Mulvihill

Mulvihill Structured Products

Hybrid Income Funds

Annual Report 2008

Mulvihill *S Split Fund*

Message to Shareholders

We are pleased to present the annual financial results of Mulvihill S Split 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 2007 with the objectives to:

(1) Provide holders of Preferred shares with fixed cumulative preferential monthly cash distributions in the amount of $0.04375 per Preferred share representing a yield on the issue price of the Preferred shares of 5.25 percent per annum; and

(2) Provide holders of Class A shares with regular monthly cash distributions targeted to be 6.0 percent per annum on the Net Asset Value of the Fund and to return the original issue price to holders of both Preferred shares and Class A shares at the time of redemption of shares on December 1, 2014 (the "Termination Date").

To accomplish these objectives, the net proceeds of the offering will be invested by the Fund in The Bank of Nova Scotia (“BNS”) shares. To generate additional returns above the dividend income earned on BNS shares, the Fund may, from time to time, write covered call options in respect of some or all of such BNS shares. Accordingly, the distributions paid out by the Fund are funded from the dividend income earned on the portfolio, realized capital gains from the sale of securities and option premiums from the sale of covered call options. During the fiscal year ended 2008, the Fund earned a return for the period of negative 21.64 percent. Distributions amounting to $1.20045 per unit were paid during the year, contributing to the overall decline in the net asset value from $23.01 per unit as at December 31, 2007 to $17.02 as at December 31, 2008.

	2008	2007[1]
Total Fund Return	(21.64)%	(5.25)%
Preferred Share Distribution Paid (annual target of $0.525 per share)	$ 0.52500	$ 0.32521
Class A Share Distribution Paid (annual target of 6.0 percent on the Net Asset Value)	$ 0.67545	$ 0.50757
Ending Net Asset Value per Unit (initial issue price was $25.00 per unit)	$ 17.02	$ 23.01

[1] For the period from inception on May 17, 2007 to December 31, 2007.

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

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

Mulvihill *S Split Fund* [SBN.UN]

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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 period ended December 31, 2008 of Mulvihill S Split Fund (the "Fund"). The 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.

Investment Objectives and Strategies

The Fund's investment objectives are:

(i) to provide holders of Preferred shares with fixed cumulative preferential monthly cash distributions in the amount of $0.04375 per Preferred share ($0.525 per year) representing a yield on the issue price of the Preferred shares of 5.25 percent per annum and to return the issue price of $10.00 per Preferred Share to holders of Preferred Shares at the time of redemption of such shares on December 1, 2014; and

(ii) to provide holders of Class A shares with regular monthly cash distributions in an amount targeted to be 6.0 percent per annum on the net asset value ("NAV") of the Class A shares and to provide holders of Class A Shares with the opportunity for leveraged growth in NAV and distributions per Class A Share.

The net proceeds of the offering were invested by the Fund in The Bank of Nova Scotia ("BNS") shares.

To generate additional returns above the dividend income earned on BNS shares, the Fund may, from time to time, write covered call options in respect of some or all of such BNS shares. The number of BNS shares that may be subject to call options and the terms of such options will vary from time to time, based on the assessment of market conditions.

Risk

Investors should be aware that the primary risks associated with the Fund relate to the financial performance of BNS shares, as well as the level of option volatility realized in undertaking the writing of covered call options.

The Fund holds a portfolio of common shares of BNS. Investors in the Class A shares will receive leveraged exposure to the performance of The Bank of Nova Scotia, including increases or decreases in the value of BNS shares, and increases or decreases in the dividends paid on BNS shares. Investors in the Preferred Shares will receive monthly distributions on a fixed, cumulative and preferential basis.

To offset a portion of the equity market risk, the Fund significantly reduced its holding in BNS shares in favour of cash holdings. As a result, the overall risk level of the Fund was reduced in 2008.

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.

Asset Mix and Portfolio Holdings

December 31, 2008

	% OF NET ASSET VALUE*
Financials - The Bank of Nova Scotia	60 %
Cash and Short-Term Investments	43 %
Other Assets (Liabilities)	(3)%
	100 %

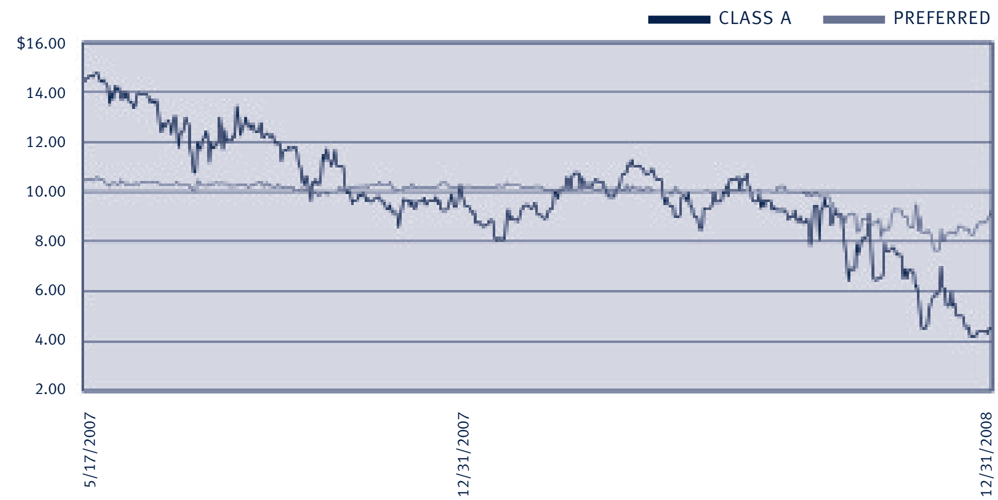
*The Net Asset Value excludes the Preferred share liability.

Distribution History

INCEPTION DATE: MAY 2007	CLASS A DISTRIBUTION	PREFERRED DISTRIBUTION
Total for 2007	$ 0.50757	$ 0.32521
Total for 2008	0.67545	0.52500
Total	**$ 1.18302**	**$ 0.85021**

Trading History

May 17, 2007 to December 31, 2008



Results of Operations

The net asset value of the Fund for pricing purposes based on closing prices on December 31, 2008 was $17.02 per Unit (see Note 4 to the financial statements) compared to $23.01 per unit at December 31, 2007. The Fund's Class A and Preferred Shares are listed on the Toronto Stock Exchange as SBN and SBN.PR.A, respectively. The Class A shares closed on December 30, 2008 at $4.50 per share and the Preferred shares closed at $9.25 per share which, when combined, represent a 19.2 percent discount to the actual net asset value.

Distributions totalling $0.67545 per share were paid to Class A shareholders and $0.525 per share were paid to Preferred shareholders during the year ended December 31, 2008. The Fund's compound return for the year ended December 31, 2008, including reinvestment of distributions, was negative 21.6 percent. This compares very favourably with the total return on BNS shares during this period of negative 33.8 percent. Realized gains earned from options amounted to approximately $2.8M.

In order to generate income, the Fund may write covered call options in respect of all or part of the BNS shares held in the portfolio. For the first few quarters of 2008, volatility levels in BNS continued the moderate up-trend that started in mid 2007. In the fourth quarter, however, volatility rose dramatically in the name, along with most financials and, indeed, most equities. This occurred along with a dramatic correction in the share prices of most financials. BNS traded as high as $52.51 in June of 2008 and hit a low of $28.61 in December of 2008.

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 from its inception date on May 17, 2007.

For 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 (see Note 4 to the Financial Statements). All other calculations for the purposes of this MRFP are made using Net Asset Value.

Periods ended December 31

	2008	2007(4)
THE FUND'S NET ASSETS PER UNIT		
Net Assets, beginning of period (based on bid prices)(1)	$ **22.96**	$ **25.00**
INCREASE (DECREASE) FROM OPERATIONS		
Total revenue	**0.64**	0.64
Total expenses	**(0.47)**	(0.36)
Realized gains (losses) for the period	**(0.76)**	0.01
Unrealized gains (losses) for the period	**(4.13)**	(1.50)
Total Increase (Decrease) from Operations(2)	**(4.72)**	**(1.21)**
DISTRIBUTIONS		
Class A Share		
From net investment income	**–**	(0.07)
Non-taxable distributions	**(0.67)**	(0.44)
Total Class A Share Distribution	**(0.67)**	**(0.51)**
Preferred Share		
From net investment income	**(0.17)**	(0.33)
Non-taxable distributions	**(0.36)**	–
Total Preferred Share Distributions	**(0.53)**	**(0.33)**
Total Annual Distributions(3)	**(1.20)**	**(0.84)**
Net Assets, as at December 31 (based on bid prices)(1)	$ **16.98**	$ **22.96**

(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 excluding the liability for the Redeemable Preferred shares of the Fund on that date and including the valuation of securities at bid prices divided by the number of units then outstanding.
(2) Total increase (decrease) from operations consists of interest and dividend revenue, realized and unrealized gains (losses), net of withholding taxes and foreign exchange gains (losses), less expenses excluding Preferred share distributions, and is calculated based on the weighted average number of units outstanding during the year. 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 shareholders 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 May 17, 2007 to December 31, 2007.

RATIOS/SUPPLEMENTAL DATA	2008	2007
Net Asset Value, excluding liability for Redeemable Preferred shares ($millions)(1)	$ **74.49**	$ 108.61
Net Asset Value ($millions)(1)	$ **30.75**	$ 61.41
Number of units outstanding(1)	**4,374,300**	4,719,300
Management expense ratio(2)	**2.22%**	0.90%(5)
Portfolio turnover rate(3)	**9.10%**	9.34%
Trading expense ratio(4)	**0.05%**	0.05%(5)
Net Asset Value per Unit(6)	$ **17.02**	$ 23.01
Closing market price - Preferred	$ **9.25**	$ 10.19
Closing market price - Class A	$ **4.50**	$ 9.90

(1) This information is provided as at December 31. One Unit consists of one Class A and one Preferred share.
(2) Management expense ratio is the ratio of all fees and expenses, including goods and services taxes but excluding transaction fees and Class A share distributions, charged to the Fund to the average net asset value, excluding the liability for the Redeemable Preferred shares.
(3) 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. 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.
(4) Trading expense ratio represents total commissions expressed as a percentage of the daily average net asset value during the period.
(5) Annualized.
(6) 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 and including the valuation of securities at closing prices divided by the number of units then outstanding.

Management Fees

Mulvihill Capital Management Inc. ("MCM") is entitled to fees under the Investment Management Agreement calculated monthly as 1/12 of 1.55 percent of the net asset value of the Fund at each month end, excluding the liability for the Redeemable Preferred shares. Services received under the Investment Management Agreement include the making of all investment decisions and 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 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, excluding the liability for the Redeemable Preferred shares. Services received under the Management Agreement include providing or arranging required administrative services to the Fund.

Retraction Fee

If a retraction of a Class A Share or Preferred Share occurs prior to July 2014, a retraction fee payable to MCM by the retracting shareholder will be deducted by MCM from the amount otherwise receivable by the retracting shareholder to compensate MCM, in part, for paying the Agents' fees and expenses of the offering (see Note 5).

Recent Developments

2008 was a year of unprecedented market turmoil in many areas. The credit crisis came to a climax with the takeout or closure of several large financial institutions and the sector as a whole received bailouts from governments in many developed countries. Canada fared reasonably well compared to our U.S. neighbours and some European countries.

Performance on the shares of BNS was in the middle of the big five banks at negative 33.8 percent on a total return basis. Canadian Imperial Bank of Commerce and Bank of Montreal were the best and worst performers with total returns of negative 23.2 percent and negative 41.3 percent respectively. Despite the difficult market conditions, BNS was still able to increase its dividend in the third quarter and has maintained it since.

During the year ended December 31, 2008, 345,000 shares were redeemed by the Fund. The Fund facilitated these redemptions by selling a portion of the BNS shares held in the portfolio. These activities had no material impact on the 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,

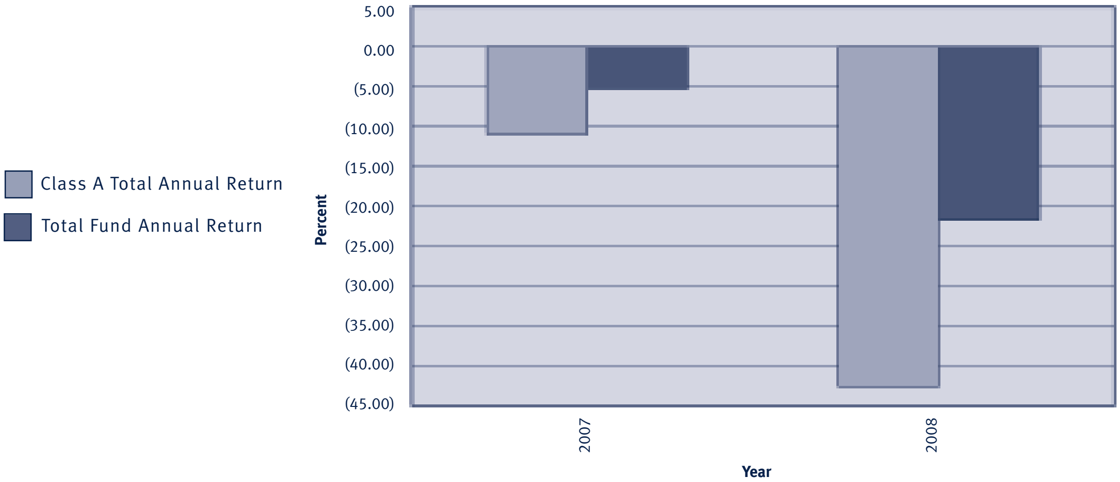
(2) the information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns, and

(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 the Fund's total return since inception has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1, 2008 or the date of inception in 2007 would have increased or decreased by the end of the fiscal year.

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound total return for the periods ended December 31, 2008 as compared to the performance of the The Bank of Nova Scotia shares.

(In Canadian Dollars)	One Year	Since Inception*
S Split Fund	**(21.64)%**	(13.83)%
S Split Fund - Class A	**(42.52)%**	(28.43)%
S Split Fund - Preferred	**5.38 %**	4.33 %
In order to meet regulatory requirements, the performance of one market index has been included below:		
The Bank of Nova Scotia Shares	**(33.75)%**	(20.37)%

* From date of inception on May 17, 2007.

The equity performance benchmark shown here provides an approximate indication of how the Fund's returns compare to a public market index for similar securities. It is important to note that the Fund is not managed in order to match or exceed this index; rather, its objectives are to pay out monthly dividends and return the original invested amount at the termination date. As a result, the Fund has, from time to time, maintained cash balances in an effort to provide greater net asset value stability and employs a covered option writing strategy to generate the distributions.

These investment strategies result in a rate of return for the Fund that differs from that of a conventional, fully-invested portfolio. During periods of strongly rising markets, the Fund's approach will tend to underperform a comparable fully-invested portfolio of the same stocks as the Fund is not fully invested and writing covered call options generally limits portfolio performance to the option premium received. In periods of declining markets, however, the Fund's defensive cash balances help to protect net asset value, and covered option writing income generally provides returns exceeding those of a conventional portfolio.

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 April 26, 2007 .

Mulvihill Fund Services Inc. ("Mulvihill") is the Manager of the Fund pursuant to a Management Agreement made between the Fund and Mulvihill dated April 26, 2007, 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.

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 forwardlooking statements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of S Split Fund (operating as Mulvihill S Split Fund) (the "Fund") and all the information in this annual report are the responsibility of the management of Mulvihill Fund Services Inc. (the "Manager"), and have been approved by the Board of Directors (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 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 Audit Committee 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 Audit Committee and the Board.

John P. Mulvihill	Sheila S. Szela
Director	Director
Mulvihill Fund Services Inc.	Mulvihill Fund Services Inc.
February 17, 2009	

To the Shareholders of Mulvihill S Split Fund

We have audited the accompanying statement of investments of Mulvihill S Split Fund (the "Fund") as at December 31, 2008, the statements of financial position as at December 31, 2008 and 2007, and the statement of operations and deficit, of changes in net assets and of cash flows for the year then ended and for the period from May 17, 2007 to December 31, 2007. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Fund's management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and 2007, and the results of its operations, the changes in its net assets, and its cash flows for the year then ended and for the period from May 17, 2007 to December 31, 2007, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
Toronto, Ontario
February 17, 2009

Statements of Financial Position

December 31, 2008 and 2007

	2008	2007
ASSETS		
Investments at fair value (cost - $68,974,425; 2007 - $103,714,227)	$ 42,692,275	$ 96,615,115
Short-term investments at fair value (cost - $32,410,400; 2007 - $11,177,722)	32,410,400	11,178,525
Cash	21,984	4,406
Interest receivable	226,416	38,346
Dividends receivable	–	907,340
TOTAL ASSETS	$ 75,351,075	$ 108,743,732
LIABILITIES		
Redemptions payable	$ 828,517	$ 98,398
Accrued management fees	105,561	152,681
Accrued liabilities	73,238	111,064
Retraction fee payable (Note 5)	64,320	6,750
Redeemable Preferred shares (Note 5)	43,743,000	47,193,000
	44,814,636	47,561,893
EQUITY		
Class A and Class J shares (Note 5)	65,617,371	70,792,371
Deficit	(35,080,932)	(9,610,532)
	30,536,439	61,181,839
TOTAL LIABILITIES AND EQUITY	$ 75,351,075	$ 108,743,732
Number of Units Outstanding (Note 5)	4,374,300	4,719,300
Net Assets per Unit (Note 4)		
Preferred Share	$ 10.0000	$ 10.0000
Class A Share	6.9809	12.9642
	$ 16.9809	$ 22.9642

On Behalf of the Board of Directors,

John P. Mulvihill, Director

Robert W. Korthals, Director

The notes are an integral part of the Financial Statements.

Statements of Operations and Deficit

For the year ended December 31, 2008 and for the period from inception on May 17, 2007 to December 31, 2007

	2008	2007
REVENUE		
Interest	$ 579,282	$ 243,448
Dividends	2,402,862	2,798,700
	2,982,144	3,042,148
Net realized losses on investments	(6,319,241)	(577,559)
Net realized gains on derivatives	2,803,163	602,350
Total Net Realized Gains (Losses)	(3,516,078)	24,791
TOTAL REVENUE	(533,934)	3,066,939
EXPENSES (Note 6)		
Management fees	1,598,098	1,174,455
Service fees	237,581	203,056
Administrative and other expenses	93,443	73,074
Transaction fees (Note 8)	45,013	82,342
Custodian fees	33,688	18,423
Audit fees	30,723	30,058
Director fees	17,317	13,011
Independent review committee fees	4,267	715
Legal fees	11,833	2,131
Shareholder reporting costs	35,666	21,415
Goods and services tax	89,318	78,196
TOTAL EXPENSES	2,196,947	1,696,876
Net Realized Income (Loss) before Distributions	(2,730,881)	1,370,063
Preferred share distributions	(2,436,787)	(1,543,623)
Net Realized Loss	(5,167,668)	(173,560)
Net change in unrealized appreciation/depreciation of short-term investments during the period	(803)	803
Net change in unrealized appreciation/depreciation of investments during the period	(19,183,038)	(7,099,112)
Total Net Change in Unrealized Appreciation/Depreciation of Investments	(19,183,841)	(7,098,309)
NET LOSS FOR THE PERIOD	(24,351,509)	$ (7,271,869)
NET LOSS PER CLASS A SHARE		
(based on the weighted average number of Class A shares outstanding during the period of 4,643,607; 2007 - 4,732,488)	$ (5.2441)	$ (1.5366)
DEFICIT		
Balance, beginning of period	$ (9,610,532)	$ –
Net allocations on retractions	2,013,405	70,660
Net loss for the period	(24,351,509)	(7,271,869)
Distributions on Class A Shares	(3,132,296)	(2,409,323)
BALANCE, END OF PERIOD	$ (35,080,932)	$ (9,610,532)

The notes are an integral part of the Financial Statements.

Statements of Changes in Net Assets

For the year ended December 31, 2008 and for the period from inception on May 17, 2007 and December 31, 2007

	2008	2007
NET ASSETS, BEGINNING OF PERIOD	$ 61,181,839	$ –
Net Realized Income (Loss) before Distributions	**(2,730,881)**	1,370,063
Class A Share Capital Transactions		
Proceeds from shares issued	**–**	71,252,871
Amound paid for shares redeemed	**(3,161,595)**	(331,776)
Normal course issuer bid purchases	**–**	(58,064)
	(3,161,595)	70,863,031
Distributions		
Class A Share		
From net investment income	**–**	(347,737)
Non-taxable distributions	**(3,132,296)**	(2,061,586)
Preferred Share		
From net investment income	**(781,118)**	(1,543,623)
Non-taxable distributions	**(1,655,669)**	–
	(5,569,083)	(3,952,946)
Net Change in Unrealized Appreciation/Depreciation of Investments	**(19,183,841)**	(7,098,309)
Changes in Net Assets during the Period	**(30,645,400)**	61,181,839
NET ASSETS, END OF PERIOD	$ 30,536,439	$ 61,181,839

Statements of Cash Flows

For the year ended December 31, 2008 and for the period from inception on May 17, 2007 to December 31, 2007

	2008	2007
CASH AND SHORT-TERM INVESTMENTS, BEGINNING OF YEAR	$ 11,182,931	$ –
Cash Flows Provided by (Used In) Operating Activities		
Net Realized Income (Loss) before Distributions	**(2,730,881)**	1,370,063
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities		
Purchase of investment securities	**(7,033,323)**	(100,658,815)
Proceeds from disposition of investment securities	**41,773,125**	9,774,664
(Increase)/decrease in dividends receivable and interest receivable	**719,270**	(945,686)
Increase/(decrease) in accrued management fees and accrued liabilities	**(84,946)**	263,745
Net change in unrealized depreciation of cash and short-term investments	**(803)**	803
	32,642,442	(90,195,226)
Cash Flows Provided by (Used In) Financing Activities		
Proceeds from Class A shares issued	**–**	58,422,795
Proceeds from Preferred shares issued	**–**	47,500,000
Distributions to Class A shares	**(3,132,296)**	(2,409,323)
Distributions to Preferred shares	**(2,436,787)**	(1,543,623)
Class A share redemptions	**(2,859,906)**	(276,628)
Preferred share redemptions	**(2,964,000)**	(257,000)
Normal course issuer bid purchases	**–**	(58,064)
	(11,392,989)	101,378,157
Net Increase/(Decrease) in Cash and Short-Term Investments During the Period	**21,249,453**	11,182,931
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	$ 32,432,384	$ 11,182,931
Cash and Short-Term Investments comprise of:		
Cash	$ 21,984	$ 4,406
Short-Term Investments	**32,410,400**	11,178,525
CASH AND SHORT-TERM INVESTMENTS, END OF PERIOD	$ 32,432,384	$ 11,182,931

The notes are an integral part of the Financial Statements.

Statement of Investments

December 31, 2008

	Par Value/ Number of Shares/ Number of Contracts	Average Cost/ Proceeds	Fair Value	% of Portfolio
SHORT-TERM INVESTMENTS				
Bankers' Acceptances				
Canadian Imperial Bank of Commerce, 3.23% - January 13, 2009	5,000,000	$ 4,938,400	**$ 4,938,400**	
Canadian Imperial Bank of Commerce, 3.15% - February 25, 2009	5,000,000	4,922,700	**4,922,700**	
National Bank of Canada, 3.18% - February 12, 2009	1,000,000	985,490	**985,490**	
Royal Bank of Canada, 3.04% - February 17, 2009	5,000,000	4,926,550	**4,926,550**	
The Bank of Nova Scotia, 3.15% - January 5, 2009	800,000	791,128	**791,128**	
Total Bankers' Acceptances		**16,564,268**	**16,564,268**	50.8 %
Treasury Bills				
Government of Canada, 2.20% - January 8, 2009	460,000	457,875	**457,875**	
Government of Canada, 1.94% - January 22, 2009	3,935,000	3,918,798	**3,918,798**	
Government of Canada, 1.85% - February 5, 2009	745,000	741,816	**741,816**	
Government of Canada, 1.48% - March 5, 2009	1,905,000	1,898,100	**1,898,100**	
Government of Canada, 1.20% - March 19, 2009	1,950,000	1,943,740	**1,943,740**	
Province of Ontario, 2.15% - January 16, 2009	55,000	54,704	**54,704**	
Province of Ontario, 2.20% - January 21, 2009	150,000	149,181	**149,181**	
Province of Ontario, 2.24% - February 3, 2009	5,000,000	4,971,000	**4,971,000**	
Province of Ontario, 2.04% - February 27, 2009	1,720,000	1,710,918	**1,710,918**	
Total Treasury Bills		**15,846,132**	**15,846,132**	48.5 %
		32,410,400	**32,410,400**	**99.3 %**
Accrued Interest			**226,416**	**0.7 %**
TOTAL SHORT-TERM INVESTMENTS		**$ 32,410,400**	**$ 32,636,816**	**100.0 %**
INVESTMENTS				
Canadian Common Shares				
Financials				
The Bank of Nova Scotia	1,318,750	**$ 70,128,015**	**$ 43,716,563**	102.4 %
Total Canadian Common Shares		**$ 70,128,015**	**$ 43,716,563**	**102.4 %**
OPTIONS				
Written Covered Call Options (100 shares per contract)				
The Bank of Nova Scotia - January 2009 @ $35	(2,000)	$ (414,000)	**$ (385,466)**	
The Bank of Nova Scotia - January 2009 @ $41	(1,500)	(340,500)	**(7,953)**	
The Bank of Nova Scotia - February 2009 @ $32	(1,775)	(349,675)	**(630,869)**	
Total Written Covered Call Options		**(1,104,175)**	**(1,024,288)**	(2.4)%
TOTAL OPTIONS		**$ (1,104,175)**	**$ (1,024,288)**	**(2.4)%**
Adjustment for transaction fees		**(49,415)**		
TOTAL INVESTMENTS		**$ 68,974,425**	**$ 42,692,275**	**100.0 %**

The notes are an integral part of the Financial Statements.

1. Establishment of the Fund

Mulvihill S Split Fund (the "Fund") is a mutual fund corporation established under the laws of the Province of Ontario on January 26, 2007. The Fund began operations on May 17, 2007.

The manager of the Fund is Mulvihill Fund Services Inc. (the "Manager") and the Fund's investment manager is Mulvihill Capital Management Inc. (the "Investment Manager"). RBC Dexia Investor Services acts as custodian of the assets of the Fund and is responsible for certain day-to-day administration of the Fund.

2. Summary Objectives of the Fund

The Fund's investment objectives are:

(i) to provide holders of Preferred shares with fixed cumulative preferential monthly cash distributions in the amount of $0.04375 per Preferred share ($0.525 per year) representing a yield on the issue price of the Preferred shares of 5.25 percent per annum and to return the issue price of $10.00 per Preferred Share to holders of Preferred Shares at the time of redemption of such shares on December 1, 2014; and

(ii) to provide holders of Class A shares with regular monthly cash distributions in an amount targeted to be 6.0 percent per annum on the net asset value ("NAV") of the Class A shares and to provide holders of Class A Shares with the opportunity for leveraged growth in NAV and distributions per Class A Share.

The net proceeds of the offering were invested by the Fund in The Bank of Nova Scotia ("BNS") shares.

To generate additional returns above the dividend income earned on BNS shares, the Fund may, from time to time, write covered call options in respect of some or all of such BNS shares. The number of BNS shares that may be subject to call options and the terms of such options will vary from time to time, based on the assessment of market conditions.

3. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The significant accounting policies of the Fund are as follows:

Valuation of Investments

Investments are recorded in the financial statements at their fair value determined as follows:

Securities are valued at fair value, which is determined by the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. If no bid prices are available, the securities are valued at the closing sale price.

Short-term investments are included in the statement of investments at their cost. This value, together with accrued interest, approximates fair value at bid price.

Listed options are valued at fair values as reported on recognized exchanges. Over the counter options are valued using the Black-Scholes valuation model.

Transaction Fees

Transaction fees have been expensed as incurred and included in the transaction fees line in the Statement of Operations and Deficit. Transaction fees are costs that are directly attributable to portfolio transactions which include fees and commissions paid to brokers and dealers.

Investment Transactions and Income

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the sale of investments and change in unrealized appreciation/depreciation of investments are determined on an average cost basis. Realized gains and losses relating to written options may arise from:

(i) Expiration of written options whereby realized gains are equivalent to the premium received;

(ii) Exercise of written covered call options whereby realized gains or losses are equivalent to the premium received in addition to the realized gain or loss from disposition of the related investments at the exercise price of the option; and

(iii) Closing of written options whereby realized gains or losses are equivalent to the cost of purchasing options to close the positions, net of any premium received.

Realized gains and losses related to options are included in gains (losses) on derivatives.

Realized gains and losses relating to purchased put options may arise from:

(i) Expiration of purchased put options whereby realized losses are equivalent to the premium paid;

(ii) Exercise of purchased put options whereby realized gains or losses are equivalent to the realized gain or loss from disposition of the related investments at the exercise price of the option less the premium paid; and

(iii) Sale of purchased put options whereby realized gains or losses are equivalent to the sale proceeds, net of any premium paid.

Option premiums received are reflected as deferred credits in investments so long as the options are outstanding. Any difference resulting from revaluation is included in the change in unrealized appreciation/depreciation of investments. Premiums received on written put options that are exercised are included in the cost of the security purchased.

Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned.

New Accounting Standards

Commencing January 1, 2008, the Fund adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 "Financial Instruments - Disclosures" and Section 3863, "Financial Instruments - Presentation". The new standards replaced Section 3861 "Financial Instruments - Disclosure and Presentation". The new disclosure standards increase the emphasis on the disclosure on the nature and extent of risks associated with financial instruments and how those risks are managed by the Fund. The previous requirements related to presentation of financial instruments have been carried forward relatively unchanged. Adoption of the new standards does not impact the net asset value for pricing purposes, nor the calculation of net assets. These expanded disclosures are found in Note 9.

Effective January 1, 2008, the Fund also adopted CICA Handbook Section 1535, "Capital Disclosures" which specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of Section 1535 did not have a significant impact on the Fund's disclosures as: (i) the Fund's objectives, policies and processes for managing capital are described in Note 2; (ii) information on the Fund's shareholders' equity is described in Note 5; and (iii) the Fund does not have any externally imposed capital requirements.

4. Net Asset Value

The Canadian securities regulatory authorities have published amendments to NI 81-106 that remove the requirement that net asset value be calculated in accordance with Canadian GAAP effective September 8, 2008. As a result of the amendments, the Net Asset Value of the Fund will continue to be calculated using the fair value of investments using the close or last trade price ("Net Asset Value"). The adoption of these new rules will result in a different Net Assets per Unit for financial reporting purposes and Net Asset Value per Unit due to the use of different valuation techniques. The Net Asset Value per Unit at December 31 is as follows:

	2008	2007
Net Asset Value (for pricing purposes)	**$17.02**	$23.01

5. Share Capital

The Fund is authorized to issue an unlimited number of Class A Shares, Preferred Shares and Class J Shares.

The holders of Class J Shares are not entitled to receive distributions. The holders of Class J Shares will be entitled to one vote per share. The Class J Shares are redeemable and retractable at a price of $1.00 per share. The Class J Shares rank subordinate to both the Class A Shares and the Preferred Shares with respect to distributions on the dissolution, liquidation or winding up of the Fund. A trust established for the benefit of the holders from time to time of the Class A Shares and the Preferred Shares owns all of the issued and outstanding Class J Shares.

On May 17, 2007, the Fund issued 4,500,000 Class A Shares at a price of $15.00 per share and 4,500,000 Preferred Shares at a price of $10.00 per share for gross proceeds of $112,500,000. On May 31, 2007 an additional 250,000 Class A Shares at a price of $15.00 per share and 250,000 Preferred Shares at a price of $10.00 per share were issued for gross proceeds of $6,250,000. Total gross proceeds of the offering amounted to $118,750,000. Of the total gross proceeds, $12,830,076 was received in the form of BNS shares.

Class A Shares

Class A Shares may be surrendered at any time for retraction to Computershare Investor Services Inc. ("Computershare"), the Fund's registrar and transfer agent, but will be retracted only on a monthly Valuation Date. Class A Shares surrendered for retraction by a holder of Class A Shares at least 10 business days prior to the last day of a month (a "Valuation Date") will be retracted on such Valuation Date and the shareholder will be paid on or before the fifteenth business day of the following month (the "Retraction Payment Date"). Such retractions are subject to a Retraction Fee as described under "Retraction Fee" below.

Holders of Class A Shares whose shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share (the "Class A Share Retraction Price") equal to 95 percent of the difference between (i) the NAV per Unit determined as of the relevant Valuation Date, and (ii) the cost to the Fund of the purchase of a Preferred Share in the market for cancellation. The cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase. If the NAV per Unit is less than $10.00, the Class A Share Retraction Price will be nil. Any declared and unpaid distributions payable on or before a Valuation Date in respect of the Class A Shares tendered for retraction on such Valuation Date will also be paid on the Retraction Payment Date.

Holders of Class A Shares also have an annual retraction right under which they may concurrently retract an equal number of Class A Shares and Preferred Shares on the June Valuation Date of each year (the "Annual Valuation Date"). The price paid by the Fund for such a concurrent retraction will be equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such retraction. Such retractions are subject to a Retraction Fee as described under "Retraction Fee" below.

Preferred Shares

Preferred Shares may be surrendered at any time for retraction to Computershare, but will be retracted only on a monthly Valuation Date. Preferred Shares surrendered for retraction by a holder of Preferred Shares at least 10 business days prior to a Valuation Date will be retracted on such Valuation Date and the shareholder will receive payment on or before the Retraction Payment Date. Such retractions are subject to a Retraction Fee as described under "Retraction Fee" below.

Holders of Preferred Shares whose shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share (the "Preferred Share Retraction Price") equal to 95 percent of the lesser of (i) the NAV per Unit determined as of the relevant Valuation Date less the cost to the Fund of the purchase of a Class A Share in the market for cancellation; and (ii) $10.00. The cost of the purchase of a Class A Share will include the purchase price of the Class A Share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase. Any declared and unpaid distributions payable on or before a Valuation Date in respect of the Preferred Shares tendered for retraction on such Valuation Date will also be paid on the Retraction Payment Date.

Holders of Preferred Shares also have an annual retraction right under which they may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Valuation Date. The price paid by the Fund for such a concurrent retraction will be equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such retraction. Such retractions are subject to a Retraction Fee as described under "Retraction Fee" below.

Issued and Outstanding

		2008		2007
4,374,300 (2007 - 4,719,300) Preferred Shares	$	**43,743,000**	$	47,193,000
4,374,300 (2007 - 4,719,300) Class A shares	$	**65,617,271**	$	70,792,271
100 (2007 - 100) Class J shares		**100**		100
	$	**65,617,371**	$	70,792,371

During the year, 345,000 Units (2007 - 30,700 Units) were redeemed by the Fund.

Under the terms of the normal course issuer bid that was renewed in July 2008, the Fund proposes to purchase, if considered advisable, up to a maximum of 458,470 Class A shares (2007 - 475,000 Class A shares) and 458,470 Preferred shares (2007 - 475,000 Preferred shares), 10 percent of its public float as determined in accordance with the rules of the Toronto Stock Exchange. The purchases would be made in the open market through facilities of the Toronto Stock Exchange. The normal course issuer bid will remain in effect until the earlier of July 22, 2009 or until the Fund has purchased the maximum number of shares permitted under the bid. As at December 31, 2008, no shares (2007 - 5,700 shares) have been purchased by the Fund.

Shareholders 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.

Retraction Fee

If a retraction of a Class A share or Preferred share occurs prior to July 2014, a retraction fee payable to Investment Manager by the retracting shareholder will be deducted by Investment Manager from the amount otherwise receivable by the retracting shareholder to compensate Investment Manager, in part, for paying the Agents' fees and expenses of the offering. Retraction fees in the amount of $434,190 (2007 - $41,445) were paid during the year.

The retraction fee is calculated as follows:

Time of Retraction	Retraction Fee per Unit
May 2007 to June 2008	$1.35
July 2008 to June 2009	$1.20
July 2009 to June 2010	$1.00
July 2010 to June 2011	$0.80
July 2011 to June 2012	$0.60
July 2012 to June 2013	$0.40
July 2013 to June 2014	$0.20
July 2014 to December 2014	Nil

6. Management Fees and Expenses

The Fund is responsible for all ongoing trustee, manager, legal, accounting and audit fees as well as all other expenses incurred by the Trustee and the Manager in the ordinary course of business relating to the Fund's operations. The Fund is also responsible for commissions and other costs of portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

Fees are payable to the Manager under the terms of the trustee agreement and to the Investment Manager under the terms of an investment management agreement. The fees are payable at annual rates of 0.10 percent and 1.55 percent, respectively, of the Fund's net asset value, excluding the liability for the Redeemable Preferred shares, calculated and payable monthly, plus applicable taxes.

If Class A shares or Preferred shares are retracted prior to July 2014, MCM will receive a retraction fee from shareholders out of the proceeds paid to shareholders upon the retraction of Class A Shares or Preferred Shares.

The Fund will pay a service fee equal to 0.50 percent annually of the Class A shares net asset value of the Fund which it pays to dealers in connection with Class A shares held by clients of the sales representatives of such dealers, plus applicable taxes. This service fee is payable quarterly. No service fee will be paid in any calendar quarter if regular distributions are not paid to Class A shareholders in respect of each month in such calendar quarter. Service fees in the amount of $237,581 (2007 - $203,056) were paid during the year.

7. Income Taxes

The Fund is a "mutual fund corporation" as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to a tax of 33 1/3 percent under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends. The Fund is also subject to tax on the amount of its interest and foreign dividend income that is not offset by operating expenses and share issue expenses. The Fund is also a "financial intermediary corporation" as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received.

No amount is payable on account of income taxes in 2008 or 2007.

Non-capital losses of approximately nil (2007 - 1.0 million) are available for utilization against net investment income and realized gains on sale of investments, in future years. Accumulated capital losses of approximately $0.5 million are available for utilization against realized gains on sale of investments in future years. The capital losses can be carried forward indefinitely.

8. Transaction Fees

Total transaction fees for the period ended December 31, 2008 in connection with portfolio transactions were $45,013 (2007 - $82,342). Of this amount $29,002 (2007 - $29,075) was directed for payment of trading related goods and services.

9. Financial Instruments and Risk Management

The Fund's financial instruments consist of cash, receivables, payables, investments and certain derivative contracts. 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 other price risk, liquidity risk, interest rate risk and credit risk.

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

Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or segment. The Fund's most significant exposure to other price risk arises from its investments in equity securities. Net Asset Value per unit varies as the value of BNS shares varies. The Fund has no control over the factors that affect the value of the securities in the Portfolio, specifically factors that affect BNS securities. The Fund's market risk is managed by following the objectives of the Fund.

Approximately 58 percent of the Fund's net assets, excluding the Redeemable Preferred share liability, held at December 31, 2008 were in a publicly traded equity. If equity prices on the exchange increased or decreased by 10 percent as at December 31, 2008, the net assets, excluding the Redeemable Preferred share liability, of the Fund would have increased or decreased by $4.4M respectively or 5.8 percent of the net assets, excluding the Redeemable Preferred share liability, all other factors remaining constant. In practice, actual trading results may differ and the difference could be material.

The Fund may from time to time write covered call options in respect of all or part of its position in the BNS Shares comprising the Portfolio. In addition, the Fund may write cash covered put options in respect of BNS securities. The Fund is subject to the full risk of its investment position in the BNS securities that are subject to outstanding call options and/or underlying put options written by the Fund, should the market price of the BNS Shares decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding call options above the strike price of such options. The Fund may also purchase put options. The Fund has full downside risk on invested positions which may be partially mitigated by the use of purchased put options. The risk to the Fund with respect to purchased put options is limited to the premiums paid to purchase the put options.

Liquidity Risk

Liquidity risk is the possibility that investments in the Fund cannot be readily converted into cash when required. To manage this risk, the Fund invests the majority of its assets in investments that are traded in an active market and can be easily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

Cash is required to fund redemptions. Shareholders must surrender shares at least 10 business days prior to the last day of the month and receive payment on or before 15 business days following the month end valuation date. Therefore the Fund has a maximum of 25 business days to generate sufficient cash to fund redemptions mitigating liquidity issues.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The financial instruments which potentially expose the Fund to interest rate risk are the short term fixed income securities. The Fund has minimal sensitivity to change in rates since securities are usually held to maturity and are short-term in nature.

Credit Risk

In entering into derivative financial instruments, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations. The Fund manages these risks through the use of various risk limits and trading strategies in accordance with the Fund's objectives.

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

Dealer	Long-Term Local Currency Rating	Short-Term Local Currency Rating
Canadian Dollar		
Canadian Imperial Bank of Commerce	A+	A-1
Citigroup Inc.	A	A-1
Royal Bank of Canada	AA-	A-1+

The following are credit ratings 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
Bankers' Acceptances	A-1	51%
Treasury Bills	A-1+	49%
Total		**100%**

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

10. Future Accounting Policy Changes

The Manager is developing 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 plan include disclosures of the qualitative impact in the 2008 annual financial statements, the disclosures of the quantitative impact, if any, in the 2009 and 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 of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the Fund.

Statement of Corporate Governance Practices

The Board of Directors of the Fund is responsible for the overall stewardship of the Fund's business and affairs. The Fund has investment objectives and investment strategies that are set out in the prospectus of the Fund. The Fund's manager, Mulvihill Fund Services Inc. (the "Manager"), administers many functions associated with the operations of the Fund pursuant to a management agreement entered into at the time the Fund issued its shares to the public. Under this agreement the Manager is responsible for certain day to day operations of the Fund including the payment of distributions on its shares and attending to the retraction or redemption of its shares in accordance with their terms.

The Board consists of five directors, three of whom are independent of the Fund. The Board believes that the number of directors is appropriate for the Fund and only directors independent of the Fund are compensated. Amounts paid as compensation are reviewed for adequacy to ensure that they realistically reflect the responsibilities and risk involved in being an effective director. Individual directors may engage an outside advisor at the expense of the Fund in appropriate circumstances subject to the approval of the Board.

To assist the Board in its monitoring of the Fund's financial reporting and disclosure, the Board has an Audit Committee. The Audit Committee consists of three members, two of whom are independent of the Fund. The responsibilities of the Audit Committee include, but are not limited to, review of the annual financial statements and the annual audit performed by the external auditor and oversight of the Fund's compliance with tax and securities laws and regulations. The Audit Committee has direct communication channels with the external auditors to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund's approach to governance issues and, together with the Investment Manager, is evolving a best practices governance procedure.

The Fund maintains an Investor Relations line and web site to respond to inquiries from shareholders.

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 effective January 1, 2009, Robert G. Bertram.

Mulvihill's Hybrid Income Funds are exchange-traded, equity-based funds that are enhanced by virtue of their broad distribution, special structure and performance characteristics. The Hybrid Income Funds are prime examples of our customized approach to asset management.

MULVIHILL HYBRID INCOME FUNDS	**SYMBOL**	**HIGH**	**LOW**
		For the period January 1, 2008 to December 31, 2008	
MULVIHILL PLATINUM			
Mulvihill *Government Strip Bond Fund*	GSB.UN	$ 23.55	$ 20.08
Mulvihill Pro-AMS *U.S. Fund*	PAM.UN	$ 24.50	$ 21.70
Mulvihill Pro-AMS *RSP Split Share Fund*	SPL.A/SPL.B	$ 9.11/$17.94	$ 7.15/$14.48
MULVIHILL PREMIUM			
Mulvihill *Core Canadian Dividend Fund*	CDD.UN	$ 9.94	$ 4.02
Mulvihill Premium *Canadian Fund*	FPI.UN	$ 17.99	$ 10.00
Mulvihill Premium *60 Plus Fund*	SIX.UN	$ 16.50	$ 9.19
Mulvihill Premium *Global Plus Fund*	GIP.UN	$ 10.05	$ 5.56
Mulvihill Premium *Canadian Bank Fund*	PIC.A/PIC.PR.A	$ 8.89/$15.49	$ 1.87/$10.58
Mulvihill Premium *Split Share Fund*	MUH.A/MUH.PR.A	$ 6.34/$15.65	$ 1.20/$10.28
Mulvihill *S Split Fund*	SBN/SBN.PR.A	$ 11.48/$10.48	$ 4.01/$ 7.51
Mulvihill *Top 10 Canadian Financial Fund*	TCT.UN	$ 14.00	$ 8.01
Mulvihill *Top 10 Split Fund*	TXT.UN/TXT.PR.A	$ 8.15/$13.51	$ 1.31/$10.00
Mulvihill *World Financial Split Fund*	WFS/WFS.PR.A	$ 8.70/$10.75	$ 1.19/$ 6.66

Board of Directors

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

Sheila S. Szela[1]
Vice President, Finance & CFO,
Mulvihill Capital Management Inc.

Michael M. Koerner[1,2]
Corporate Director

Robert W. Korthals[1,2]
Corporate Director

Robert G. Bertram[2,3]
Corporate Director

[1] *Audit Committee*
[2] *Independent Review Committee*
[3] *Effective January 1, 2009*

Information

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trading under
SBN/SBN.PR.A

Custodian:
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Visit our website at www.mulvihill.com for additional information on all Mulvihill Hybrid Income Funds.

Hybrid Income Funds
Managed by Mulvihill Structured Products

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 *60 Plus Fund*
Mulvihill Premium *Global Plus Fund*
Mulvihill Premium *Canadian Bank 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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Contact your broker directly for address changes.

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Mulvihill Capital Management Inc.

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