

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. IAM, a professional hedge fund manager, act as the sub-advisor to this class of the Fund*.

Fund Review

The net asset value (NAV) per share of the Fund decreased from \$12.22 to \$12.06 over the quarter, a decline of -1.3%.

The past quarter has seen heightened volatility in equity markets and some quite dramatic swings in fortunes for long/short equity managers. On the whole, the response to the volatility has been an increased exposure to high conviction names as managers capitalize on short-term moves to initiate and add to some long and short positions.

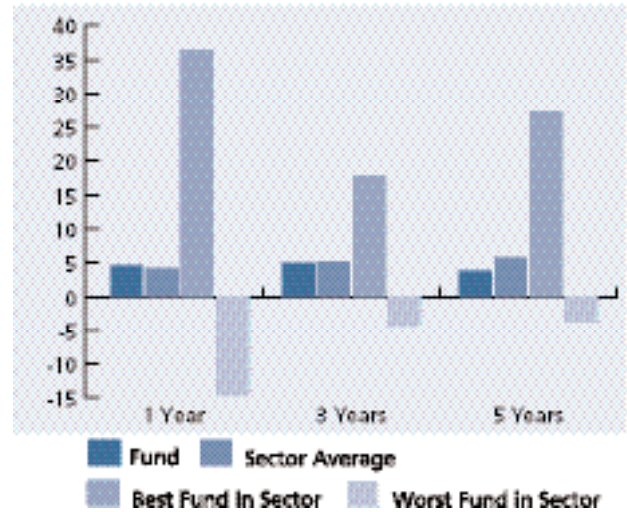
Conditions for convertible arbitrage managers continued to be challenging in the second quarter. Redemptions and rumours of redemptions caused great uncertainty and a substantial withdrawal of capital. The Fund has only a small allocation to this area which has been reduced further in light of recent developments.

In the credit arena, the reaction to GM and Ford being downgraded to non-investment grade caused a dislocation in the CDO market where many hedge funds had strategies in place. Here again, the Fund had limited exposure to this area, but as investors flocked to safe haven fixed income securities, managers operating in some other related fixed income strategies got caught and suffered small declines.

Event driven managers had a positive quarter. Merger spreads tightened in the last two months of the quarter after widening out significantly in April. Deal flow remained relatively strong throughout the quarter, especially in Europe and Asia.

Over the quarter, we liquidated our position in two of our convertible arbitrage funds (Shepherd Investments and KBC Convertible Opportunity Fund). QVT Overseas (multi-strategy manager) was also sold from the portfolio. Proceeds were used to build our cash position as we believe opportunities will arise in coming quarters.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
4.60%	4.89%	3.76%	n/a	n/a

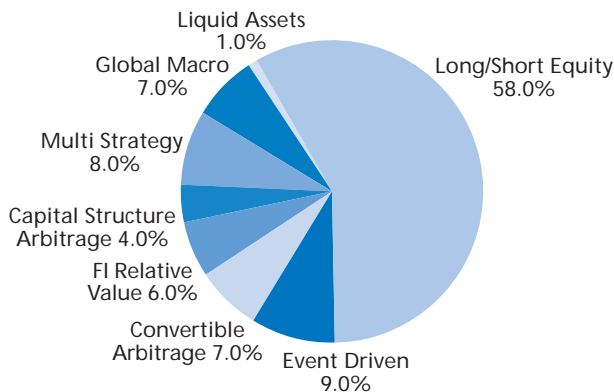
Asset Breakdown

- 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
 - Karsch Capital Ltd
 - Lansdowne UK Equity Fund
 - Orbis Optimal Fund
 - Pennant Winward Fund
 - PK Japan
 - Prospect Absolute Return (Japan)
 - Raptor Global Fund
 - SCP Overseas Fund
 - SEG Partners
 - SR Global Fund
 - Trellus Offshore
- Convertible Arbitrage**
 - GLG Market Neutral Fund
 - Plexus Fund
- FI Relative Value**
 - Julius Bear Diversified FI
 - London Diversified Fund
- Capital Structure Arbitrage**
 - CQS Capital Structure Arbitrage Fund
- Multi Strategy**
 - Animi Offshore
 - OZ Overseas Fund
- Global Macro**
 - Brevan Howard Fund
 - Drake Absolute Return Fund
- Liquid Asset**
 - Butterfield Money Market Fund
- Event Driven**
 - Centaurus Alpha Fund
 - Harbert Distressed Investment Offshore
 - King Street Capital Ltd

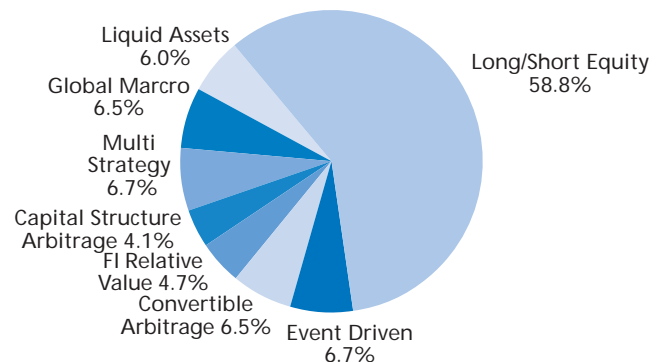
Benchmark Composition

HFRI Fund of Funds Diversified Index

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 104.8

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

Dealings: Friday
Management Fees: 1.50%
NAV per share (30.06.05): USD 12.06

Front End Fee: None