

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 \$12.54 to \$12.81 over the quarter, an increase of 2.2% against a benchmark return of 1.1%.

During the quarter, US high yield bonds and emerging market debt continued to rally as Treasuries gave up most of the gains achieved over the first two months of the year. In the high yield bond market, defaults continued to decline as expected. Emerging market performance came on the back of a solid performance from Brazil, Russia and growing investors' appetite for yield.

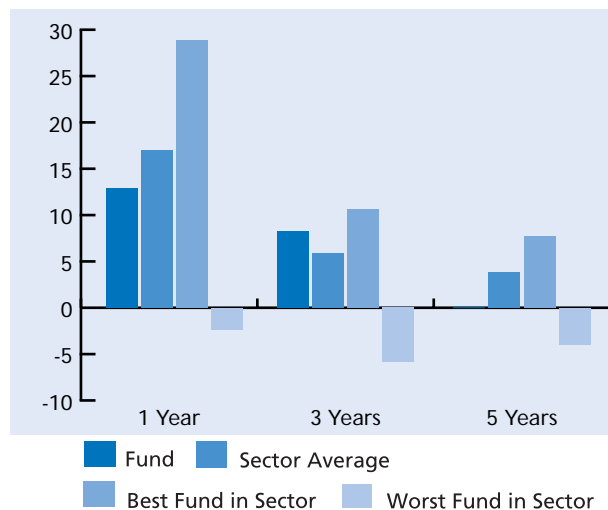
For several reasons, corporate bonds also performed well. The corporate market collectively appears to have bought into the "Greenspan thesis" that the nascent economic recovery will quicken once uncertainties about Iraq have passed. Also, accounting-related scandals seem to be abating as the SEC continues to monitor even the slightest hint of accounting irregularities.

The Fed, as expected, didn't change interest rates over the past 3 months. Given the geopolitical uncertainties, members have concluded that a wait-and-see policy stance was desirable pending an improved basis for judging the ongoing performance of the economy.

Over the past three months, a few changes were made to the weighting of the underlying funds within the Fund. We have continued to reduce our exposure to long-term US Treasuries as absolute and real yields look increasingly unattractive, while we increased our emerging market exposure from 6% to 10%.

Again this quarter, the Baring High Yield Bond and Ashmore Emerging Market Liquid Investment Fund performed well rising 3.6% and 6.5% respectively. The Fund remains fully invested and should continue to be a good investment in a "low-return" environment!

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
12.89%	8.27%	n/a	n/a	n/a

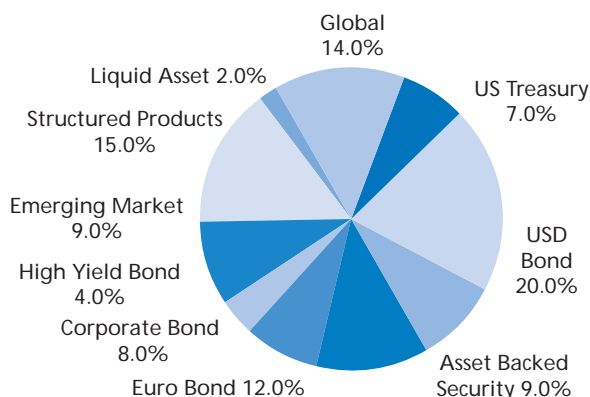
Asset Breakdown

Global Schröder Global 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

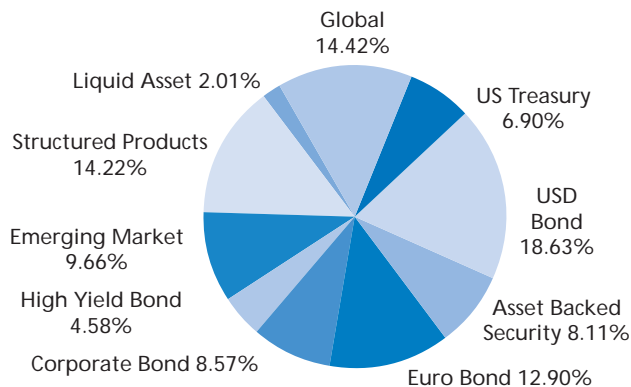
Benchmark Composition

80% JP Morgan Government Bond - Local Currency US
20% 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 34.7

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

Dealings: Friday
Management Fees: 0.875%
NAV per share (31.03.03): USD 12.81

Front End Fee: None