Mulvihill Structured Products

Mulvihill

Hybrid Income Funds

Annual Report 2005

Mulvihill Pro-AMS *RSP Split Share Fund*

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Message to Shareholders

For the year ended December 31, 2005, the net asset value of the Fund was $24.27 per unit compared to $23.45 per unit at December 31, 2004. The Fund's Class A shares, listed on the Toronto Stock Exchange as SPL.A, closed on December 30, 2005 at $9.86 per share, while Class B shares, listed as SPL.B, closed at $13.49. Each unit consists of one Class A share and one Class B share together.

Distributions totalling $0.65 were made to Class A shareholders during the year. In accordance with the terms of the original prospectus and rating covenants to protect the net asset value of the Class A shares, the distributions on Class B shares were suspended effective January 2005.

The S&P/TSX Composite Index rose 24.1 percent during the year, outperforming the S&P 500 Index which rose 4.9 percent in U.S. dollar terms, but only 1.6 percent in Canadian dollar terms. While the S&P 500 Index returns in healthcare, consumer staples, and information technology beat the outright declines of their S&P/TSX counterparts, the S&P/TSX Index easily outperformed the S&P 500 Index in the other seven sectors. Although industry sector performance for the most part differed in the two countries, the energy and utility sectors were strong and outperformed in both markets.

The U.S. dollar was strong against major world currencies but underperformed the Canadian dollar, which was buoyed by strong commodity prices, particularly oil. The Fund actively hedged its U.S. dollar exposure during the year and finished the year with its U.S. exposure fully hedged against fluctuations in the exchange rate for Canadian dollars.

The one year compound total return for the Fund, including reinvestment of distributions, was 6.3 percent. This return is reflective of a balanced portfolio comprised of fixed income, Canadian and U.S. equities. As the Fund approaches maturity, the fixed portfolios will become an increasing portion of the total Fund and currently represent over 70 percent of the overall portfolio. Over 60 percent of the managed portfolio is invested in Canadian equities with the balance in U.S. equities.

The fixed portfolios net asset value rose during the year due to declining long term interest rates as well as the portfolio's decreasing time to maturity.

The managed portfolio net asset value declined during the year due to distributions as well as sinking fund contributions to the Class A fixed portfolio. Excluding these factors, the managed portfolio had a small positive return. The managed portfolio benefited from its exposure to the energy sector, which was overweighed for part of the year. An overweight position in information technology was less rewarding, however, and an underweight position in utilities limited the benefit of that sector's rise during the year. Income was generated from covered call option writing as well as long exposure to the market.

A summary of the Fund's investments is included with the financial statements in this annual report. We would like to take this opportunity to thank each of the Fund's shareholders for their continued support.

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

Management Report on Fund Performance

This Management Report on Fund Performance has been prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure) which became effective June 2005. This report contains the financial highlights of Mulvihill Pro-AMS Split Share Fund (the "Fund") for the year ended December 31, 2005. The annual financial statements of the Fund are also attached behind this report.

Securityholders may also contact us to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost, by calling toll free 1-800-725-7172, 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.

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.

Investment Objectives and Strategies

The Fund's investment objectives with respect to the Class A Shares are to provide them with fixed cumulative preferential monthly cash distributions in the amount of $0.05417 per Class A Share (6.5 percent per annum), and to pay such holders $10.00 for each Class A Share held upon termination of the Fund on December 31, 2013.

The Fund's original investment objectives were to pay monthly distributions and to return the original issue price of $20.00 to Class B shareholders on the termination date of December 31, 2013. To provide holders of Class B shares with the balance of the value of the Fund's managed portfolio after paying holders of Class A shares $10.00 per Class A shares plus any distributions in arrears. To provide greater certainty to the principal repayment objective, the Fund has suspended payment of monthly distributions to Class B shares.

To provide the Fund with the means to return the original issue price of the Class A Shares on termination, the Fund has entered into a 'Class A Forward Agreement' with the Royal Bank of Canada ("RBC"), whereby the Fund contributes, every six months (commencing on September 30, 2002) an amount targeted to be a minimum of $0.43 per Class A Share, to an account used to acquire Canadian equity securities. The Fund will not enter into additional Class A Forward Agreements at such time as the forward value under the Class A Share Forward Agreements on the Termination Date equals the Class A Share issue price ($10.00) multiplied by the number of Class A Shares outstanding.

To provide the Fund with the means to return the original issue price of the Class B Shares on termination, the Fund has entered into a 'Class B Forward Agreement' with RBC. Pursuant to the agreement, RBC will pay the Fund an amount equal to $20.00 for each Class B Share outstanding on the Termination Date in exchange for the Fund delivering to RBC, equity securities which the Fund has acquired with approximately 50 percent of the proceeds of the Class B Shares.

The Fund achieves its investment objectives, by investing the balance of the net assets in a diversified portfolio consisting principally of Canadian and U.S. equity securities that are listed on a major North American stock exchange. In addition, the issuers of such securities must have a market capitalization in excess of U.S. $5.0 billion if listed solely in the United States or a market capitalization in excess of CDN $1.0 billion if listed solely in Canada.

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.

Risk

The Fund is comprised of a fixed portfolio, which contains forward agreements, as well a managed portfolio, which holds a diversified portfolio of securities consisting mainly of large capitalization Canadian and U.S. equities. Investors should be aware that the primary risks associated with the Fund are interest rate risk, exposure to Canadian and U.S. equity markets, the level of option volatility realized in undertaking the writing of covered call options and the impact of foreign exchange fluctuations on the value of the Fund's non-Canadian holdings.

The forward agreements in the fixed portfolio fluctuate in value with changes in interest rates. As the Fund approaches maturity, the fixed portfolios become an increasing proportion of the Fund. Over the past year, the fixed portfolios increased from approximately 64 percent to approximately 70 percent of the total Fund. This had the effect of increasing the sensitivity of the total Fund to interest rate changes.

The managed portfolio decreased in absolute terms over the year as well as in proportion to the total Fund. This resulted in reduced overall equity exposure to the Fund. As well, since one of the Fund's current objectives is to provide Class A shareholders with monthly cash distributions, the reduced managed portfolio increased the hurdle rate required to achieve the Fund's distribution and operating income requirements.

In order to generate income, the Fund writes covered call options in respect of all or part of the securities in the managed portfolio. During the course of this year, volatility reached multi-year lows which resulted in the Fund having to write options on a greater portion of the managed portfolio in order to generate distributable income. Due to this low volatility as well as a more positive view on the equity market, the Fund increased its investment position providing greater income generating capabilities. This increased equity exposure within the managed portfolio was, however, more than offset by the reduction of the size of the managed portfolio in relation to the total Fund. As a result, total equity exposure of the Fund was reduced during the year.

Due to a more favourable view on the Canadian market, U.S. equity holdings were reduced from close to 60 percent of managed equity holdings at the beginning of the year to less than 40 percent at the end of the year. This had the effect of reducing foreign exchange risk. Also, the Fund actively hedged its U.S. dollar exposure during the year which mitigated the impact of the U.S. dollar decline versus its Canadian counterpart. The Fund finished the year with its U.S. exposure fully hedged against fluctuations in the exchange rate for Canadian dollars.

The Fund paid distributions on the Class B shares at a rate of 8.5 percent on the shares' original issue price from inception to July 2004, and at a rate of 3.6 percent from August 2004 to December 2004. Effective January 2005, the value of the managed portfolio fell below the threshold level required to maintain these distributions. Therefore, in accordance with the terms of the original prospectus and rating covenants to protect the net asset value of the Class A shares, the distributions on Class B shares were suspended.

Overall, due to the combination of factors described above, the overall level of risk to Class A shareholders remains essentially unchanged. The risk profile of Class B shareholders has increased since their distributions have been suspended. However, the forward agreement protecting the principal investment of Class B shareholders remains in place.

Summary of Investment Portfolio

The summary of investment 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

December 31, 2005

	% of Net Assets*		% of Net Assets*		% of Net Assets*
Fixed Portfolio - Class B	59%	Industrials	3%	Consumer Staples	1%
Fixed Portfolio - Class A	15%	Information Technology	3%	Telecommunication Services	1%
Financials	8%	Cash and Short-Term Investments	2%	Other Net Assets (Liabilities)	(5)%
Energy	6%	Health Care	2%		
Materials	4%	Consumer Discretionary	1%		

* The Net Assets excludes the Preferred share liability.

Top 25 Holdings

	% of Net Assets*		% of Net Assets*		% of Net Assets*
Managed Portfolio		• Barrick Gold Corp.	1.2%	• Exxon Mobil Corporation	0.9%
• Cash and Short-Term Investments	2.4%	• Nortel Networks Corporation	1.1%	• Amgen Inc.	0.9%
• Suncor Energy Inc.	1.8%	• TELUS Corporation	1.1%	**Fixed Portfolio - Class A**	
• Hewlett-Packard Company	1.6%	• Enbridge Inc.	1.1%	• Securities Pledged as Collateral	
• The Toronto Dominion Bank	1.5%	• Hartford Financial Services Group Inc.	1.0%	for Forward Agreement	10.9%
• Rogers Communications Inc., Class B	1.4%	• Intel Corporation	1.0%	• Forward Agreement	4.3%
• PepsiCo Inc.	1.2%	• Canadian National Railway Company	1.0%	**Fixed Portfolio - Class B**	
• Inco Limited	1.2%	• The Goldman Sachs Group, Inc.	1.0%	• Securities Pledged as Collateral	
• Royal Bank of Canada	1.2%	• General Electric Company	1.0%	for Forward Agreement	38.9%
• Petro-Canada	1.2%	• Citigroup Inc.	1.0%	• Forward Agreement	19.6%

* The Net Assets excludes the Preferred share liability.

Distribution History

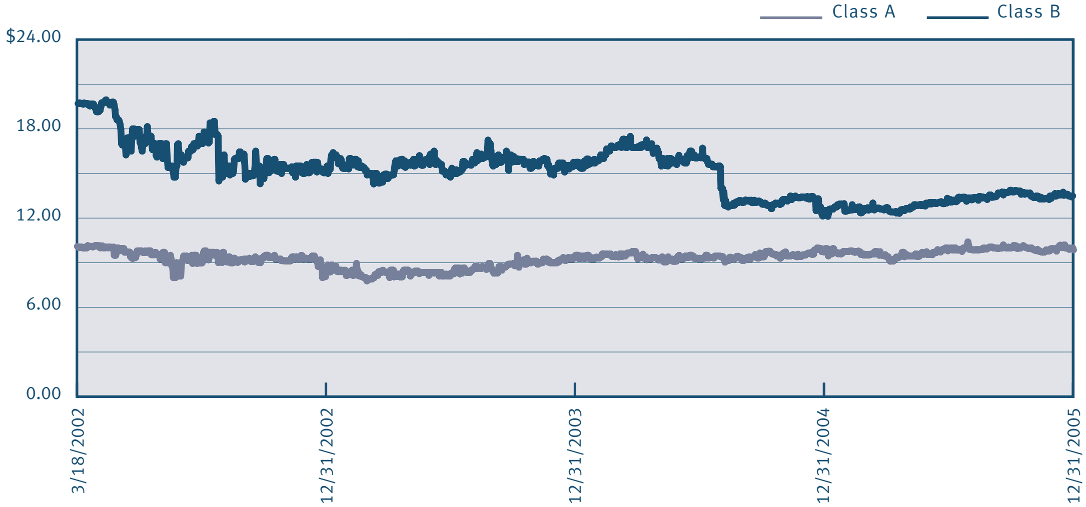
INCEPTION DATE: MARCH 2002	CLASS A DISTRIBUTION	CLASS B DISTRIBUTION	TOTAL DISTRIBUTION
Total for 2002	$ 0.51024	$ 1.33558	$ 1.84582
Total for 2003	0.65004	1.70004	2.35008
Total for 2004	0.65004	1.29169	1.94173
Total for 2005	0.65004	0.00000(1)	0.65004
Total Distributions to Date	$ 2.46036	$ 4.32731	$ 6.78767

(1) Distributions to Class B shares were suspended effective January 2005.

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

Trading History

March 18, 2002 to December 31, 2005



Results of Operations

For the year ended December 31, 2005, the net asset value of the Fund was $24.27 per unit compared to $23.45 per unit at December 31, 2004. The Fund's Class A shares, listed on the Toronto Stock Exchange as SPL.A, closed on December 30, 2005 at $9.86 per share, while Class B shares, listed as SPL.B, closed at $13.49. Each unit consists of one Class A share and one Class B share together.

Distributions totalling $0.65 were made to Class A shareholders during the year. In accordance with the terms of the original prospectus and rating covenants to protect the net asset value of the Class A shares, the distributions on Class B shares were suspended effective January 2005.

Volatility was low throughout the period, but remained sufficient to maintain option writing programs. However, due to this low volatility, as well as a more positive view on equity markets, the Fund increased its investment position in the managed portfolio, thereby providing greater income generating capabilities.

The S&P/TSX Composite Index rose 24.1 percent during the year, outperforming the S&P 500 Index which rose 4.9 percent in U.S. dollar terms, but only 1.6 percent in Canadian dollar terms. While the S&P 500 Index returns in healthcare, consumer staples, and information technology beat the outright declines of their S&P/TSX Composite Index counterparts, the S&P/TSX Index easily outperformed the S&P 500 Index in the other seven sectors. Although industry sector performance for the most part differed in the two countries, the energy and utility sectors were strong and outperformed in both markets.

The U.S. dollar was strong against major world currencies, but underperformed the Canadian dollar, which was buoyed by strong commodity prices, particularly oil. The Fund actively hedged its U.S. dollar exposure during the year and finished the year with its U.S. exposure fully hedged against fluctuations in the exchange rate for Canadian dollars.

The one year compound total return for the Fund, including reinvestment of distributions, was 6.3 percent. This return is reflective of a balanced portfolio comprised of fixed income, Canadian and U.S. equities. As the Fund approaches maturity, the fixed portfolios will become an increasing portion of the total Fund and currently represent over 70 percent of the overall portfolio. Over 60 percent of the managed portfolio is invested in Canadian equities with the balance in U.S. equities.

The fixed portfolios net asset value rose during the year due to declining long term interest rates as well as the portfolio's decreasing time to maturity.

The managed portfolio net asset value declined during the year due to distributions as well as sinking fund contributions to the Class A fixed portfolio. Excluding these factors, the managed portfolio had a small positive return. The managed portfolio benefited from its exposure to the energy sector, which was overweighed for part of the year. An overweight position in information technology was less rewarding, however, and an underweight position in utilities limited the benefit of that sector's rise during the year. Income was generated from covered call option writing as well as long exposure to the market.

During the year, 994,998 units were redeemed by the Fund. The Fund facilitated these redemptions by selling equities from the managed portfolio and unwinding a portion of the forward agreements. These activities had no material impact 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 4 years. This information is derived from the Fund's audited annual financial statements.

Years ended December 31

	2005	2004	2003	2002[4]
THE FUND'S NET ASSET VALUE PER UNIT				
Net Asset Value, beginning of year[1]	**$ 23.45**	$ 24.17	$ 24.90	$ 28.40[5]
INCREASE (DECREASE) FROM OPERATIONS				
Total revenue	**0.07**	(0.05)	0.09	0.24
Total expenses	**(0.52)**	(0.59)	(0.52)	(0.49)
Realized gains (losses) for the period	**3.66**	1.51	(1.20)	(0.93)
Unrealized gains (losses) for the period	**(1.84)**	0.34	3.25	(0.49)
Total Increase (Decrease) from Operations[2]	**1.37**	**1.21**	**1.62**	**(1.67)**
DISTRIBUTIONS				
From taxable income	**(0.05)**	–	–	–
From capital gains	**(0.44)**	–	–	–
Non-taxable distributions	**(0.16)**	(1.94)	(2.35)	(1.85)
Total Annual Distributions[3]	**(0.65)**	**(1.94)**	**(2.35)**	**(1.85)**
Net Asset Value, as at December 31[1]	**$ 24.27**	**$ 23.45**	**$ 24.17**	**$ 24.90**

(1) 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 excluding Redeemable Class A shares of the Fund on that date divided by the number of units then outstanding.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), less expenses, excluding Class A share distributions, and is calculated based on the weighted average number of units outstanding during the year. The schedule is not intended to total to the ending net asset value as calculations are based on the weighted average number of units outstanding during the year.
(3) Distributions to shareholders are based on the number of shares outstanding on the record date for each distribution and were paid in cash.
(4) For the period from inception on March 18, 2002 to December 31, 2002.
(5) Net of agent fees.

RATIOS/SUPPLEMENTAL DATA

	2005	2004	2003	2002
Net Assets, excluding liability for Redeemable Class A Shares	**$ 41.87**	$ 63.79	$ 81.55	$ 85.18
Net Assets ($millions)[1]	**$ 24.62**	$ 36.59	$ 47.81	$ 50.96
Number of units outstanding[1]	**1,725,223**	2,720,221	3,373,990	3,421,390
Management expense ratio[2]	**2.17%**	2.49%	2.15%	2.38%
Portfolio turnover rate[3]	**114.28%**	58.64%	70.71%	61.00%
Trading expense ratio[4]	**0.09%**	0.09%	0.14%	0.19%
Closing market price - Class B	**$ 13.49**	$ 12.60	$ 15.70	$ 15.35
Closing market price - Class A	**$ 9.86**	$ 9.60	$ 9.20	$ 9.13

(1) This information is provided as at December 31.
(2) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes and capital taxes but excluding income taxes and Class A share distributions, charged to the Fund to average net assets, excluding the liability for the Redeemable Class A shares. The management expense ratio for 2004 includes the special resolution expense. The management expense ratio excluding the special resolution expense is 2.24%. The management expense ratio for 2002 is annualized.
(3) 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. The Fund employs an option overlay strategy which can result in higher portfolio turnover by virtue of option exercises, when compared to a conventional equity mutual fund.
(4) Trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets during the period.

Management Fees

Mulvihill Capital Management ("MCM") is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.10 percent of the net assets of the Fund at each month end, excluding the Redeemable Class A shares liability. 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 0.40 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 year were paid at an annual rate of 0.40 percent of the Fund's net asset value. Services received under the Investment Management Agreement include the making of all investment decisions for the Fund, including writing covered call options for the Fund, all in accordance with the investment objectives, strategy and criteria of the Fund, decisions as to the purchase and sale of securities comprising the portfolio and as to the execution of all portfolio and other transactions are made by MCM.

Mulvihill Fund Services is entitled to fees under the Management Agreement calculated monthly as 1/12 of 0.10 percent of the net assets of the Fund at each month end, including the Redeemable Class A shares. Services received under the Management Agreement include providing for or arranging for required administrative services to the Fund.

Recent Developments

With the monetary authorities in Canada and the U.S. raising short term interest rates during the year, yield curves flattened in both countries. Although the Federal Reserve in the U.S. appears to be approaching the end of its tightening phase, there still exists the potential for further curve flattening and even yield curve inversion from additional short term rate increases. Alternatively, additional short term interest rate increases could negatively impact longer term bank yields and actually result in a steepening of the yield curve. This may suggest potential for an economic slowdown in the U.S. later in 2006.

There was also a large move in the interest rate differential between Canadian government bonds and U.S. Treasury securities, with Canadian interest rates now trading at a discount to U.S. rates across the yield curve. Given the strong prospects for the Canadian dollar, there will likely be continuing interest in Canadian bonds from offshore investors, providing support for bond values and low yields. This trend bodes well for the valuation of the forward agreements, while any increase in rates would have the opposite effect.

Oil and gas prices reached record levels during 2005. This, along with the strength in other commodity prices such as gold and base metals, led to the outperformance of the resource based Canadian benchmark equity index over the U.S. indices. A new tax proposal ending double taxation of dividends was also positive for the Canadian market. With strong demand from India and China, strength in commodity prices should continue, though perhaps not to the same extent as in 2005. Rising corporate profits from the three largest sectors, energy, materials and financials, should be supportive of Canadian equities in 2006. Risks to the market include rising interest rates, increased labor costs as well as high input prices potentially squeezing margins.

U.S. equities lagged international markets and were relatively unchanged in 2005 as a result of monetary tightening, elevated energy costs and slowing corporate profit growth. Heading into 2006, many of these themes are still present. However, with the Federal Reserve approaching the end of its tightening phase, an easier monetary policy should be positive for equity markets. Reasonable valuations as well as strong corporate cash flow should also be supportive. Major risks include the high level of oil prices as well as a potential slowing in house price inflation, both of which may crimp consumer spending.

Past Performance

The past performance of the Fund is set out below and illustrates year-by-year returns, overall past performance and annual compound returns.

With respect to the charts displayed below, please note the following:

(a) the performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund at the time of payment. This reinvestment assumption results in a compounding effect on the calculated rate of return;

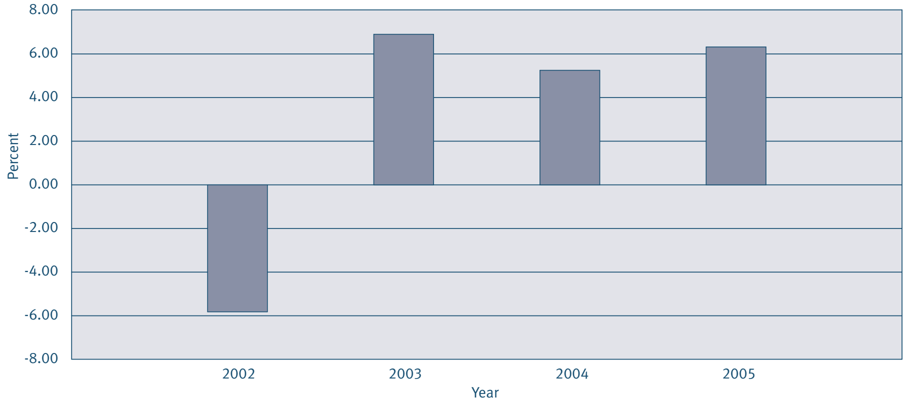
(b) the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and

(c) past performance of the Fund does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart below shows the Fund's annual total return in each of the past four years. It illustrates that the Fund's performance has varied from year to year. This chart also shows, in percentage terms, how much an investment made on January 1 in each year (or the date of inception in 2002) would have grown or decreased by December 31 in that fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound total return for the periods ended December 31 as compared to the performance of the S&P/TSX Composite Index, S&P 500 Index and Scotia McLeod Universal Bond Index.

(In Canadian Dollars)	One Year	Three Years	Since Inception*
Mulvihill Pro-AMS RSP Split Share Fund	**6.32%**	6.15%	3.03%
Mulvihill Pro-AMS RSP Split Share Fund – Class A	**6.70%**	6.70%	6.27%
Mulvihill Pro-AMS RSP Split Share Fund – Class B	**6.08%**	5.78%	1.06%

Included below, to meet regulatory requirements, is the performance of three broad based market indices. The performance of the Fund is not intended to match that of the market indices as the investment objective of the Fund is to return the original issue price to shareholders upon termination of the Fund.

S&P/TSX Composite Index**	**24.13%**	21.66%	11.13%
S&P 500 Index***	**1.62%**	3.38%	(4.24)%
Scotia McLeod Universal Bond Index****	**6.46%**	6.77%	7.43%

* From date of inception on March 18, 2002.
** The S&P/TSX Composite Index is a capitalization-weighted index designed to measure the market activity of stocks listed on the TSX.
*** The S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure the performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
**** Scotia McLeod Universal Bond Index is designed to measure the performance of the Canadian fixed income market.

The accompanying equity performance benchmarks are included for reference purposes to provide shareholders with information as to the sensitivity of this Fund's returns relative to public market equity indices. The specific universe of stocks in which the Fund may invest in has been limited by the prospectus offering and will not exactly match the index compositions. The benchmark indices have been included for comparison purposes as they represent the closest "publicly available" market proxies.

In addition, however, shareholders are reminded that the Fund's investment objectives are not to match or exceed the returns of an equity index but to pay out monthly distributions and return the original investment amount at the termination of the Fund. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employ a covered option writing strategy to generate the distributions. These strategies will change the return profile of an investment portfolio under differing market conditions when compared to a fully invested conventional equity portfolio.

For example, during periods of strongly rising markets, this approach will tend to under-perform a comparable equity benchmark as the Fund is not fully invested and writing covered calls generally limits portfolio performance to the option premium received. In negative market environments, however, the reverse is true, as defensive cash balances help to protect the net asset value and covered option writing will provide out-performance relative to a stock only portfolio.

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 February 26, 2002.

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated February 26, 2002, 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.

Management's Responsibility for Financial Reporting

The accompanying financial statements of Mulvihill Pro-AMS RSP Split Share Corp. (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 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 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 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
Director
Mulvihill Fund Services Inc.
February 28, 2006

Sheila S. Szela
Director
Mulvihill Fund Services Inc.

To the Shareholders of Mulvihill Pro-AMS RSP Split Share Fund

We have audited the accompanying statement of investments of Mulvihill Pro-AMS RSP Split Share Corp. (the "Fund") as at December 31, 2005, the statements of financial position as at December 31, 2005 and 2004, and the statements of operations and deficit, of changes in net assets, and of changes in investments for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund and its investments as at the dates indicated above, and the results of its operations, the changes in its net assets, and the changes in its investments for the years indicated above in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Toronto, Ontario
February 28, 2006

Statements of Financial Position

December 31, 2005 and 2004

		2005		2004
ASSETS				
Investments - Class A Share Fixed portfolio at market value (cost - $5,908,111; 2004 - $7,865,000) (Note 4)	$	**6,369,169**	$	7,004,457
Investments - Class B Share Fixed portfolio at market value (cost - $18,674,597; 2004 - $23,539,042) (Note 4)		**24,479,306**		35,629,127
Investments - Managed portfolio at market value (cost - $12,223,337; 2004 - $18,814,144)		**12,115,179**		18,135,710
Short-term investments - Managed portfolio (cost - $988,183; 2004 - $6,059,855)		**987,978**		6,050,294
Cash		**3,298**		37,145
Dividends receivable		**21,106**		21,725
Interest receivable		**3,922**		26,908
Due from brokers – investments		**668,299**		294,418
Due from brokers – derivatives		**5,721,663**		6,495,554
TOTAL ASSETS	$	**50,369,920**	$	**73,695,338**
LIABILITIES				
Redemptions payable	$	**7,836,930**	$	9,598,424
Accrued management fees (Note 6)		**570,746**		210,740
Accounts payable and accrued liabilities		**14,525**		60,580
Accrued forward agreement fees		**78,247**		15,149
Futures margin payable		**–**		12,920
Due to brokers – derivatives		**116**		5,622
Redeemable Class A shares (Note 5)		**17,252,230**		27,202,210
		25,752,794		**37,105,645**
EQUITY				
Class B and Class J shares (Note 5)		**40,333,236**		53,996,102
Deficit		**(15,716,110)**		(17,406,409)
		24,617,126		**36,589,693**
TOTAL LIABILITIES AND EQUITY	$	**50,369,920**	$	**73,695,338**
Number of Units Outstanding		**1,725,223**		**2,720,221**
Net Asset Value per Unit				
Class A Share	$	**10.0000**	$	10.0000
Class B Share		**14.2690**		13.4510
	$	**24.2690**	$	**23.4510**

On Behalf of the Board of Directors,

John P. Mulvihill, Director

Robert W. Korthals, Director

Statements of Operations and Deficit

Years ended December 31, 2005 and 2004

	2005	2004
REVENUE		
Dividends	$ 250,891	$ 428,518
Interest, net of foreign exchange	(59,254)	(553,441)
Withholding taxes	(16,000)	(46,285)
	175,637	(171,208)
Net realized gains (losses) on investments	(1,164,510)	551,651
Net realized gains on derivatives	9,763,315	4,461,487
Net realized losses on short-term investments	(3,019)	(3,156)
Total Net Realized Gains	8,595,786	5,009,982
TOTAL REVENUE	8,771,423	4,838,774
EXPENSES (Note 6)		
Management fees	669,240	941,387
Forward agreements fees (Note 4)	297,042	393,392
Service fees	–	107,560
Administrative and other expenses	87,396	110,128
Custodian fees	46,218	44,787
Audit fees	19,899	21,250
Director fees	20,168	21,371
Legal fees	3,447	4,108
Shareholder reporting costs	30,371	35,494
Capital tax	(9,000)	9,000
Goods and services tax	60,296	81,430
TOTAL EXPENSES	1,225,077	1,769,907
Net Realized Income before Special Resolution Expense and Distributions	7,546,346	3,068,867
Special resolution expense	–	(200,478)
Net Realized Income before Distributions	7,546,346	2,868,389
Class A distributions (Note 7)	(1,507,434)	(2,160,263)
Net Realized Income	6,038,912	708,126
Change in unrealized appreciation/depreciation of investments	(4,393,501)	1,133,170
Change in unrealized depreciation of short-term investments	44,888	6,399
Total Change in Unrealized Appreciation/Depreciation	(4,348,613)	1,139,569
NET INCOME FOR THE YEAR	$ 1,690,299	$ 1,847,695
NET INCOME PER CLASS B SHARE (based on average number of Class B shares outstanding during the year of 2,348,671; 2004 - 3,323,260)	$ 0.7197	$ 0.5560
DEFICIT		
Balance, beginning of period	$ (17,406,409)	$ (14,932,468)
Net income for the period	1,690,299	1,847,695
Distributions on Class B shares	–	(4,321,636)
BALANCE, END OF PERIOD	$ (15,716,110)	$ (17,406,409)

Statements of Changes in Net Assets

Years ended December 31, 2005 and 2004

	2005	2004
NET ASSETS, BEGINNING OF YEAR	**$ 36,589,693**	**$ 47,808,424**
Net Realized Income before Distributions	**7,546,346**	**2,868,389**
Class B Share Transactions		
Amount paid for shares redeemed	**(13,662,866)**	**(8,744,790)**
Distributions		
Class A shares (Note 7)	**(1,507,434)**	(2,160,263)
Class B shares	**–**	(4,321,636)
	(1,507,434)	**(6,481,899)**
Change in Unrealized Appreciation/Depreciation of Investments	**(4,348,613)**	**1,139,569**
Changes in Net Assets during the Year	**(11,972,567)**	**(11,218,731)**
NET ASSETS, END OF YEAR	**$ 24,617,126**	**$ 36,589,693**

The statement of changes in net assets excludes cash flows pertaining to the Class A shares as they are reflected as liabilities. During the year amounts paid for the redemption of 994,998 (2004 - 653,769) Class A shares totalled $9,949,980 (2004 – $6,537,690).

Statements of Changes in Investments

Years ended December 31, 2005 and 2004

	2005	2004
INVESTMENTS AT MARKET VALUE, BEGINNING OF YEAR	**$ 60,769,294**	**$ 77,940,573**
Unrealized Appreciation of Investments, Beginning of the Year	**(10,551,108)**	**(9,405,018)**
Investments at Cost, Beginning of the Year	**50,218,186**	**68,535,555**
Cost of Investments Purchased during the Year	**42,232,684**	**30,206,686**
Cost of Investments Sold during the Year		
Proceeds from sales	**64,243,630**	53,537,193
Net realized gain on sales	**8,598,805**	5,013,138
	55,644,825	**48,524,055**
Investments at Cost, End of the Year	**36,806,045**	**50,218,186**
Unrealized Appreciation of Investments, End of the Year	**6,157,609**	**10,551,108**
INVESTMENTS AT MARKET VALUE, END OF YEAR	**$ 42,963,654**	**$ 60,769,294**

Statement of Investments

December 31, 2005

	% of Portfolio	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO				
Treasury Bills				
Government of Canada - February 23, 2006	44.0%	440,000	$ 436,966	$ 436,966
Discount Commercial Paper				
Business Development Corporation, USD - February 23, 2006		50,000	57,916	57,978
Export Development Corporation, USD - January 23, 2006		125,000	144,984	145,084
Province of British Columbia, USD - January 5, 2006		300,000	348,317	347,950
Total Discount Commercial Paper	55.6%		551,217	551,012
	99.6%		988,183	987,978
Accrued Interest	0.4%			3,922
TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO	100.0%		$ 988,183	$ 991,900
INVESTMENTS - MANAGED PORTFOLIO				
Canadian Common Shares				
Consumer Discretionary				
Rogers Communications Inc., Class B	1.3%	11,500	$ 535,315	$ 565,800
Energy				
Enbridge Inc.		13,000	466,440	472,420
EnCana Corporation		7,000	411,935	367,920
Petro-Canada		10,500	521,738	489,825
Suncor Energy Inc.		10,000	697,174	733,200
Total Energy	4.8%		2,097,287	2,063,365
Financials				
Manulife Financial Corporation		5,000	298,950	341,350
Royal Bank of Canada		5,500	484,715	499,455
Sun Life Financial Services of Canada Inc.		7,300	343,648	341,129
The Bank of Nova Scotia		3,500	149,094	161,490
The Toronto-Dominion Bank		10,000	570,718	611,300
Total Financials	4.5%		1,847,125	1,954,724
Industrials				
Canadian National Railway Company		4,500	411,701	419,130
Nortel Networks Corporation		135,000	768,168	479,250
Total Industrials	2.1%		1,179,869	898,380
Materials				
Barrick Gold Corp.		15,000	433,526	486,150
Goldcorp Inc.		12,500	304,950	323,750
Inco Limited		10,000	406,573	505,000
Teck Cominco Ltd. Cl B		5,000	245,400	310,250
Total Materials	3.8%		1,390,449	1,625,150
Telecommunication Services				
TELUS Corporation	1.1%	10,000	481,162	478,600
Total Canadian Common Shares	17.6%		$ 7,531,207	$ 7,586,019

Statement of Investments

December 31, 2005

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
United States Common Shares				
Consumer Staples				
PepsiCo Inc.	1.2%	7,500	$ 541,648	**$ 517,610**
Energy				
Exxon Mobil Corporation	0.9%	6,000	433,143	**393,692**
Financials				
Citigroup Inc.		7,200	410,006	**408,172**
Hartford Financial Services Group Inc.		4,300	428,038	**431,432**
The Goldman Sachs Group, Inc.		2,800	427,185	**417,719**
Total Financials	2.9%		1,265,229	**1,257,323**
Health Care				
Amgen Inc.		4,000	389,663	**368,483**
Medtronic Inc.		4,500	289,856	**302,628**
Total Health Care	1.6%		679,519	**671,111**
Industrials				
General Electric Company	1.0%	10,000	412,878	**409,439**
Information Technology				
Cisco Systems Inc.		16,000	404,540	**319,981**
Hewlett-Packard Company		20,000	591,132	**668,886**
Intel Corporation		14,500	467,685	**422,779**
Total Information Technology	3.3%		1,463,357	**1,411,646**
Total United States Common Shares	**10.9%**		**$ 4,795,774**	**$ 4,660,821**
Forward Exchange Contracts				
Sold USD $591,000, Bought CAD $696,860 @ 0.84809 - January 4, 2006				**$ 6,568**
Sold USD $426,000, Bought CAD $495,649 @ 0.85948 - January 11, 2006				**(1,817)**
Sold USD $214,000, Bought CAD $252,127 @ 0.84878 - January 18, 2006				**2,281**
Sold USD $862,000, Bought CAD $1,013,033 @ 0.85091 - January 25, 2006				**6,870**
Sold USD $617,000, Bought CAD $721,233 @ 0.85548 - March 1, 2006				**1,733**
Sold USD $305,000, Bought CAD $355,110 @ 0.85889 - March 8, 2006				**(489)**
Sold USD $346,000, Bought CAD $399,672 @ 0.86571 - March 15, 2006				**(3,648)**
Sold USD $206,000, Bought CAD $237,837 @ 0.86614 - March 22, 2006				**(2,242)**
Sold USD $1,214,000, Bought CAD $1,383,996 @ 0.87717 - March 29, 2006				**(30,559)**
Total Forward Exchange Contracts	0.0%			**$ (21,303)**

Statement of Investments

December 31, 2005

	% of Portfolio	Number of Contracts	Proceeds	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)				
OPTIONS				
Written Covered Call Options (100 shares per contract)				
Amgen Inc. - January 2006 @ $81		(20)	$ (5,119)	**$ (1,242)**
Barrick Gold Corp. - January 2006 @ $32		(75)	(6,975)	**(8,844)**
Canadian National Railway Company - January 2006 @ $94		(23)	(3,508)	**(3,463)**
Cisco Systems Inc. - January 2006 @ $18		(80)	(2,733)	**(2)**
Citigroup Inc. - January 2006 @ $50		(45)	(2,759)	**(178)**
Enbridge Inc. - January 2006 @ $37		(130)	(9,490)	**(2,944)**
Exxon Mobil Corporation - January 2006 @ $60		(60)	(7,564)	**(928)**
Inco Limited - January 2006 @ $53		(50)	(9,325)	**(1,223)**
Manulife Financial Corporation - January 2006 @ $69		(25)	(2,950)	**(1,531)**
Medtronic Inc. - January 2006 @ $56		(45)	(4,611)	**(7,264)**
PepsiCo Inc. - January 2006 @ $59		(75)	(7,602)	**(1,440)**
Rogers Communications Inc., Class B - January 2006 @ $46		(115)	(7,590)	**(34,842)**
Royal Bank of Canada - February 2006 @ $89		(55)	(6,765)	**(12,264)**
Sun Life Financial Services of Canada Inc. - January 2006 @ $48		(50)	(3,100)	**(1,076)**
TELUS Corporation - January 2006 @ $46		(100)	(12,200)	**(16,684)**
The Goldman Sachs Group, Inc. - January 2006 @ $135		(19)	(5,406)	**(216)**
The Toronto-Dominion Bank - January 2006 @ $59		(65)	(5,947)	**(16,217)**
Total Written Covered Call Options	**(0.3)%**		**(103,644)**	**(110,358)**
TOTAL OPTIONS	**(0.3)%**		**$ (103,644)**	**$ (110,358)**
TOTAL INVESTMENTS - MANAGED PORTFOLIO	**28.2 %**		**$ 12,223,337**	**$ 12,115,179**

Statement of Investments

December 31, 2005

	% of Portfolio	Number of Shares	Average Cost	Market Value
INVESTMENTS - CLASS A SHARE FIXED PORTFOLIO				
Canadian Common Shares				
Energy				
Western Oil Sands Inc.	0.8 %	13,132	$ 363,494	$ 365,201
Industrials				
Royal Group Technologies Limited	6.1 %	250,225	3,424,774	2,634,869
Information Technology				
Celestica Inc.	0.5 %	16,194	772,991	199,834
Materials				
Kinross Gold Corporation	1.0 %	38,546	363,489	413,984
Telecommunication Services				
Research in Motion	2.2 %	12,435	983,363	954,386
Total Canadian Common Shares	10.6 %		5,908,111	4,568,274
Class A Share Forward Agreement (Note 4)	4.2 %			1,800,895
TOTAL INVESTMENTS - CLASS A SHARE FIXED PORTFOLIO	14.8 %		$ 5,908,111	$ 6,369,169
INVESTMENTS - CLASS B FIXED PORTFOLIO				
Canadian Common Shares				
Consumer Staples				
Cott Corporation	4.9 %	123,344	$ 3,553,541	$ 2,125,217
Energy				
Western Oil Sands Inc.	2.9 %	45,212	1,251,468	1,257,346
Industrials				
Royal Group Technologies Limited		27,353	374,374	288,027
Bombardier Inc. "B"		952,369	2,558,643	2,628,539
Total Industrials	6.8 %		2,933,017	2,916,566
Information Technology				
ATI Technologies Inc.		124,658	2,648,149	2,468,228
Celestica Inc.		27,707	1,322,544	341,904
Nortel Networks Corporation		329,743	1,876,282	1,170,588
Total Information Technology	9.3 %		5,846,975	3,980,720
Materials				
Kinross Gold Corporation		132,711	1,251,465	1,425,316
Meridian Gold Inc.		130,639	2,586,652	3,328,682
Total Materials	11.1 %		3,838,117	4,753,998
Telecommunication Services				
Research in Motion	2.9 %	16,119	1,251,479	1,237,133
Total Canadian Common Shares	37.9 %		$ 18,674,597	$ 16,270,980
Class B Share Forward Agreement (Note 4)	19.1 %			8,208,326
TOTAL INVESTMENTS - CLASS B FIXED PORTFOLIO	57.0 %		$ 18,674,597	$ 24,479,306
TOTAL INVESTMENTS	100.0 %		$ 36,806,045	$ 42,963,654
Redeemable Class A shares				(17,252,230)
Short-Term Investments - Managed Portfolio				987,978
Other Assets Less Liabilities				(2,082,276)
NET ASSETS				$ 24,617,126
TOTAL MANAGED PORTFOLIO			$ 13,211,520	$ 13,103,157
TOTAL CLASS A FIXED PORTFOLIO			5,908,111	6,369,169
TOTAL CLASS B FIXED PORTFOLIO			18,674,597	24,479,306
TOTAL INVESTMENT PORTFOLIO			$ 37,794,228	$ 43,951,632

1. Corporate Information

Mulvihill Pro-AMS RSP Split Share Corp. (the "Fund") is a mutual fund corporation incorporated under the laws of the Province of Ontario on January 8, 2002. The Fund began operations on March 18, 2002. All shares outstanding on December 31, 2013 (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. (the "Manager") and the Fund's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). RBC Dexia Investor Services is the custodian of the assets of the Fund.

2. Investment Objectives of the Fund

The Fund's investment objectives with respect to the Class A shares are: (i) to provide holders of Class A shares with fixed cumulative preferential monthly cash distributions in the amount of $0.05417 per Class A share representing a yield on the issue price of the Class A shares of 6.5 percent per annum; and (ii) to pay such holders $10.00 for each Class A share held on redemption of the Class A shares on the Termination Date in priority out of the Managed Portfolio.

The Fund's investment objectives with respect to the Class B shares are: (i) to pay such holders $20.00 for each Class B share held on the redemption of the Class B shares on the Termination Date; and (ii) on the Termination Date, to provide holders of Class B shares with the balance of the value of the Fund's Managed Portfolio after paying holders of the Class A shares $10.00 per Class A share.

Based on the terms of the original prospectus and rating covenants and due to declines in the Managed portfolio, distributions on Class B shares have been suspended commencing with the January 2005 distributions.

To enhance the Fund's ability to return the original issue price of the Class A shares on termination, the Fund has entered into forward purchase and sale agreements (each a "Class A Share Forward Agreement") for cash amounts on termination which will be negotiated at the time such forward agreements are entered into.

To provide the Fund with the means to return the original issue price of the Class B shares on termination, the Fund has entered into a forward purchase and sale agreement (the "Class B Share Forward Agreement") pursuant to which the counterparty has agreed to pay to the Fund an amount equal to $20.00 in respect of each Class B share outstanding on the Termination Date in exchange for the Fund delivering to the counterparty the equity securities in the Fund's Class B Fixed Portfolio.

The balance of the net proceeds of the initial share offering, after entering into the Class B Share Forward Agreement, (i) has been invested in a diversified portfolio consisting principally of Canadian and U.S. equity securities that are listed on a major North American stock exchange or market whose issuers have a market capitalization in excess of U.S. $5.0 billion if listed solely in the United States or a market capitalization in excess of Canadian $1.0 billion if listed in Canada and (ii) will also be used to enter into Class A Share Forward Agreements (collectively, the "Managed Portfolio"). To the extent that the net asset value of the Managed Portfolio exceeds $10.00 per Class A share outstanding on the Termination Date, this excess amount will be available for distribution to holders of Class B shares provided the Fund has paid all distributions on the Class A shares.

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.

In order to generate additional returns, the Fund may lend Fixed Portfolio securities to securities borrowers.

From time to time, the Fund may hold a portion of its assets in cash equivalents.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments and short-term bonds are recorded in the financial statements at their fair market value at the end of the period, determined as follows:

Securities are valued at fair 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 excluding short-term bonds 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 Agreements) 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 Agreements 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.

Futures contracts are valued at the gain or loss that would be realized if the position was closed on the valuation date.

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 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 derivatives.

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. Premiums received on written put options that are exercised are included in the cost of the security purchased.

Credit ratings of counterparties are at or above approved credit ratings set out in National Instrument 81-102.

Unrealized gains or losses on open futures contracts are included in change in unrealized appreciation (depreciation) of investments. Gains or losses realized upon closure of futures contracts are included in gain (loss) on sale of derivatives.

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.

Foreign exchange gains (losses) on short-term investments are reflected as interest income (loss). Other foreign exchange gains (losses) are recorded as realized or unrealized gain (loss) on investments, as appropriate.

Redeemable Class A Shares

Each Redeemable Class A share is valued for financial statement purposes at the lesser of: (i) $10.00; and (ii) the net asset value of the Fund divided by the number of Class A shares outstanding.

Cash Flow Statements

Cash flow statements have not been prepared as all relevant information has been included in the Statements of Changes in Net Assets, Statements of Changes in Investments and elsewhere in these financial statements.

4. Forward Agreements

The Fund contributes, every six months, commencing on September 30, 2002, an amount targeted to be a minimum of $0.43 per Class A share outstanding, representing 1/23rd of the issue price of a Class A share, to an account (the “Class A Share Fixed Portfolio”) used to acquire Canadian equity securities. The Fund at each such time enters into a Class A Share Forward Agreement with Royal Bank of Canada (“RBC”) and pursuant to the terms thereof agrees to deliver the equity securities so acquired for a cash amount on termination negotiated at the time such forward agreement is entered into. The Fund will not enter into additional Class A Share Forward Agreements at such time as the forward value under the Class A Share Forward Agreements on the Termination Date equals the Class A share issue price ($10.00) multiplied by the number of Class A shares outstanding.

The Fund has entered into the Class B Share Forward Agreement with RBC pursuant to which RBC will pay the Fund an amount equal to $20.00 for each Class B share outstanding on the termination date in exchange for the Fund delivering to RBC the equity securities included in the Class B Share Fixed Portfolio.

In entering into the Forward Agreements, 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 Agreements on a timely basis or at all. Since, depending on the performance of the Fixed Portfolio, the mark-to-market value of the Forward Agreements may represent a significant portion of the value of the assets of the Fund, the exposure of the Fund to the credit risk associated with the counterparty (RBC) is significant.

As the Fund is targeting monthly distributions of 6.5 percent per Class A share, the market price of the Class A shares and Class B shares may be affected by the level of interest rates prevailing from time to time. In addition, prior to the Termination Date, the NAV of the Fund may be sensitive to interest rate fluctuations because the value of the Forward Agreements 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 Class A shares or Class B shares. Holders of Class A shares or Class B shares who wish to redeem or sell their Class A shares or Class B shares prior to the Termination Date will therefore be exposed to the risk that NAV per unit or the market price of the Class A share or Class B share will be negatively affected by interest rate fluctuations. The remaining term to maturity of the forward agreements are 8 years.

The Class A Share Forward Agreements and the Class B Share Forward Agreement (together, the “Forward Agreements”) are a direct obligation of RBC, a company with a credit rating of Moody’s-Aa2 and DBRS-AA (low).

The Forward Agreements may be physically or cash settled at the option of the Fund. In order to permit the Fund to fund periodic redemptions of Class A shares and Class B shares, the Forward Agreements may be settled in whole or in part in respect of any valuation date by the Fund tendering to RBC securities at a price equal to the current market value of the tendered securities and the value of the portion of the Forward Agreements attributable to such securities. Securities in the Class A Share Fixed Portfolio and the Class B Share Fixed Portfolio have been pledged to RBC as security for the obligations of the Fund under the Forward Agreements.

A yearly fee of 0.42 percent on the guaranteed value of the Forward Agreement and 0.24 percent on the market value of the Fixed Portfolio is payable by the Fund. Fees are accrued and payable every quarter.

5. Share Capital

The Fund is authorized to issue an unlimited number of Class A shares and Class B shares and 100 Class J shares. Together, a Class A share and Class B share constitutes a Unit.

Class A Shares

Holders of Class A shares will be entitled to receive fixed cumulative preferential monthly cash distributions of $0.05417 per share to yield 6.5 percent per annum on the issue price on the last day of each month.

The Class A shares will be redeemed by the Fund on December 31, 2013. The redemption price payable by the Fund for a Class A share on that date will be equal to the lesser of (i) $10.00 plus any accrued and unpaid distributions (the “Class A Share Redemption Amount”); and (ii) the net asset value (“NAV”) of the Managed Portfolio on that date divided by the number of Class A shares then outstanding.

Class A shares may be surrendered at any time for retraction by the Fund but will be retracted only on a monthly valuation date. Shareholders whose Class A shares are retracted will be entitled to receive a retraction price per share equal to 96 percent of the lesser of (i) the NAV per Unit determined as of the relevant valuation date less the cost to the Fund of the purchase of a Class B share in the market for cancellation; and (ii) $10.00. The cost of the purchase of a Class B share will include the purchase price of the Class B share, commission and such other costs, if any, related to the liquidation of any portion of the Managed Portfolio required to fund such purchase. A holder of a Class A share may concurrently retract one Class A share and one Class B share on the December valuation date of each year at a retraction price equal to the NAV per Unit on that date.

The Fund’s Class A shares have been classified as liabilities in accordance with the accounting requirements of The Canadian Institute of Chartered Accountants. Accordingly, net income for the year is stated after Class A share distributions.

Class B Shares

The policy of the Board of Directors of the Fund is to pay monthly non-cumulative distributions to the holders of Class B shares in an amount targeted to be at least 8.5 percent per annum on the issue price.

No distributions will be paid on the Class B shares if (i) the distributions payable on the Class A shares are in arrears; (ii) the cumulative minimum semi-annual contributions to the Class A Share Forward Account have not been made by the Fund; or (iii) after the payment of the distribution by the Fund, the NAV of the Managed Portfolio less the aggregate of the equity securities subject to the NAV of the Class A Share Forward Agreements and the NAV of the Class A Share Forward Agreements would be less than 120 percent of the difference between (A) an amount equal to $10.00 times the number of Class A shares then outstanding, and (B) the forward price that would be payable to the Fund under the Class A Share Forward Agreements on the Termination Date.

In addition, no distributions will be paid on the Class B shares if the NAV of the Managed Portfolio minus the aggregate of the NAV of the equity securities subject to the Class A Share Forward Agreements and the NAV of the Class A Share Forward Agreements would be less than 20 percent of $10.00 multiplied by the number of Class A shares then outstanding. Based on the terms of the original prospectus and rating covenants, distributions on Class B shares have been suspended commencing January 2005.

The Class B shares will be redeemed by the Fund on December 31, 2013. The redemption price payable by the Fund for a Class B share on that date will be equal to the greater of (i) the NAV per Unit on that date minus the Class A Share Redemption Amount; and (ii) the forward price that would be payable to the Fund under the Class B Share Forward Agreement divided by the number of Class B shares then outstanding.

Class B shares may be surrendered at any time for retraction by the Fund but will be retracted only on a monthly valuation date. Shareholders whose Class B shares are retracted will be entitled to receive a retraction price per share equal to 96 percent of the difference between (i) the NAV per Unit determined as of the relevant valuation date; and (ii) the cost to the Fund of the purchase of a Class A share in the market for cancellation. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and such other costs, if any, related to the liquidation of any portion of the Fund’s portfolio to fund such purchase. A holder of Class B shares may concurrently retract one Class B share and one Class A share on the December valuation date of each year at a retraction price equal to the NAV per Unit on that date.

Class J Shares

The holders of Class J shares are not entitled to receive dividends. The Class J shares are retractable at a price of $1.00 per share. Class J shares are entitled to one vote per share.

Issued and Outstanding

		2005	2004
1,725,223	Class A shares (2004 - 2,720,221)	**$ 17,252,230**	$ 27,202,210
1,725,223	Class B shares (2004 - 2,720,221)	**$ 40,333,136**	$ 53,996,002
100	Class J shares (2004 - 100)	**100**	100
		$ 40,333,236	**$ 53,996,102**

On April 2, 2004, the shareholders approved a special resolution to: (i) permit shareholders to switch to other Mulvihill Funds from time to time by adding further retractions rights at 100 percent of the net asset value per unit; and (ii) to provide the Fund 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. The costs of the special resolution amounted to $200,478.

Shareholders were provided with two special retraction privileges via switches into capital of Premium Income Corp. in September 2004 and into MCM Split Share Corp. in November 2004. 321,778 Units valued at $6,655,035 were switched out of the Fund under these special retraction privileges.

During the year, 994,998 units (2004 - 653,769) were redeemed by the Fund.

6. Management Fees, Expenses and Management Expense Ratios

The Fund is responsible for all ongoing custodian, manager, legal, accounting and audit fees as well as all other expenses incurred by the custodian and 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 a management 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 1.10 percent, respectively, of the Fund's net asset value, excluding the redeemable Class A share liability, calculated and payable monthly, plus applicable taxes. In the event that no distributions are made for six or more consecutive months, the monthly investment management fee will be reduced to 1/12 of 0.40 percent of the Fund's net asset value and the full amount of such fees will not be payable until such time as regular distributions resume. The unpaid portion of such fees will be accrued and will not be paid until such time as the distribution shortfall has been paid to shareholders. No unpaid portion of such fees will be paid out of the proceeds of the Forward Agreements.

The Investment Manager voluntarily agreed to defer payment of a portion of its investment management fees owing to it by the Fund. The voluntary deferral of a portion of the fee is in proportion to the reduction in the targeted distribution rates, subject to a minimum annual fee per the prospectus of 0.40 percent of the Fund's net asset value. The Investment Manager may choose at any time to require payment in full of the fees voluntarily deferred. Investment management fees were paid at an annual rate of 0.40 percent of the Fund's net asset value.

The Manager will pay a service fee (the "Service Fee") to each dealer whose clients hold Class B shares. The Service Fee will be calculated and paid at the end of each calendar quarter and will be equal to 0.30 percent annually of the value of the Class B shares held by clients of the dealer. For these purposes, the value of the Class B share will be the NAV per Unit less $10.00. If regular targeted distributions are not paid in full to shareholders of Class B shares in any month of a calendar quarter, the Service Fee for that calendar quarter will be reduced on a pro rata basis based upon the distribution shortfall. No service fees were paid for 2005.

7. Distributions

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

		2005		2004
Capital gains dividends	**$**	**0.44**	$	–
Taxable dividends		**0.05**		–
Non-taxable distributions		**0.16**		0.65
	$	**0.65**	$	0.65

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

		2005		2004
Non-taxable distributions	**$**	**–**	$	1.29

8. Income Taxes

The Fund is a "mutual fund corporation" as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33-1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses.

The fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax at 36.12% (2004 - 36.12%).

No amount is payable on account of income taxes in 2005 or 2004.

Accumulated non-capital losses of approximately $5.7 million (2004 - $4.9 million) and capital losses of nil (2004 - $7.3 million) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The non-capital losses have expiration dates extending to 2014 and the capital losses can be carried forward indefinitely.

Issue costs of approximately $1.4 million (2004 - $2.5 million) remain undeducted for tax purposes at year end.

Under the dividend policy of the Fund, premiums received in respect of written options that are still outstanding at year end are not to be distributed in the year to the shareholders. The premiums retained by the Fund are subject to a refundable tax. This tax was nil for 2005 (2004 - nil).

The Fund has offset the future tax liability for refundable taxes payable with the refund expected upon payment of capital gains or ordinary dividends. As a result, the future tax liability for refundable taxes payable is eliminated.

9. Commissions

Total commissions paid for the period ended December 31, 2005 in connection with portfolio transactions were $48,134 (2004 - $74,409). Of this amount $9,739 (2004 - $22,509) was directed for payment of trading related goods and services.

10. Financial Instruments and Risk Management

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

Risks of these contracts arise from the potential inability of the counterparties to meet the terms of their contracts and from future movement in 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 4 for the interest rate and credit risks relating to the Forward Agreements.

11. Comparative Figures

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

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Mulvihill Fund Services Inc. (the "Manager"), administers many functions associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

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

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

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

The Fund maintains an Investor Relations line and web site to respond to inquiries from shareholders.

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than $3.0 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**
		For the period January 1, 2005 to December 31, 2005	
MULVIHILL PLATINUM			
Mulvihill Pro-AMS *U.S. Fund*	PAM.UN	$ 21.99	$ 20.00
Mulvihill Pro-AMS *RSP Fund*	PR.UN	$ 20.74	$ 18.94
Mulvihill Pro-AMS *100 Plus (Cdn $) Fund*	PRC.UN	$ 18.45	$ 16.26
Mulvihill Pro-AMS *100 Plus (U.S. $) Fund*	PRU.U	$ 15.08 USD	$ 13.15 USD
Mulvihill Pro-AMS *RSP Split Share Fund*	SPL.A/SPL.B	$ 10.40/$ 13.87	$ 9.10/$ 12.32
MULVIHILL PREMIUM			
Mulvihill Premium *Canadian Fund*	FPI.UN	$ 21.10	$ 16.50
Mulvihill Premium *Oil & Gas Fund*	FPG.UN	$ 13.33	$ 10.25
Mulvihill Premium *60 Plus Fund*	SIX.UN	$ 19.45	$ 16.40
Mulvihill Premium *Global Plus Fund*	GIP.UN	$ 12.39	$ 10.00
Mulvihill Premium *Canadian Bank Fund*	PIC.A/PIC.PR.A	$ 13.20/$ 16.85	$ 9.75/$ 15.79
Mulvihill Premium *Split Share Fund*	MUH.A/MUH.PR.A	$ 9.67/$ 16.15	$ 6.22/$ 15.25
Mulvihill Premium *Global Telecom Fund*	GT.A/GT.PR.A	$ 0.55/$ 11.90	$ 0.14/$ 10.10
Mulvihill *Top 10 Canadian Financial Fund*	TCT.UN	$ 17.27	$ 14.50
Mulvihill *Top 10 Split Fund*	TXT.UN/TXT.PR.A	$ 13.00/$ 13.00	$ 9.70/$ 12.50
Mulvihill *World Financial Split Fund*	WFS/WFS.PR.A	$ 12.60/$ 11.30	$ 9.11/$ 10.41

Board of Directors

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

Sheila S. Szela
Vice President, Finance & CFO,
Mulvihill Capital Management Inc.

Michael M. Koerner*
Corporate Director

Robert W. Korthals*
Corporate Director

C. Edward Medland*
President, Beauwood Investments Inc.

*Audit Committee

Information

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Royal Trust Tower
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Toronto, Ontario M5W 1P9

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

Hybrid Income Funds Managed by Mulvihill Structured Products

Mulvihill Platinum

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

Mulvihill Premium

Mulvihill Premium *Canadian Fund*
Mulvihill Premium *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 *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*
Premium Global *Income Fund*

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