

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 slid from \$9.19 to \$9.15 over the quarter, a decrease of -0.4% against a benchmark return of -1.1%. During the last three months, the major indices (S&P 500: -2.6%, Bloomberg European 500: +4.3% and the Nikkei 225: +1.6% - all returns expressed in local currency terms) posted mixed returns, with the US underperforming on a relative basis.

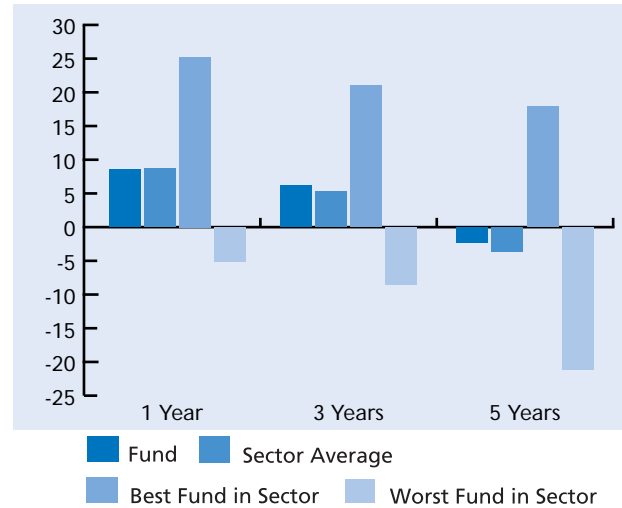
Despite a resurgence in merger and acquisition activity, US equity markets failed to make headway as oil prices rose to new highs and the Fed indicated at its March's meeting that pressure on inflation had picked up. European and Japanese markets outperformed the US over the quarter, as investors diversified out of US equities.

The Fed's minutes suggest that rate increases will continue at the present rate until the economy slows down. Over the short-term, it is possible that the depression effect of higher yields on both valuations and earnings will put pressure on US stocks, but over the medium to long term, we believe that the fundamentals for US stocks are still supportive.

Strong growth in China is expected to continue for some time providing strong support to export-led Asian and emerging markets. These markets are not expensive relative to their history and their developed market peers. We continue to favor these regions over the long run but recently took profits in the region as a rise in long-term US and emerging market bond yields should cause short term pressure on emerging market equities.

In addition to selling our ishares MSCI Emerging Markets Index shares in early March, we initiated a position in two new exchange-traded funds over the past three months, namely Ishares Russell Midcap Value Index Fund and iUnits S&P/TSX 60 Capped Index Fund.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
8.54%	6.23%	-2.34	n/a	n/a

Asset Breakdown

Global

- ACM Global Growth Trends
- Orbis Global Equity Fund

North America

- Ishares S&P 500/BARRA Value Index Fund
- Ishares Russell Midcap Value Index Fund
- iUnits S&P/TSX 60 Capped Index Fund
- Davis Value Fund
- Fidelity FDS American Growth
- Legg Mason US Select Value Portfolio
- Legg Mason Value Fund

UK/European

- Fidelity European Growth Fund
- Vanguard - European Stock Index

Benchmark Composition

- 60% MSCI USA
- 40% MSCI ex USA

Emerging Markets

- Fleming FF Emerging Markets

Asia

- Fleming FF Japanese
- Orbis Japan Equity
- Ishares MSCI Pacific ex-Japan

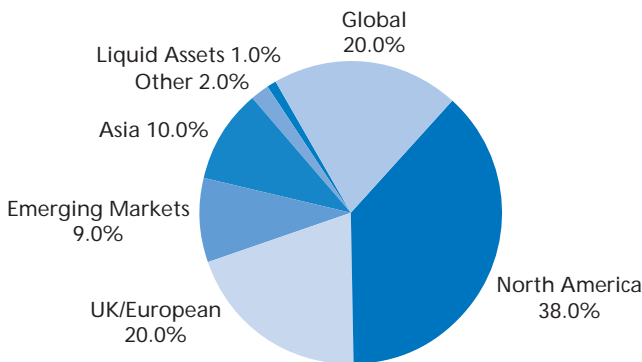
Bermuda

- Butterfield Bermuda Fund

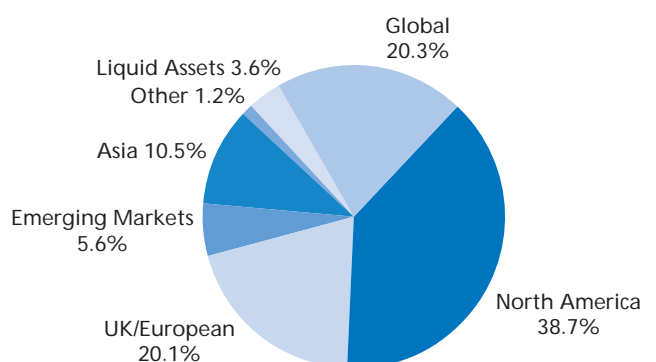
Liquid Asset

- Butterfield Money Market

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD

Units Available: Accumulation

Size of Fund (millions): USD 97

Fiscal Year End: June 30th

Min. Investment: USD 10,000

Valuation: Thursday

Dealings: Friday

Management Fees: 0.875%

NAV per share (31.03.05): USD 9.15

Front End Fee: None