

MCM PRO-AMS FUNDS – Notice of Special Retraction Privilege

(Pro-AMS U.S. Trust (PAM.UN); Pro-AMS Trust (PR.UN); Mulvihill Pro-AMS 100 Plus (Cdn\$) Trust (PRC.UN); Mulvihill Pro-AMS 100 Plus (US\$) Trust (PRU.U); and Mulvihill Pro-AMS RSP Split Share Corp. (SPL.A, SPL.B))

TORONTO, August 16, 2004: Mulvihill Fund Services Inc., the manager of the MCM Pro-AMS Funds, today announced that it has provided notice to security holders of MCM Pro-AMS Funds that they are entitled to a special retraction privilege to be exercised on or before September 15, 2004 pursuant to which they may retract their MCM Pro-AMS Fund securities for 100% of the net asset value per security as at September 21, 2004 (instead of the usual 96%), provided that the cash proceeds received on the retraction are invested in Preferred Shares and Class A Shares (the “Shares”) of Premium Income Corporation (“PIC”). MCM Pro-AMS Fund security holders who exercise this retraction privilege will still be entitled to receive any distributions payable by an MCM Pro-AMS Fund in September.

The special retraction privilege is intended to provide MCM Pro-AMS Fund security holders with the choice of either continuing to own an MCM Pro-AMS Fund which provides capital repayment protection or to change their existing investment into Shares of PIC, which is a higher targeted yielding product (but does not provide capital repayment protection via a forward agreement).

PIC has filed a preliminary prospectus with the securities regulators in each of the provinces of Canada in anticipation of a follow-on treasury offering of its Shares. The Shares will be offered by a syndicate of investment dealers led by RBC Dominion Securities Inc. The Shares will be issued and sold by PIC either for cash or in connection with the exercise of the special retraction privilege granted to MCM Pro-AMS Fund security holders described above.

The maximum amount of the offerings is \$100 million. Prior to filing the final prospectus, PIC will determine the maximum amount of the offerings to be allocated to purchasers subscribing for Shares for cash and pursuant to the special retraction privilege, respectively. The offering price for each class of shares will be determined prior to the filing the final prospectus for the offerings. The offerings will be priced to be non-dilutive to PIC’s net asset value. Closing of the offerings is expected to occur in late September, 2004.

PIC, which was formed in 1996, invests in a portfolio consisting principally of common shares of Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Royal Bank of Canada and The Toronto-Dominion Bank. PIC’s investment portfolio is managed by its investment manager, Mulvihill Capital Management Inc. PIC’s Class A Shares and Preferred Shares are listed on the Toronto Stock Exchange under the symbols PIC.A and PIC.PR.A.

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