

Objective

To offer a convenient vehicle for investing in an international portfolio of fixed income mutual funds, which are anticipated to provide the best opportunities for income and capital growth.

Investment Policy

To invest in a diverse range of top performing offshore fixed income mutual funds as well as a number of top quality individual securities in order to control costs.

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 \$12.39 to \$12.54, over the quarter, an increase of 1.2% against a benchmark return of 0.65%.

During the period a number of changes were made to the composition of the underlying funds within the portfolio. As outlined in the previous quarterly report, the Fund's long-term Treasury exposure was cut, as absolute and real yields looked increasingly unattractive, while the Legg Mason holding was liquidated following meetings with management over our concerns with respect to its performance.

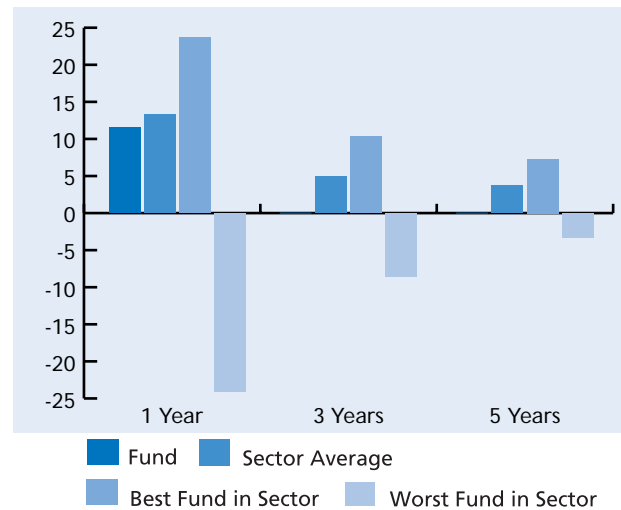
Given the extremely strong rally in bond markets, partly on the back of disappointing equity markets, and the Fed Funds rate near an all time low, the Fund sought out a hedge of sorts against its outstanding positions. To this end, the Argent Classic Convertible Fund (Class C), regarded as a cash management tool with monthly liquidity, was added. The fund offers a guaranteed LIBOR + 400bp plus 10% participation in the fund's class A (i.e. a minimum 5.25% return plus 10% of any upside in one of the industry's top performing convertible arbitrage funds!), an impressive prospect in today's low interest rate environment.

In other business, the Fund switched from the Schroders Hedged Global Bond Fund into the Global Corporate Bond Fund, marginally increasing its risk profile. Furthermore we reduced the high yield bond fund exposure, while increasing the emerging market exposure, on the basis of its lower default risk, lower volatility and higher return potential.

Over the quarter, there was little in the way of underlying price volatility although the Baring High Yield Bond Fund and Ashmore Emerging Market Liquid Investment Fund performed well rising 6.2% and approximately 10% respectively.

Looking forward, the Fund is close to full investment although continues to look for ways to add value against a backdrop of uncertain times.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
11.53%	n/a	n/a	n/a	n/a

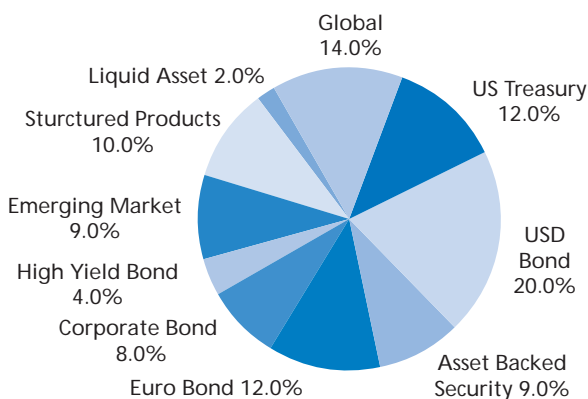
Asset Breakdown

Global Schroder Global on Corporate Bd	Euro Bond Vanguard Euro Investment Grade Bond Index
US Treasury 10yr Benchmark	Corporate Bond World Bank
USD Bond Butterfield Capital Appreciation Bd Butterfield USD Bond Fund	High Yield Bond Baring High Yield Bond Fund
Asset Backed Security CMBS - JP Morgan	Emerging Markets Ashmore Emerging Mkt. Liq. Inv. Ashmore Asian Recovery Fund
Structured Products Argent Classic Convertible-C	Liquid Asset Butterfield Money Market

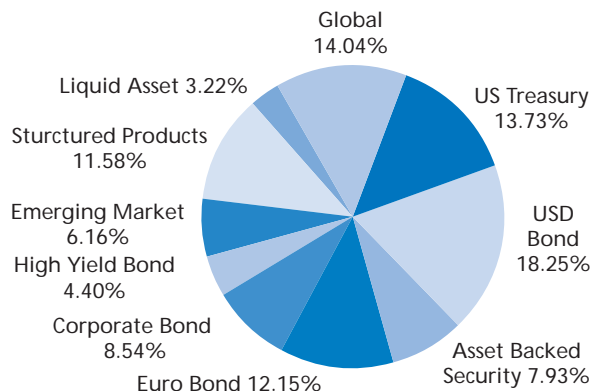
Benchmark Composition

80% JP Morgan Government Bond - Local Currency US
40% JP Morgan Hedged USA Dollar GBIX-USA

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 35

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

Dealings: Friday
Management Fees: 0.875%
NAV per share (31.12.02): USD 12.54

Front End Fee: None