

## 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 increased from \$12.06 to \$12.69 over the quarter, an increase of +5.2%.

The environment for hedge fund investing broadly improved during the third quarter. Strong momentum in commodity prices, buoyant corporate activity and a sharp mid-period reversal in bond markets were the key themes over the period.

In long/short equities, managers performed strongly across all regions. Managers focused on the European and Japanese markets produced the best performance. In Europe, three of the four selected managers returned approximately 10% for the quarter in active and fundamentally driven markets. In Japan, managers benefited from net long exposures to the banks, property and domestic-demand oriented stocks.

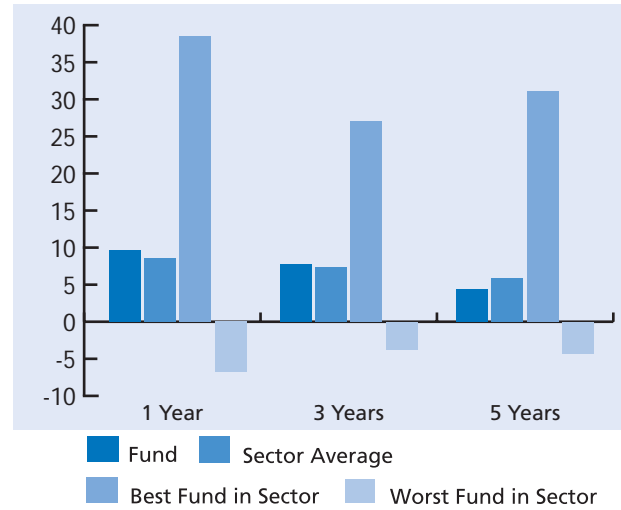
Returns in the event driven strategy were dominated by merger arbitrage trading as liquidity continued to induce financial buyers on both sides of the Atlantic.

Macro and fixed income relative value managers benefited from a variety of trades but returns were generally lower in the second half of the quarter as strong trends in their markets faded.

Convertible arbitrage managers enjoyed more stable markets and benefited from depressed valuations that increased investment opportunities. It was particularly reassuring to see GLG Market Neutral Fund recover from the difficult months of the second quarter.

Over the quarter, we made our first investment in the CTA arena. Winton Futures Fund Ltd engages in speculative trading of futures and forward contracts on world markets. The Fund has produced average annual return of more than 20% over the past 7 years with excellent risk controls.

### Comparative Performance



### Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
9.59%	7.76%	4.40%	n/a	n/a

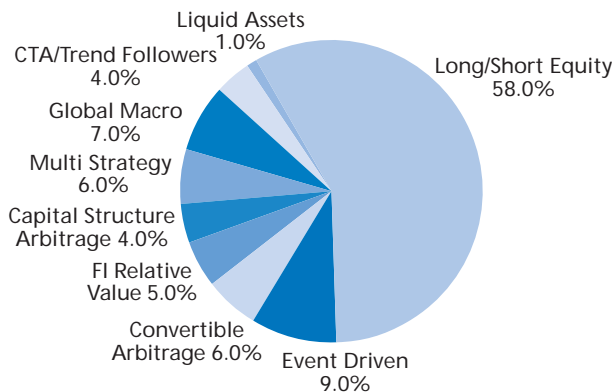
### Asset Breakdown

- 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**
  - COS Capital Structure Arbitrage Fund
- Multi Strategy**
  - Animi Offshore
  - OZ Overseas Fund
- Global Macro**
  - Brevan Howard Fund
  - Drake Absolute Return Fund
- CTA / Trend followers**
  - Winton Futures Fund Ltd
- Liquid Asset**
  - Butterfield Money Market Fund

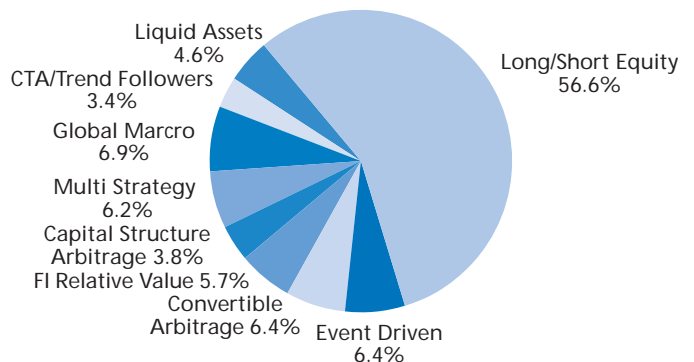
### Benchmark Composition

HFRI Fund of Funds Diversified Index

### Asset Breakdown Target



### Asset Breakdown Actual



### General Information

Currency: USD  
Units Available: Accumulation  
Size of Fund (millions): USD 117.5

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

Dealings: Friday  
Management Fees: 1.50%  
NAV per share (30.09.05): USD 12.69

Front End Fee: None