \$2,037,057; 2007 - 2,007,812)	2,037,057	2,007,812
Cash	8,097	133
Interest receivable	6,885	8,057
Due from brokers - derivatives	5,004,580	315,069
TOTAL ASSETS	31,538,275	32,212,227
LIABILITIES		
Accrued management fees	1,447,195	1,364,132
Redemptions payable	—	5,628,353
Accrued forward agreement fees	29,461	35,119
Accrued liabilities	5,440	22,419
Due to brokers - derivatives	5,004,553	—
TOTAL LIABILITIES	6,486,649	7,050,023
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 25,051,626	\$ 25,162,204
Number of Units Outstanding	1,068,554	1,100,854
Net Assets per Unit	\$ 23.4444	\$ 22.8570

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2008	2007
REVENUE		
Interest	\$ 33,202	\$ 58,518
TOTAL REVENUE	33,202	58,518
EXPENSES		
Management fees	157,664	196,049
Forward agreement fees	66,667	90,418
Administrative and other expenses	33,387	37,353
Custodian fees	11,466	13,852
Audit fees	—	23,477
Advisory board fees	9,734	10,363
Independent review committee fees	2,002	—
Legal fees	2,005	4,700
Unitholder reporting costs	9,589	9,975
Goods and services tax	11,322	15,990
TOTAL EXPENSES	303,836	402,177
Net Investment Loss	(270,634)	(343,659)
Net gain on sale of derivatives	6,794,619	115,484
Net change in unrealized appreciation/ depreciation of investments	(5,909,014)	(309,112)
Net Gain (Loss) on Investments	885,605	(193,628)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS	\$ 614,971	\$ (537,287)
NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 1,080,403; 2007 - 1,423,147)	\$ 0.5692	\$ (0.3775)

Financial Statements

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2008	2007
NET ASSETS, BEGINNING OF PERIOD	\$ 25,162,204	\$ 33,045,491
Net Increase (Decrease) in Net Assets from Operations	614,971	(537,287)
Unit Transactions		
Amount paid for units redeemed	(725,549)	(2,636,179)
Changes in Net Assets during the Period	(110,578)	(3,173,466)
NET ASSETS, END OF PERIOD	\$ 25,051,626	\$ 29,872,025
Net Assets per Unit	\$ 23.4444	\$ 22.0931

Statements of Net Gain on Sale of Investments

For the six months ended June 30 (Unaudited)

	2008	2007
Proceeds from Sale of Investments	\$ 21,127,758	\$ 2,402,168
Cost of Investments Sold		
Cost of investments, beginning of period	29,238,757	29,847,746
Cost of investments purchased	14,842,653	—
	44,081,410	29,847,746
Cost of Investments, End of Period	(29,748,271)	(27,561,062)
	14,333,139	2,286,684
NET GAIN ON SALE OF INVESTMENTS	\$ 6,794,619	\$ 115,484

Financial Statements

Statement of Investments

June 30, 2008 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO				
Treasury Bills				
Government of Canada, 2.61% - August 7, 2008	1,830,000	\$ 1,818,454	\$ 1,818,454	
Government of Canada, 2.62% - September 18, 2008	220,000	218,603	218,603	
Total Treasury Bills		\$ 2,037,057	\$ 2,037,057	99.7%
Accrued Interest			6,885	0.3%
TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO				
		\$ 2,037,057	\$ 2,043,942	100.0%
INVESTMENTS - FIXED PORTFOLIO				
Canadian Common Shares				
Consumer Discretionary				
Gildan Activewear Inc.	35,716	\$ 1,396,496	\$ 927,545	
Rona Inc.	79,435	1,745,187	973,079	
Total Consumer Discretionary		3,141,683	1,900,624	7.8%
Consumer Staples				
Cott Corporation	115,822	1,902,955	372,947	1.5%
Energy				
Duvernay Oil Corp.	27,392	1,668,173	1,703,234	
Uranium One Inc.	315,226	1,996,699	1,506,780	
Total Energy		3,664,872	3,210,014	13.1%
Health Care				
Patheon Inc.	675,045	2,092,997	2,774,435	11.3%
Industrials				
Westjet Airlines Ltd.	153,094	1,902,958	1,921,330	7.8%
Information Technology				
Celestica Inc.	174,046	4,392,175	1,493,315	
CGI Group Inc. - CI A	184,583	1,928,892	1,875,363	
Nortel Networks Corporation	47,493	1,754,411	395,617	
Research In Motion Limited	59,404	1,777,368	7,080,957	
Total Information Technology		9,852,846	10,845,252	44.3%
Materials				
Centerra Gold Inc.	171,379	2,510,702	817,478	
Eldorado Gold Corporation	203,438	1,668,192	1,767,876	
FXN Mining Co. Inc.	68,678	1,668,189	1,655,140	
Lundin Mining Corp.	166,610	1,342,877	1,034,648	
Total Materials		7,189,960	5,275,142	21.6%
Total Canadian Common Shares		\$ 29,748,271	\$ 26,299,744	107.4%
Forward Agreement			(1,818,088)	(7.4%)
TOTAL INVESTMENTS - FIXED PORTFOLIO				
		\$ 29,748,271	\$ 24,481,656	100.0%
Short-Term Investments - Managed Portfolio			2,037,057	
Other Assets Less Liabilities			(1,467,087)	
NET ASSETS			\$ 25,051,626	
TOTAL MANAGED PORTFOLIO		\$ 2,037,057	\$ 2,037,057	
TOTAL FIXED PORTFOLIO		29,748,271	24,481,656	
TOTAL INVESTMENT PORTFOLIO		\$ 31,785,328	\$ 26,518,713	

Mulvihill Pro-AMS U.S. Fund

Notes to Financial Statements

June 30, 2008

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 and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2007.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2007, with the exception of Note 2 below.

2. Summary of Significant Accounting Policies

Commencing January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Presentation". The new standards replace Section 3861 "Financial Instruments - Disclosure and Presentation". The new disclosure standards increase the emphasis on the disclosure on the nature and extent of risks associated with financial instruments and how those risks are managed. The previous requirements related to presentation of financial instruments have been carried forward relatively unchanged. Adoption of the new standards does not impact the net asset value for pricing purposes, nor the calculation of net assets.

3. Net Asset Value and Net Assets

For financial statement reporting purposes, the Fund applies Canadian generally accepted accounting principles requiring the Fund to value its securities using bid price. However, pursuant to a temporary exemption provided by the Canadian securities regulatory authorities, the Fund can calculate its net asset value using last sale price.

The difference between the net asset value for pricing purposes and the net assets reflected in the financial statements is as follows:

	2008	2007
Net Asset Value (for pricing purposes)	\$ 23.44	\$ 22.09
Difference	(0.00)	(0.00)
Net Assets (for financial statement purposes)	\$ 23.44	\$ 22.09

4. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, a forward agreement and investments pledged to the Royal Bank of Canada ("RBC") as security for the obligation of the Fund under the forward agreement. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include interest rate risk, liquidity risk, other price risk, short-term investments credit rating and credit risk. These risks and related risk management practices employed by the Fund are discussed below:

Interest Rate Risk

The Fund is comprised of a fixed portfolio, which contains a forward agreement and securities pledged as collateral under the forward agreement, as well as a managed portfolio which holds cash and cash equivalents. The value of the forward agreement is determined by the current level of interest rates and is inversely related to them. Duration is the change in the value of the forward agreement that will result from a 100 basis points change in interest rates and is stated in years. The Fund's duration is approximately 2.5 years.

The forward agreement also has more sensitivity to interest rates than a comparable bond. For example, increases in long-term interest rates will generally have the effect of decreasing the Fund's total net assets. As the majority of the Fund's total net assets are comprised of the forward agreement, the primary risk associated with the Fund is interest rate risk.

Approximately 98 percent of the Fund's net assets held at June 30, 2008 were invested in the Fund's fixed portfolio. If interest rates increased or decreased by 100 basis points as at June 30, 2008, the net assets of the Fund would have decreased or increased by \$0.6M respectively or 2.5 percent of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

As the Fund approaches the termination date of January 4, 2011, the fixed portfolio will become an increasing proportion of the total Fund assets. Additionally, the Fund's sensitivity to longer-term interest rates will decline, whereas its sensitivity to short-term interest rates will increase.

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the net asset value of the Fund resulting from an

Mulvihill Pro-AMS U.S. Fund

Notes to Financial Statements

June 30, 2008

increase in interest rates may also negatively affect the market price of the Units. To mitigate this risk, excess cash and cash equivalents are invested at short-term market interest rates.

Liquidity Risk

The managed portfolio holds cash and cash equivalents and therefore has minimal liquidity risk. The fixed portfolio contains a forward agreement and securities pledged as collateral under the forward agreement. The forward agreement is to remain in effect for the life of the Fund to return the original issue price to unitholders, is not actively managed and therefore has minimal liquidity risk if units are held to maturity of the Fund. Liquidity risk for the forward agreement arises only upon early redemption or early termination of the Fund possibly impacting the price at which the forward agreement or portion of the agreement is liquidated.

Other Price Risk

The Fund's fixed portfolio, which contains a forward agreement and securities pledged as collateral under the forward agreement, as well as a managed portfolio which holds cash and cash equivalents are not significantly susceptible to market price risk arising from uncertainties about future prices of the instruments.

Approximately 98 percent of the Fund's net assets held at June 30, 2008 were publicly traded securities. These equity securities have been pledged to the Royal Bank of Canada as security for the obligation of the Fund under the Forward Agreement. As a result, the fixed portfolio has no equity exposure.

Short-Term Investments Credit Rating

The following are credit ratings for short-term investments held by the Fund as at June 30, 2008:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Treasury Bills	AAA	100.0%
Total		100.0%

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short term.

Credit Risk

In entering into the forward agreement, the Fund is exposed to the credit risk associated with the counterparty (RBC) and the risk that the counterparty (RBC) will not satisfy its obligations under the forward agreement on a timely basis or at all.

Notes to Financial Statements

June 30, 2008

The credit risk is mitigated by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102.

The following is the credit rating for the counterparty to derivative instruments the Fund deals with during the period, based on Standard & Poor's credit rating as of June 30, 2008:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Royal Bank of Canada	AA-	A-1+

5. Normal Course Issuer Bid

Under the terms of the normal course issuer bid renewed in July 2008, the Fund proposes to purchase, if considered advisable, up to a maximum of 106,855 units (2007 - 134,210 units), 10 percent of its public float as determined in accordance with the rules of the Exchange. The purchases, would be made in the open market through facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of July 22, 2009 or until the Fund has purchased the maximum number of units permitted under the bid. As of June 30, 2008, no units (2007 - nil) have been purchased by the Fund.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investors Services at: 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

6. Future Accounting Policy Changes

At June 30, 2008 the Manager has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to International Financial Reporting Standards ("IFRS"). The key elements of the plan include disclosures of the qualitative impact in the 2008 annual financial statements, the disclosures of the quantitative impact, if any, in the 2009 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional notes disclosures in the financial statements of the Fund.

Mulvihill Pro-AMS U.S. Fund

Hybrid Income Funds

Managed by Mulvihill Structured Products

Mulvihill Platinum

Mulvihill Government Strip Bond Fund

Mulvihill Pro-AMS U.S. 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 Core Canadian Dividend Fund

Mulvihill Premium Canadian Fund

Mulvihill Premium 60 Plus Fund

Mulvihill Premium Canadian Bank Fund

Mulvihill Premium Global Plus Fund

Mulvihill Premium Split Share Fund

Mulvihill S Split Fund

Mulvihill Top 10 Canadian Financial Fund

Mulvihill Top 10 Split Fund

Mulvihill World Financial Split Fund

Mutual Funds Managed by

Mulvihill Capital Management

Mulvihill Canadian Money Market Fund

Mulvihill Canadian Bond Fund

Mulvihill Global Equity Fund

Mulvihill Total Return Fund

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

Mulvihill Pro-AMS *U.S. Fund*

Notes



Mulvihill

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Mulvihill Structured Products

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*Please contact your broker directly
for address changes.*