

Bermuda Fund

Objective

To achieve long-term capital growth and income by investing in a diversified portfolio of Bermuda assets.

Investment Policy

To invest in the equity securities of companies incorporated in Bermuda or having a substantial presence in Bermuda as well as the debt securities of those companies and of the Bermuda Government

Investment Process

The Fund will alter the mix of debt and equity holdings as changes in the economic prospects of companies and asset classes warrant.

Fund Review

The net asset value per share of the fund decreased from \$24.84 to \$23.86 over the quarter and a dividend of 16 cents per share was distributed. The total return for the quarter was -3.32%, compared to the -0.2% total return of the composite benchmark (80% Bermuda Stock Exchange Index & 20% Bermuda Stock Exchange Insurance Index).

The new composite benchmark outperformed the Bermuda Fund due to its fully invested Insurance Index position as of January 1st 2002 as opposed to the Fund, which had to slowly reduce its local bank exposure to obtain funds for the international side. This gradual process resulted in our under weight position during a period of strong performance.

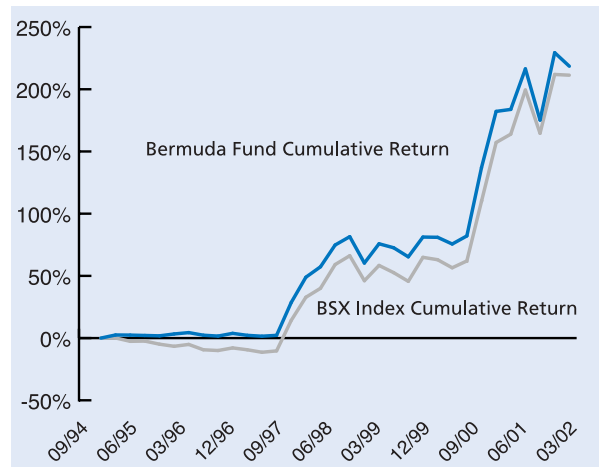
During the quarter, Bank of Bermuda declined 8% as opposed to Bank of Butterfield, which increased 7%. Bank of Bermuda exhibited weak fourth quarter results while Bank of Butterfield recorded its fourteenth consecutive quarter of earnings growth. Bank of Bermuda's results were basically a result of continual litigation costs coupled with a write down of investments. Bank of Butterfield however, continues to reap the benefits of its focus on improved efficiency and core competencies. Bank of Butterfield also announced the appointment of Alan Thompson as President & CEO. He joins the bank with three decades of international and domestic banking experience.

We have increased the international component to 17% of the Fund as we believe the hardening insurance market coupled with signs of economic improvement in the U.S., will ultimately add relative value. The insurance stocks had positive performances, with Ace posting the highest return of 4%. However, the international component was hit with a 45% decline in Tyco. This massive blow was a result of its proposed split into four independent businesses, which have shaken investor confidence in light of the accounting cloud lingering from the collapse of Enron. We will continue to hold the stock in belief the company is fundamentally sound and that the market has overreacted in light of recent accounting issues

Top 10 Holdings

	Bermuda Fund (%)	Index(%)
1. Bank of Bermuda	44.6%	52.5%
2. Bank of NT Butterfield	24.3%	27.4%
7. ACE	6.2%	0.0%
8. XL Capital	6.0%	0.0%
3. Bermuda Electric Light	5.5%	5.3%
4. Tyco	3.4%	0.0%
5. Argus Insurance	2.6%	5.2%
6. Bermuda Commercial Bank	2.1%	1.1%
9. Bermuda Aviation Services	1.5%	0.5%
10. PartnerRe	1.4%	0.0%

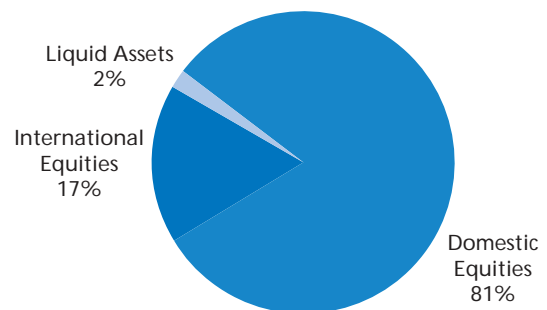
Bermuda Fund Versus BSX Index



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years
12.24%	22.65%	25.53%	17.70%

Asset Allocation



General Information

Currency: BMD
Units Available: Accumulation
Size of Fund (millions): BMD 26.1

Fiscal Year End: June 30th
Min. Investment: BMD 1,000
Valuation: Wednesday

Dealings: Thursday
Management Fees: 0.75%
NAV per share (31.03.02): BMD 23.856

Front End Fee: None
Identifier: BUTBERI BH