

**Golden Select Fund: Fixed Income Class**

**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**

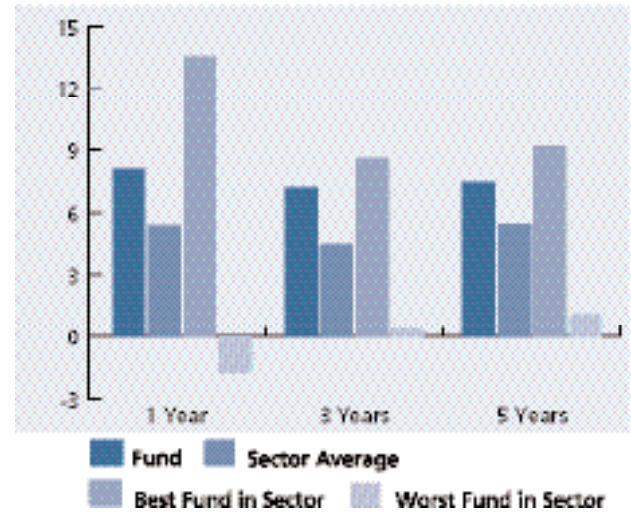
The net asset value (NAV) per share of the Fund increased from \$14.18 to \$14.62 over the quarter, an increase of +3.1% against a benchmark return of +3.7%.

While the Fed continued to push short-term interest rates higher, raising them twice during the quarter to 3.25%, long-term US government bond yields declined as bond investors speculated that the Fed would soon reduce the pace of interest rate hikes. Long-term European bond yields also drifted lower as economic activity remained weak. In addition, the "No" vote in Holland and France certainly raised concerns about the future of the European economy and its integration. The European Central Bank maintained short-term rates at 2% during the quarter.

The level of global bond yields currently reflects a bearish view on growth over the near term, as well as a very benign outlook for inflation. We do not think we should be chasing the rally in bonds, yet we recognize that most portfolio managers remain below-benchmark duration, making a substantial rise in long-term yields unlikely in the near term.

During the quarter, we initiated a position in iShares Lehman Aggregate Bond Fund. This exchange-traded fund tracks the performance of the US investment grade bond market. We also completed the review of an asset-backed securities fund managed by one of the major investment banks, but have decided not to invest for the time being as management recently made significant changes to the investment team and the fund's liquidity terms remain inflexible. We are currently pursuing other opportunities which should lead to new investments for the Fund in the near future.

**Comparative Performance**



**Average Annual Compound Returns**

1 Year	3 Years	5 Years	7 Years	10 Years
8.06%	7.16%	7.45	n/a	n/a

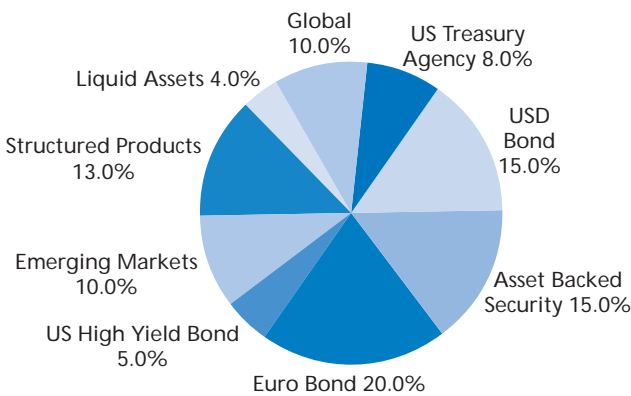
**Asset Breakdown**

- Global**  
Schroder Global Corporate Bond
- US Treasury/Agency**  
Fannie Mae  
Freddie Mac
- US Dollar Bond**  
iShares Lehman Aggregate Bond Fund  
Butterfield Capital Appreciation Bond  
Butterfield US\$ 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
- US 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 Fund

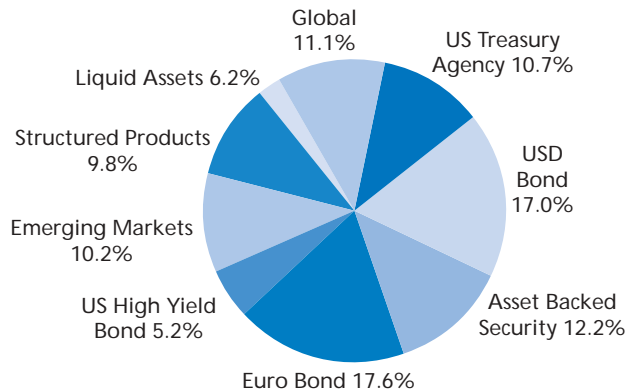
**Benchmark Composition**

- 80% JP Morgan Government Bond - Local Currency US
- 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 72.0      Valuation: Thursday      NAV per share (30.06.05): USD 14.62