

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 \$14.62 to \$14.63 over the quarter, an increase of +0.1% against a benchmark return of -0.9%.

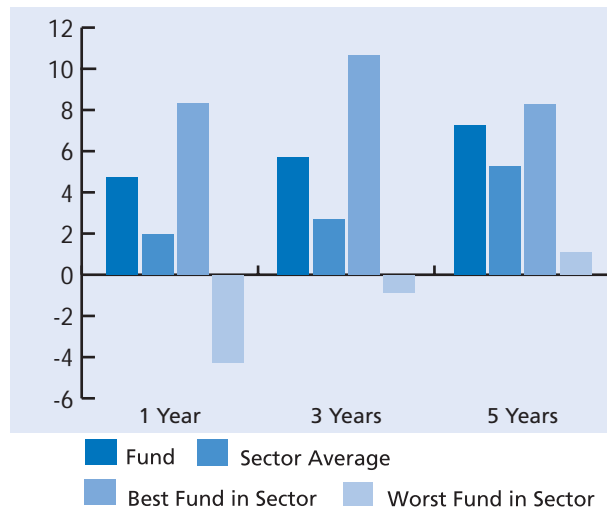
The Fed increased interest rates twice, taking the federal funds rate to 3.75% at the end of the quarter, the highest in four years. The Fed also reiterated that it expects to continue to raise rates at a "measured" pace. In England, rates were cut by 25 bps while Japan and Europe continue to adopt a "wait and see" attitude.

Over the past three months, long-term yields remained well-behaved around the world as excess savings and relatively low inflation continue to provide support to bond prices.

The Fund continues to favour US and Euro area bonds. It has minimal exposure to the Japanese bond market where an improving economy and the potential for reform of the postal system are bond bearish. The US bond market is now a "high-yielding" market within the major industrialized world and provides good relative upside potential in the months ahead should the economy slow down as we expect.

On September 1st, we made our first investment in CypressTree Leveraged Alternative Income Fund. The Fund invests in non-investment grade senior secured corporate bank loans in the US. Bank loans are a seasoned and large US asset class but relatively new to the general investing public. The strategy is designed to provide stable returns with low correlation to other segments of the bond market. The CypressTree management team has extensive experience in credits and a well-defined risk management system in place.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
4.72%	5.70%	7.25	n/a	n/a

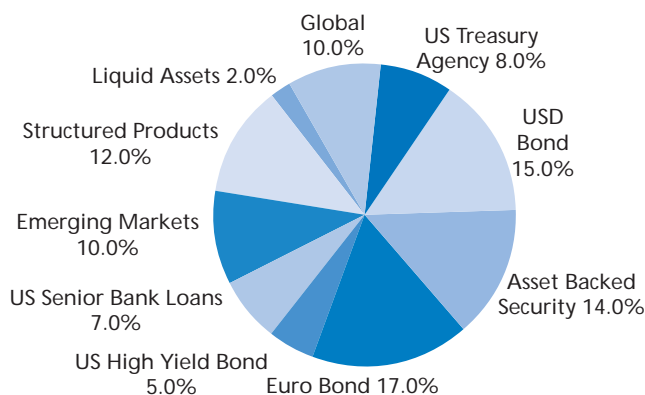
Asset Breakdown

Global	Euro Bond
Schroder Global Corporate Bond	Vanguard Euro Investment Grade Bond Index
US Treasury/Agency	German Government Bond
Fannie Mae	US High Yield Bond
Freddie Mac	PIMCO High Yield Bond Fund
US Dollar Bond	US Senior Bank Loans
Ishares Lehman Aggregate Bond Fund	Cypress Leveraged Alternative Income Fund
Butterfield Capital Appreciation Bond	Emerging Markets
Butterfield US\$ Bond Fund	Ashmore Emerging Mkt. Liq. Inv.
Asset Backed Security	Ashmore Asian Recovery Fund
CMBS - GE Capital	Structured Products
CMBS - Wachovia	Argent Classic Convertible - C
HEL - Equity One	Liquid Asset
HEL - Residential Asset Mortgage	Butterfield Liquid Reserve Fund
	Butterfield Money Market Fund

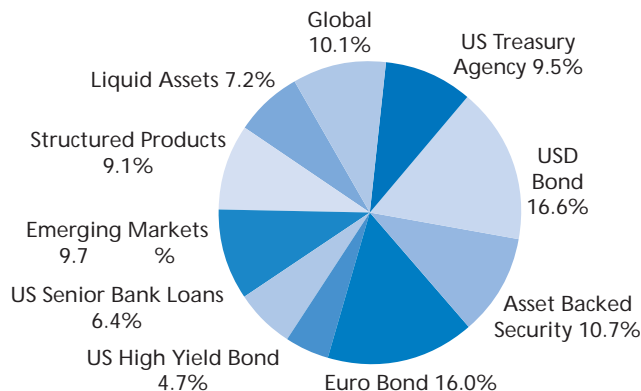
Benchmark Composition

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
Units Available: Accumulation
Size of Fund (millions): USD 78.2

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

Dealings: Friday
Management Fees: 0.875%
NAV per share (30.09.05): USD 14.63

Front End Fee: None