



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2006

Mulvihill

Government Strip Bond 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 Government Strip Bond Fund (formerly Pro-AMS Trust) (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. 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 Government Strip Bond 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.

Asset Mix

June 30, 2006

	% of Net Assets
Bonds	95%
Cash and Short-Term Investments	6%
Other Assets (Liabilities)	(1)%
	100%

Portfolio Holdings

June 30, 2006

	% of Net Assets
Bonds	95%
Cash and Short-Term Investments	6%
	101%

Mulvihill Government Strip Bond Fund

Management Report on Fund Performance

Results of Operations

The net asset value of the Fund at June 30, 2006 was \$20.22 per unit compared to \$20.73 per unit at December 31, 2005. The Fund's units, listed on the Toronto Stock Exchange as GSB.UN, closed on June 30, 2006 at \$19.21 representing a 5.0 percent discount to the net asset value.

No distributions were paid to unitholders during this period. The total return of negative 2.5 percent during this period was primarily due to changes in interest rates, which adversely affected the value of the fixed portfolio and the portfolio of Government Strip Bond. As interest rates rose during the period, the Scotia Capital Universe Bond Index declined by 1.5 percent.

Mulvihill Government Strip Bond 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 for the past five years. The information for the

Six months ended
June 2006

DATA PER UNIT

Net Asset Value, beginning of period⁽¹⁾	\$ 20.73
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	0.11
Total expenses	(0.19)
Realized gains (losses) for the period	1.60
Unrealized gains (losses) for the period	(2.10)
Total Increase (Decrease) from Operations⁽²⁾	(0.58)
DISTRIBUTIONS	
From investment income	—
From capital gains	—
Non-taxable distributions	—
Total Distributions⁽³⁾	—
Net Asset Value, end of period⁽¹⁾	\$ 20.22

(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

Six months ended
June 2006

RATIOS/SUPPLEMENTAL DATA

Net Assets (\$millions)	\$ 130.63
Number of units outstanding	6,461,531
Management expense ratio ⁽¹⁾	1.99%⁽⁴⁾
Portfolio turnover rate ⁽²⁾	103.61%
Trading expense ratio ⁽³⁾	0.00%
Closing market price	\$ 19.21

(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. The management expense ratio for 2006 includes the special resolution expense. The annualized management expense ratio for 2006 excluding the special resolution expense is 1.82%.

(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 Government Strip Bond Fund

Management Report on Fund Performance

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 ⁽⁴⁾
\$ 20.14	\$ 19.88	\$ 19.94	\$ 21.87	\$ 23.61 ⁽⁵⁾
0.07	(0.03)	(0.01)	0.07	0.18
(0.40)	(0.39)	(0.39)	(0.40)	(0.36)
3.08	2.03	1.26	(2.29)	1.15
(1.99)	(0.56)	(0.01)	2.22	(0.90)
0.76	1.05	0.85	(0.40)	0.07
-	-	-	-	(0.02)
-	-	-	-	(0.77)
(0.24)	(0.88)	(1.00)	(1.60)	(1.02)
(0.24)	(0.88)	(1.00)	(1.60)	(1.81)
\$ 20.73	\$ 20.14	\$ 19.88	\$ 19.94	\$ 21.87

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 March 2, 2001 to December 31, 2001.

(5) Net of agent fees.

Years ended December 31				
2005	2004	2003	2002	2001
\$ 149.06	\$ 306.12	\$ 586.07	\$ 769.87	\$ 988.47
7,190,778	15,196,591	29,473,662	38,600,579	45,200,000
1.92%	1.95%	1.94%	1.95%	1.93% ⁽⁴⁾
69.59%	12.13%	43.07%	31.58%	100.20%
0.02%	0.04%	0.03%	0.07%	0.19%
\$ 20.20	\$ 19.34	\$ 19.15	\$ 18.74	\$ 24.78

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.

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

(4) Annualized.

Mulvihill Government Strip Bond 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 0.50 percent of the net assets of the Fund at each month end. Prior to May 23, 2006, the management fee was 1.15 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 until May 23, 2006 at which time it collected fees deferred in the amount of \$2,507,941 in connection with the restructuring of the Fund. 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 all decisions as to the purchase and sale of securities comprising the portfolio and as to 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

In May 2006, unitholders approved a proposal to amend the investment objectives of the Fund, which in summary, will enhance the net asset value per unit on the termination date. The forward agreement was settled and the proceeds were used to purchase a portfolio of zero-coupon debt securities issued by the Government of Canada or Canadian provincial governments. The two key benefits of this change are: (1) elimination of the ongoing fees associated with managing the forward contract, which will save unitholders approximately \$0.73 per unit over the remaining life of the Fund, and (2) provide for an increase to the net asset value at termination to approximately \$25.75 per unit.

Accordingly, the investment strategy has been changed to invest in zero-coupon bonds, as well as, sufficient cash and cash equivalents to cover all costs and expenses of the Fund until the termination date. Also, the investment objective of the Fund has been changed to return at least \$25.75 per unit to unitholders upon termination of the Fund on December 31, 2012.

Reflective of the Fund’s revised operating mandate, the name of the Fund has been changed to Government Strip Bond Fund from Pro-AMS RSP Fund and trades on the Toronto Stock Exchange under the ticker symbol GSB.UN effective May 29, 2006.

Mulvihill Government Strip Bond Fund

Management Report on Fund Performance

Past Performance

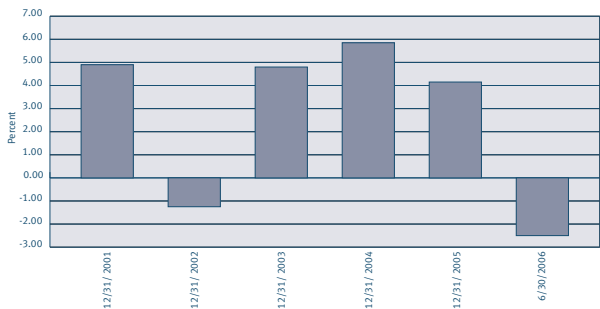
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (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 including for the six month period ended June 30, 2006, 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 February 15, 2001.

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated February 15, 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 Government Strip Bond Fund

Management's Responsibility for Financial Reporting

The accompanying financial statements of Mulvihill Government Strip Bond Fund (formerly Pro-AMS 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 Government Strip Bond Fund

Financial Statements

Interim Statements of Net Assets

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

	2006	2005
ASSETS		
Investments at market value (cost - \$126,804,942; 2005 - \$122,959,639)	\$ 124,256,235	\$ 135,103,321
Short-term investments (cost - \$7,855,796; 2005 - \$32,599,647)	7,855,762	32,598,894
Cash	2,876	6,798
Interest receivable	14,740	60,155
Other receivable	22,334	–
Due from brokers - derivatives	–	132,183,841
TOTAL ASSETS	132,151,947	299,953,009
LIABILITIES		
Redemptions payable	1,302,229	145,924,425
Accrued management fees	65,121	4,833,004
Accrued forward agreement fees	–	122,214
Accrued liabilities	158,745	12,366
TOTAL LIABILITIES	1,526,095	150,892,009
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	\$ 130,625,852	\$ 149,061,000
Number of Units Outstanding	6,461,531	7,190,778
Net Asset Value per Unit	\$ 20.2159	\$ 20.7295

Mulvihill Government Strip Bond Fund

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2006	2005
REVENUE		
Dividends	\$ -	\$ 182,338
Interest, net of foreign exchange	802,600	425,011
Withholding taxes	-	(22,617)
TOTAL REVENUE	802,600	584,732
EXPENSES		
Management fees	790,264	1,873,348
Forward agreement fees	302,482	823,146
Administrative and other expenses	62,720	89,572
Custodian fees	17,995	38,900
Audit fees	29,842	22,800
Advisory board fees	10,363	10,063
Legal fees	1,879	748
Shareholder reporting costs	27,898	48,102
Goods and services tax	63,422	145,255
TOTAL EXPENSES	1,306,865	3,051,934
Net Investment Loss	(504,265)	(2,467,202)
Loss on sale of investments	(500)	(5,351,984)
Gain on sale of derivatives	11,199,451	13,850,740
Change in unrealized appreciation/ depreciation of investments	(14,691,614)	10,016,979
Net Gain (Loss) on Investments	(3,492,663)	18,515,735
Special Resolution Expense	(125,000)	-
TOTAL RESULTS OF FINANCIAL OPERATIONS	\$ (4,121,928)	\$ 16,048,533
TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 7,002,953; 2005 - 15,582,274)		
	\$ (0.5886)	\$ 1.0300

Mulvihill Government Strip Bond Fund

Financial Statements

Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2006	2005
NET ASSETS, BEGINNING OF YEAR	\$ 149,061,000	\$ 306,116,711
Total Results of Financial Operations	(4,121,928)	16,048,533
Unit Transactions		
Amount paid for units redeemed	(14,313,220)	(17,156,234)
Distributions to Unitholders		
Non-taxable distributions	–	(3,586,501)
Changes in Net Assets during the Period	(18,435,148)	(4,694,202)
NET ASSETS, END OF PERIOD	\$ 130,625,852	\$ 301,422,509
Net Asset Value per Unit	\$ 20.2159	\$ 21.0529

Interim Statements of Gain on Sale of Investments

For the six months ended June 30 (Unaudited)

	2006	2005
Proceeds from Sale of Investments	133,753,491	\$ 105,312,178
Cost of Investments Sold		
Cost of investments, beginning of period	122,959,639	270,147,006
Cost of investments purchased	126,399,843	45,358,648
	249,359,482	315,505,654
Cost of Investments, End of Period	(126,804,942)	(218,692,232)
	122,554,540	96,813,422
GAIN ON SALE OF INVESTMENTS	\$ 11,198,951	\$ 8,498,756

Mulvihill Government Strip Bond Fund

Financial Statements

Statement of Investments

June 30, 2006 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
SHORT-TERM INVESTMENTS			
Treasury Bills			
Government of Canada - September 7, 2006	7,870,000	\$ 7,795,156	\$ 7,795,156
Province of British Columbia, USD - July 10, 2006	55,000	60,640	60,606
Total Treasury Bills		7,855,796	7,855,762
Accrued Interest			14,740
TOTAL SHORT-TERM INVESTMENTS		\$ 7,855,796	\$ 7,870,502
INVESTMENTS			
Bonds			
Ontario Prov. Gen Residual Strip - December 2, 2012	30,000,000	\$ 22,653,029	\$ 22,194,705
Ontario Prov. Gen Coupon Strip - December 2, 2012	138,125,000	104,151,913	102,061,530
Total Bonds		126,804,942	124,256,235
TOTAL INVESTMENTS		\$126,804,942	\$ 124,256,235

1. Basis of Presentation

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. Restructuring of the Fund

On May 23, 2006, unitholders voted in favour of a proposal (the “Proposal”) to:

- settle its currently existing forward agreement and use the proceeds to acquire a portfolio of zero-coupon debt securities (“Zero Coupon Bonds”) issued by Canadian provincial governments and/or the Government of Canada. By settling the forward agreement, the Fund will no longer have to pay forward fees which will result in annual savings of approximately \$0.11 per unit or approximately \$0.73 per unit over the remaining term of the Fund. As a result, the Fund intends to return at least \$25.75 per unit to unitholders on the termination of the Fund on December 31, 2012 (the “Termination Date”) instead of \$25.00 per unit under the forward agreement;
- amend the investment strategy and investment restrictions of the Fund. The Fund will invest in the Zero Coupon Bonds and will also hold cash and cash equivalents in an amount sufficient to cover all costs and expenses of the Fund until the Termination Date; and

Mulvihill Government Strip Bond Fund

Notes to Financial Statements

June 30, 2006

- amend the investment objectives of the Fund to provide that the Fund's investment objective will be to return at least \$25.75 per unit to unitholders upon termination of the Fund on December 31, 2012.

In connection with the approval of the Proposal, the Fund has changed its name to Government Strip Bond Fund and Mulvihill Capital Management Inc., as Investment Manager, has agreed to reduce its investment management fee from 1.15 percent of the Fund's net asset value ("NAV") to 0.50 percent of the Fund's NAV from and after May 23, 2006 until the Termination Date.

The units of the Fund began trading under its new name and ticker symbol of GSB.UN on May 29, 2006.

3. Normal Course Issuer Bid

Subsequent to June 30, 2006, the Toronto Stock Exchange accepted a normal course issuer bid filed by the Fund. Under the terms of the normal course issuer bid, the Fund proposes to purchase, if considered advisable, up to a maximum of 648,853 units, 10 percent of its public float as determined in accordance with the rules of the Exchange. The purchases would be made in the open market through facilities of the Exchange. The normal course issuer bid will remain in effect until the earlier of July 4, 2007 or until the Fund has purchased the maximum number of units permitted under the bid.

Unitholders may obtain a copy of the Notice of Intention to make a normal course issuer bid, without charge, by writing to Mulvihill Investors Services at: 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

4. Comparative Figures

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

Mulvihill Government Strip Bond Fund

Hybrid Income Funds

Managed by Mulvihill Structured Products

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

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

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Mulvihill Government Strip Bond Fund

Notes



Mulvihill

www.mulvihill.com

Mulvihill Structured Products

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