

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 decreased from \$14.28 to \$14.18 over the quarter, a decrease of 0.70% against a benchmark return of -0.50%.

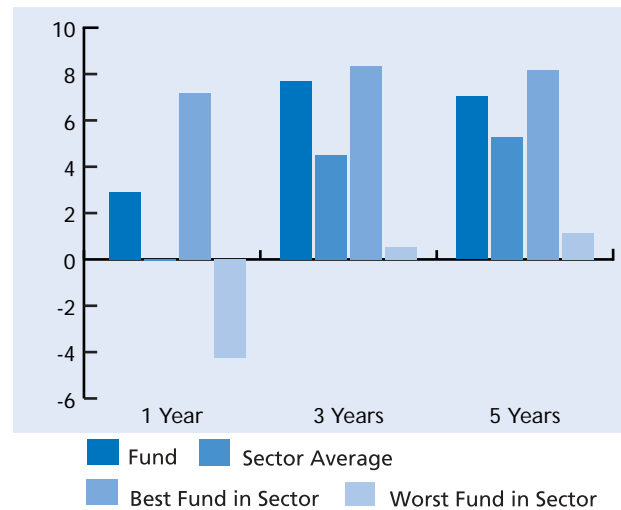
Ten-year US Treasury yields were up sharply over the quarter. From being complacent at the start of the year, investors have now become concerned that the dollar decline and rising commodity prices are fuelling inflationary pressures. Minutes from the Federal Reserve meetings suggest that rate increases will continue at the present rate until the economy slows down. The Fed raised rates by 50 bps over the last three months to 2.75% and as a result, the yield curve continued to flatten.

Bond yields in the key current account surplus countries (Europe, Japan, emerging Asia) have not moved up with the US, indicating that globally, inflation is not a threat and savings remain plentiful. Also, eurozone and Japanese short-term interest rates look set to remain unchanged. Within the Fund, we continue to favor non-US dollar bonds relative to our benchmark.

The hunt for yield continued to benefit high-yield and emerging market bonds but their yield spread over government bonds are currently at the narrow end of their historic range. Our large exposure to Argent Class C also benefited the Fund this past quarter. Argent Class C offers a guaranteed yield that increases with short-term rates plus a participation in the convertible bond market.

There were no significant investment activities during the quarter. We have maintained a healthy cash position in the Fund throughout the quarter which will allow us to start building additional positions at more attractive levels in coming months.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
2.90%	7.71%	7.03	n/a	n/a

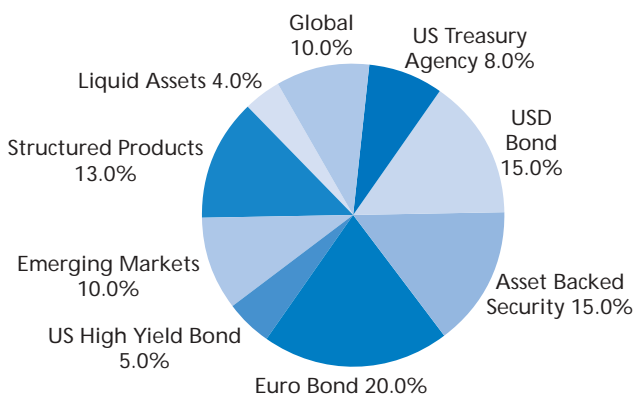
Asset Breakdown

- Global**
Schroder Global Corporate Bd.
- U.S. Treasury/Agency**
Fannie Mae
Freddie Mac
- U.S. Dollar Bond**
Butterfield Capital Appreciation Bd.
Butterfield USD Bond Fund
- Asset Backed Security**
CMBS - JP Morgan
CMBS - GE Capital
CMBS - Wachovia
HEL - Equity One
HEL - Residential Asset Mortgage
- Euro Bond**
Vanguard Euro Investment Grade Bond Index
German Government Bond
- U.S. High Yield Bond**
PIMCO High Yield Bond Fund
- Emerging Markets**
Ashmore Emerging Mkt. Liq. Inv.
Ashmore Asian Recovery Fund
- Structured Products**
Argent Classic Convertible - C
- Liquid Asset**
Butterfield Liquid Reserve Fund
Butterfield Money Market

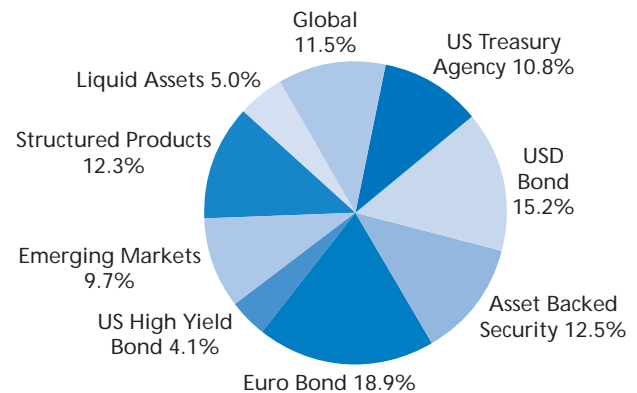
Benchmark Composition

- 80% JP Morgan Government Bond - Local Currency U.S.
- 20% JP Morgan Hedged USA Dollar GBIX-USA

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD Fiscal Year End: June 30th Dealings: Friday Front End Fee: None
 Units Available: Accumulation Min. Investment: USD 10,000 Management Fees: 0.875%
 Size of Fund (millions): USD 69.3 Valuation: Thursday NAV per share (31.03.05): USD 14.18