



Mulvihill

Hybrid Income Funds



Semi-Annual Report 2005

*Mulvihill Pro-AMS U.S. Fund*

Pro-AMS U.S. Trust

## Mulvihill Pro-AMS U.S. Fund

### Message to Unitholders

As of June 30, 2005, the net assets of the Fund were \$102.7 million, or \$22.38 per unit, compared to net assets of \$100.7 million, or \$21.58 per unit, at the end of 2004. Listed on the Toronto Stock Exchange as PAM.UN, the Fund's units closed on June 30 trading at \$21.51, compared to \$20.70 at the end of last year.

During the six-month period, unitholders received monthly distributions totalling \$0.12 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.

Distributions were suspended in the second quarter as the net asset value of the managed portfolio declined below the minimum level required to sustain the Fund's operations. In order to provide greater certainty to the Fund's principal protection feature, the managed portfolio has now been converted entirely into cash and cash equivalents. This will help to ensure that the funds will be available to meet obligations until termination on January 4, 2011, including forward fee obligations to maintain the Fund's forward agreement.

The managed portfolio will continue to be composed of cash and cash equivalents for the foreseeable future. Consequently, the Fund no longer has any equity exposure.

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

August 2005

## 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.

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  
Director  
Mulvihill Fund Services Inc.



Sheila S. Szela  
Director  
Mulvihill Fund Services Inc.

August 2005

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Interim Statements of Net Assets

June 30, 2005 (Unaudited) and December 31, 2004 (Audited)

	2005	2004
<b>ASSETS</b>		
Investments - Fixed portfolio at market value (cost - \$44,451,459; 2004 - \$43,542,755)	<b>\$ 94,662,133</b>	\$ 91,185,155
Investments - Managed portfolio at market value (cost - \$nil; 2004 - \$13,873,827)	-	12,363,072
Short-term investments - Managed portfolio (cost - \$13,112,863; 2004 - \$5,147,129)	<b>13,110,858</b>	5,041,923
Cash	<b>9,190</b>	37,459
Dividends receivable	-	12,294
Interest receivable	<b>45,353</b>	5,234
Due from brokers	<b>192,408</b>	61,789,375
<b>TOTAL ASSETS</b>	<b>108,019,942</b>	<b>170,434,512</b>
<b>LIABILITIES</b>		
Accrued management fees	<b>5,004,470</b>	4,690,790
Redemptions payable	<b>187,418</b>	64,760,596
Accrued liabilities	<b>166,268</b>	243,572
Due to brokers	-	12,780
Futures margin payable	-	26,220
<b>TOTAL LIABILITIES</b>	<b>5,358,156</b>	<b>69,733,958</b>
<b>NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY</b>	<b>\$ 102,661,786</b>	<b>\$ 100,700,554</b>
<b>Number of Units Outstanding</b>	<b>4,587,058</b>	<b>4,666,005</b>
<b>Net Asset Value per Unit</b>	<b>\$ 22.3807</b>	<b>\$ 21.5818</b>

Financial Statements

Interim Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2005	2004
<b>REVENUE</b>		
Dividends	\$ 37,798	\$ 144,248
Interest, net of foreign exchange	455,685	231,995
Withholding taxes	(5,668)	(18,942)
<b>TOTAL REVENUE</b>	<b>487,815</b>	<b>357,301</b>
<b>EXPENSES</b>		
Management fees	628,273	1,256,136
Forward agreement fee	270,102	563,458
Custodian and other expenses	127,419	147,617
Goods and services tax	52,377	97,965
<b>TOTAL EXPENSES</b>	<b>1,078,171</b>	<b>2,065,176</b>
<b>Net Investment Loss</b>	<b>(590,356)</b>	<b>(1,707,875)</b>
Gain on sale of investments	501,671	11,405,018
Change in unrealized appreciation/ depreciation of investments	4,258,075	(8,724,731)
<b>Net Gain on Investments</b>	<b>4,759,746</b>	<b>2,680,287</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS</b>	<b>\$ 4,169,390</b>	<b>\$ 972,412</b>
<b>TOTAL RESULTS OF FINANCIAL OPERATIONS PER UNIT</b> (based on the weighted average number of units outstanding during the period of 4,898,723; 2004 - 9,550,174)	<b>\$ 0.8511</b>	<b>\$ 0.1019</b>

## Mulvihill Pro-AMS U.S. Fund

### Financial Statements

#### Interim Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2005	2004
NET ASSETS, BEGINNING OF PERIOD	\$ 100,700,554	\$ 209,308,260
Total Results of Financial Operations	4,169,390	972,412
Unit Transactions		
Amount paid for units redeemed	(1,648,784)	(20,141,547)
Distributions to Unitholders		
Non-taxable distributions	(559,374)	(2,277,251)
Changes in Net Assets during the Period	1,961,232	(21,446,386)
NET ASSETS, END OF PERIOD	\$ 102,661,786	\$ 187,861,874
Net Asset Value per Unit	\$ 22.3807	\$ 20.8585
Distribution per Unit		
Non-taxable distributions	\$ 0.1200	\$ 0.2400

#### Interim Statements of Gain on Sale of Investments

For the six months ended June 30 (Unaudited)

	2005	2004
Proceeds from Sale of Investments	\$ 20,521,341	\$ 75,590,335
Cost of Investments Sold		
Cost of investments, beginning of period	57,416,582	166,951,651
Cost of investments purchased	7,054,547	7,585,195
	64,471,129	174,536,846
Cost of Investments, End of Period	(44,451,459)	(110,351,529)
	20,019,670	64,185,317
GAIN ON SALE OF INVESTMENTS	\$ 501,671	\$ 11,405,018

Financial Statements

Statement of Investments

June 30, 2005 (Unaudited)

	Par Value/ Number of Shares	Average Cost	Market Value
<b>SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>			
<b>Treasury Bills</b>			
Government of Canada - July 28, 2005	2,240,000	\$ 2,224,389	\$ 2,224,389
Government of Canada - August 25, 2005	8,210,000	8,150,741	8,150,741
Government of Canada - September 22, 2005	2,590,000	2,572,017	2,572,017
<b>Total Treasury Bills</b>		<b>12,947,147</b>	<b>12,947,147</b>
<b>Discount Commercial Paper</b>			
Province of British Columbia, USD - August 8, 2005	135,000	165,716	163,711
		<b>13,112,863</b>	<b>13,110,858</b>
<b>Accrued Interest</b>			<b>45,353</b>
<b>TOTAL SHORT-TERM INVESTMENTS - MANAGED PORTFOLIO</b>		<b>\$ 13,112,863</b>	<b>\$ 13,156,211</b>
<b>INVESTMENTS</b>			
<b>INVESTMENTS - FIXED PORTFOLIO</b>			
<b>Canadian Common Shares</b>			
<b>Energy</b>			
Precision Drilling Corporation	198,658	\$ 5,001,215	\$ 9,593,195
<b>Health Care</b>			
Biovail Corporation	123,775	5,297,570	2,340,585
QLT Inc.	111,790	3,036,216	1,416,379
<b>Total Health Care</b>		<b>8,333,786</b>	<b>3,756,964</b>
<b>Industrials</b>			
Bombardier Inc. "B"	1,920,722	5,089,913	5,013,084
<b>Information Technology</b>			
ATI Technologies Inc.	406,565	5,102,391	5,895,193
Celestica Inc.	124,994	10,968,224	2,049,902
Nortel Networks Corporation	327,538	4,754,120	1,044,846
Zarlink Semiconductor Inc.	172,531	5,201,810	284,676
<b>Total Information Technology</b>		<b>26,026,545</b>	<b>9,274,617</b>
<b>Total Canadian Common Shares</b>		<b>\$ 44,451,459</b>	<b>\$ 27,637,860</b>
<b>Forward Agreement</b>			<b>67,024,273</b>
<b>TOTAL INVESTMENTS - FIXED PORTFOLIO</b>		<b>\$ 44,451,459</b>	<b>\$ 94,662,133</b>
<b>TOTAL INVESTMENTS</b>		<b>\$ 44,451,459</b>	<b>\$ 94,662,133</b>
Short-Term Investments - Managed Portfolio			13,110,858
Other Assets Less Liabilities			(5,111,205)
<b>NET ASSETS</b>			<b>\$102,661,786</b>
<b>TOTAL MANAGED PORTFOLIO</b>		<b>\$ 13,112,863</b>	<b>\$ 13,110,858</b>
<b>TOTAL FIXED PORTFOLIO</b>		<b>44,451,459</b>	<b>94,662,133</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>		<b>\$ 57,564,322</b>	<b>\$ 107,772,991</b>

# Mulvihill Pro-AMS U.S. Fund

## Notes to Financial Statements

June 30, 2005

### 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, 2004.

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, 2004.

### 2. Investment Objectives of the Fund

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The Fund’s investment objective is to return at least the original issue price of \$25.00 per unit to the unitholders upon termination of the Fund. To achieve this objective, the Fund has entered into a forward purchase and sale agreement (the “Forward Agreement”) pursuant to which the counterparty will pay to the Fund an amount equal to the original issue price for each unit outstanding on the termination date in exchange for the Fund delivering to the counterparty certain equity securities. In order to provide greater certainty to the Fund’s principal protection feature, the balance of the managed portfolio has been invested in cash and cash equivalents. This will help to ensure that funds will be available to meet obligations until termination on January 4, 2011, including forward fee obligations to maintain the Fund’s Forward Agreement. In addition, distributions were suspended following the March 31, 2005 distribution as the net asset value of the managed portfolio had declined below the minimum level required to sustain the Fund’s operations.

### 3. 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 458,578 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 June 29, 2006 or until the Fund has purchased the



maximum number of units permitted under the bid. As at June 30, 2005, no units have been repurchased by the Fund.

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 W., Suite 2600, Toronto, Ontario, M5H 3T9.

#### 4. Investment Management Fees

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The Investment Manager has voluntarily agreed to defer payment of a portion of its management fees since 2002 and as a result, management fees are paid at an annual rate of 0.50 percent. This deferral in the management fees represents a decrease 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 anytime to require payment of its full investment management fees and all or any portion of those in arrears.

Since the Investment Manager voluntarily agreed to defer a portion of Management fees, the Fund has experienced retractions of units reducing the number of units outstanding in the Fund. Therefore, subsequent to June 30, 2005, the Investment Manager collected the portion of the accrued management fee in respect to units that have been retracted and cancelled from the Fund and which are no longer outstanding. This amounted to \$3,688,490 of the previously accrued investment management fee that had been voluntarily deferred. The remaining portion of the accrued investment management fee relates to units currently outstanding and continues to be voluntarily deferred.

#### 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, 2005 may be obtained without charge by writing to the Fund at 121 King St. W., Suite 2600, Toronto, Ontario, M5H 3T9.

## Mulvihill Pro-AMS U.S. Fund

### 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 Global Equity Fund

Premium Global Income Fund

#### Head Office

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**Mulvihill Structured Products**

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