



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2006

*Mulvihill Pro-AMS*

*100 Plus (U.S. \$) Fund*



## **Management Report on Fund Performance**

This report, prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure), contains the financial highlights for the six months ended June 30, 2006 of Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund (the "Fund"). The June 30, 2006 semi-annual financial statements of the Fund are attached.

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

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.

# Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

## Management Report on Fund Performance

### 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](http://www.mulvihill.com).

#### Asset Mix

June 30, 2006

	% of Net Assets
Fixed Portfolio	78%
Cash and Short-Term Investments	27%
Other Net Assets (Liabilities)	(5)%
	100%

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

#### Portfolio Holdings

June 30, 2006

	% of Net Assets
<b>Managed Portfolio</b>	
Cash and Short-Term Investments	27%
<b>Fixed Portfolio</b>	
Securities Pledged as Collateral for Forward Agreement	99%
Forward Agreement	(21)%
	105%

## **Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund**

### **Management Report on Fund Performance**

#### **Results of Operations**

The net asset value of the Fund at June 30, 2006 was U.S. \$14.53 (CDN \$16.16) per unit compared to U.S. \$15.01 (CDN \$17.53) per unit at December 31, 2005. The Fund's units, listed on the Toronto Stock Exchange as PRU.U, closed on June 30, 2006 at U.S. \$13.41 representing a 7.7 percent discount to the net asset value.

No distributions were paid to unitholders during this period. The total return of negative 7.8 percent (in CDN\$) during this period was primarily due to changes resulted from an appreciation in the Canadian dollar as well as an increase in interest rates, which adversely affected the value of the fixed portfolio. As interest rates rose during the period, the Merrill Lynch U.S. Treasury Master Index declined by 1.2 percent.

# Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

## Management Report on Fund Performance

### Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance from its inception on November 1, 2001. The

(In Canadian Dollars)	Six months ended June 2006	
DATA PER UNIT		
<b>Net Asset Value, beginning of period<sup>(1)</sup></b>	<b>\$</b>	<b>17.53</b>
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue		<b>(0.03)</b>
Total expenses		<b>(0.24)</b>
Realized gains (losses) for the period		<b>(0.21)</b>
Unrealized gains (losses) for the period		<b>(1.08)</b>
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>		<b>(1.56)</b>
DISTRIBUTIONS		
From capital gains		—
Non-taxable distributions		—
<b>Total Distributions<sup>(3)</sup></b>		—
<b>Net Asset Value, end of period<sup>(1)</sup></b>	<b>\$</b>	<b>16.16</b>

(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 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 and is calculated based on the weighted average number of units outstanding during the period. The schedule

(In Canadian Dollars)	Six months ended June 2006	
RATIOS/SUPPLEMENTAL DATA		
Net Assets (\$millions)	<b>\$</b>	<b>11.11</b>
Number of units outstanding		<b>687,338</b>
Management expense ratio <sup>(1)</sup>		<b>2.87<sup>(4)</sup></b>
Portfolio turnover rate <sup>(2)</sup>		<b>0.00%</b>
Trading expense ratio <sup>(3)</sup>		<b>0.00%</b>
Closing market price - USD	<b>\$</b>	<b>13.41</b>

(1) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes, charged to the Fund to average net assets. Management expense ratio for 2004 includes the special resolution expense. The management expense ratio for 2004 excluding the special resolution expense is 2.76%.

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

## Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

### Management Report on Fund Performance

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

Information for the period ended June 30, 2006 is derived from the Fund's unaudited semi-annual financial statements.

Years ended December 31				
2005	2004	2003	2002	2001 <sup>(4)</sup>
\$ 18.05	\$ 20.15	\$ 25.08	\$ 28.57	\$ 30.05 <sup>(5)</sup>
(0.06)	0.09	(0.03)	0.21	0.04
(0.47)	(0.60)	(0.58)	(0.67)	(0.18)
(0.93)	(0.04)	(0.68)	(1.45)	0.49
1.28	0.20	(1.26)	1.09	(1.41)
(0.18)	(0.35)	(2.55)	(0.82)	(1.06)
-	-	-	-	(0.33)
(0.30)	(1.70)	(2.37)	(2.67)	(0.12)
(0.30)	(1.70)	(2.37)	(2.67)	(0.45)
\$ 17.53	\$ 18.05	\$ 20.15	\$ 25.08	\$ 28.57

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 period.

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

(4) For the period from inception on November 1, 2001 to December 31, 2001.

(5) Net of agent fees.

Years ended December 31				
2005	2004	2003	2002	2001
\$ 13.12	\$ 24.85	\$ 35.36	\$ 44.01	\$ 53.43
748,238	1,376,581	1,754,900	1,754,900	1,870,000
2.59%	3.03%	2.60%	2.61%	2.76% <sup>(4)</sup>
38.41%	16.52%	33.01%	46.00%	13.70%
0.04%	0.06%	0.08%	0.11%	0.09%
\$ 14.02	\$ 14.20	\$ 16.49	\$ 15.56	\$ 21.50

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

(4) Annualized.

## Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

### Management Report on Fund Performance

#### 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. The Investment Manager voluntarily agreed to defer payment of a portion of its management fees. These deferrals in the management fees represent decreases in direct proportion to the decline in targeted distribution rates, to a minimum annual management fee rate of 0.50 percent of the Fund’s net asset value. The Investment Manager may choose at any time to require payment of its full investment management fees and all or any portion of those in arrears. Management fees for the period were paid at an annual rate of 0.20 percent of the Fund’s net asset value. In the event that no distributions are made for six or more consecutive months, such fees will be reduced to 1/12 of 0.50 percent of 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 unitholders. No unpaid portion of such fees will be paid out of the proceeds of the forward agreements. Services received under the Investment Management Agreement include the making of all investment decisions and the writing of covered call options in accordance with the investment objectives, strategy and criteria of the Fund. MCM also makes 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 assets of the Fund at each month end. Services received under the Management Agreement include providing or arranging for required administrative services to the Fund.

#### Recent Developments

The primary investment objective is to maintain the redemption value of U.S. \$20.00 per unit at the termination of the Fund on December 30, 2016. To provide greater certainty to the principal protection objective, the Fund has eliminated its exposure to equity securities with the managed portfolio now comprised entirely of cash and cash equivalents. The fixed portfolio has retained forward agreements with the Royal Bank of Canada sufficient to fund U.S. \$20.00 per unit on the termination date for each unit currently outstanding.

The central banks in Canada and the U.S. continued with the rate increases that began in mid-2004. There were four rate hikes during the first six months of this year. Yield curves remained predominately flat in both countries with very little differential between short-and long-term interest rates. It seems likely that the tightening cycle will draw to a close during the remainder of the year, but this is by no means a certainty. The Fund remains sensitive to changes in interest rates.



# Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

## Management Report on Fund Performance

### Past Performance

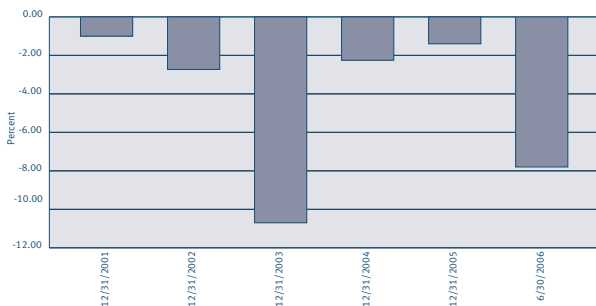
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

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

### Year-By-Year Returns

The bar chart below illustrates how the Fund's total return for each of the past five years as well as for the six month period ended June 30, 2006 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on December 31 in each year or the date of inception in 2001 would have increased or decreased by the end of that fiscal year, or June 30, 2006 for the six months then ended.

### Annual Total Return



### 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 October 18, 2001.

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated October 18, 2001, 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.

## Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

### Management's Responsibility for Financial Reporting

The accompanying financial statements of Mulvihill Pro-AMS 100 Plus (U.S. \$) Trust (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Fund Services Inc. (the "Manager") and have been approved by the Board of Advisors (the "Board").

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this semi-annual report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the annual financial statements for the year ended December 31, 2005.

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

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

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



John P. Mulvihill  
Director  
Mulvihill Fund Services Inc.



Sheila S. Szela  
Director  
Mulvihill Fund Services Inc.

August 2006

# Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

## Financial Statements

### Interim Statements of Net Assets

June 30, 2006 (Unaudited) and December 31, 2005 (Audited)

(In Canadian Dollars)

	2006	2005
<b>ASSETS</b>		
Investments - Fixed portfolio at market value (cost - \$10,113,443; 2005 - \$10,780,516)	<b>\$ 8,647,350</b>	\$ 10,123,032
Short-term investments - Managed portfolio (cost - \$3,013,354; 2005 - \$5,152,535)	<b>3,006,444</b>	5,133,130
Cash	<b>4,259</b>	9,695
Interest receivable	<b>10,146</b>	16,244
Due from brokers - derivatives	-	7,092,811
<b>TOTAL ASSETS</b>	<b>11,668,199</b>	<b>22,374,912</b>
<b>LIABILITIES</b>		
Accrued management fees	<b>302,795</b>	314,883
Redemptions payable	<b>227,289</b>	8,911,034
Accrued liabilities	<b>16,044</b>	7,856
Accrued forward agreement fees	<b>16,903</b>	25,671
<b>TOTAL LIABILITIES</b>	<b>563,031</b>	<b>9,259,444</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 11,105,168</b>	<b>\$ 13,115,468</b>
<b>Number of Units Outstanding</b>	<b>687,338</b>	<b>748,238</b>
<b>Net Asset Value per Unit</b>	<b>\$ 16.1568</b>	<b>\$ 17.5285</b>

## Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

### Financial Statements

#### Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

(In Canadian Dollars)

	2006	2005
<b>REVENUE</b>		
Dividends	\$ -	\$ 31,426
Interest, net of foreign exchange	(19,838)	6,476
Withholding taxes	-	(4,353)
<b>TOTAL REVENUE</b>	<b>(19,838)</b>	<b>33,549</b>
<b>EXPENSES</b>		
Management fees	38,469	152,021
Forward agreement fees	51,822	94,784
Service fees	-	10,783
Administrative and other expenses	33,197	32,358
Custodian fees	11,243	25,992
Audit fees	23,058	17,700
Advisory board fees	10,363	10,063
Legal fees	859	917
Shareholder reporting costs	2,057	9,050
Goods and services tax	6,788	16,737
<b>TOTAL EXPENSES</b>	<b>177,856</b>	<b>370,405</b>
<b>Net Investment Loss</b>	<b>(197,694)</b>	<b>(336,856)</b>
Loss on sale of investments	(63,791)	(356,124)
Loss on sale of derivatives	(92,091)	(129,980)
Change in unrealized appreciation/ depreciation of investments	(796,120)	2,593,640
<b>Net Gain (Loss) on Investments</b>	<b>(952,002)</b>	<b>2,107,536</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ (1,149,696)</b>	<b>\$ 1,770,680</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 737,752; 2005 - 1,383,359)	<b>\$ (1.5584)</b>	<b>\$ 1.2800</b>

# Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

## Financial Statements

### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

(In Canadian Dollars)

	2006	2005
NET ASSETS, BEGINNING OF PERIOD	\$ 13,115,468	\$ 24,851,593
<b>Total Results of Financial Operations</b>	<b>(1,149,696)</b>	1,770,680
<b>Unit Transactions</b>		
Amount paid for units redeemed	(860,604)	(994,927)
<b>Distributions to Unitholders</b>		
Non-taxable distributions	–	(406,499)
<b>Changes in Net Assets during the Period</b>	<b>(2,010,300)</b>	369,254
NET ASSETS, END OF PERIOD	\$ 11,105,168	\$ 25,220,847
<b>Net Asset Value per Unit</b>	<b>\$ 16.1568</b>	\$ 19.0407

### Interim Statements of Loss on Sale of Investments

For the six months ended June 30 (Unaudited)

(In Canadian Dollars)

	2006	2005
<b>Proceeds from Sale of Investments</b>	<b>\$ 511,191</b>	\$ 8,851,117
<b>Cost of Investments Sold</b>		
Cost of investments, beginning of period	10,780,516	26,190,276
Cost of investments purchased	–	2,478,629
	10,780,516	28,668,905
<b>Cost of Investments, End of Period</b>	<b>(10,113,443)</b>	(19,331,684)
	667,073	9,337,221
<b>LOSS ON SALE OF INVESTMENTS</b>	<b>\$ (155,882)</b>	\$ (486,104)

## Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund

### Financial Statements

#### Statement of Investments

June 30, 2006 (Unaudited)

(in Canadian Dollars)

	Par Value/ Number of Shares	Average Cost	Market Value
<b>SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>			
<b>Treasury Bills</b>			
Government of Canada - September 7, 2006	1,705,000	\$ 1,688,785	\$ 1,688,785
Business Development Corporation, USD - August 9, 2006	540,000	601,976	596,159
Province of British Columbia, USD - July 10, 2006	655,000	722,593	721,500
<b>Total Treasury Bills</b>		<b>3,013,354</b>	<b>3,006,444</b>
<b>Accrued Interest</b>			<b>10,146</b>
<b>TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>		<b>\$ 3,013,354</b>	<b>\$ 3,016,590</b>
<b>INVESTMENTS - FIXED PORTFOLIO</b>			
<b>Canadian Common Shares</b>			
<b>Energy</b>			
Western Oil Sands Inc.	32,616	\$ 901,582	\$ 1,009,139
<b>Industrials</b>			
Bombardier Inc. "B"	204,244	541,259	635,199
Nortel Networks Corporation	257,209	901,569	637,878
Royal Group Limited	47,286	1,221,870	591,075
<b>Total Industrials</b>		<b>2,664,698</b>	<b>1,864,152</b>
<b>Information Technology</b>			
ATI Technologies Inc.	112,575	1,463,475	1,825,967
Celestica Inc.	13,420	774,095	141,849
Cognos Inc.	54,022	1,463,456	1,696,831
<b>Total Information Technology</b>		<b>3,701,026</b>	<b>3,664,647</b>
<b>Materials</b>			
Kinross Gold Corporation	49,864	524,569	606,845
Meridian Gold Inc.	84,223	1,420,000	2,966,334
<b>Total Materials</b>		<b>1,944,569</b>	<b>3,573,179</b>
<b>Telecommunication Services</b>			
Research in Motion	11,628	901,568	904,658
<b>Total Canadian Common Shares</b>		<b>\$10,113,443</b>	<b>\$11,015,775</b>
<b>Forward Agreement</b>			<b>(2,368,425)</b>
<b>TOTAL INVESTMENTS - FIXED PORTFOLIO</b>		<b>\$10,113,443</b>	<b>\$ 8,647,350</b>
<b>TOTAL INVESTMENTS</b>		<b>\$10,113,443</b>	<b>\$ 8,647,350</b>
Short-Term Investments - Managed Portfolio			3,006,444
Other Assets Less Liabilities			(548,626)
<b>NET ASSETS</b>			<b>\$11,105,168</b>
<b>TOTAL MANAGED PORTFOLIO</b>		<b>\$ 3,013,354</b>	<b>\$ 3,006,444</b>
<b>TOTAL FIXED PORTFOLIO</b>		<b>10,113,443</b>	<b>8,647,350</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$13,126,797</b>	<b>\$11,653,794</b>

**1. Basis of Presentation**

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The interim financial statements for the Fund have been prepared in accordance with Canadian generally accepted accounting standards (“GAAP”). However, not all disclosures required by GAAP for annual financial statements have been presented and, accordingly, these interim financial statements should be read in conjunction with the most recently prepared annual financial statements for the year ended December 31, 2005.

These interim financial statements follow the same accounting policies and method of application as the most recent financial statements for the year ended December 31, 2005.

**2. Comparative Figures**

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

## **Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund**

### **Hybrid Income Funds**

#### **Managed by Mulvihill Structured Products**

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#### **Mulvihill Platinum**

*Mulvihill Government Strip Bond Fund*

*Mulvihill Pro-AMS U.S. Fund*

*Mulvihill Pro-AMS 100 Plus (Cdn \$) Fund*

*Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund*

*Mulvihill Pro-AMS RSP Split Share Fund*

#### **Mulvihill Premium**

*Mulvihill Premium Canadian Fund*

*Mulvihill Premium Oil & Gas Fund*

*Mulvihill Premium 60 Plus Fund*

*Mulvihill Premium Canadian Bank Fund*

*Mulvihill Premium Global Plus Fund*

*Mulvihill Premium Split Share Fund*

*Mulvihill Premium Global Telecom Fund*

*Mulvihill World Financial Split Fund*

*Mulvihill Top 10 Canadian Financial Fund*

*Mulvihill Top 10 Split Fund*

#### **Mutual Funds Managed by**

#### **Mulvihill Capital Management**

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*Mulvihill Canadian Money Market Fund*

*Mulvihill Canadian Bond Fund*

*Mulvihill Global Equity Fund*

*Premium Global Income Fund*

#### **Head Office**

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**Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund**

**Notes**

## *Mulvihill Pro-AMS 100 Plus (U.S. \$) Fund*

### Notes





**Mulvihill**

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