Mulvihill

Mulvihill Structured Products

Hybrid Income Funds

Annual Report 2007

Mulvihill Pro-AMS *RSP Split Share Fund*

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Message to Shareholders

We are pleased to present the annual financial results of Mulvihill Pro-AMS Split Share Fund.

The following is a brief summary of the financial highlights and results of operations of the Fund. This is intended to provide you with a quick overview of the performance and is not intended to replace the more detailed financial information contained in the annual report.

The Fund was launched in 2002 with the objectives to:

(1) Provide Class A shareholders with fixed cumulative preferential monthly cash distributions in the amount of $0.05417 (6.5 percent per annum), and pay holders $10.00 for each share held upon termination on December 31, 2013; and

(2) Provide Class B shareholders with the balance of the value of the Fund's managed portfolio after paying holders of Class A shares $10.00 per Class A share plus any distributions in arrears, and to return the original issue price of $20.00 to Class B shareholders on the termination date of December 31, 2013.

To accomplish these objectives the Fund entered into a “Class A Forward Agreement” with the Royal Bank of Canada (“RBC”), whereby the Fund intends to contribute, 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 which will be 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.

The Fund also entered into a “Class B Forward Agreement” with RBC. Pursuant to the agreement, RBC will pay the Trust an amount equal to $20.00 for each Class B Share outstanding on the Termination Date in exchange for the Fund agreeing to deliver to RBC, equity securities which the Fund will acquire with approximately 50 percent of the initial 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. Accordingly, the distributions paid out by the Fund are funded from the dividend income earned on the portfolio, realized capital gains from the sale of securities and option premiums from the sale of covered call options. During the fiscal year ended 2007 the Fund earned an annual total return of 1.8 percent. Distributions amounting to $0.65004 per unit were paid during the year, resulting in an overall small decline in the net asset value from $24.77 per unit as at December 31, 2006 to $24.56 per unit as at December 31, 2007.

The longer-term financial highlights of the Fund for the years ended December 31 are as follows:

	2007	2006	2005	2004	2003
Annual Total Fund Return	1.84%	4.82%	1.62%	5.25%	6.90%
Class A Distribution Paid (target of 0.65004 per share)	$ 0.65004	$ 0.65004	$ 0.65004	$ 0.65004	$ 0.65004
Class B Distribution Paid	$ 0.00000	$ 0.00000	$ 0.00000	$ 1.29169	$ 1.70004
Ending Net Asset Value per Unit (initial issue price was $25.00 per unit)	$ 24.56	$ 24.77	$ 24.27	$ 23.45	$ 24.17

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

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

Mulvihill Pro-AMS *RSP Split Share Fund* [SPL.A/SPL.B]

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Management Report on Fund Performance

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the year ended December 31, 2007 of Mulvihill Pro-AMS Split Share Fund ("Fund"). The annual financial statements of the Fund are attached.

Copies of the Fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly disclosure may be obtained by calling 1-800-725-7172 toll-free, or by writing to the Fund at Investor Relations, 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, or by visiting our website at www.mulvihill.com.

Investment Objectives and Strategies

The Fund's investment objectives with respect to the Class A Shares are to provide shareholders 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 per unit to Class B shareholders on the termination date of December 31, 2013 and 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 share 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 two fixed portfolios, which contain 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 portfolios 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 about 79 percent to about 85 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 over-all 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 has 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. The market experienced elevated volatility levels through the second half of the year. Due to this high volatility as well as a more defensive view on equity markets at year-end, the Fund reduced its investment position and increased its overwritten position in the managed portfolio towards the end of the year. The Fund purchased protective put options to partially mitigate the potential impact of a severe market decline.

The markets were very volatile towards the second half of the year due to ongoing credit and growth concerns. The U.S. dollar was weak against most major world currencies and declined 14.4 percent against the Canadian dollar, which was driven by stronger 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 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 has increased as the hurdle rate to maintain distributions has increased markedly. The risk profile of Class B shareholders has increased since their distributions have been suspended. However, the forward agreements protecting the principal investment of Class B shareholders remain in place.

Summary of Investment Portfolio

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

Asset Mix

December 31, 2007

	% OF NET ASSET VALUE*		% OF NET ASSET VALUE*		% OF NET ASSET VALUE*
Fixed Portfolio – Class B	62%	Financials	2%	Health Care	1 %
Fixed Portfolio – Class A	24%	Energy	2%	Industrials	1 %
Cash and Short-Term Investments	6%	Telecommunication Services	1%	Other Assets (Liabilities)	(4)%
Materials	2%	Consumer Staples	1%		
Information Technology	2%				

* The Net Asset Value excludes the Class A share liability.

Securities in the fixed portfolios have been pledged to the Royal Bank of Canada ("RBC") as security for the obligation of the Fund under the Forward Agreements. As a result, the fixed portfolios effectively have no equity exposure.

Top 25 Holdings

December 31, 2007

	% OF NET ASSET VALUE*		% OF NET ASSET VALUE*		% OF NET ASSET VALUE*
Managed Portfolio		Shaw Communication Inc.	0.6%	Morgan Stanley	0.3 %
Cash and Short-Term Investments	5.5%	Teck Cominco Ltd. Cl B	0.6%	Imperial Oil Ltd.	0.2 %
EnCana Corporation	1.0%	TELUS Corporation	0.6%	**Fixed Portfolio - Class A**	
Microsoft Corp.	1.0%	Pfizer Inc.	0.6%	Securities Pledged as	
Rogers Communications Inc., Class B	0.9%	Cisco Systems Inc.	0.6%	Collateral for Forward Agreement	32.8 %
PepsiCo Inc.	0.8%	Enbridge Inc.	0.6%	Forward Agreement	(9.1)%
General Electric Company	0.8%	Manulife Financial Corporation	0.5%	**Fixed Portfolio - Class B**	
Goldcorp Inc.	0.7%	Johnson & Johnson	0.5%	Securities Pledged as	
The Hartford Financial Services Group, Inc.	0.7%	Intel Corp.	0.5%	Collateral for Forward Agreement	62.3 %
Kinross Gold Corporation	0.7%	The Toronto-Dominion Bank	0.4%	Forward Agreement - Class B	0.0 %

* The Net Asset Value excludes the Class A share liability.

Distribution History

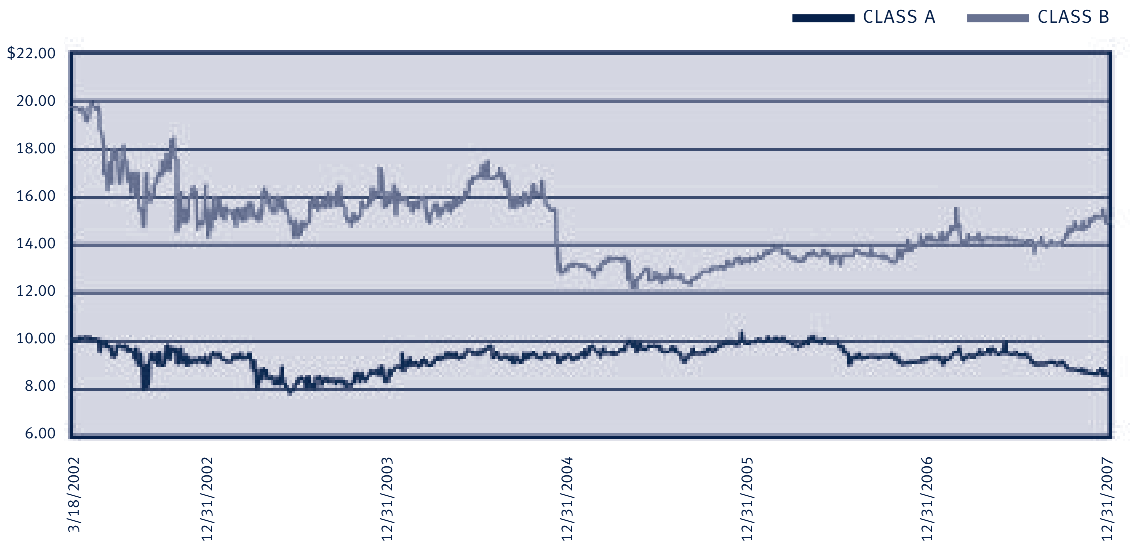
INCEPTION DATE: MARCH 2002	CLASS A DISTRIBUTION	CLASS B DISTRIBUTION	TOTAL DISTRIBUTION
Total for 2002	$ 0.51024	$ 1.33558	$ **1.84582**
Total for 2003	0.65004	1.70004	**2.35008**
Total for 2004	0.65004	1.29169	**1.94173**
Total for 2005	0.65004	0.00000[1]	**0.65004**
Total for 2006	0.65004	0.00000	**0.65004**
Total for 2007	0.65004	0.00000	**0.65004**
Total Distributions to Date	**$ 3.76044**	**$ 4.32731**	**$ 8.08775**

[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, 2007



Results of Operations

For the year ended December 31, 2007, the net asset value of the Fund for pricing purposes based on closing prices was $24.56 per unit compared to $24.77 per unit at December 31, 2006. The Fund's Class A shares, listed on the Toronto Stock Exchange as SPL.A, closed on December 31, 2007 at $8.51 per share, while Class B shares, listed as SPL.B, closed at $15.00. 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 at elevated levels through the latter half of the year and remained sufficient to maintain option writing programs. However, due to the elevated volatility levels as well as a more neutral view on equity markets, the Fund increased its overwritten position and reduced its investment position towards the end of the year. The Fund purchased protective put options to mitigate the potential impact of a severe market decline.

The S&P/TSX Composite Index rose 9.8 percent during the year, while the S&P 500 Index rose 5.5 percent in U.S. dollar terms and negative 10.6 percent in Canadian dollar terms. Information Technology was the best performing sector in the S&P/TSX Composite Index while Energy was the best performing sector in the S&P 500 Index.

The U.S. dollar was weak against most major world currencies and declined 14.4 percent against the Canadian dollar, which was driven by stronger 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 1.8 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 become an increasing portion of the Fund and currently represent almost 85 percent of the overall portfolio. Over 50 percent of the managed portfolio is invested in Canadian equities with the balance in U.S. equities. For more detailed information on investment returns, please see the Annual Total Return bar graph and the Annual Compound Returns table on page 8 of this report.

The fixed portfolios net asset value rose during the year as rates ended the year slightly lower than where they began and due to 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 forward agreement. Excluding these factors, the managed portfolio had a small negative return. This return is reflective of around 45 percent of the Fund being invested in U.S. equities as well as the Fund having an overwritten position on a portion of the portfolio to generate income.

During the year, 208,920 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 five years. This information is derived from the Fund's audited annual financial statements.

For December 31, 2007, the Net Assets included in the Net Assets per Unit table is from the Fund's financial statements and calculated using bid prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices (see Notes 4 and 5 to the Financial Statements). All other calculations for the purposes of this MRFP are made using Net Asset Value.

Years ended December 31

	2007	2006	2005	2004	2003
THE FUND'S NET ASSETS PER UNIT					
Net Assets, beginning of year (based on bid prices)(1)	**$ 24.76(4)**	**$ 24.27**	**$ 23.45**	**$ 24.17**	**$ 24.90**
INCREASE (DECREASE) FROM OPERATIONS					
Total revenue	**0.14**	0.11	0.07	(0.05)	0.09
Total expenses	**(0.48)**	(0.30)	(0.52)	(0.59)	(0.52)
Realized gains (losses) for the period	**2.24**	2.20	3.66	1.51	(1.20)
Unrealized gains (losses) for the period	**(1.51)**	(0.97)	(1.84)	0.34	3.25
Total Increase (Decrease) from Operations(2)	**0.39**	**1.04**	**1.37**	**1.21**	**1.62**
DISTRIBUTIONS					
Class A Share					
From net investment income	**–**	–	(0.05)	–	–
From capital gains	**–**	–	(0.44)	–	–
Non-taxable distributions	**(0.65)**	(0.65)	(0.16)	(0.65)	(0.65)
Total Class A Share Distributions	**(0.65)**	**(0.65)**	**(0.65)**	**0.65)**	**(0.65)**
Class B Share					
Non-taxable distributions	**–**	–	–	(1.29)	(1.70)
Total Class B Share Distributions	**–**	**–**	**–**	**(1.29)**	**(1.70)**
Total Annual Distributions(3)	**(0.65)**	**(0.65)**	**(0.65)**	**(1.94)**	**(2.35)**
Net Assets, as at December 31 (based on bid prices)(1)	**$ 24.56**	**$ 24.77**	**$ 24.27**	**$ 23.45**	**$ 24.17**

(1) Net Assets per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities excluding Redeemable Class A shares of the Fund on that date and including the valuation of securities at bid prices divided by the number of units then outstanding. For years prior to 2007, securities were valued at closing prices. The change to the use of bid prices is due to new accounting standards set out by the Canadian Institute of Chartered Accountants relating to Financial Instruments. Refer to Note 4 to the financial statements for further discussion.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, net of withholding taxes and foreign exchange gains (losses), realized and unrealized 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 assets 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) Net Assets per unit has been adjusted for the Transition Adjustment - New Accounting Standards (see Note 4 to the Financial Statements).

	2007	2006	2005	2004	2003
RATIOS/SUPPLEMENTAL DATA					
Net Asset Value, excluding liability for Redeemable Class A Shares ($millions)(1)	**$ 27.96**	$ 33.37	$ 41.87	$ 63.79	$ 81.55
Net Asset Value ($millions)(1)	**$ 16.57**	$ 19.89	$ 24.62	$ 36.59	$ 47.81
Number of units outstanding(1)	**1,138,315**	1,347,235	1,725,223	2,720,221	3,373,990
Management expense ratio(2)	**1.97%**	1.23%	2.17%	2.49%	2.15%
Portfolio turnover rate(3)	**25.65%**	72.07%	114.28%	58.64%	70.71%
Trading expense ratio(4)	**0.02%**	0.07%	0.09%	0.09%	0.14%
Net Asset Value, per Unit(5)	**$ 24.56**	$ 24.77	$ 24.27	$ 23.45	$ 24.17
Closing market price - Class B	**$ 15.00**	$ 14.08	$ 13.49	$ 12.60	$ 15.70
Closing market price - Class A	**$ 8.51**	$ 9.30	$ 9.86	$ 9.60	$ 9.20

(1) This information is provided as at December 31. One Unit consists of one Class A share and one Class B share.
(2) Management expense ratio is the ratio of all fees and expenses, including goods and service taxes and capital taxes but excluding transaction fees, income taxes and Class A share distributions, charged to the Fund to the average net asset value, excluding the liability for the Redeemable Class A shares. The management expense ratio for 2004 includes the special resolution expense. The management expense ratio for 2004 excluding the special resolution expense is 2.24%.
(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 a percentage of the daily average net asset value during the period.
(5) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.

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 asset value 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 investment management fees. These deferrals (which are recorded as payables in the net asset value of the Fund) in the investment 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. Commencing July 2005 investment management fees were reduced from a monthly rate of 1/12 of 1.10 percent to a monthly rate of 1/12 of 0.40 percent of the Fund’s net asset value, plus applicable taxes, as required the by the prospectus when the Fund has not paid distributions for six or more consecutive months. Investment management fees for the year were paid at an annual rate of 0.40 percent of the Fund’s net asset value. The Investment Manager may choose at any time to require payment of all or any portion of the investment management fees voluntarily deferred.

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

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

Recent Developments

The monetary authorities in Canada and the U.S. are in the process of lowering rates. The biggest driver of the net asset value of the Fund is interest rates and we saw longer term interest rates decline in the second half of the year based on expectations of rate cuts from central banks and a flight to quality in lieu of the credit crunch. At year end U.S. treasuries were pricing in greater cuts by the Federal Reserve as seen by the interest rate differential on the short end of the curve between Canadian government bonds and U.S. Treasury securities.

In 2007 we saw unprecedented declines in many mortgage related securities prices with spillover effects into a variety of other credit markets. We saw the Financial stocks in Canada and the U.S. being sold on fears of a credit crunch and their sub prime exposure. Besides Financials we did see markets higher with Technology leading the way in Canada and Energy in the U.S..

In the U.S. heading into 2008, there are risks to the growth outlook mainly due to housing, uncertainty as to whether there will be any spillover effects from housing to the rest of the economy especially consumer spending. Headline inflation continues to be a risk while we expect some uncertainty on the political front with 2008 being an election year in the U.S. In Canada the housing and market is holding up well and the labor market has been fairly buoyant. However there are expectations for a slowdown in growth in 2008 with the weakness coming from the export sector due to the rapid ascent of the Canadian dollar.

Past Performance

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

(1) the information shown assumes that all distributions made by the Fund during these periods were reinvested in the Fund,

(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

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

Year-By-Year Returns

The bar chart below illustrates how the Fund's total annual return in each of the past six years has varied from year to year. The 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 increased or decreased by the end of 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, 2007 as compared to the performance of the S&P/TSX Composite Index, S&P 500 Index and Scotia Capital Universal Bond Index.

(In Canadian Dollars)	One Year	Three Years	Five Years	Since Inception*
Mulvihill Pro-AMS RSP Split Share Fund	**1.84 %**	4.31 %	5.01 %	3.12 %
Mulvihill Pro-AMS RSP Split Share Fund – Class A	**(0.52)%**	4.25 %	5.22 %	5.18 %
Mulvihill Pro-AMS RSP Split Share Fund – Class B	**3.37 %**	4.30 %	4.83 %	1.84 %
In order to meet regulatory requirements, the performance of three broader based market indices have been included below.				
S&P/TSX Composite Index**	**9.83 %**	16.93 %	18.32 %	11.91 %
S&P 500 Index***	**(10.55)%**	1.71 %	2.73 %	(2.28)%
Scotia Capital Universal Bond Index****	**3.68 %**	4.73 %	5.60 %	6.23 %

* 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 Capital Universal Bond Index is designed to measure the performance of the Canadian fixed income market.

The performance benchmarks shown here provide an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed these indices; rather, its objectives are to pay out quarterly dividends and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to generate the distributions.

These investment strategies result in a rate of return for the Fund that differs from that of a conventional, fully-invested portfolio. During periods of strongly rising markets, the Fund's approach will tend to underperform a comparable fully-invested portfolio of the same stocks as the Fund is not fully invested and writing covered call options generally limits portfolio performance to the option premium received. In periods of declining markets, however, the Fund's defensive cash balances help to protect net asset value, and covered option writing income generally provides returns exceeding those of a conventional 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.

Forward-Looking Statements

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

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

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

Management's Responsibility for Financial Reporting

The accompanying financial statements of 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 annual 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 21, 2008

Sheila S. Szela
Director
Mulvihill Fund Services Inc.

To the Shareholders of Mulvihill Pro-AMS RSP Split Share Corp.

We have audited the accompanying statement of investments of Mulvihill Pro-AMS RSP Split Share Corp. (the "Fund") as at December 31, 2007, the statements of financial position as at December 31, 2007 and 2006, 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 as at December 31, 2007 and 2006, and the results of its operations, the changes in its net assets, and its investments for the years then ended, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
February 21, 2008

Statements of Financial Position

December 31, 2007 and 2006

	2007	2006
ASSETS		
Investments - Class A Share Fixed portfolio at fair value (cost - $7,386,670; 2006 - $6,868,490) (Notes 4 and 6)	$ **6,602,857**	$ 6,598,187
Investments - Class B Share Fixed portfolio at fair value (cost - $13,946,397; 2006 - $16,170,892) (Notes 4 and 6)	**17,433,959**	20,596,635
Investments - Managed portfolio at fair value (cost - $3,533,347; 2006 - $6,459,922) (Notes 4 and 6)	**3,401,366**	6,852,180
Short-term investments - Managed portfolio at fair value (cost - $1,537,546; 2006 - $807,485)	**1,540,268**	819,495
Cash	**5,235**	38,118
Dividends receivable	**8,761**	10,008
Interest receivable	**3,377**	3,926
Due from brokers - derivatives	**3,117,501**	3,534,562
TOTAL ASSETS	$ **32,113,324**	$ **38,453,111**
LIABILITIES		
Redemptions payable	$ **3,669,499**	$ 4,627,882
Accrued management fees (Note 8)	**348,846**	375,553
Accrued forward agreement fees	**112,290**	57,941
Accrued liabilities	**30,463**	17,324
Due to brokers - investments	**–**	8,311
Redeemable Class A shares (Note 7)	**11,383,150**	13,472,350
	15,544,248	**18,559,361**
EQUITY		
Class B and Class J shares (Note 7)	**20,945,958**	24,790,263
Deficit	**(4,376,882)**	(4,896,513)
	16,569,076	**19,893,750**
TOTAL LIABILITIES AND EQUITY	$ **32,113,324**	$ **38,453,111**
Number of Units Outstanding	**1,138,315**	**1,347,235**
Net Assets per Unit		
Class A Share	$ **10.0000**	$ 10.0000
Class B Share	**14.5558**	14.7664
	$ **24.5558**	$ **24.7664**

On Behalf of the Board of Directors,

John P. Mulvihill, Director

Robert W. Korthals, Director

Statements of Operations and Deficit

Years ended December 31, 2007 and 2006

	2007	2006
REVENUE		
Dividends	$ 210,845	$ 134,254
Interest, net of foreign exchange	(20,540)	49,706
Withholding taxes	(6,774)	(10,011)
	183,531	173,949
Net realized gains on investments	278,844	9,036
Net realized gains on derivatives	2,652,847	3,589,608
Total Net Realized Gains	2,931,691	3,598,644
TOTAL REVENUE	3,115,222	3,772,593
EXPENSES (Note 8)		
Management fees	158,826	32,859
Forward agreements fees (Note 6)	221,653	223,663
Administrative and other expenses	104,806	74,606
Transaction fees (Notes 3 and 10)	5,798	–
Custodian fees	29,966	43,410
Audit fees	30,576	26,556
Director fees	20,727	20,427
Independent review committee fees	739	–
Legal fees	5,239	7,004
Shareholder reporting costs	34,139	33,233
Goods and services tax	19,414	24,778
TOTAL EXPENSES	631,883	486,536
Net Realized Income before Distributions	2,483,339	3,286,057
Class A distributions	(849,556)	(1,062,250)
Net Realized Income	1,633,783	2,223,807
Net change in unrealized appreciation/depreciation of investments	(1,970,887)	(1,609,911)
Net change in unrealized appreciation/depreciation of short-term investments	(9,342)	12,311
Total Net Change in Unrealized Appreciation/Depreciation of Investments	(1,980,229)	(1,597,600)
NET INCOME (LOSS) FOR THE YEAR	$ (346,446)	$ 626,207
NET INCOME (LOSS) PER CLASS B SHARE (based on the weighted average number of Class B shares outstanding during the year of 1,308,102; 2006 - 1,638,757)	$ (0.2648)	$ 0.3821
DEFICIT		
Balance, beginning of year	$ (4,896,513)	$ (7,128,435)
Transition Adjustment - New Accounting Standards (Note 4)	(5,043)	–
Net allocations on retractions	871,120	1,605,715
Net income (loss) for the year	(346,446)	626,207
BALANCE, END OF YEAR	$ (4,376,882)	$ (4,896,513)

Statements of Changes in Net Assets

Years ended December 31, 2007 and 2006

	2007	2006
NET ASSETS, CLASS B AND CLASS J SHARES BEGINNING OF YEAR	$ 19,893,750	$ 24,617,126
Transition Adjustment - New Accounting Standards (Note 4)	(5,043)	–
Net Realized Income before Distributions	2,483,339	3,286,057
Class B Share Transactions		
Amount paid for shares redeemed	(2,973,185)	(5,349,583)
Distributions		
Class A shares		
Non-taxable distributions	(849,556)	(1,062,250)
Net Change in Unrealized Appreciation/Depreciation of Investments	(1,980,229)	(1,597,600)
Changes in Net Assets during the Year	(3,324,674)	(4,723,376)
NET ASSETS, CLASS B AND CLASS J SHARES END OF YEAR	$ 16,569,076	$ 19,893,750

The statement of changes in net assets excludes cash flows pertaining to the Redeemable Class A shares as they are reflected as liabilities. During the year, amounts paid for the redemption of 208,920 Class A shares (2006 - 377,988) totalled $2,089,200 (2006 – $3,779,800).

Statements of Changes in Investments

Years ended December 31, 2007 and 2006

	2007	2006
INVESTMENTS AT FAIR VALUE, BEGINNING OF YEAR	$ 34,047,002	$ 42,963,654
Transition Adjustment - New Accounting Standards (Note 4)	(5,043)	–
Unrealized Appreciation of Investments, Beginning of the Year	(4,542,655)	(6,157,609)
Investments at Cost, Beginning of the Year	29,499,304	36,806,045
Cost of Investments Purchased during the Year	8,124,142	22,416,567
Cost of Investments Sold during the Year		
Proceeds from sales	15,688,723	33,321,952
Net realized gain on sales	2,931,691	3,598,644
	12,757,032	29,723,308
Investments at Cost, End of the Year	24,866,414	29,499,304
Unrealized Appreciation of Investments, End of the Year	2,571,768	4,547,698
INVESTMENTS AT FAIR VALUE, END OF YEAR	$ 27,438,182	$ 34,047,002

Statement of Investments

December 31, 2007

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO				
Treasury Bills				
Government of Canada, 4.01% - February 21, 2008	20,000	$ 19,740	$ **19,740**	
Government of Canada, 3.86% - March 6, 2008	900,000	891,781	**891,781**	
Total Treasury Bills		**911,521**	**911,521**	59.1%
Discount Commercial Paper				
Canadian Wheat Board, USD, 4.03% - February 6, 2008	110,000	110,093	**107,874**	
Export Development Corporation, USD, 4.12% - January 7, 2008	125,000	121,660	**122,647**	
Export Development Corporation, USD, 4.16% - February 25, 2008	20,000	19,628	**19,534**	
Total Discount Commercial Paper		**251,381**	**250,055**	16.2%
Ontario Treasury Note				
Province of Ontario, USD, 3.87% - January 29, 2008	385,000	**374,644**	**378,692**	24.5%
		1,537,546	**1,540,268**	**99.8%**
Accrued Interest			**3,377**	**0.2%**
TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO		$ **1,537,546**	$ **1,543,645**	**100.0%**
INVESTMENTS				
INVESTMENTS - MANAGED PORTFOLIO				
Canadian Common Shares				
Consumer Discretionary				
Shaw Communication Inc.	7,500	$ **156,787**	$ **176,925**	0.6%
Energy				
Enbridge Inc.	4,000	149,298	**160,040**	
EnCana Corporation	4,000	234,073	**270,000**	
Imperial Oil Ltd.	800	33,109	**43,664**	
Total Energy		**416,480**	**473,704**	1.7%
Financials				
Manulife Financial Corporation	3,500	139,006	**141,575**	
The Toronto-Dominion Bank	1,500	108,450	**104,175**	
Total Financials		**247,456**	**245,750**	0.9%
Materials				
Goldcorp Inc.	6,000	209,937	**202,500**	
Kinross Gold Corporation	10,000	101,244	**182,700**	
Teck Cominco Ltd. Cl B	5,000	225,006	**177,150**	
Total Materials		**536,187**	**562,350**	2.1%
Telecommunication Services				
Rogers Communications Inc., Class B	5,600	204,736	**251,944**	
TELUS Corporation	3,500	217,048	**173,005**	
Total Telecommunication Services		**421,784**	**424,949**	1.5%
Total Canadian Common Shares		$ **1,778,694**	$ **1,883,678**	**6.8%**

Statement of Investments (continued)

December 31, 2007

	Number of Shares	Average Cost	Fair Value	% of Portfolio
INVESTMENTS (continued)				
INVESTMENTS - MANAGED PORTFOLIO (continued)				
United States Common Shares				
Consumer Staples				
PepsiCo Inc.	3,000	$ 220,662	$ **224,285**	0.8 %
Financials				
Morgan Stanley	1,500	105,088	**78,463**	
The Hartford Financial Services Group, Inc.	2,200	245,436	**188,989**	
Total Financials		350,524	**267,452**	1.0 %
Health Care				
Johnson & Johnson	2,000	143,339	**131,482**	
Pfizer Inc.	7,500	229,952	**168,029**	
Total Health Care		373,291	**299,511**	1.1 %
Industrials				
General Electric Company	6,000	247,727	**218,985**	0.8 %
Information Technology				
Cisco Systems Inc.	6,000	173,277	**160,301**	
Intel Corp.	5,000	130,562	**131,511**	
Microsoft Corp.	7,600	252,026	**266,955**	
Total Information Technology		555,865	**558,767**	2.0 %
Total United States Common Shares		$ 1,748,069	$ **1,569,000**	**5.7 %**
Forward Exchange Contracts				
Sold USD $160,000, Bought CAD $160,319 @ 0.99801 - January 9, 2008			$ **2,425**	
Sold USD $49,000, Bought CAD $48,721 @ 1.00573 - January 16, 2008			**371**	
Sold USD $300,000, Bought CAD $290,399 @ 1.03306 - January 16, 2008			**(5,622)**	
Sold USD $595,000, Bought CAD $580,454 @ 1.02506 - January 23, 2008			**(6,603)**	
Sold USD $55,000, Bought CAD $55,648 @ 0.98836 - January 30, 2008			**1,387**	
Sold USD $130,000, Bought CAD $123,961 @ 1.04872 - January 31, 2008			**(4,290)**	
Sold USD $260,000, Bought CAD $237,330 @ 1.09552 - February 6, 2008			**(19,161)**	
Sold USD $295,000, Bought CAD $281,725 @ 1.04712 - February 13, 2008			**(9,279)**	
Sold USD $220,000, Bought CAD $222,970 @ 0.98668 - February 20, 2008			**5,960**	
Sold USD $150,000, Bought CAD $150,403 @ 0.99732 - March 12, 2008			**2,457**	
Total Forward Exchange Contracts			$ **(32,355)**	**(0.1)%**

Statement of Investments

December 31, 2007

	Number of Contracts/ Number of Shares	Average Cost/ Proceeds	Fair Value	% of Portfolio
INVESTMENTS (continued)				
INVESTMENTS - MANAGED PORTFOLIO (continued)				
OPTIONS				
Purchased Put Options				
Standard & Poor's 100 Index - January 2008 @ $646 (1 share per contract)	500	$ 12,610	$ **1,435**	
Standard & Poor's 100 Index - January 2008 @ $654 (1 share per contract)	275	5,779	**139**	
S&P/TSX 60 Index - January 2008 @ $753 (100 shares per contract)	5	15,050	**546**	
S&P/TSX 60 Index - January 2008 @ $754 (100 shares per contract)	4	9,772	**99**	
Total Purchased Put Options		**43,211**	**2,219**	0.0 %
Written Covered Call Options (100 shares per contract)				
Cisco Systems Inc. - January 2008 @ $28	(60)	(6,380)	**(1,056)**	
EnCana Corporation - January 2008 @ $66	(20)	(4,020)	**(4,576)**	
Goldcorp Inc. - January 2008 @ $34	(30)	(3,690)	**(3,687)**	
Intel Corp. - January 2008 @ $27	(25)	(2,682)	**(1,607)**	
Kinross Gold Corporation - January 2008 @ $18	(75)	(5,175)	**(4,463)**	
Manulife Financial Corporation - January 2008 @ $42	(18)	(1,188)	**(145)**	
PepsiCo Inc. - January 2008 @ $80	(15)	(1,677)	**(233)**	
Pfizer Inc. - January 2008 @ $25	(35)	(1,657)	**(70)**	
Rogers Communications Inc. Class B - January 2008 @ $44	(28)	(2,912)	**(5,153)**	
Shaw Communication Inc. - January 2008 @ $25	(38)	(1,748)	**(79)**	
The Hartford Financial Services Group, Inc. - January 2008 @ $96	(11)	(3,403)	**(67)**	
The Toronto-Dominion Bank - January 2008 @ $75	(7)	(770)	**(40)**	
Total Written Covered Call Options		**(35,302)**	**(21,176)**	(0.1)%
TOTAL OPTIONS		$ **7,909**	$ **(18,957)**	**(0.1)%**
Adjustment for transaction costs (Note 3)		$ **(1,325)**		
TOTAL INVESTMENTS - MANAGED PORTFOLIO		$ **3,533,347**	$ **3,401,366**	**12.3 %**
INVESTMENTS - CLASS A SHARE FIXED PORTFOLIO				
Canadian Common Shares				
Consumer Discretionary				
Gildan Activewear Inc.	5,950	$ **232,645**	$ **243,533**	0.9 %
Consumer Staples				
Cott Corporation	31,017	**737,334**	**203,161**	0.8 %
Health Care				
Angiotech Pharmaceuticals Inc.	37,332	**396,093**	**126,555**	0.5 %
Industrials				
Ace Aviation Holdings Inc. - B	7,940	232,642	**224,623**	
Westjet Airlines Ltd.	148,913	1,480,121	**3,350,542**	
Total Industrials		**1,712,763**	**3,575,165**	13.0 %
Information Technology				
Celestica Inc.	133,262	2,741,825	**766,256**	
CGI Group Inc. - Cl A	27,520	287,584	**316,480**	
Nortel Networks Corporation	5,940	214,199	**88,981**	
Research in Motion	29,117	759,636	**3,277,410**	
Total Information Technology		**4,003,244**	**4,449,127**	16.2 %

Statement of Investments

December 31, 2007

	Number of Shares	Average Cost	Fair Value	% of Portfolio
INVESTMENTS (continued)				
INVESTMENTS - CLASS A SHARE FIXED PORTFOLIO (continued)				
Materials				
Kinross Gold Corporation	30,085	304,591	549,653	2.0 %
Total Canadian Common Shares		$ 7,386,670	$ 9,147,194	33.4 %
Class A Share Forward Agreement (Note 6)			(2,544,337)	(9.3)%
TOTAL INVESTMENTS - CLASS A SHARE FIXED PORTFOLIO		$ 7,386,670	$ 6,602,857	24.1 %
INVESTMENTS - CLASS B FIXED PORTFOLIO				
Canadian Common Shares				
Consumer Discretionary				
Gildan Activewear	27,635	$ 1,080,529	$ 1,131,101	
Rona Inc.	53,911	1,184,425	919,183	
Total Consumer Discretionary		2,264,954	2,050,284	7.5 %
Consumer Staples				
Cott Corporation	85,081	2,022,540	557,281	2.0 %
Health Care				
Angiotech Pharmaceuticals Inc.	111,628	1,184,373	378,419	1.4 %
Industrials				
Ace Aviation Holdings Inc. - B	36,877	1,080,496	1,043,250	
Bombardier Inc. “B”	681,628	1,831,268	4,062,503	
Westjet Airlines Ltd.	86,029	855,085	1,935,652	
Total Industrials		3,766,849	7,041,405	25.7 %
Information Technology				
Celestica Inc.	19,830	407,996	114,022	
CGI Group Inc. - Cl A	86,878	907,875	999,097	
Nortel Networks Corporation	42,351	1,527,199	634,418	
Research in Motion	34,611	902,969	3,895,814	
Total Information Technology		3,746,039	5,643,351	20.6 %
Materials				
Kinross Gold Corporation	94,983	961,642	1,735,339	6.3 %
Total Canadian Common Shares		$ 13,946,397	$ 17,406,079	63.5 %
Class B Share Forward Agreement (Note 6)			27,880	0.1 %
TOTAL INVESTMENTS - CLASS B FIXED PORTFOLIO		$ 13,946,397	$ 17,433,959	63.6 %
TOTAL INVESTMENTS		$ 24,866,414	$ 27,438,182	100.0 %
Redeemable Class A shares			(11,383,150)	
Short-Term Investments - Managed Portfolio			1,540,268	
Other Assets Less Liabilities			(1,026,224)	
NET ASSETS			$ 16,569,076	
TOTAL MANAGED PORTFOLIO		$ 5,070,893	$ 4,941,634	
TOTAL CLASS A FIXED PORTFOLIO		7,386,670	6,602,857	
TOTAL CLASS B FIXED PORTFOLIO		13,946,397	17,433,959	
TOTAL INVESTMENT PORTFOLIO		$ 26,403,960	$ 28,978,450	

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) has been 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.

Foreign exchange forward contracts may be used to hedge the Fund's exposure to potential fluctuations in foreign exchange. The hedging strategy can include the hedging of all or a portion of the currency exposure of an existing investment or group of investments and will vary based upon the manager's assessment of market conditions. There can be no assurance that the use of foreign exchange forward contracts will be effective. Losses may arise due to changes in the value of the foreign currency or if the counterparty does not perform under the contract.

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 are recorded in the financial statements at their fair value determined as follows:

Securities are valued at fair value, which is determined by the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. If no bid prices are available, the securities are valued at the closing sale price.

Short-term investments are included in the statement of investments at their cost including applicable foreign exchange translations. This value, together with accrued interest, approximates fair value at bid price.

Listed options are valued at fair values as reported on recognized exchanges. Over the counter options are valued using the Black-Scholes valuation model.

The value of a 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 were to be closed out. The fair value is determined using a valuation technique based on a discounted cash flow approach adjusted for contract specific terms. Changes in the underlying factors such as the discount interest rate will impact the fair value of the Forward Agreement. 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.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Operations and Deficit.

Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers. Prior to adoption of CICA Handbook Section 3855, "Financial Instruments - Recognition and Measurement" and Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" (see Note 4), transaction fees were capitalized and included in the cost of purchases or proceeds from sale of investments. There is no impact on net assets or results of operations as a result of this change in accounting policy for the transaction fees.

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 the 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.

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. New Accounting Standards

The Fund has adopted, effective January 1, 2007, the Canadian Institute of Chartered Accountants new accounting standards relating to Financial Instruments. The new standards require that the fair value of securities which are traded in active markets be measured based on bid price and transaction fees, such as brokerage commissions, incurred in the purchase or sale of securities by the Fund be charged to net income in the period incurred. These new standards have been adopted retrospectively with no restatement of prior periods' comparative amounts.

As a result of the adoption of these new standards, the Fund recorded a transition adjustment to the opening net assets in the amount of $5,043. This transition adjustment represents the adjustment to fair value of investments from the closing sale price to the closing bid price as of December 31, 2006.

As a result of regulatory relief received from the Canadian Securities Administrators, on implementation of the new standards, the above changes will not impact the net asset value per unit used to transact units of the Fund which will continue to be based upon securities valued at the last sale price. The relief is effective until September 2008.

5. Net Asset Value and Net Assets

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

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

	2007
Net Asset Value (for pricing purposes)	**$24.56**
Difference	**(0.00)**
Net Assets (for financial statement purposes)	**$24.56**

6. 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 6 years.

The Class A Share Forward Agreements and the Class B Share Forward Agreement (together, the "Forward Agreements") are a direct obligation of RBC.

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.

7. 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, one Class A share and one 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

	2007	2006
1,138,315 Class A shares (2006 - 1,347,235)	**$ 11,383,150**	$ 13,472,350
1,138,315 Class B shares (2006 - 1,347,235)	**$ 20,945,858**	$ 24,790,163
100 Class J shares (2006 - 100)	**100**	100
	$ 20,945,958	**$ 24,790,263**

During the year, 208,920 Units (2006 - 377,988 Units) were redeemed by the Fund.

8. Management Fees and Expenses

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 shares 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 until June 2005. 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.

Commencing July 2005 investment management fees were reduced from a monthly rate of 1.10 percent to a monthly rate of 0.40 percent of the Fund's net asset value, plus applicable taxes, as required the by the prospectus when the Fund has not paid distributions for six or more consecutives months. Investment management fees for the yea were paid at an annual rate of 0.40 percent of the Fund's net asset value.

The management fee expense for 2006 is lower than it would otherwise be due to the reversal of deferred fees in the amount of $190,998, which were previously accrued but are now considered unlikely to be paid due to the performance of the Fund.

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 2007 or 2006.

9. 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.

No amount is payable on account of income taxes in 2007 or 2006.

Accumulated non-capital losses of approximately $4.6 million (2006 - $4.6 million) and capital losses of $7.3 million (2006 - $7.3 million) are available for utilization against net investment income and realized gains on sale of investments, respectively, in future years. The capital losses can be carried forward indefinitely. The non-capital losses expire as follows:

Expiration Date	Amount
2009	$ 1.1
2010	2.2
2014	1.3
Total	**$ 4.6**

Issue costs of nil (2006 - 0.2 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 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.

10. Transaction Fees

Total transaction fees paid for the year ended December 31, 2007 in connection with portfolio transactions were $5,798 (2006 - $28,038). In 2006, transaction fees were recorded in unrealized and realized gains and losses on investments. Of this amount $861 (2006 - $9,416) was directed for payment of trading related goods and services.

11. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, investments and certain derivative contracts (options and foreign exchange forward agreements). As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, derivative financial instruments risk and foreign currency risk.

These risks and related risk management practices employed by the Fund are discussed below:

Market Risk

The Fund's equity, debt securities and trading derivatives are susceptible to market price risk arising from uncertainties about future prices of the instruments. Net Asset Value per Unit varies as the value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the value of the securities in the Portfolio. The Fund's market risk is managed by taking a long-term perspective while focusing on quality businesses that consistently deliver strong returns for shareholders and utilizing an option writing program.

Interest Rate Risk

The Fund is comprised of a fixed portfolio, which contains a forward agreement and securities pledged as collateral under the forward agreement, as well as a managed portfolio which holds cash and cash equivalents. The value of the forward agreement is determined by the current level of interest rates and is inversely related to them. For example, increases in long-term interest rates will generally have the effect of decreasing the Fund's total net asset value. As the majority of the Fund's total net asset value is comprised of the forward agreement the primary risk associated with the Fund is interest rate risk.

As the Fund approaches the termination date of December 31, 2013, the fixed portfolio will become an increasing proportion of the total Fund assets. Additionally, the Fund's sensitivity to longer-term interest rates will decline, whereas its sensitivity to short-term interest rates will increase.

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the net asset value of the Fund resulting from an increase in interest rates may also negatively affect the market price of the Units. To mitigate this risk, excess cash and cash equivalents are invested at short-term market interest rates.

Use of Options and Other Derivative Instruments

The Fund may from time to time write covered call options in respect of all or part of the common shares in the Portfolio. In addition, the Fund may write cash covered put options in respect of securities in which the Fund is permitted to invest. The Fund is subject to the full risk of its investment position in securities that are subject to outstanding call options and those securities underlying put options written by the Fund, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding call options above the strike price of such options. To mitigate risk due to market declines the Fund writes options to expire at varied points in time to reduce the risk associated with all options expiring on the same date.

In purchasing call or put options or entering into forward or future contracts, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The maximum credit risk exposure is the aggregate of all contracts with a positive value as disclosed in the statement of investments. The Fund manages these risks through the use of various risk limits and trading strategies.

The following are credit ratings for the counterparties to derivative instruments the Fund deals with during the year, based on Standard & Poor's credit rating as at December 31, 2007:

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Bank of Montreal	A+	A-1
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	AA	A-1+
National Bank of Canada	A	A-1
Royal Bank of Canada	AA-	A-1+
The Toronto-Dominion Bank	AA-	A-1+
U.S. Dollar		
Citigroup Inc.	AA	A-1+
Lehman Brothers Holdings Inc.	A+	A-1
The Toronto-Dominion Bank	AA-	A-1+
UBS AG	AA	A-1+

Foreign Currency Exposure

The Portfolio includes securities and options denominated in U.S. dollars. The net asset value of the Fund and the value of the dividends and option premiums received by the Fund will be affected by fluctuations in the value of the U.S. dollar relative to the Canadian dollar. The Fund uses foreign exchange contracts to actively hedge a portion of its U.S. dollar exposure.

12. Future Accounting Policy Changes

On December 1, 2006, the CICA issued two new accounting standards: Handbook Section 3862, "Financial Instruments - Disclosures", and Handbook Section 3863, "Financial Instruments - Presentation" which replaces Handbook Section 3861, "Financial Instruments - Disclosure and Presentation". These new standards became effective for the Fund on January 1, 2008. These two new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Statement of Corporate Governance Practices

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 an 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 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.

Independent Review Committee

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

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

Mulvihill Capital Management is a leading independent investment manager responsible for managing more than $2.6 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, 2007 to December 31, 2007	
MULVIHILL PLATINUM			
Mulvihill *Government Strip Bond Fund*	GSB.UN	$ 22.40	$ 19.40
Mulvihill Pro-AMS *U.S. Fund*	PAM.UN	$ 22.62	$ 20.70
Mulvihill Pro-AMS *100 Plus (Cdn $) Fund*	PRC.UN	$ 19.40	$ 17.30
Mulvihill Pro-AMS *100 Plus (U.S. $) Fund*	PRU.U	$ 16.50	$ 14.01
Mulvihill Pro-AMS *RSP Split Share Fund*	SPL.A/SPL.B	$ 9.95/$ 15.50	$ 8.02/$ 13.31
MULVIHILL PREMIUM			
Mulvihill *Core Canadian Dividend Fund*	CDD.UN	$ 10.25	$ 7.63
Mulvihill Premium *Canadian Fund*	FPI.UN	$ 18.75	$ 15.32
Mulvihill Premium *60 Plus Fund*	SIX.UN	$ 17.99	$ 15.05
Mulvihill Premium *Global Plus Fund*	GIP.UN	$ 12.00	$ 9.87
Mulvihill Premium *Canadian Bank Fund*	PIC.A/PIC.PR.A	$ 11.68/$ 16.32	$ 8.00/$ 14.41
Mulvihill Premium *Split Share Fund*	MUH.A/MUH.PR.A	$ 7.87/$ 15.55	$ 5.40/$ 14.77
Mulvihill Premium *Global Telecom Fund*	GT.A/GT.PR.A	$ 0.30/$ 14.10	$ 0.10/$ 12.40
Mulvihill *S Split Fund*	SBN/SBN.PR.A	$ 15.00/$ 10.61	$ 9.25/$ 9.55
Mulvihill *Top 10 Canadian Financial Fund*	TCT.UN	$ 15.80	$ 13.40
Mulvihill *Top 10 Split Fund*	TXT.UN/TXT.PR.A	$ 10.99/$ 14.25	$ 7.75/$ 12.47
Mulvihill *World Financial Split Fund*	WFS/WFS.PR.A	$ 12.93/$ 10.95	$ 7.87/$ 9.40

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 / Independent Review Committee*

Information

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trading under
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Custodian:
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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 *Government Strip Bond Fund*
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 *Core Canadian Dividend Fund*
Mulvihill Premium *Canadian 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 *S Split Fund*
Mulvihill *Top 10 Canadian Financial Fund*
Mulvihill *Top 10 Split Fund*
Mulvihill *World Financial Split Fund*

Mutual Funds Managed by Mulvihill Capital Management

Mulvihill Canadian *Money Market Fund*
Mulvihill Canadian *Bond Fund*
Mulvihill Global *Equity Fund*
Premium Global *Income Fund*

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