

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 \$12.69 to \$12.94 over the quarter, an increase of +2.0%.

Following an abrupt and seemingly short-lived reversal of sentiment in October, hedge fund strategies posted solid returns in the last two months of the year.

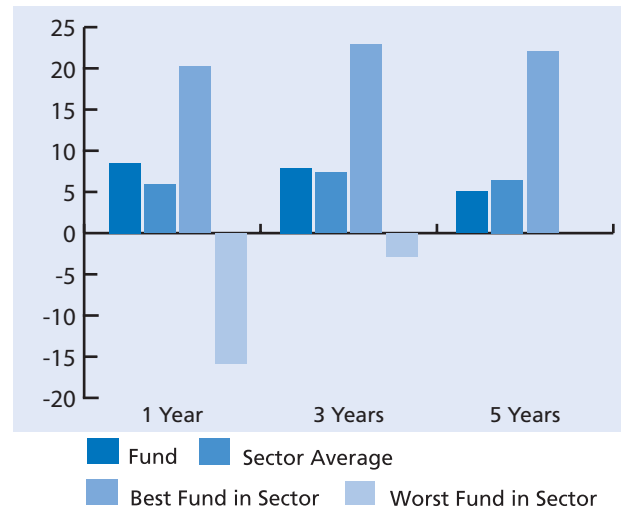
Long/short equity managers were one of the main contributors of performance this past quarter, led by the Japanese managers. Boyer Allan Japan, the portfolio's largest position in the sector, returned over +24.0%. Although our Japanese managers have different levels of exposure to the market, they all share a belief in the long term sustainability of the Japanese recovery. Performance amongst the portfolio's European and US managers was generally positive although some managers didn't succeed in covering the loss made in October.

Event driven managers posted mixed results while convertible arbitrage continued to recover from a very difficult second quarter with Plexus Fund benefiting from trades in Asia. Macro and fixed income strategies also posted acceptable returns.

Over the quarter, we added a total of \$5 Million to our positions in PK Japan and Boyer Allan Japan. We also made our first investment in the Goldman Sachs Global Equity Opportunities Fund, a statistical arbitrage manager.

The portfolio ends the year with exposure to 30 managers across 9 different strategies. The largest allocation to a manager is 4% (Boyer Allan Japan) and the largest position to a given strategy is 60% (long/short equity managers).

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
8.92%	7.90%	5.01%	n/a	n/a

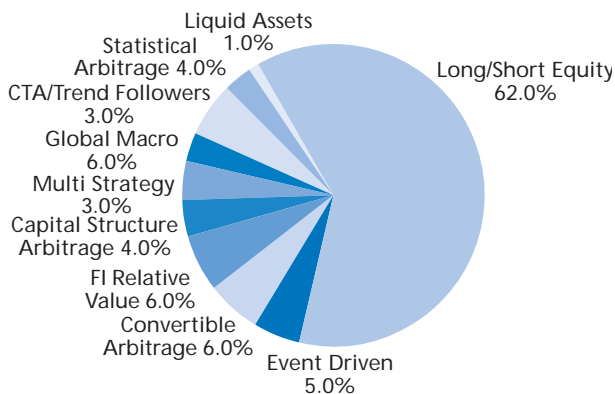
Asset Breakdown

- 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
- Event Driven**
 - Centaurus Alpha Fund
 - King Street Capital Ltd
- 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
- Statistical Arbitrage**
 - Goldman Sachs Global Equity Opportunities
- Multi Strategy**
 - 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

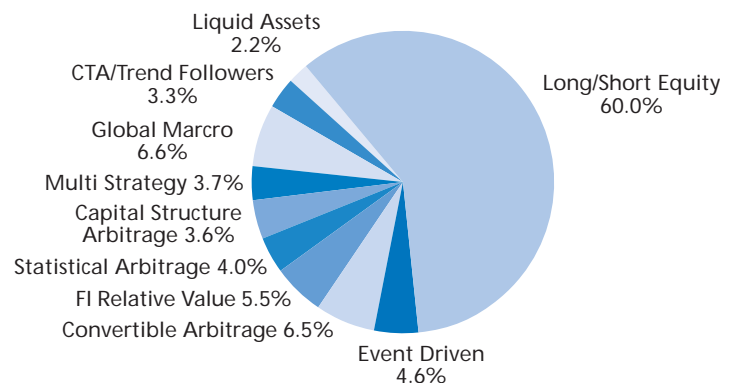
Benchmark Composition

HFRI Fund of Funds Diversified Index

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 123.9

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

Dealings: Friday
Total Expense Ratio: 1.63%
NAV per share (31.12.05): USD 12.94

Front End Fee: None