

Objective

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

Investment Policy

To invest in a diverse range of top performing offshore equity mutual funds as well as a number of indexed products in order to control overall 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.

Fund Review

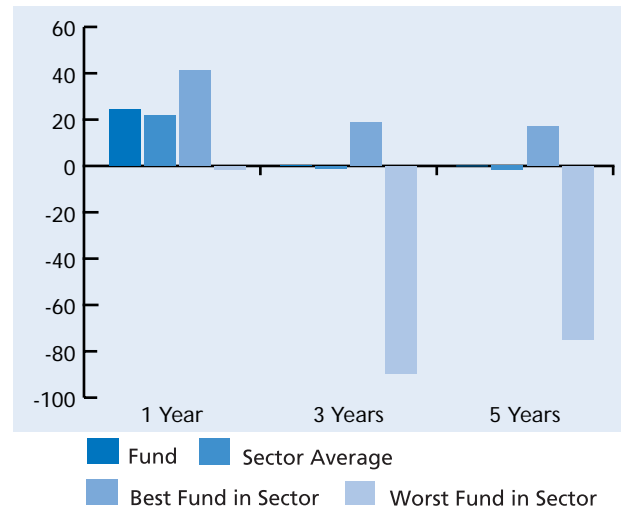
The net asset value (NAV) per share of the Fund declined from \$8.43 to \$8.32 over the quarter, a decrease of 1.3% against a benchmark return of +1.0%. Over the last 12 months, the Fund increased +24.4% vs +23.6% for the benchmark. During the last three months, the major indices (S&P 500: +1.7% , Bloomberg European 500: +3.1% and the Nikkei 225: +1.3% - all returns expressed in local currency terms) made little progress following a decent first quarter performance.

Global equity markets have had plenty to worry about in the second quarter. Higher oil prices, the transfer of power to the new Iraqi government, continued terrorist activities, the looming monetary tightening cycle, a cooling Chinese economy and its potential impact on global growth all contributed to keep investors on their toes. Interestingly, the pause in global equity markets contributed to an improvement in equity valuations given the very robust earnings backdrop. Throughout the quarter, global 12-month forward earnings revision maintained their upward trend at the same time that companies continued to beat analyst forecasts. Year over year earnings growth will slow as the cycle matures, but we are of the opinion that they should remain sufficiently robust to offset the impact of rising rates/inflation on market multiples.

Emerging markets, which comprise of the Fund's biggest overweight relative to the benchmark, suffered a setback in the second quarter as investors unwound their carry trades and the prospect of excess liquidity became less favourable. Emerging markets will likely be subject to greater volatility than developed markets in the next few months, but their significant valuation advantage still makes them our favoured market.

The Fund remains fully invested and there was no significant trading activity in the Fund during the quarter.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
24.36%	-6.79%	n/a	n/a	n/a

Asset Breakdown

Global

ACM Global Growth Trends
Orbis Global Equity Fund

North America

SPDR – S&P 500
Ishares S&P 500/BARRA
Dresdner RCM North American
Fidelity FDS American Growth
MFS - US Emerging Growth Fund
Legg Mason US Select Value Portfolio
Legg Mason Value Fund

UK/European

Fidelity European Growth Fund
Vanguard - European Stock Index

Emerging Markets

Fleming FF Emerging Markets
Ishares MSCI Emerging Markets

Japan

Fleming FF Japanese
Orbis Japan Equity

Other

Butterfield Bermuda Fund

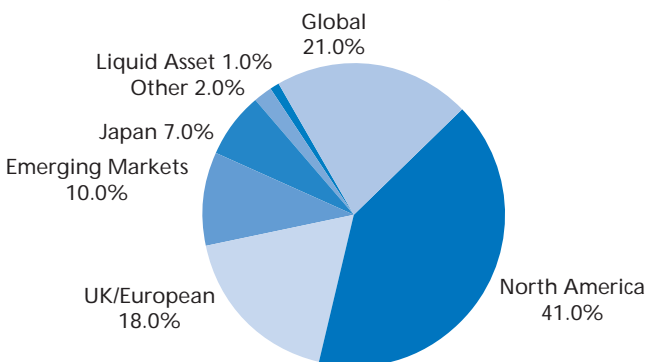
Liquid Asset

Butterfield Money Market

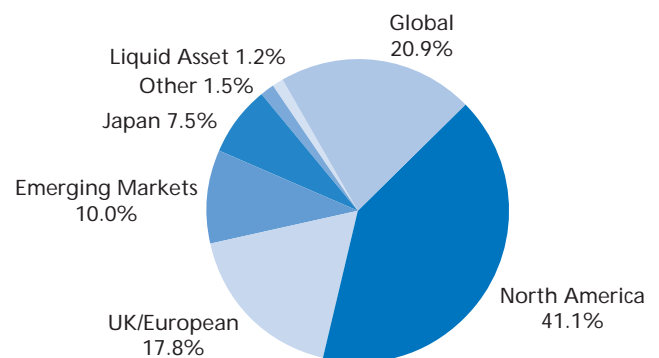
Benchmark Composition

60% MSCI USA
40% MSCI ex USA

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD

Units Available: Accumulation

Size of Fund (millions): USD 83.4

Fiscal Year End: June 30th

Min. Investment: USD 10,000

Valuation: Thursday

Dealings: Friday

Management Fees: 0.875%

NAV per share (30.06.04): USD 8.32

Front End Fee: None