



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2004

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

Pro-AMS U.S. Trust

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

### Message to Unitholders

As of June 30, 2004, the net assets of the Fund were \$187.9 million, or \$20.86 per unit, down slightly from \$20.96 per unit, at the end of 2003. Listed on the Toronto Stock Exchange as PAM.UN, the Fund's units closed on June 30 trading at \$19.85, compared with a closing price of \$20.00 six months earlier.

During the first half of the year, unitholders received monthly distributions totaling \$0.24 per unit. The Fund has sufficient capital loss carryforward amounts to shelter realized gains in the current period and provide capital loss carryforwards for future periods. As a result, distributions in the current period were non-taxable and will reduce each unitholders cost base.

The broad market rally that carried equities upwards in both Canada and the U.S. through 2003 lost momentum early in 2004. Stable economic conditions have kept market volatility low ever since. The S&P 500 Index was up only 3.4 percent by mid-year, while the S&P/TSX Composite rose 4.8 percent. Stocks performed very differently in Canadian and American markets. In Canada, robust energy stocks were outpaced by even stronger gains in the technology sector. In the U.S., technology stocks were dormant, and leading gains came in energy and industrial stocks.

The Fund has now modified last year's aggressive position to a more neutral stance, with a larger cash reserve and a selective increase in overwriting activity. Market volatility remains relatively low, but the downward trend is slowing.

The U.S. dollar has showed some renewed strength this year, but so far has only regained about three percent of its 20 percent slide versus the Canadian dollar last year. The managed portion of the Fund continues to be invested in a diverse portfolio consisting of approximately 95 percent U.S. equities, with the balance in Canadian stocks.

We would like to take this opportunity to thank each of the Fund's unitholders for their continuing support.

August 2004

## Management's Responsibility for Financial Reporting

This report has been prepared in accordance with the Accounting Standards Board guidelines.

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 Capital Management 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.

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 has full and unrestricted access to the Board.



John P. Mulvihill  
President  
Mulvihill Capital Management Inc.



David N. Middleton  
CFO  
Mulvihill Capital Management Inc.

August 2004

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Interim Statements of Net Assets

June 30, 2004 (Unaudited) and December 31, 2003 (Audited)

	2004	2003
<b>ASSETS</b>		
Investments - Fixed portfolio at market value (average cost - \$93,080,276; 2003 - \$130,005,459)	<b>\$ 166,590,543</b>	\$ 213,842,613
Investments - Managed portfolio at market value (average cost - \$17,271,253; 2003 - \$36,946,192)	<b>16,241,946</b>	34,212,691
Short-term investments - Managed portfolio (average cost - \$11,480,832; 2003 - \$5,779,333)	<b>11,295,031</b>	5,695,585
Cash	<b>142,813</b>	6,708
Dividends receivable	<b>8,350</b>	25,433
Interest receivable	<b>12,529</b>	6,233
Due from brokers	<b>64,890</b>	16,345,962
<b>TOTAL ASSETS</b>	<b>194,356,102</b>	<b>270,135,225</b>
<b>LIABILITIES</b>		
Accrued management fees	<b>4,113,234</b>	3,921,909
Redemptions payable	<b>2,004,543</b>	56,507,301
Accrued liabilities	<b>299,557</b>	397,755
Due to brokers	<b>76,894</b>	-
<b>TOTAL LIABILITIES</b>	<b>6,494,228</b>	<b>60,826,965</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 187,861,874</b>	<b>\$ 209,308,260</b>
<b>Number of Units Outstanding</b>	<b>9,006,486</b>	<b>9,987,144</b>
<b>Net Asset Value per Unit</b>	<b>\$ 20.8585</b>	<b>\$ 20.9578</b>

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2004	2003
<b>REVENUE</b>		
Dividends	\$ 144,248	\$ 245,283
Interest, net of foreign exchange	231,995	(479,360)
Withholding taxes	(18,942)	(35,958)
<b>TOTAL REVENUE</b>	<b>357,301</b>	<b>(270,035)</b>
<b>EXPENSES</b>		
Management fees	1,256,136	1,860,870
Forward Agreement fee	563,458	844,586
Custodian and other expenses	147,617	169,904
Goods and services tax	97,965	141,689
<b>TOTAL EXPENSES</b>	<b>2,065,176</b>	<b>3,017,049</b>
<b>Net Investment Loss</b>	<b>(1,707,875)</b>	<b>(3,287,084)</b>
Gain on sale of investments and options	11,405,018	24,476,475
Change in unrealized appreciation/ depreciation of investments, options and foreign currency	(8,724,731)	(11,771,339)
<b>Net Gain on Investments</b>	<b>2,680,287</b>	<b>12,705,136</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ 972,412</b>	<b>\$ 9,418,052</b>
<b>Net Investment Loss per Unit</b>	<b>\$ (0.1788)</b>	<b>\$ (0.2250)</b>
<b>Net Gain on Investment per Unit</b>	<b>0.2807</b>	<b>0.8696</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT (based on the weighted average number of units outstanding during the period of 9,550,174; 2003 - 14,610,973)</b>	<b>\$ 0.1019</b>	<b>\$ 0.6446</b>

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2004	2003
NET ASSETS, BEGINNING OF PERIOD	\$ 209,308,260	\$ 307,392,960
<b>Total Results of Financial Operations</b>	<b>972,412</b>	<b>9,418,052</b>
<b>Unit Transactions</b>		
Amount paid for units redeemed	(20,141,547)	(33,966,156)
Normal course issuer bid purchased and cancelled	–	(3,955,622)
	(20,141,547)	(37,921,778)
<b>Distributions to Unitholders</b>		
Non-taxable distribution	(2,277,251)	(3,400,496)
<b>Changes in Net Assets during the Period</b>	<b>(21,446,386)</b>	<b>(31,904,222)</b>
NET ASSETS, END OF PERIOD	\$ 187,861,874	\$ 275,488,738
<b>Net Asset Value per Unit</b>	<b>\$ 20.8585</b>	<b>\$ 21.0686</b>
<b>Distribution per Unit</b>		
Non-taxable distribution	\$ 0.2400	\$ 0.2400

Financial Statements

Statement of Investments

June 30, 2004 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
<b>SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>			
<b>Treasury Bills</b>			
Government of Canada, USD - September 17, 2004	900,000	\$ 1,225,678	\$ 1,202,554
Government of Canada - November 4, 2004	20,000	19,839	19,839
<b>Total Treasury Bills</b>		<b>1,245,517</b>	<b>1,222,393</b>
<b>Discount Commercial Paper</b>			
Export Development Corporation, USD - July 26, 2004	2,600,000	3,527,684	3,478,420
Export Development Corporation, USD - August 26, 2004	1,800,000	2,448,628	2,407,337
Province of British Columbia, USD - July 8, 2004	850,000	1,148,430	1,137,247
Province of Ontario, USD - July 13, 2004	580,000	789,698	776,897
Province of Ontario, USD - August 31, 2004	1,700,000	2,320,875	2,272,737
<b>Total Discount Commercial Paper</b>		<b>10,235,315</b>	<b>10,072,638</b>
		<b>11,480,832</b>	<b>11,295,031</b>
<b>Accrued Interest</b>			<b>12,529</b>
<b>TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>		<b>\$11,480,832</b>	<b>\$11,307,560</b>

INVESTMENTS - MANAGED PORTFOLIO

Canadian Common Shares

Materials

Barrick Gold Corporation	18,500	\$ 573,758	\$ 489,877
<b>Total Canadian Common Shares</b>		<b>\$ 573,758</b>	<b>\$ 489,877</b>

United States Common Shares

Consumer Discretionary

Clear Channel Communications, Inc.	11,400	\$ 702,786	\$ 564,765
Viacom Inc., Class B	13,000	723,794	622,592
Wal-Mart Stores, Inc.	12,000	947,656	848,857
<b>Total Consumer Discretionary</b>		<b>2,374,236</b>	<b>2,036,214</b>

Consumer Staples

PepsiCo Inc.	12,000	883,138	866,877
Staples Inc.	6,900	224,043	271,152
<b>Total Consumer Staples</b>		<b>1,107,181</b>	<b>1,138,029</b>

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Shares	Average Cost	Market Value
INVESTMENTS - MANAGED PORTFOLIO (continued)			
United States Common Shares (continued)			
<b>Energy</b>			
Baker Hughes Incorporated	17,500	996,008	<b>883,388</b>
Exxon Mobil Corporation	10,500	612,965	<b>625,199</b>
<b>Total Energy</b>		<b>1,608,973</b>	<b>1,508,587</b>
<b>Financials</b>			
American Express Company	13,700	853,065	<b>943,763</b>
American International Group Inc.	8,500	829,034	<b>812,335</b>
Citigroup Inc.	11,200	848,426	<b>698,264</b>
Merrill Lynch & Co.	12,000	865,308	<b>868,486</b>
Morgan Stanley	10,800	752,524	<b>764,116</b>
<b>Total Financials</b>		<b>4,148,357</b>	<b>4,086,964</b>
<b>Health Care</b>			
AmerisourceBergen Corporation	10,000	846,202	<b>801,501</b>
HCA Inc.	11,000	614,959	<b>613,381</b>
Medtronic Inc.	12,600	847,839	<b>823,050</b>
Pfizer Inc.	12,500	647,238	<b>574,512</b>
<b>Total Health Care</b>		<b>2,956,238</b>	<b>2,812,444</b>
<b>Industrials</b>			
General Electric Company	18,100	1,438,441	<b>786,271</b>
Northrop Grumman Corp.	7,600	535,852	<b>547,188</b>
<b>Total Industrials</b>		<b>1,974,293</b>	<b>1,333,459</b>
<b>Information Technology</b>			
Cisco Systems Inc.	21,500	617,504	<b>683,180</b>
Dell Computer Corporation	20,500	931,826	<b>984,528</b>
Microsoft Corporation	30,700	1,218,473	<b>1,175,561</b>
<b>Total Information Technology</b>		<b>2,767,803</b>	<b>2,843,269</b>
<b>Total United States Common Shares</b>		<b>\$ 16,937,081</b>	<b>\$ 15,758,966</b>

#### Forward Exchange Contracts

Sold USD \$1,231,000, Bought CAD \$1,614,299 @ 0.762560 - July 7, 2004		<b>\$ (36,410)</b>
Sold USD \$1,087,000, Bought CAD \$1,463,323 @ 0.742830 - July 14, 2004		<b>5,515</b>



Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Market Value
<b>INVESTMENTS - MANAGED PORTFOLIO (continued)</b>	
<b>Forward Exchange Contracts (continued)</b>	
Sold USD \$1,072,000, Bought CAD \$1,477,968 @ 0.725320 - July 21, 2004	40,065
Sold USD \$300,000, Bought CAD \$407,742 @ 0.735760 - July 21, 2004	5,343
Sold USD \$391,000, Bought CAD \$536,881 @ 0.728280 - August 4, 2004	12,296
Sold USD \$1,384,100, Bought CAD \$1,911,371 @ 0.724140 - August 18, 2004	54,067
Sold USD \$1,710,000, Bought CAD \$2,332,815 @ 0.733020 - September 2, 2004	37,790
Sold USD \$1,157,000, Bought CAD \$1,579,242 @ 0.732630 - September 15, 2004	26,180
<b>Total Forward Exchange Contracts</b>	<b>\$ 144,846</b>

	Number of Contracts	Proceeds	Market Value
<b>OPTIONS</b>			
<b>Written Cash Covered Put Options (100 shares per contract)</b>			
Procter & Gamble Co. - July 2004 @ \$54	(96)	\$ (4,956)	\$ (3,607)
Tyco International Ltd. - July 2004 @ \$31	(160)	(16,303)	(1,835)
U.S. Bancorp - July 2004 @ \$28	(221)	(16,994)	(20,064)
<b>Total Written Cash Covered Put Options</b>		<b>(38,253)</b>	<b>(25,506)</b>

<b>Written Covered Call Options (100 shares per contract)</b>			
American International Group Inc. - July 2004 @ \$73	(63)	(9,538)	(1,973)
Baker Hughes Incorporated - July 2004 @ \$38	(131)	(15,807)	(17,181)
Barrick Gold Corp. - July 2004 @ \$20	(185)	(13,382)	(12,088)
Cisco Systems Inc. - July 2004 @ \$24	(215)	(19,982)	(14,912)
Citigroup Inc. - July 2004 @ \$48	(56)	(5,691)	(209)
Clear Channel Communications, Inc. - July 2004 @ \$38	(57)	(6,237)	(886)
Dell Computer Corporation - July 2004 @ \$36	(205)	(17,396)	(19,301)
Exxon Mobil Corporation - July 2004 @ \$45	(105)	(6,985)	(7,729)

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Contracts	Proceeds	Market Value
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INVESTMENTS - MANAGED PORTFOLIO (continued)			
OPTIONS (continued)			
<b>Written Covered Call Options</b> (100 shares per contract) (continued)			
General Electric Company			
- July 2004 @ \$33	(181)	(10,964)	<b>(3,118)</b>
HCA Inc. - July 2004 @ \$41	(110)	(11,705)	<b>(10,131)</b>
Microsoft Corporation - July 2004 @ \$29	(307)	(16,750)	<b>(13,982)</b>
Morgan Stanley - July 2004 @ \$54	(76)	(10,398)	<b>(3,635)</b>
Medtronic Inc. - July 2004 @ \$50	(63)	(5,136)	<b>(5,065)</b>
Northrop Grumman Corp.			
- July 2004 @ \$53	(76)	(7,342)	<b>(10,661)</b>
PepsiCo Inc. - July 2004 @ \$55	(120)	(8,755)	<b>(5)</b>
Pfizer Inc. - July 2004 @ \$36	(125)	(8,121)	<b>(1)</b>
Staples Inc. - July 2004 @ \$29	(69)	(7,030)	<b>(3,789)</b>
Viacom Inc., Class B - July 2004 @ \$37	(65)	(6,087)	<b>(1,571)</b>
Wal-Mart Stores, Inc. - July 2004 @ \$58	(120)	(14,027)	<b>-</b>
<b>Total Written Covered Call Options</b>		<b>(201,333)</b>	<b>(126,237)</b>
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TOTAL OPTIONS		<b>\$ (239,586)</b>	<b>\$ (151,743)</b>
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TOTAL INVESTMENTS - MANAGED PORTFOLIO		<b>\$17,271,253</b>	<b>\$16,241,946</b>
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Financial Statements

Statement of Investments (continued)

June 30, 2004 (Unaudited)

	Number of Shares	Average Cost	Market Value
<b>INVESTMENTS - FIXED PORTFOLIO</b>			
<b>Canadian Common Shares</b>			
<b>Energy</b>			
Precision Drilling Corporation	171,358	\$ 8,627,876	\$ 10,920,645
<b>Health Care</b>			
Biovail Corporation	213,532	9,139,170	5,393,819
QLT Inc.	192,855	5,237,942	5,129,943
<b>Total Health Care</b>		<b>14,377,112</b>	<b>10,523,762</b>
<b>Information Technology</b>			
ATI Technologies Inc.	701,386	8,802,394	17,646,872
Celestica Inc.	419,739	36,832,097	11,202,834
Nortel Networks Corporation	565,052	8,201,567	3,780,198
Zarlink Semiconductor Inc.	341,527	10,297,039	1,997,933
<b>Total Information Technology</b>		<b>64,133,097</b>	<b>34,627,837</b>
<b>Materials</b>			
Inco Limited	236,270	5,942,191	10,870,783
<b>Total Canadian Common Shares</b>		<b>\$ 93,080,276</b>	<b>\$ 66,943,027</b>
Forward Agreement			99,647,516
<b>TOTAL INVESTMENTS - FIXED PORTFOLIO</b>		<b>\$ 93,080,276</b>	<b>\$166,590,543</b>
<b>TOTAL INVESTMENTS</b>		<b>\$110,351,529</b>	<b>\$182,832,489</b>
Short-Term Investments - Managed Portfolio			11,295,031
Other Assets Less Liabilities			(6,265,646)
<b>NET ASSETS</b>			<b>\$187,861,874</b>
<b>TOTAL MANAGED PORTFOLIO</b>		<b>\$ 28,752,085</b>	<b>\$ 27,536,977</b>
<b>TOTAL FIXED PORTFOLIO</b>		<b>93,080,276</b>	<b>166,590,543</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$121,832,361</b>	<b>\$194,127,520</b>

## Mulvihill Pro-AMS U.S. Fund

### Notes to Financial Statements

June 30, 2004

#### 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, 2003.

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, 2003.

#### 2. Normal Course Issuer Bid

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The Toronto Stock Exchange recently 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 909,058 units, 10% 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 June 27, 2005 or until the Fund has purchased the maximum number of units permitted under the bid. The Fund has not purchased any units pursuant to a normal course issuer bid during the period.

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 the address below.

#### 3. Special Resolution

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On April 13, 2004, the unitholders of the Fund approved a proposal to (i) permit unitholders to switch to other Mulvihill funds by adding further retraction rights at 100% of net asset value per unit from time to time and (ii) provide the Fund with the ability to use interest rate hedging strategies in order to reduce some of the impact of rising interest rates on the net asset value of the Fund. The Fund will be permitted, in appropriate circumstances and in

accordance with applicable securities laws, to use specified derivatives to assist the Fund in managing its investments and preserving net asset value. Existing retraction rights of unitholders will not be affected by the addition of further retraction rights.

#### 4. Management Expense Ratio

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The management expense ratio is the ratio of all fees and expenses charged to the Fund to average net assets. The following are the management expense ratios for the years ended December 31:

	2003	2002	2001	2000 *
Management expense ratio	2.00%	2.06%	2.10%	1.85% **

\* For the period from inception on October 4, 2000 to December 31, 2000.

\*\* Annualized

#### 5. Generally Accepted Accounting Principles

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The Canadian Institute of Chartered Accountants ("CICA") issued Section 1100, "Generally Accepted Accounting Principles ("GAAP")" of the *CICA Handbook - Accounting*, which establishes standards for financial reporting. Section 1100 applies to all entities, with the exception of rate-regulated operations, for fiscal years beginning on or after October 1, 2003. As a result, certain disclosures previously considered GAAP by virtue of general use in the investment funds industry, are no longer considered GAAP. This section primarily impacts the disclosure of an investment fund's financial statements, and accordingly, has no impact on the valuation of a fund or in the calculation of the net asset value per unit of a fund. The Funds, in conjunction with other investment industry funds, continue to assess the impact of Section 1100 on their financial statements.

#### Statement of Portfolio Transactions

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A copy of the Statement of Portfolio Transactions (unaudited) for Mulvihill Pro-AMS U.S. Fund for the period ended June 30, 2004 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto ON M5H 3T9.

## Mulvihill Hybrid Income Funds

### Hybrid Income Funds

#### Managed by Mulvihill Structured Products

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#### Mulvihill Platinum

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 Premium Canadian Fund

Mulvihill Premium U.S. 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 Summit

Mulvihill Summit Digital World Fund

### Mutual Funds Managed by

#### Mulvihill Capital Management

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Mulvihill Canadian Money Market Fund

Mulvihill Canadian Bond Fund

Mulvihill Canadian Equity Fund

Mulvihill Global Equity Fund

Mulvihill U.S. Equity Fund

Premium Global Income Fund

Premium Canadian Income Fund

### Head Office

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**Mulvihill**

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**Mulvihill Structured Products**

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