

Exhibit 67



CLASS B - QUARTERLY REVIEW: OCTOBER - DECEMBER 2002

I. PERFORMANCE REVIEW

Fund performance versus competition

Class B returned 1.66% during the fourth quarter. The performance of the competition was as follows:

UBP Selectinvest:	2.95%
Focus Arbitrage:	2.90%
Signet Market Neutral:	2.44%
LCF Alpha Uncorrelated:	1.62%
GAM Market Neutral	(0.42%)

This quarter's performance was in line with competition, Class B underperforming three funds and outperforming two others. The three funds which outperformed this month are more volatile and have more downside risk than A.R.T. Class B. They have hefty allocations to credit strategies, which Class B tries to mitigate. While this worked well in the last quarter it might prove to be a bet on recovering economies and upward trending markets. A.R.T.'s investment advisor is not willing to make this bet in such an uncertain environment.

Fund performance versus market indices

A.R.T. Class B gained 1.66% during the fourth quarter. The performances for the relevant indices are the following:

S&P 500	7.92%
MSCI World Free Index	7.32%
DLJ High Yield Index:	5.92%
JP Morgan Global Bond Index:	4.51%
12% Annual Return Index	2.87%
JP Morgan European Bond Index:	2.07%
US 7-10 year treasury index:	0.19%

Treasury markets continued to perform well during the last quarter, especially during December as a massive flight to quality occurred. However, unlike the second and third quarter, credit markets saw a sharp rebound, and credit spreads tightened dramatically. This helped the credit component of the Arbitrage portfolio in general and distressed securities managers in particular.

Sharp reversals in equity markets during the period made it hard for market neutral managers to extract performance but benefited convertible arbitrageurs and other volatility traders.



Quarterly Review October – December 2002

Fixed Income arbitrageurs generally had a good quarter, as they were positioned for further rate cuts and a bearish economic scenario, which proved to be a correct view. Macro managers had a good quarter as well extracting performance from a weakening dollar and from a drop in treasury yields.

The Arbitrage Fund holdings have been slightly changed to avoid going through another Bristol situation. In practice, this translates into two measures:

- Redemption of all funds where NAVs are calculated by the manager, instead of a third party administrator. This has been the case with Deephaven and Gracie (and Epsilon, redeemed for the end of Q1, 2003).
- Redemption of funds which have tail risk, i.e. a small probability of a large loss. This implied redemptions of Drake. At the same time, funds that benefit from unexpected events, systemic shocks or market crisis have been added to the portfolio.

Those two changes should provide better downside protection, and avoid major blow ups in the portfolio.

II. PORTFOLIO REVIEW

P&L Attribution

The fourth quarter proved to be positive for strategies implying some credit exposure, including convertible arbitrage, diversified arbitrage and distressed securities. High levels of volatility also helped convertible arbitrageurs that ended being the best performing strategy.

All strategies but two added to performance during the quarter. Equity market neutral quantitative had a difficult October as the market reverted sharply hurting their trend following like strategy.

Fixed Income Arbitrage was down as well, reflecting positive performances from all funds, with the exception of Bristol where the performance was revised from down 54% to down 61%. The Investment Manager also decided to take a monthly provision for future claims by Bristol Investors.

The five best individual funds quarterly performances were the following:

Fund	Performance
Lydian Overseas	10.87%
Small Cap L/S	7.58%
Drake	6.95%
Silverpoint	6.60%
L/S High Yield	6.19%

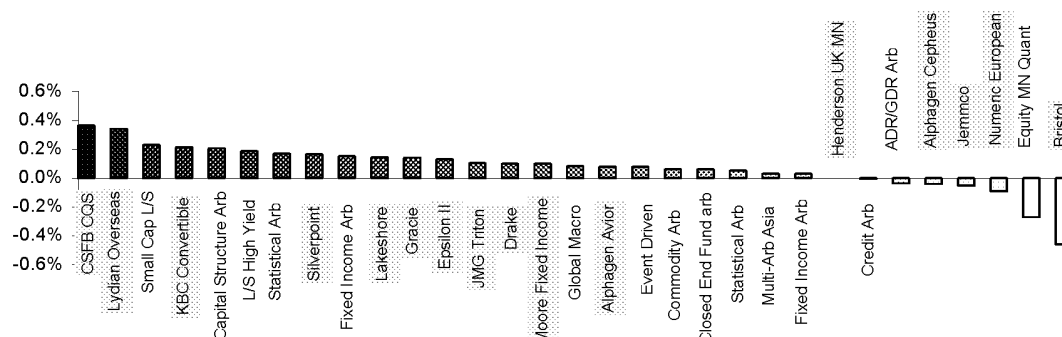
The performances of the different strategies were as follows:

Strategy	Performance
Convertible Arbitrage	6.51%
Distressed Securities	3.94%
Diversified Arbitrage	3.70%
Equity MN Fundam.	2.23%
Event Driven	2.12%
Macro	2.00%
Short Term Trading	0.17%
Equity MN Quant	(1.66%)
Fixed Income Arb	(2.69%)



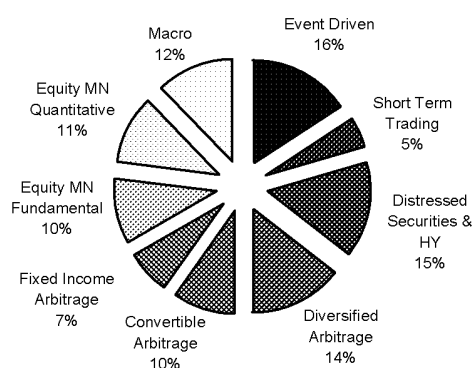
Quarterly Review October – December 2002

P&L attribution by underlying funds:



Strategy Breakdown

The strategy breakdown as at December 31st, 2002 was the following:



The five largest positions are the following:

Fund	% of Fund
Capital Structure Arb	8.31%
CSFB Conv & Quant	7.83%
Fixed Income Arb	6.11%
Equity MN Quantitative	5.10%
Gracie	4.68%

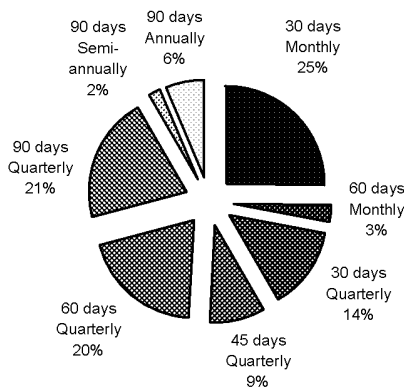
These are all core managers that are very well known by the Investment Manager.



Quarterly Review October – December 2002

Liquidity breakdown

The liquidity breakdown of A.R.T. Class B is the following (as of December 31st, 2002):



$\frac{1}{4}$ of the funds can be liquidated monthly with 30 days notice and $\frac{2}{3}$ can be redeemed at least quarterly with 60 days notice, which is the redemption frequency of A.R.T. Class B.

III. PORTFOLIO ACTIVITY

Summary of activities

Redemptions for the quarter were made for the following reasons:

- Elimination of unwanted exposures (Lydian and Drake). Lydian is a convertible arbitrage fund with important credit exposure. Drake is highly levered and has tail risk.
- Limitation of systemic risk: Square One has been redeemed because there is no third party verification of assets. During the first quarter of 2003 this move will continue, with the redemption of Epsilon II.
- Funds which strategy has moved to be more Investing type. This is the case of a fixed income arbitrage fund, which has included currency trading in its strategy.

Subscriptions over the quarter reflected the following rationale:

- Replacement of redeemed positions: a convertible arbitrage fund replaces Lydian. The characteristics of the new investment is to be long extreme outcomes (while Lydian was short those outcomes).
- Top down asset allocation: two short sellers were added. This reflects the willingness of the Investment Advisor to protect the portfolio in a systemic crisis type of environment.
- Bottom up asset allocation: Two funds were added as they reopened for limited capacity.
- Diversification and farm team positions: three funds launched in the 4th quarter of 2002 were invested with. These are farm team positions (all of them are less than 2% of the portfolio), meant at diversifying the portfolio and provide an early relationship with a potentially very successful manager.

Activity was particularly intense during the fourth quarter, reflecting the Investment Advisor's willingness to correct the imbalances of 2002 and enter 2003 with a well diversified and hedged



Quarterly Review October – December 2002

portfolio. Most positions added would perform well in extreme environment, while still adding value in benign markets, hence improving the risk/return profile of the fund.

Subscriptions

Arbitrage Subscriptions

- **Credit Arbitrage Fund** (October 31, 2002): This fund trying to capture mispricings in the credit market and in capital structures. It has no credit exposure and is run by a team well known to the investment advisor (also running CSFB CQS, AB Alternative Strategies largest position).
- **Small Cap L/S Fund** (October 31, 2002): This is a relatively volatile and aggressive market neutral fund, implied in the US small cap sector. The manager is an outstanding stock picker and has improved his risk management lately, allowing the Investment Advisor to recommend an allocation in the Arbitrage Fund.
- **Multi-Arbitrage Fund** (November 30, 2002): This is a new fund, managed by the ex-Tokai Bank Europe proprietary desk. The managers have an outstanding reputation, and a first class track record. As such, a test position was initiated.
- **Volatility Arbitrage Fund** (November 30, 2002): This is again a start up. The three managers are very experienced in volatility trading and have a different/original approach to volatility arbitrage. A test position was started.
- **Convertible Arbitrage** (December 31, 2002): Convertible Arbitrage. This fund is run by the ex-Argent portfolio manager. He has a wealth of experience in equity derivative trading and a very original approach to credit hedging. Moreover, he has built a strong team to support him.
- **D.E. Shaw Composite International** (December 31, 2002): Multi-Strategy. This fund uses a quantitative approach to trading different strategies, including long/short equity, equity derivatives and futures. It is a large organization, which has proven itself over several years and has uncorrelated returns to other strategies.
- **Short Seller** (December 31, 2002): While being net short the market all the time, this fund is run with an absolute return focus and with an emphasis on protecting capital. The result the manager produces are nice, non-correlated and of low volatility.
- **Short Seller** (December 31, 2002): This fund has been identified as one of the best short sellers, being able to make money in bull markets as in bear markets. The fund has been added in concordance with a top down view on the portfolio, to increase protection in case of a systemic/liquidity crisis.

Redemptions

- **Square One Fund** (October 31, 2002, for value date December 31, 2002): Split Strike Conversion. This manager has achieved very stable and nice returns for more than 10 years. However, there are important conflicts of interests, as the manager is his own custodian and values the portfolio himself. To avoid any other blow ups, the position has been redeemed.
- **Numeric European** (November 15, 2002 for value date November 30, 2002): Equity Market Neutral Systematic. While the investment advisor still likes this fund and the manager, the position had become increasingly small in the portfolio and the fund was closed, preventing any increase in allocation. As such, this fund was redeemed and the position in Numeric Small Cap (same strategy) was increased.



Quarterly Review October – December 2002

- **Lydian Overseas** (November 30, 2002 for value date December 31, 2002): Convertible Arbitrage. While this fund exhibited positive returns in 2002, it is very credit sensitive and therefore correlated to the performance of credit market. The Investment Advisor prefers taking explicit credit risk, instead of uncontrollable implicit credit risk.
- **Drake Offshore** (November 30, 2002 for value date December 31, 2002 and March 31, 2003): Fixed Income Arbitrage. This fund has achieved nice returns last year. However, the strategy is highly levered (10 times on average) and the fund has some tail risk, expressed through credit and Mortgage securities exposures. To avoid any further blow ups, like the Bristol case, the fund has been redeemed.
- **Fixed Income Arbitrage** (December 31, 2002 for value date January 31, 2002): While this fund still achieves attractive return with very low volatility, the manager had added currency trading to his range of strategies. Forex are directional in nature and therefore this fund doesn't belong in the Arbitrage Fund anymore.