

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 \$10.70 to \$10.86 over the quarter, an increase of 1.5%.

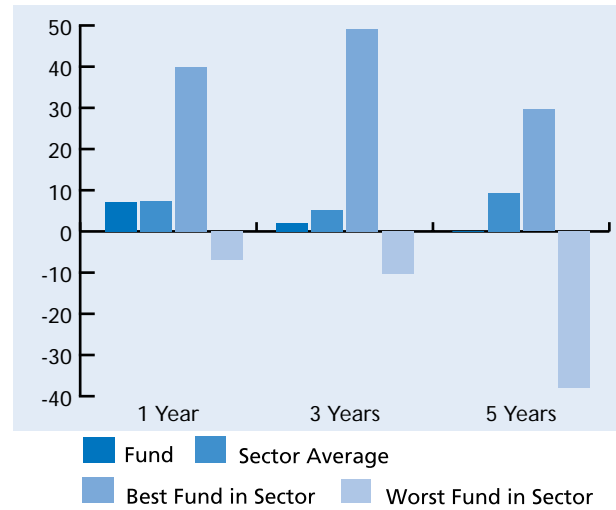
The third quarter was characterized by solid performance from a number of long/short funds. A significant number of these funds were net long and therefore major beneficiaries of the rebound in global equity markets. Amongst the best performing US funds, Trellus and Karsch Capital produced impressive returns. Boyer Allan Japan also benefited from a Japanese market that had become oversold.

The rebound in the main equity markets also spilled over into the more peripheral countries, which resulted in particularly good performance from the Far East & Emerging Markets portion of the portfolio. SR Emerging Markets Fund, with its long equity bias returned 14.8% for the quarter. The fund's manager commented that they believed the asset class had been underinvested and that it was beginning to benefit from increasing global liquidity.

Amongst the non-long/short funds, performance varied. For example, Harbert Distressed Fund performed well as the distressed market benefited from tightening credit spreads and falling volatility. However, Brevan Howard (Global Macro/Relative Value) was hurt by a spike in rates at the very short end of the US and Euro curves, an increase in US swap spreads and a significant flattening of the ultra long end of the UK forward curve.

During the quarter, a total of 7 hedge funds were added to the portfolio while 3 positions were liquidated and replaced by alternative managers that offer better prospects and constitute a better long-term fit for the Fund.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
7.10%	2.01%	n/a	n/a	n/a

Asset Breakdown

Long/Short Equity US

Amici Fund Int'l
Brahman Partners Offshore
Trellus Offshore
Karsch Capital Ltd
Raptor Global Fund

Long/Short Equity Europe

Alphagen Capella Fund

Long/Short Equity Japan

Boyer Allan Japan Fund

Market Neutral - Securities Hedging

Orbis Optimal Fund

Distressed Securities

King Street Capital Ltd
Harbert Distressed Investments
Offshore

Convertible Arbitrage/FI Arbitrage/M&A

Shepherd Investments Int.
Drake Absolute Return Fund

Convertible Arbitrage

KBC Convertible Opportunities Fund

Relative Value Arbitrage

CQS Capital Structure Arbitrage Fund

Fixed-income Arbitrage

Julius Baer Diversified FI Fund

London Diversified Fund

Emerging Markets

SR Global Fund

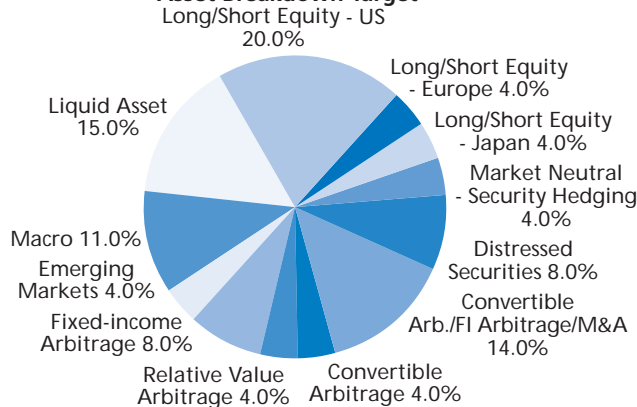
Global Macro/ Relative Value

Global Asset Fund
Brevan Howard Fund

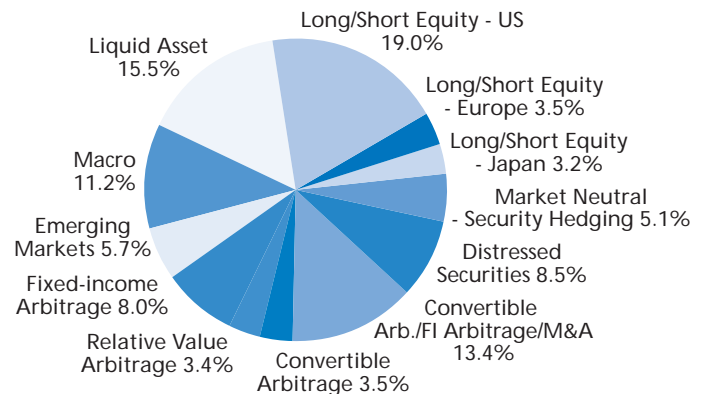
Liquid Asset

Butterfield Money Market

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: 1.25%
NAV per share (30.09.03): USD 10.86

Front End Fee: None