

Golden Select Fund: Alternative Investments

Objective

To offer a convenient vehicle for investing in a diversified portfolio of alternative strategy investment managers, which are anticipated to provide the best opportunities for capital growth.

Investment Policy

To invest in a diversified range of top performing offshore alternative investment managers that target consistent and stable returns while controlling risk.

Investment Process

A quantitative analysis of fund performance is undertaken relative to peer groups to ensure the consistency of performance. This is followed with a qualitative analysis to understand the manager's philosophy, process and style.

Fund Review

The net asset value (NAV) per share of the Fund increased from \$10.14 to \$10.30, over the quarter, an increase of 1.6%.

During the quarter the Fund has gone from strength to strength, continuing to attract new funds with assets under management rising 14%. It was particularly encouraging to see that the majority of this new capital was from new investment mandates, attracted for the most part by the portfolio diversification opportunity offered by hedge funds as a "new" investment class.

Over the year the number of underlying funds, as reported in previous quarterly reports, increased substantially, and in the process the Fund's overall risk characteristics have been greatly enhanced to the benefit of both existing and new investors. However, while the Fund has been frustrated in the past by its inability to invest with certain managers, primarily due to capacity constraints, the strength of our proprietary fund screening and due diligence process continues to serve the Fund well.

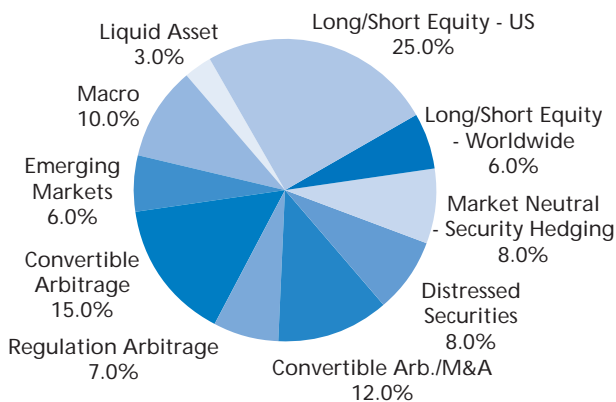
The following funds were added during the quarter at the expense of cash and the (liquid) Orbis Optimal Fund. We continue to focus our attention towards low volatility strategies.

- GAIA: Market neutral public/private structured convertible arbitrage fund, focusing on US equity & debt markets.
- Harbert: Long/Short distressed and high yield debt manager with extremely strong risk controls.
- West Side Partners (pending): Specialists in mortgage-backed instruments (Note: Despite an annualized 17.9% rate of return over the last 8 years, this fund has had just 2 negative monthly returns!)

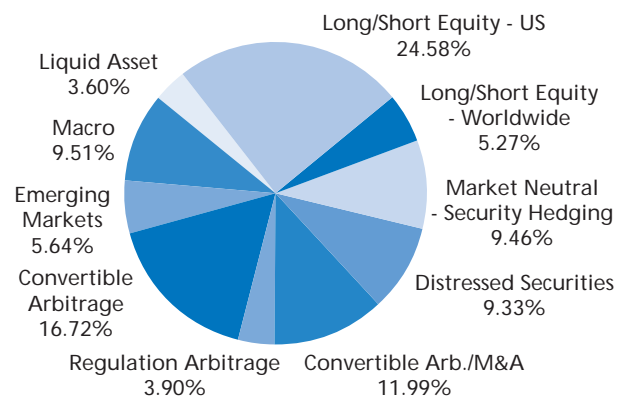
With the inclusion of the above funds the portfolio now consists of 15 alternative funds, spread across 10 different strategies, with the Butterfield Money Market Fund, which provides a degree of liquidity, completing the compliment.

Over the quarter the Argent Classic Convertible Fund, which has been in the Fund since close to inception, rose an impressive 14.8% (in part, on tightening credit spreads) while the King Street Capital fund rose 2.5%. Overall, the majority of the funds rose although the long-short sector of the hedge fund industry fared less well.

Asset Breakdown Target



Asset Breakdown Actual



General Information

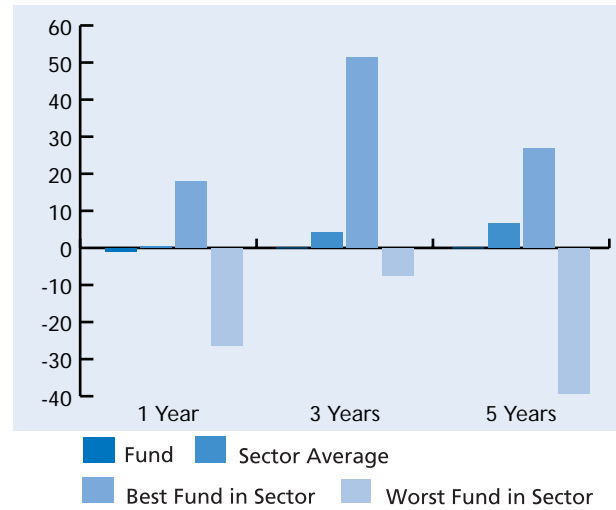
Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 19

Fiscal Year End: June 30th
Min. Investment: USD 10,000
Valuation: Thursday

Dealings: Friday
Management Fees: 1.25%
NAV per share (31.12.02): USD 10.30

Front End Fee: None

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
-0.87%	n/a	n/a	n/a	n/a

Asset Breakdown

Long/Short Equity US

Capital Works Cypress Offshore Fd.
Tarpon Offshore Fund
Long/Short Class
Woodrow Partners Ltd Fund
EEO Fund International

Long/Short Equity Global

Lazard Worldwide Opportunities Fd.

Market Neutral - Securities Hedging

Orbis Optimal Fund

Distressed Securities

King Street Capital
Harbert Distressed Investments

Convertible Arbitrage/M&A

Shepherd Investments Int.

Regulation Arbitrage

Heracles Fund

Convertible Arbitrage

Argent Classic Convertible Arb. Fd.
Gaia Offshore Fund

Emerging Markets

SR Global Fund

Marco

Global Asset Fund

Liquid Asset

Butterfield Money Market