

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 \$14.70 to \$14.73 over the quarter, an increase of 0.2% against a benchmark return of -1.2%.

In the US, the Fed increased interest rates twice, taking the federal funds rate to 4.75% at the end of the quarter. Fed officials believe that the fed funds rate is in the neutral range, but they want to see evidence of weaker consumer spending before calling a halt to the rate cycle. Most leading data related to housing point toward further declines in home price inflation and housing volumes which should soon result in softer retail sales.

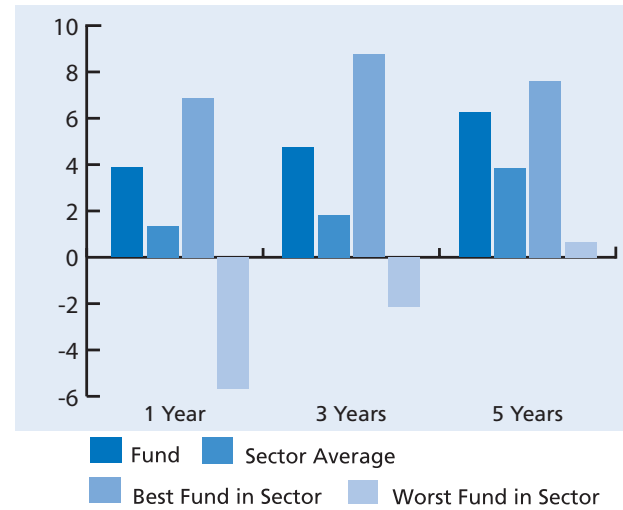
In Europe, the ECB raised rates by 25 bps to 2.50% in early March, the second time in three months. Although the hike was fully anticipated, the ECB sounds more hawkish than before and a very strong European economy should ultimately lead to additional rate increases.

In Japan, expectations are also shifting as bond investors continue to focus on new signs that the economy is nearing the end of a very long period of deflation. The Bank of Japan recently ended its five-year deflation-fighting policy, a precursor to lifting borrowing costs.

Over the quarter, we sold our exposure to the German Government Bund. We also added to our position in Argent Conv. Class C. The fund offers a guaranteed yield that increases with short-term rates plus a participation in the convertible bond market.

Within the Fund, we continue to favour funds/sectors that have a low correlation to global bond indices. We believe that the current structure of the Fund will enable us to continue to generate above benchmark returns.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
3.88%	4.77%	6.25%	n/a	n/a

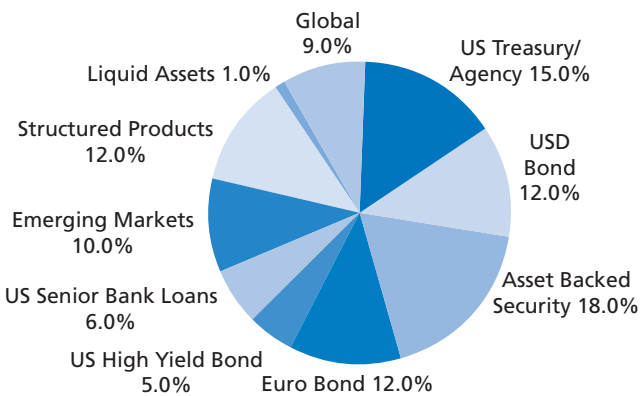
Asset Breakdown

- Global**
Schröder Global Corporate Bd.
- US Treasury/Agency**
10yr Treasury
Fannie Mae
Freddie Mac
- US Dollar Bond**
Butterfield Capital Appreciation Bd.
Butterfield USD Bond Fund
- Asset Backed Security**
CMBS - GE Capital
CMBS - Wachovia
CMBS - JPMorgan Chase
CMBS - UBS
HEL - Equity One
HEL - Residential Asset Mortgage
- Euro Bond**
Vanguard Euro Investment Grade Bond Index
- US High Yield Bond**
PIMCO High Yield Bond Fund
- US Senior Bank Loans**
Cypress Leveraged Alternative Income Fund
- Emerging Markets**
Ashmore Emerging Mkt. Liq. Inv.
Ashmore Asian Recovery Fund
- Structured Products**
Argent Classic Convertible - C
- Liquid Assets**
Butterfield Money Market Fund

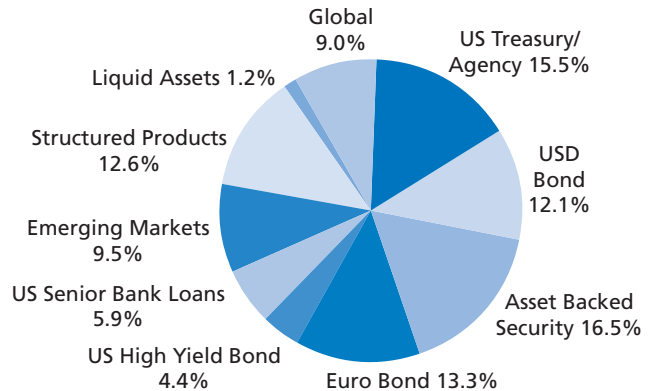
Benchmark Composition

- 80% JP Morgan Govt Bd - 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 88.1
Fiscal Year End: June 30th
Min. Investment: USD 10,000
Valuation: Thursday
Dealings: Friday
Total Expense Ratio: 1.14%
NAV per share (31.03.2006): USD 14.73
Front End Fee: None