



Hybrid Income Funds



Semi-Annual Report 2009

***Mulvihill Pro-AMS U.S. Fund***

Pro-AMS U.S. Trust

## Mulvihill Pro-AMS U.S. Fund

### Message to Unitholders

We are pleased to present the semi-annual financial results of Pro-AMS U.S. Fund, which operates as Mulvihill Pro-AMS U.S. Fund (the "Fund").

The following is intended to provide you with the financial highlights of the Fund and we hope you will read the more detailed information contained within the report.

The Fund was launched in 2000 with the original objectives to:

- (1) Pay monthly distributions and to return the original issue price of \$25.00 to unitholders on the termination date of the Fund on January 4, 2011. To provide greater certainty to the principal repayments objective, the Fund suspended the payment of monthly distributions in April 2005.

To provide the Fund with the means to return the original issue price on termination, the Fund entered into a "Forward Agreement" with the Royal Bank of Canada ("RBC") whereby RBC will pay the Fund \$25.00 for each unit outstanding on the termination date in exchange for the delivery of the Fund's fixed portfolio. During the six-month period ended June 30, 2009, the total return of the Fund was negative 0.44 percent. The net asset value decreased from \$24.90 per unit as at December 31, 2008 to \$24.80 per unit as at June 30, 2009.

The longer-term financial highlights of the Fund are as follows:

		Years ended December 31				
	June 30, 2009	2008	2007	2006	2005	2004
Total Fund Return	(0.44)%	8.96%	1.97%	2.24%	2.15%	5.33%
Distribution Paid	\$ -	\$ -	\$ -	\$ -	\$ 0.12	\$ 0.48
Ending Net Asset Value per Unit (initial issue price was \$25.00 per unit)	\$ 24.80	\$ 24.90	\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58

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



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

**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, 2009 of Pro-AMS U.S. Trust, which operates as Mulvihill Pro-AMS U.S. Fund (the “Fund”). The June 30, 2009 unaudited 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.

## Mulvihill Pro-AMS U.S. Fund

### Management Report on Fund Performance

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

#### Asset Mix and Portfolio Holdings

June 30, 2009

	% of Net Asset Value
Securities Pledged as Collateral for Forward Agreement (Fixed Portfolio)	100 %
Forward Agreement (Fixed Portfolio)	0 %
Cash and Short-Term Investments (Managed Portfolio)	6 %
Other Assets (Liabilities)	(6)%
	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. As a result, the fixed portfolio effectively has no equity exposure.

**Management Report on Fund Performance**

**Results of Operations**

For the six-month period ended June 30, 2009, the net asset value of the Fund for pricing purposes based on closing prices was \$24.80 per unit (see Note 2 to the financial statements) compared to \$24.90 per unit at December 31, 2008. The Fund's units listed on the Toronto Stock Exchange as PAM.UN, closed on June 30, 2009 at \$23.75 per unit representing a 4.23 percent discount to the actual net asset value.

No distributions were paid to unitholders during this period.

The total return of the Fund was negative 0.44 percent during this period was primarily due to changes in interest rates, which negatively affected the value of fixed portfolio. This is comparable to the return on the Bloomberg/EFFAS Bond Indices Canada 3-5 Year at negative 0.78 percent during the same period.

For more detailed information on the investment returns, please see the Annual Total Return bar graph on page 7.

## Mulvihill Pro-AMS 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 for the past five years.

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

Information for the period ended June 30, 2009 is derived from the Fund's unaudited semi-annual financial statements.

Six months ended  
June 2009

#### NET ASSETS PER UNIT

<b>Net Assets, beginning of period (based on bid prices)<sup>(1)</sup></b>	<b>\$ 24.90</b>
INCREASE (DECREASE) FROM OPERATIONS	
Total revenue	–
Total expenses	<b>(0.29)</b>
Realized gains (losses) for the period	<b>(1.39)</b>
Unrealized gains (losses) for the period	<b>1.55</b>
<b>Total Increase (Decrease) from Operations<sup>(2)</sup></b>	<b>(0.13)</b>
DISTRIBUTIONS	
Non-taxable distributions	–
<b>Total Distributions<sup>(3)</sup></b>	–
<b>Net Assets, end of period (based on bid prices)<sup>(1)</sup></b>	<b>\$ 24.80</b>

(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 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 accounting standards set out by the Canadian Institute of Chartered Accountants adopted January 1, 2007 relating to Financial Instruments. Refer to Note 3 to the annual financial statements for further discussion.

(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized

Six months ended  
June 2009

#### RATIOS/SUPPLEMENTAL DATA

Net Asset Value (\$millions)	<b>\$ 20.11</b>
Number of units outstanding	<b>810,841</b>
Management expense ratio <sup>(1)</sup>	<b>2.30%<sup>(4)</sup></b>
Portfolio turnover rate <sup>(2)</sup>	<b>0.00%</b>
Trading expense ratio <sup>(3)</sup>	<b>0.00%</b>
Net Asset Value per unit <sup>(5)</sup>	<b>\$ 24.80</b>
Closing market price	<b>\$ 23.75</b>

(1) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes, but excluding transaction fees charged to the Fund to the average net asset value.

(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.

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

Management Report on Fund Performance

For June 30, 2009, December 31, 2008 and 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. All other calculations for the purposes of this MRFP are made using Net Asset Value.

Years ended December 31				
2008	2007	2006	2005	2004
\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58	\$ 20.96
0.05	0.08	0.08	0.13	(0.02)
(0.56)	(0.54)	(0.47)	(0.43)	(0.42)
4.72	1.52	0.95	10.04	5.28
(2.18)	(0.71)	(0.11)	(9.30)	(3.86)
<b>2.03</b>	<b>0.35</b>	<b>0.45</b>	<b>0.44</b>	<b>0.98</b>
–	–	–	(0.12)	(0.48)
–	–	–	(0.12)	(0.48)
\$ 24.90	\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58

and unrealized gains (losses), 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 is not intended to total to the ending net assets 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.

Years ended December 31				
2008	2007	2006	2005	2004
\$ 20.35	\$ 25.16	\$ 33.05	\$ 49.03	\$ 100.70
817,141	1,100,854	1,474,241	2,236,435	4,666,005
2.38%	2.41%	2.16%	1.96%	1.98%
101.23%	21.51%	8.71%	198.72%	17.71%
0.00%	0.00%	0.00%	0.02%	0.03%
\$ 24.90	\$ 22.86	\$ 22.42	\$ 21.92	\$ 21.58
\$ 24.20	\$ 21.70	\$ 21.70	\$ 21.46	\$ 20.70

(4) Annualized.

(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 of the Fund on that date and including the valuation of securities at closing prices divided by the number of units then outstanding.

## **Mulvihill Pro-AMS U.S. Fund**

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

#### **Management Fees**

Mulvihill Capital Management Inc. (“MCM”) is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.15 percent of the net asset value 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 0.50 percent of the Fund’s net asset value.

Services received under the Investment Management Agreement include the making of all investment decisions 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 Inc. 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. 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 \$25.00 per unit to be paid to unitholders on the termination date of January 4, 2011. To meet this objective, exposure to equities has been eliminated. The managed portion of the Fund holds only cash and cash equivalents while the fixed portfolio contains a forward agreement, which is structured to return \$25.00 per unit outstanding on the termination date, and equity securities that have been pledged as security for the obligations under the forward agreement.

The Bank of Canada key lending rate started the year at 1.50 percent compared to 4.25 percent at the start of 2008. There were three rate cuts during the first half of 2009 which brought the key rate down to 0.25 percent, it’s lowest in history.

While the Fund remains sensitive to changes in interest rates and the shape of the yield curve, this sensitivity is reduced as the term to maturity of the fixed portfolio is shortened in keeping with the January 4, 2011 termination date of the Fund.



## Management Report on Fund Performance

### Past Performance

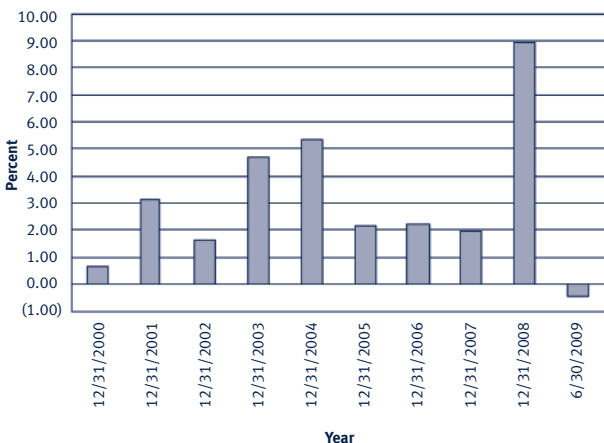
The chart below sets out the Fund's year-by-year past performance. It is important to note that:

- (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 nine years including for the six month period ended June 30, 2009 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1 in each year or the date of inception in 2000 would have increased or decreased by the end of that fiscal year, or June 30, 2009 for the six months then ended.

### Annual Total Return



## Mulvihill Pro-AMS U.S. Fund

### Management Report on Fund Performance

#### 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 September 27, 2000.

Mulvihill Fund Services Inc. (“Mulvihill”) is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated September 27, 2000, 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.

#### 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, Michael M. Koerner and Robert G. Bertram.

#### 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

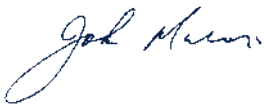
The accompanying financial statements of Pro-AMS U.S. Trust (operating as Mulvihill Pro-AMS U.S. Fund) (the "Fund") and all the information in this semi-annual report are the responsibility of the management of Mulvihill Fund Services Inc. (the "Manager") and have been approved by the Board of Advisors (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, 2008.

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 2009

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Statements of Net Assets

June 30, 2009 (Unaudited) and December 31, 2008 (Audited)

	2009	2008
<b>ASSETS</b>		
Investments - Fixed portfolio at fair value (cost - \$20,536,038; 2008 - \$28,019,026)	<b>\$ 20,105,128</b>	\$ 26,322,804
Short-term investments - Managed portfolio at fair value (cost - \$1,274,528; 2008 - \$1,567,442)	<b>1,274,528</b>	1,567,442
Cash	<b>28,843</b>	1,990
Interest receivable	<b>327</b>	5,858
<b>TOTAL ASSETS</b>	<b>21,408,826</b>	<b>27,898,094</b>
<b>LIABILITIES</b>		
Accrued management fees	<b>1,264,836</b>	1,237,037
Accrued forward agreement fees	<b>24,640</b>	29,534
Accrued liabilities	<b>14,212</b>	19,281
Redemptions payable	-	6,261,416
<b>TOTAL LIABILITIES</b>	<b>1,303,688</b>	<b>7,547,268</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 20,105,138</b>	<b>\$ 20,350,826</b>
<b>Number of Units Outstanding</b>	<b>810,841</b>	<b>817,141</b>
<b>Net Assets per Unit</b>	<b>\$ 24.7954</b>	<b>\$ 24.9049</b>

Financial Statements

Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2009	2008
<b>REVENUE</b>		
Interest	\$ 2,136	\$ 33,202
<b>TOTAL REVENUE</b>	<b>2,136</b>	<b>33,202</b>
<b>EXPENSES</b>		
Management fees	88,095	157,664
Forward agreement fees	51,995	66,667
Administrative and other expenses	34,581	33,387
Custodian fees	10,299	11,466
Audit fees	9,732	-
Advisory board fees	10,445	9,734
Independent review committee fees	3,437	2,002
Legal fees	4,677	2,005
Unitholder reporting costs	10,103	9,589
Goods and services tax	9,233	11,322
<b>TOTAL EXPENSES</b>	<b>232,597</b>	<b>303,836</b>
<b>Net Investment Loss</b>	<b>(230,461)</b>	<b>(270,634)</b>
Net gain (loss) on sale of derivatives	(1,130,098)	6,794,619
Net change in unrealized appreciation/ depreciation of investments	1,265,312	(5,909,014)
<b>Net Gain on Investments</b>	<b>135,214</b>	<b>885,605</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	<b>\$ (95,247)</b>	<b>\$ 614,971</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 814,393; 2008 - 1,080,403)	<b>\$ (0.1170)</b>	<b>\$ 0.5692</b>

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2009	2008
NET ASSETS, BEGINNING OF PERIOD	\$ 20,350,826	\$ 25,162,204
<b>Net Increase (Decrease) in</b>		
<b>Net Assets from Operations</b>	<b>(95,247)</b>	614,971
<b>Unit Transactions</b>		
Amount paid for units redeemed	(150,441)	(725,549)
<b>Changes in Net Assets during the Period</b>	<b>(245,688)</b>	(110,578)
NET ASSETS, END OF PERIOD	\$ 20,105,138	\$ 25,051,626
<b>Net Assets per Unit</b>	<b>\$ 24.7954</b>	\$ 23.4444

#### Statements of Net Gain (Loss) on Sale of Investments

For the six months ended June 30 (Unaudited)

	2009	2008
Proceeds from Sale of Investments	\$ 6,352,890	\$ 21,127,758
<b>Cost of Investments Sold</b>		
Cost of investments, beginning of period	28,019,026	29,238,757
Cost of investments purchased	-	14,842,653
	28,019,026	44,081,410
<b>Cost of Investments, End of Period</b>	<b>(20,536,038)</b>	(29,748,271)
	7,482,988	14,333,139
NET GAIN (LOSS) ON SALE OF INVESTMENTS	\$ (1,130,098)	\$ 6,794,619

Financial Statements

Statement of Investments

June 30, 2009 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Fair Value	% of Portfolio
<b>SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>				
<b>Treasury Bills</b>				
Government of Canada, 0.19% - July 23, 2009	1,275,000	\$ 1,274,528	\$ 1,274,528	100.0%
<b>Accrued Interest</b>			327	0.0%
<b>TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>		<b>\$ 1,274,528</b>	<b>\$ 1,274,855</b>	<b>100.0%</b>
<b>INVESTMENTS - FIXED PORTFOLIO</b>				
<b>Canadian Common Shares</b>				
<b>Consumer Discretionary</b>				
Gildan Activewear Inc.	35,716	\$ 1,396,496	\$ 615,387	
Rona Inc.	79,435	1,745,187	1,009,619	
<b>Total Consumer Discretionary</b>		<b>3,141,683</b>	<b>1,625,006</b>	<b>8.1%</b>
<b>Consumer Staples</b>				
Viterra Inc.	145,409	1,035,992	1,468,631	7.3%
<b>Energy</b>				
Birchcliff Energy Ltd.	182,863	2,272,987	1,100,835	5.4%
<b>Financials</b>				
Firstservice Corp.	149,820	2,325,206	2,016,577	10.1%
<b>Health Care</b>				
MDS Inc.	290,287	2,325,199	1,773,653	8.8%
<b>Industrials</b>				
Westjet Airlines Ltd.	153,094	1,902,958	1,566,152	7.8%
<b>Information Technology</b>				
CGI Group Inc. - CI A	168,541	1,761,254	1,742,714	
Research In Motion Limited	59,404	1,777,367	4,911,523	
<b>Total Information Technology</b>		<b>3,538,621</b>	<b>6,654,237</b>	<b>33.1%</b>
<b>Materials</b>				
Canfor Corporation	352,303	2,325,200	1,761,515	
Eldorado Gold Corporation	203,438	1,668,192	2,115,755	
<b>Total Materials</b>		<b>3,993,392</b>	<b>3,877,270</b>	<b>19.3%</b>
<b>Total Canadian Common Shares</b>		<b>\$ 20,536,038</b>	<b>\$ 20,082,361</b>	<b>99.9%</b>
<b>Forward Agreement</b>			22,767	0.1%
<b>TOTAL INVESTMENTS - FIXED PORTFOLIO</b>		<b>\$ 20,536,038</b>	<b>\$ 20,105,128</b>	<b>100.0%</b>
Short-Term Investments - Managed Portfolio			1,274,528	
Other Assets Less Liabilities			(1,274,518)	
<b>NET ASSETS</b>			<b>\$ 20,105,138</b>	
<b>TOTAL MANAGED PORTFOLIO</b>		<b>\$ 1,274,528</b>	<b>\$ 1,274,528</b>	
<b>TOTAL FIXED PORTFOLIO</b>		<b>20,536,038</b>	<b>20,105,128</b>	
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$ 21,810,566</b>	<b>\$ 21,379,656</b>	

## Mulvihill Pro-AMS U.S. Fund

### Notes to Financial Statements

June 30, 2009

#### 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, 2008.

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, 2008.

#### 2. Net Asset Value

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The Net Asset Value of the Fund is calculated using the fair value of investments using the close or last trade price (“Net Asset Value”). The Net Assets per unit for financial reporting purposes and Net Asset Value per unit for pricing purposes will not be the same due to the use of different valuation techniques. The Net Asset Value per unit is as follows:

	June 30, 2009	Dec. 31, 2008
Net Asset Value (for pricing purposes)	<b>\$ 24.80</b>	\$ 24.90

#### 3. Financial Instruments and Risk Management

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The Fund’s financial instruments consist of cash, receivables, payables, a forward agreement and investments pledged to the Royal Bank of Canada (“RBC”) as security for the obligation of the Fund under the forward agreement. 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 interest rate risk, liquidity risk, other price risk and credit risk.

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

##### 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



**Notes to Financial Statements**

June 30, 2009

related to them. Duration is the change in the value of the forward agreement that will result from a 100 basis points change in interest rates and is stated in years. The Fund's duration is approximately 1.5 years (December 31, 2008 - 2.0 years).

The forward agreement also has more sensitivity to interest rates than a comparable bond. For example, increases in long-term interest rates will generally have the effect of decreasing the Fund's total net assets. As the majority of the Fund's total net assets are comprised of the forward agreement, the primary risk associated with the Fund is interest rate risk.

Approximately 100 percent (December 31, 2008 - 129 percent) of the Fund's net assets held at June 30, 2009 were invested in the Fund's fixed portfolio. If interest rates increased or decreased by 100 basis points as at June 30, 2009, the net assets of the Fund would have decreased or increased by 0.3M (December 31, 2008 - \$0.5M) respectively or 1.5 percent (December 31, 2008 - 2.6 percent) of the net assets, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

As the Fund approaches the termination date of January 4, 2011, 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.

**Liquidity Risk**

The managed portfolio holds cash and cash equivalents and therefore has minimal liquidity risk. The fixed portfolio contains a forward agreement and securities pledged as collateral under the forward agreement. The forward agreement is to remain in effect for the life of the Fund to return the original issue price to unitholders, is not actively managed and therefore has minimal liquidity risk if units are held to maturity of the Fund. Liquidity risk for the forward agreement arises only upon early redemption or early termination of the Fund possibly impacting the price at which the forward agreement or portion of the agreement is liquidated.

## Mulvihill Pro-AMS U.S. Fund

### Notes to Financial Statements

June 30, 2009

#### Other Price Risk

The Fund's 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 are not significantly susceptible to market price risk arising from uncertainties about future prices of the instruments.

Approximately 100 percent (December 31, 2008 - 129 percent) of the Fund's net assets held at June 30, 2009 were publicly traded equities. These equity securities have been pledged to the Royal Bank of Canada as security for the obligation of the Fund under the Forward Agreement. As a result, the fixed portfolio has no equity exposure.

#### Credit Risk

In entering into the forward agreement, the Fund is exposed to the credit risk associated with the counterparty (RBC) and the risk that the counterparty (RBC) will not satisfy its obligations under the forward agreement on a timely basis or at all.

The credit risk is mitigated by dealing with counterparties that have a credit rating that is not below the level of approved credit ratings as set out in National Instrument 81-102.

The following is the credit rating for the counterparty to derivative financial instruments that the Fund dealt with during the period, based on Standard & Poor's credit rating as of June 30, 2009:

<b>Dealer</b>	<b>Long-Term Local Currency Rating</b>	<b>Short-Term Local Currency Rating</b>
<b>Canadian Dollar</b>		
Royal Bank of Canada	AA-	A-1+

The following are the credit ratings for the counterparties to derivative financial instruments that the Fund dealt with during the period, based on Standard & Poor's credit ratings as of December 31, 2008:

<b>Dealer</b>	<b>Long-Term Local Currency Rating</b>	<b>Short-Term Local Currency Rating</b>
<b>Canadian Dollar</b>		
Royal Bank of Canada	AA-	A-1+

Notes to Financial Statements

June 30, 2009

The following are credit ratings for short-term investments held by the Fund based on Standard & Poor's credit ratings as of June 30, 2009:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Government of Canada Treasury Bills	AAA	100%
<b>Total</b>		<b>100%</b>

The following is the credit rating for short-term investments held by the Fund based on Standard & Poor's credit ratings as of December 31, 2008:

Type of Short-Term Investment	Rating	% of Short-Term Investments
Government of Canada Treasury Bills	AAA	100%
<b>Total</b>		<b>100%</b>

The carrying amount of these investments represents their maximum credit risk exposure, as they will be settled in the short-term.

#### 4. Future Accounting Policy Changes

The Manager has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants ("CICA") for changeover to International Financial Reporting Standards ("IFRS"). The key elements of the preliminary plan include disclosures of the qualitative impact in the 2009 annual financial statements, the disclosure of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The current impact, based on the Fund's management's understanding and analysis of IFRS on accounting policies and implementation decisions for 2009, will mainly be in the areas of additional note disclosures in the financial statements of the Fund and is expected to have no material impact on the net assets per unit of the Fund.

## Mulvihill Pro-AMS 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 RSP Split Share Fund*

#### Mulvihill Premium

*Mulvihill Core Canadian Dividend Fund*

*Mulvihill Premium Canadian Fund*

*Mulvihill Premium Canadian Bank Fund*

*Mulvihill Premium Global Plus Fund*

*Mulvihill Premium Split Share Fund*

*Mulvihill S Split Fund*

*Mulvihill Top 10 Canadian Financial Fund*

*Mulvihill Top 10 Split Fund*

*Mulvihill World Financial Split Fund*

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## Mulvihill Pro-AMS U.S. Fund

### Notes





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for address changes.*