

Golden Select Fund: Alternative Investment Class

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

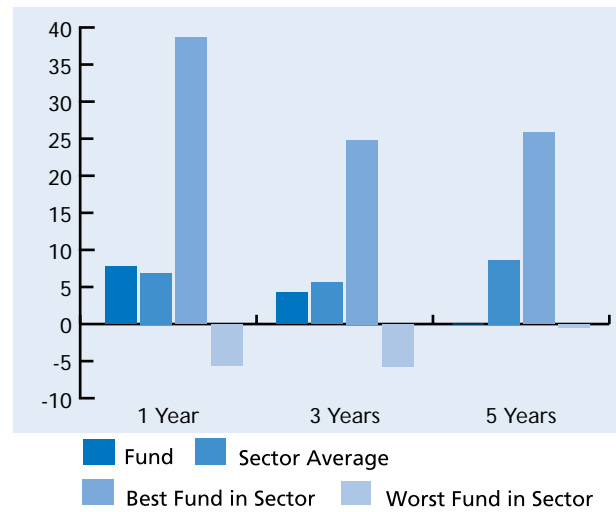
The net asset value (NAV) per share of the Fund declined from \$11.60 to \$11.53 over the quarter, a decrease of 0.60%. Over the last 12 months, the Fund was up +7.8%.

Long/short equity managers produced a small loss over the quarter. These managers continued to wrestle with a backdrop of robust corporate earnings and strong job growth coupled with an unstable political landscape. In general, they have been reducing their net exposure to protect portfolios from violent moves in either direction adopting a risk averse stance as the cycle of easy money came to an abrupt end. Performance from the Fund's US and European managers was mixed as markets moved lower on reduced volumes although they remain in positive territory for the first 6 months. In Japan, the Fund's managers protected assets, having significantly reduced exposure at the start of the period in the face of difficult market conditions; markets were down across the board with particularly the small capitalisation stocks posting declines.

In the relative value section of the Fund, of particular note were the difficulties experienced by the convertible arbitrage sector with both weakening spreads and stagnant equity volatility impacting returns. Meanwhile, in the fixed income and macro sectors, results were diverse. Finally, in the event driven sector, where the Fund's focus is still largely with the distressed managers, inflation worries and geopolitical uncertainties drove investors away.

Over the quarter, inflows have been used to initiate positions in two long/short managers focused on the Japanese equity markets, namely PK Japan and Prospect Absolute Return (Japan). We also initiated a position in OZ Overseas, a multi-strategy hedge fund with particular expertise in merger arbitrage, long/short equity special situations, convertible/credit arbitrage and distressed securities.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
7.76%	4.20%	n/a	n/a	n/a

Asset Breakdown

Long/Short Equity

- Alphagen Capella Fund
- Amici Fund Int'l
- Brahman Partners
- Boyer Allan Japan
- Crescendo European Fund
- Egerton European Fund
- Elm Ridge Value Partners
- Intrepid Capital Fund
- Karsch Capital Ltd
- Orbis Optimal Fund
- PK Japan
- Prospect Absolute Return (Japan)
- Raptor Global Fund
- SEG Partners
- SR Global Fund
- Trellus Offshore

Convertible Arbitrage

- GLG Market Neutral Fund
- KBC Conv. Opportunity Fund
- Plexus Fund
- Shepherd Investments Int.

FI Relative Value

- Julius Bear Diversified FI
- London Diversified Fund
- Vega Relative Value Fund

Capital Structure Arbitrage

- CQS Capital Structure Arbitrage Fund

Multi Strategy

- Animi Offshore
- OZ Overseas Fund
- QVT Overseas Ltd

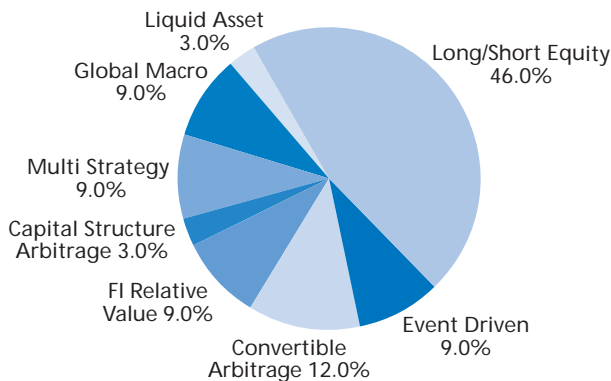
Global Macro

- Brevan Howard Fund
- Drake Absolute Return Fund
- Moore Global FI Fund

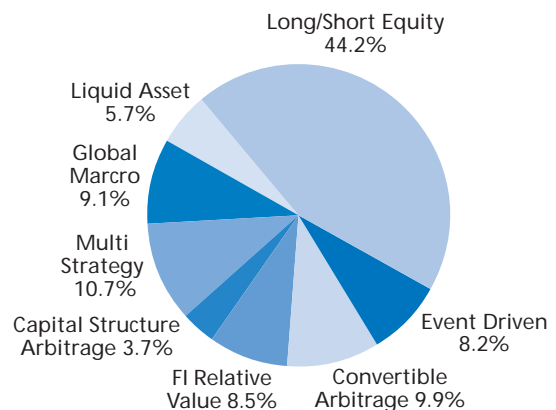
Liquid Asset

- Butterfield Money Market

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
 Units Available: Accumulation
 Size of Fund (millions): USD 82.6

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

Dealings: Friday
 Management Fees: 1.25%
 NAV per share (30.06.04): USD 11.53

Front End Fee: None