

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 increased from \$9.15 to \$9.26 over the quarter, a gain of 1.2% against a benchmark return of +0.4%. During the last three months, the major indices (S&P 500: +1.4%, Bloomberg European 500: +5.9% and the Nikkei 225: -0.7% - all returns expressed in local currency terms) posted mixed returns, with Japan underperforming on a relative basis.

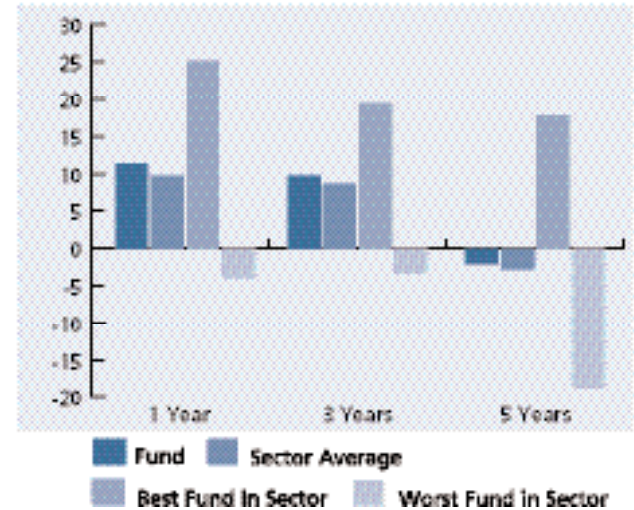
After a difficult month in April, equity markets rallied in the last two months of the quarter. Following numerous datapoints showing a slowing of momentum in the US economy, investors began to anticipate an end to the current Fed tightening cycle. In Europe, the political impasse related to the EU constitution has increased uncertainty about a revival of economic growth in the region, which some investors consider will add to pressure on the European Central Bank to cut interest rates.

Since last year, we have shifted the Fund's emphasis more towards value managers and away from growth managers. We also favour fund managers focused on large and mid-cap stocks versus small-cap stocks. Both of these strategies have proved beneficial to performance.

As for the outlook, we think that global equity valuations remain reasonable and supported by falling long-term yields and profit growth that continue to exceed expectations. We remain bullish on emerging markets and Asia at the expense of the US markets.

During the quarter, we initiated a position in the JPMorgan Fleming Funds- Europe Strategic Value Fund. The fund has recently received the award for "Best Europe Equity Fund" by Lipper and S&P over three and one years respectively. We also re-established our position in the ishares MSCI Emerging Markets Index.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
11.30%	9.72%	-2.00	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
JPMorgan Fleming Funds - Europe
Strategic Value Fund
Vanguard - European Stock Index

Emerging Markets

ishares MSCI Emerging Markets
Index Fund
Fleming FF Emerging Markets

Asia

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

Bermuda

Butterfield Bermuda Fund

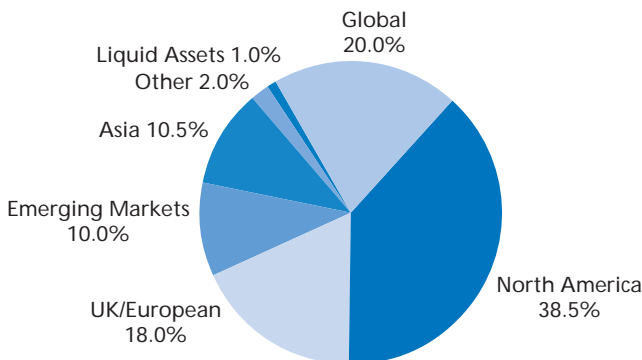
Liquid Asset

Butterfield Money Market Fund

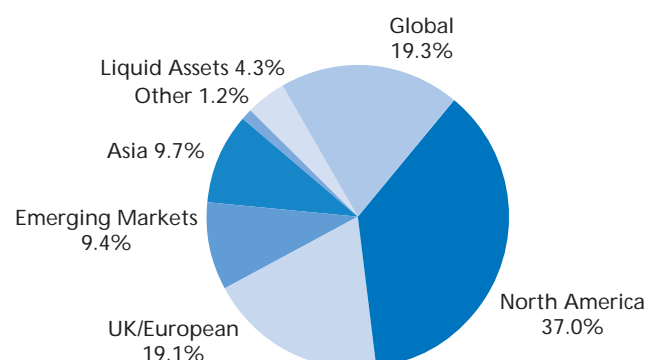
Benchmark Composition

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 103.7

Fiscal Year End: June 30th

Min. Investment: USD 10,000

Valuation: Thursday

Dealings: Friday

Management Fees: 0.875%

NAV per share (30.06.05): USD 9.26

Front End Fee: None