



Hybrid Income Funds



Annual Report 2003

Mulvihill Pro-AMS U.S. Fund

Pro-AMS U.S. Trust





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Message to Unitholders

Equity markets in 2003 made positive returns, strongly outperforming both bonds and cash instruments. The S&P TSX composite index rose 27 percent, with advances in all major industry groups. This reflected the underlying stability of the Canadian economy, which continued to perform well, despite the temporary setbacks of the SARS outbreak, mad cow disease, forest fires in the West and the Ontario power blackout. One other development, however, is having a more lasting effect—the sharp rise in the value of the Canadian dollar. This has hurt the competitiveness of Canadian manufacturers in export markets, and will continue to have a dampening effect on economic growth in 2004.

In the U.S., equity markets rebounded strongly after a sluggish first quarter, buoyed by a surging American economy. The S&P 500 index recorded a 29 percent gain for the year, and the NASDAQ rose by a full 50 percent. The sinking value of the U.S. dollar, however, turned these advances into only 5 percent and 23 percent gains in Canadian currency terms. Low interest rates, tax cuts and depleted inventories have contributed to the resurgence of the American economy, and the weaker dollar is also improving U.S. export prospects for this year. The present federal budget deficit and the chronic and now massive U.S. current account deficit are shifting investor sentiment away from U.S. dollar denominated assets. Commodities priced in depreciating U.S. dollars are thus more affordable, encouraging a rise in global demand.

In both Canada and the U.S., equity investors favoured stocks with depressed prices in sectors poised for renewed growth. This propelled the formerly devastated information technology sector into the forefront of performers, along with the materials and financial sectors. Price volatility was high in the first quarter, but has decreased substantially since then, though it remains sufficient to sustain limited option writing programs.

The outlook at present is for solid economic growth this year, accompanied by low inflation and higher corporate profits. The Canadian economy will benefit from the strong U.S. recovery, though this will be dampened somewhat by the strength of the Canadian dollar. Short-term interest rates are likely to remain low and could even ease from current levels. The U.S. Federal Reserve has probably finished its easing cycle, and will remain on hold for a while, with potential for tightening in the second half of the year.

With valuation levels already quite high, especially in the U.S., equity markets are unlikely to rise as much in 2004 as they did in 2003. Nevertheless, the equity investment environment remains distinctly positive for the year.



John P. Mulvihill
President

Mulvihill Capital Management Inc.

Investment Objectives

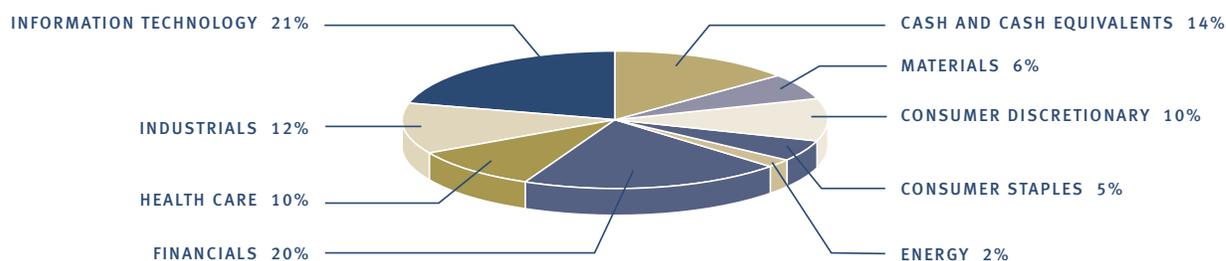
The Fund's investment objectives are to provide unitholders of the Fund with a stable stream of monthly distributions, to return at a minimum the original issue price of the units to unitholders upon termination of the Fund on January 4, 2011, and to preserve the value of the Fund's managed portfolio which will provide Unitholders with capital appreciation above the original issue price.

Investment Strategy

To provide the Fund with the means to return the original issue price on termination, the Fund has 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 delivery of the Fund's fixed portfolio. The Fund achieves its investment objectives by investing in a diversified portfolio consisting primarily of common shares issued by corporations selected from the S&P 500 Index, with a market capitalization in excess of \$5.0 billion. 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 managed 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, 2003



Distribution History

INCEPTION DATE: OCTOBER 2000

REGULAR DISTRIBUTION

Total for 2000	\$ 0.53750
Total for 2001	2.25000
Total for 2002	1.28665
January 2003	0.04000
February 2003	0.04000
March 2003	0.04000
April 2003	0.04000
May 2003	0.04000
June 2003	0.04000
July 2003	0.04000
August 2003	0.04000
September 2003	0.04000
October 2003	0.04000
November 2003	0.04000
December 2003	0.04000
Total for 2003	0.48000
Total Distributions to Date	\$ 4.55415

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

Top 10 Holdings

- Cisco Systems Inc.
- Merrill Lynch & Co.
- Citigroup Inc.
- Cendant Corporation
- Dell Computer Corporation
- Morgan Stanley
- Clear Channel Communications, Inc.
- American Express Company
- Oracle Corporation
- Pfizer Inc.

Trading History



Commentary

As of December 31, 2003, the net assets of the Fund were \$209.3 million, or \$20.96 per unit, up from a net asset value of \$20.48 per unit, at the end of 2002. Listed on the Toronto Stock Exchange as PAM.UN, the Fund’s units began the year trading at \$19.05 and closed on December 31, 2003 trading at \$20.00.

During the year, unitholders received monthly distributions totaling \$0.48 per unit. The Fund has continued at a reduced level of distributions to maintain net asset value and to preserve the Funds ability to meet its long term objectives.

The gain in net asset value per unit during the year was primarily due to appreciation in the value of the fixed portfolio. Strong gains in the managed portfolio were achieved in U.S. equity markets, but were largely offset by the sharp decline in the value of the U.S. dollar versus the Canadian dollar. A portion of the Fund’s U.S. equity exposure has been hedged in foreign exchange markets, providing partial protection against the declining American dollar.

All sectors advanced on U.S. equity markets, with the strongest performers being information technology and materials. The Fund benefited from its overweight positions in these sectors, as well as underweight positions in the weaker sectors of consumer staples and health care. As volatility levels fell throughout the year, the Fund reduced its option writing activity and increased its invested position to take advantage of rising equity markets.

On March 5, 2004 the Fund issued a notice of special meeting of unitholders and management information circular for a meeting to be held April 2, 2004. The purpose of the meeting is to consider and vote upon a special resolution to (i) permit unitholders to switch to other Mulvihill funds by adding further retraction rights at 100% of net asset value per unit from time to time and (ii) provide the Fund with the ability to use interest rate hedging strategies in order to reduce some of the impact of rising interest rates on the net asset value of the Fund. The proposal would permit the Fund, in appropriate circumstances and in accordance with applicable securities laws, to use specified derivatives to assist the Fund in managing its investments and preserving net asset value. The existing retraction rights of unitholders would not be affected by the proposal.

Looking forward, solid economic growth, accompanied by low inflation and higher corporate profits, should be positive for equities in 2004. The Fund remains well diversified and continues to generate income from option writing.

Financial statements and a summary of the Fund’s investments 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.

Management's Responsibility for Financial Reporting

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

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 annual report are the responsibility of the management of Mulvihill Fund Services Inc., (the "Manager"), and have been reviewed 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 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 financial statements. The financial statements have been audited by Deloitte & Touche LLP on behalf of the unitholders.

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 has full and unrestricted access to the Board.



John P. Mulvihill
Director
Mulvihill Fund Services Inc.
February 20, 2004



David N. Middleton
Director
Mulvihill Fund Services Inc.

To the Unitholders of Mulvihill Pro-AMS U.S. Fund

We have audited the accompanying statement of investments of Pro-AMS U.S. Trust (operating as Mulvihill Pro-AMS U.S. Fund) (the "Fund") as at December 31, 2003, the statements of net assets as at December 31, 2003 and 2002, the statements of financial operations, of changes in net assets, and of gain (loss) 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, 2003. 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 (loss) on sale of investments and options and the financial highlights for the periods indicated above, in accordance with Canadian generally accepted accounting principles.

The signature of Deloitte & Touche LLP is written in a cursive, handwritten style in black ink.

Chartered Accountants
Toronto, Ontario
February 20, 2004

Statements of Net Assets

December 31, 2003 and 2002

(In Canadian dollars)

	2003	2002
ASSETS		
Investments - Fixed portfolio at market value (average cost - \$130,005,459; 2002 - \$229,312,378)	\$ 213,842,613	\$ 336,627,365
Investments - Managed portfolio at market value (average cost - \$36,946,192; 2002 - \$59,906,825)	34,212,691	48,735,725
Short-term investments - Managed portfolio (average cost - \$5,779,333; 2002 - \$15,614,962)	5,695,585	15,628,459
Cash	6,708	31,470
Dividends receivable	25,433	53,176
Interest receivable	6,233	48,914
Due from brokers	16,345,962	371,312
TOTAL ASSETS	270,135,225	401,496,421
LIABILITIES		
Redemptions payable	56,507,301	91,504,373
Accrued management fees (Note 7)	3,921,909	1,987,261
Accrued liabilities	397,755	611,827
TOTAL LIABILITIES	60,826,965	94,103,461
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 209,308,260	\$ 307,392,960
Number of Units Outstanding (Note 6)	9,987,144	15,007,420
Net Asset Value per Unit	\$ 20.9578	\$ 20.4827

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, 2003 and 2002

(In Canadian dollars)

	2003	2002
REVENUE		
Dividends	\$ 449,512	\$ 978,705
Interest, net of foreign exchange	(782,176)	583,219
Withholding taxes	(65,207)	(114,563)
TOTAL REVENUE	(397,871)	1,447,361
EXPENSES (Note 7)		
Management fees	3,540,211	5,394,576
Forward agreement fee (Note 5)	1,593,351	2,766,761
Custodian and other expenses	264,870	333,300
Goods and services tax	265,198	400,065
TOTAL EXPENSES	5,663,630	8,894,702
Net Investment Loss	(6,061,501)	(7,447,341)
Gain (loss) on sale of investments and options	31,574,473	(75,743,914)
Change in unrealized appreciation (depreciation) of investments, options and foreign currency	(15,137,991)	84,700,497
Net Gain on Investments	16,436,482	8,956,583
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ 10,374,981	\$ 1,509,242

Statements of Changes in Net Assets

Years ended December 31, 2003 and 2002

(In Canadian dollars)

	2003	2002
NET ASSETS, BEGINNING OF YEAR	\$ 307,392,960	\$ 489,737,346
Total Results of Financial Operations	10,374,981	1,509,242
Unit Transactions		
Amount paid for units redeemed (Note 6)	(97,790,730)	(155,590,347)
Normal course issuer bid units purchased and cancelled (Note 6)	(4,411,234)	-
Gain on normal course issuer bid units purchased and cancelled (Note 6)	211,305	-
	(101,990,659)	(155,590,347)
Distributions to Unitholders (Note 8)		
Non-taxable distribution	(6,469,022)	(28,263,281)
Changes in Net Assets during the Year	(98,084,700)	(182,344,386)
NET ASSETS, END OF YEAR	\$ 209,308,260	\$ 307,392,960

Statements of Gain (Loss) on Sale of Investments and Options

Years ended December 31, 2003 and 2002

(In Canadian dollars)

	2003	2002
Proceeds from Sale of Investments	\$ 180,418,936	\$ 157,759,358
Cost of Investments Sold		
Cost of investments, beginning of year	289,219,203	449,690,912
Cost of investments purchased	26,576,911	73,031,563
	315,796,114	522,722,475
Cost of Investments, End of Year	(166,951,651)	(289,219,203)
	148,844,463	233,503,272
GAIN (LOSS) ON SALE OF INVESTMENTS AND OPTIONS	\$ 31,574,473	\$ (75,743,914)

Statement of Investments

December 31, 2003

(In Canadian dollars)

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO				
Treasury Bills				
Government of Canada - April 8, 2004	0.7%	40,000	\$ 39,688	\$ 39,688
Total Treasury Bills	0.7%		\$ 39,688	\$ 39,688
Discount Commercial Paper				
Canadian Wheat Board, USD - January 21, 2004		1,525,000	1,994,312	1,966,350
Canadian Wheat Board, USD - January 23, 2004		250,000	332,615	322,790
Canadian Wheat Board, USD - February 23, 2004		700,000	920,938	902,336
Export Development Corporation, USD - January 15, 2004		1,100,000	1,436,828	1,419,986
Export Development Corporation, USD - February 19, 2004		810,000	1,054,952	1,044,435
Total Discount Commercial Paper	99.2%		5,739,645	5,655,897
	99.9%		5,779,333	5,695,585
Accrued interest	0.1%			6,233
TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO	100.0%		\$ 5,779,333	\$ 5,701,818

INVESTMENTS - MANAGED PORTFOLIO

Canadian Common Shares

Materials

Barrick Gold Corp.	0.4%	30,000	\$ 930,419	\$ 880,415
Total Canadian Common Shares	0.4%		\$ 930,419	\$ 880,415

United States Common Shares

Consumer Discretionary

Clear Channel Communications, Inc.		21,000	\$ 1,346,841	\$ 1,270,844
The Home Depot, Inc.		16,500	802,619	756,726
Viacom Inc., Class B		19,500	1,085,691	1,118,332
Wal-Mart Stores, Inc.		13,000	1,075,349	891,205
Total Consumer Discretionary	1.6%		4,310,500	4,037,107

Consumer Staples

Colgate-Palmolive Company		12,000	898,313	776,129
CVS Corporation		26,000	1,738,865	1,213,584
Total Consumer Staples	0.8%		2,637,178	1,989,713

Statement of Investments

December 31, 2003

(In Canadian dollars)

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
United States Common Shares (continued)				
Energy				
Baker Hughes Incorporated	0.4%	21,500	\$ 1,223,667	\$ 893,518
Financials				
American Express Company		20,000	1,245,351	1,246,511
American International Group Inc.		6,800	609,501	582,425
Citigroup Inc.		21,500	1,628,674	1,348,612
J.P. Morgan Chase & Co.		20,000	973,657	949,292
Merrill Lynch & Co.		18,000	1,297,962	1,364,236
Morgan Stanley		17,000	1,171,498	1,271,309
U.S. Bancorp		31,500	1,185,789	1,212,227
Total Financials	3.2%		8,112,432	7,974,612
Health Care				
AmerisourceBergen Corporation		10,000	846,202	725,602
Amgen Inc.		13,200	1,162,123	1,054,172
Pfizer Inc.		26,900	1,392,855	1,228,131
Wyeth		15,000	930,737	822,845
Total Health Care	1.5%		4,331,917	3,830,750
Industrials				
Cendant Corporation		45,500	1,196,579	1,309,424
General Electric Company		30,000	2,384,157	1,201,024
Illinois Tool Works		11,000	1,159,351	1,192,766
Tyco International Ltd.		35,000	903,655	1,198,568
Total Industrials	2.0%		5,643,742	4,901,782
Information Technology				
Adobe Systems Incorporated		17,500	994,005	888,750
Cisco Systems Inc.		44,000	1,263,729	1,381,112
Dell Computer Corporation		29,500	1,340,920	1,294,609
EMC Corporation		62,000	1,159,921	1,035,149
Intel Corporation		29,000	1,486,525	1,206,709
Microsoft Corporation		34,000	1,349,449	1,210,018
Oracle Corporation		72,000	1,218,212	1,228,161
Total Information Technology	3.3%		8,812,761	8,244,508
Materials				
Alcan Inc.		9,000	547,977	546,043
Alcoa Inc.		15,500	614,548	761,139
Total Materials	0.5%		1,162,525	1,307,182
Total United States Common Shares	13.3%		\$ 36,234,722	\$ 33,179,172

Statement of Investments

December 31, 2003

(In Canadian dollars)

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
Forward Exchange Contracts				
Sold USD \$3,300,000, Bought CAD \$4,528,115 @ 0.72878 - January 12, 2004				\$ 261,297
Sold USD \$3,348,000, Bought CAD \$4,392,894 @ 0.76214 - January 27, 2004				60,988
Bought USD \$3,089,000, Sold CAD \$4,065,811 @ 0.75975 - January 27, 2004				(69,020)
Sold USD \$2,962,000, Bought CAD \$3,901,116 @ 0.75927 - February 11, 2004				66,216
Sold USD \$1,704,000, Bought CAD \$2,223,237 @ 0.76645 - February 25, 2004				15,812
Sold USD \$2,193,000, Bought CAD \$2,940,388 @ 0.74582 - March 10, 2004				97,799
Total Forward Exchange Contracts	0.2%			\$ 433,092
	% of Portfolio	Number of Contracts	Proceeds	Market Value
OPTIONS				
Written Cash Covered Put Options (100 shares per contract)				
Apache Corporation - January 2004 @ \$80		100	\$ (17,048)	\$ (14,240)
Staples Inc. - January 2004 @ \$26		275	(28,563)	(5,979)
Total Written Cash Covered Put Options	0.0%		(45,611)	(20,219)
Written Covered Call Options (100 shares per contract)				
Alcoa Inc. - January 2004 @ \$35		78	(9,405)	(30,110)
AmerisourceBergen Corporation - January 2004 @ \$64		75	(17,765)	(601)
Amgen Inc. - January 2004 @ \$60		88	(17,554)	(24,286)
Baker Hughes Incorporated - January 2004 @ \$32		143	(14,077)	(12,652)
Barrick Gold Corp. - January 2004 @ \$22		225	(17,720)	(17,945)
Clear Channel Communications, Inc. - January 2004 @ \$45		52	(7,757)	(13,947)
Colgate-Palmolive Company - January 2004 @ \$53		120	(12,434)	(454)
CVS Corporation - January 2004 @ \$34		260	(27,372)	(79,562)
Pfizer Inc. - January 2004 @ \$35		202	(14,980)	(22,543)
The Home Depot, Inc. - January 2004 @ \$36		82	(6,863)	(7,946)
U.S. Bancorp - January 2004 @ \$29		315	(18,456)	(40,859)
Wal-Mart Stores, Inc. - January 2004 @ \$54		98	(8,955)	(8,864)
Total Written Covered Call Options	(0.1)%		(173,338)	(259,769)
TOTAL OPTIONS	(0.1)%		\$ (218,949)	\$ (279,988)
TOTAL INVESTMENTS - MANAGED PORTFOLIO	13.8 %		\$ 36,946,192	\$ 34,212,691

Statement of Investments

December 31, 2003

(In Canadian dollars)

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - FIXED PORTFOLIO				
Canadian Common Shares				
Energy				
Precision Drilling Corporation	3.9%	171,358	\$ 8,627,875	\$ 9,724,567
Health Care				
Biovail Corporation		213,532	9,139,169	5,959,678
QLT Inc.		192,855	5,237,942	4,724,947
Total Health Care	4.3%		14,377,111	10,684,625
Information Technology				
ATI Technologies Inc.		1,891,685	23,740,647	36,868,941
Celestica Inc.		419,739	36,832,097	8,210,095
Nortel Networks Corporation		565,052	8,201,567	3,102,135
Zarlink Semiconductor Inc.		968,179	29,190,597	4,240,624
Total Information Technology	21.1%		97,964,908	52,421,795
Materials				
Inco Limited	7.5%	359,267	9,035,565	18,556,141
Total Canadian Common Shares	36.8%		\$ 130,005,459	\$ 91,387,128
Forward Agreement (Note 5)	49.4%			122,455,485
TOTAL INVESTMENTS - FIXED PORTFOLIO	86.2%		\$ 130,005,459	\$ 213,842,613
TOTAL INVESTMENTS	100.0%		\$ 166,951,651	\$ 248,055,304
Short-Term Investments - Managed Portfolio				5,695,585
Other Assets Less Liabilities				(44,442,629)
NET ASSETS				\$ 209,308,260
TOTAL MANAGED PORTFOLIO			\$ 42,725,525	\$ 39,908,276
TOTAL FIXED PORTFOLIO			130,005,459	213,842,613
TOTAL INVESTMENT PORTFOLIO			\$ 172,730,984	\$ 253,750,889

Statements of Financial Highlights

Years ended December 31

(In Canadian dollars)

	2003	2002	2001	2000*
DATA PER UNIT				
Net Asset Value, Beginning of Year	\$ 20.48	\$ 21.46	\$ 23.02	\$ 23.59**
INCOME (LOSS) FROM INVESTMENT OPERATIONS				
Net investment loss	(0.44)	(0.36)	(0.28)	(0.03)
Net gain on investments and options	1.40	0.67	0.97	–
Total from Investment Operations	0.96	0.31	0.69	(0.03)
DISTRIBUTIONS TO UNITHOLDERS				
From net realized gain on sale of investments and options	–	–	–	(0.54)
Non-taxable distribution (Note 8)	(0.48)	(1.29)	(2.25)	–
Total distributions	(0.48)	(1.29)	(2.25)	(0.54)
Net Asset Value, End of Year	\$ 20.96	\$ 20.48	\$ 21.46	23.02
RATIOS/SUPPLEMENTAL DATA				
Total net assets, end of year (\$millions)	\$ 209.31	\$ 307.39	\$ 489.74	\$ 525.41
Average net assets (\$millions)	\$ 283.13	\$ 436.01	\$ 504.72	\$ 530.26
Management expense ratio	2.00%	2.06%	2.10%	1.85%***
Portfolio turnover rate	21.4%	24.0%	82.9%	11.9%
Annual rate of return	4.7%	1.4%	3.0%	N/A

* For the period from inception on October 4, 2000 to December 31, 2000.

** Net of agent fees.

***Annualized

1. Corporate Information

Pro-AMS U.S. Trust (operating as Mulvihill Pro-AMS U.S. Fund) (the "Fund") is an investment trust established under the laws of the Province of Ontario on September 27, 2000. The Fund began operations on October 4, 2000 and will terminate on January 4, 2011 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 Pro-AMS U.S. Fund.

2. Investment Objectives of the Fund

The Fund's investment objectives are (i) to return at least the original issue price of \$25.00 per unit to the unitholders upon termination of the Fund and (ii) to provide unitholders with a stable stream of monthly distributions. To achieve the first objective, the Fund has entered into a forward purchase and sale agreement (the "Forward Agreement") pursuant to which the counterparty will pay to the Fund an amount equal to the original issue price for each unit outstanding on the termination date in exchange for the Fund delivering to the counterparty certain equity securities which it purchased with approximately 55 percent of the gross proceeds from the initial offering of units (the "Fixed Portfolio"). The balance of the net proceeds of the initial offering has been invested in a diversified portfolio (the "Managed Portfolio") consisting principally of equity securities of companies with a market capitalization in excess of U.S. \$5.0 billion selected from the S&P 500 Index.

To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the securities in the Managed Portfolio. In addition, the Fund may write cash covered put options in respect of 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 are presented in Canadian dollars and 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 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.

The value of a forward contract (including the Forward Agreement) shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the forward contract, as the case may be, were to be closed out. The valuation of the Forward Agreement may be postponed for up to five business days if trading in the shares of an issuer in the Fixed Portfolio is suspended from trading at such time.

Investment transactions and income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation (depreciation) of investments, options and foreign currency are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

- (i) Expiration of written options whereby realized gains are equivalent to the premium received;
- (ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option; and
- (iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in gain (loss) on sale of investments and options.

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 change in unrealized appreciation (depreciation) of investments, options and foreign currency. Premiums received on put options that are exercised are included in the cost of the security purchased.

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. Forward Agreement

The Fund has entered into a Forward Agreement with Royal Bank of Canada ("RBC") pursuant to which RBC will pay the Fund an amount equal to \$25.00 for each unit outstanding on the termination date in exchange for the Fund delivering to RBC the equity securities included in the Fixed Portfolio.

Securities in the Fixed Portfolio have been pledged to RBC as security for the obligations of the Fund under the Forward Agreement. The Forward Agreement is a direct obligation of RBC, a company with a credit rating of Moody's-Aa2 and DBRS-AA (low). The Forward Agreement may be physically or cash settled at the option of the Fund. In order to permit the Fund to fund periodic redemptions of units, the Forward Agreement may be settled in whole or in part in respect of any valuation date by the Fund tendering to RBC securities of the Fixed Portfolio at a price equal to the current market value of the tendered securities and the value of the portion of the Forward Agreement attributable to such securities.

In entering into the Forward Agreement, the Fund will be exposed to the credit risk associated with the counterparty (RBC) and as well as the risk that the counterparty (RBC) will not satisfy its obligations under the Forward Agreement on a timely basis or at all. Since, depending upon the performance of the Fixed Portfolio, the mark-to-market value of the Forward Agreement may represent a significant portion of the value of the assets of the Fund, the Fund's exposure to the credit risk associated with the counterparty (RBC) is significant.

The Fund's NAV may be highly sensitive to interest rate fluctuations because the value of the Forward Agreement will fluctuate based on interest rates. In addition, any decrease in the NAV of the Fund resulting from an increase in interest rates may also negatively affect the market price of the Units. Unitholders who wish to redeem or sell their Units prior to the Termination Date will therefore be exposed to the risk that NAV per Unit or the market price of the Units will be negatively affected by interest rate fluctuations. The remaining term to maturity of the forward agreement is 7 years.

A yearly fee of 0.465 percent (0.538 percent until October 31, 2002) is payable by the Fund on the guaranteed value of the Forward Agreement. Fees are accrued and payable every quarter.

6. 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 asset 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:

	2003	2002
Units outstanding, beginning of year	15,007,420	22,820,753
Units redeemed	(4,801,076)	(7,813,333)
Units purchased for cancellation	(219,200)	-
Units outstanding, end of year	9,987,144	15,007,420

Under the terms of the Fund's normal course issuer bid that was renewed in June 2003, the Fund proposes to purchase, if considered advisable, up to a maximum of 1,331,327 units (2002 - 2,158,330 units), 10 percent of its public float as determined in accordance with the rules of the Toronto Stock Exchange. Purchases would be made in the open market through the facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of June 26, 2004

or until the Fund has purchased the maximum number of units permitted under the bid. As at December 31, 2003, 219,200 units (2002 - 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 Investor Relations at: Mulvihill Pro-AMS U.S. Fund, Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario M5H 3T9.

7. 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.

The Investment Manager voluntarily agreed to defer payment of a portion its management fees during the year. Management fees were paid at an annual rate of 0.51 percent of the Fund's net asset value from May 2002 and then at 0.50 percent from October 2002. These deferrals in the management fees represent a decrease 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 anytime to require payment of its full investment management fees and all or any portion of those in arrears.

8. Distributions

The Fund endeavours to make monthly cash distributions to unitholders of net income and net realized capital gains and option premiums on the last day of each month in each year.

The non-taxable distributions received by unitholders reduce the adjusted cost base of the unit for tax purposes.

9. 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 2003 or 2002.

Accumulated non-capital losses of approximately \$21.2 million (2002 - \$20.4 million) and capital losses of approximately \$69.8 million (2002 - \$80.1 million) are available for utilization against net investment income and realized gain on sales of investments, respectively, in future years. The non-capital losses have expiration dates extending to 2010 and capital losses can be carried forward indefinitely.

Issue costs of approximately \$11.3 million (2002 - \$17.7 million) remain undeducted for tax purposes at year end.

10. Commission Charges

Total commissions paid in 2003 in connection with portfolio transactions were \$99,751 (2002 - \$249,930).

11. Comparative Figures

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

12. Financial Instruments and Risk Management

The Fund's financial statements consist of cash, investments, and certain derivative contracts (options, forward exchange contracts and forward agreement).

Risks of these contracts arise from the potential inability of the counterparties to meet the terms of their contracts and from future movement in currency, stock values and interest rates. The maximum credit risk exposure is the aggregate of all contracts with a positive value as disclosed on the statement of investments. The Fund manages these risks through the use of various risk limits and trading strategies.

Investments and derivative contracts are carried at fair market values. Other instruments are carried at cost, which approximates fair value.

Refer to Note 5 for the interest rate and credit risks relating to the Forward Agreement.

13. 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.

Mulvihill Capital Management Inc.

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than \$3.3 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	\$ 20.81	\$ 18.79
Mulvihill Pro-AMS RSP Fund	PR.UN	\$ 19.78	\$ 18.15
Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund	PRC.UN	\$ 20.70	\$ 17.45
Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund	PRU.U	\$ 19.90 USD	\$ 15.40 USD
Mulvihill Pro-AMS RSP Split Share Fund	SPL.A/SPL.B	\$ 9.50/\$ 17.24	\$ 7.78/\$ 14.30
MULVIHILL PREMIUM			
Mulvihill Premium Canadian Fund	FPI.UN	\$ 20.55	\$ 17.70
Mulvihill Premium U.S. Fund	FPU.UN	\$ 14.25	\$ 12.36
Mulvihill Premium Oil & Gas Fund	FPG.UN	\$ 9.50	\$ 8.13
Mulvihill Premium 60 Plus Fund	SIX.UN	\$ 20.60	\$ 17.91
Mulvihill Premium Global Plus Fund	GIP.UN	\$ 13.89	\$ 11.82
Mulvihill Premium Canadian Bank Fund	PIC.A/PIC.PR.A	\$ 12.65/\$ 17.00	\$ 9.22/\$ 15.00
Mulvihill Premium Split Share Fund	MUH.A/MUH.PR.A	\$ 11.19/\$ 16.00	\$ 7.71/\$ 15.00
Mulvihill Premium Global Telecom Fund	GT.A/GT.PR.A	\$ 2.35/\$ 11.66	\$ 1.00/\$ 9.60
MULVIHILL SUMMIT			
Mulvihill Summit Digital World Fund	DWT.UN	\$ 4.00	\$ 3.25

Mulvihill Pro-AMS U.S. Fund [PAM.UN]

Board of Advisors

John P. Mulvihill
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Mulvihill Capital Management Inc.

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Mulvihill Capital Management Inc.

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Corporate Director

Robert W. Korthals
Corporate Director

C. Edward Medland
President, Beauwood Investments Inc.

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PAM.UN

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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 Canadian Income Fund
Premium Global Income Fund

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