



## BERMUDA FUND

### OBJECTIVE

To achieve long-term capital growth and income by investing in a diversified portfolio of Bermuda assets.

### INVESTMENT POLICY

To invest in the equity securities of companies incorporated in Bermuda or having a substantial presence in Bermuda as well as the debt securities of those companies and of the Bermuda Government.

### INVESTMENT PROCESS

The Fund will alter the mix of debt and equity holdings as changes in the economic prospects of companies and asset classes warrant.

### FUND REVIEW

During December, the Fund returned 1.1%, compared to the BSE Index return of 1.7% and the BSE Insurance Index return of 0.9%. The MSCI World returned 2.8% for the period. All above returns are quoted as price only returns. The Fund also declared a dividend of \$0.11 for the quarter.

The Fund's reinsurance holdings lagged the wider global equity markets in December as companies continued to release estimates of losses due to Superstorm Sandy. Generally, it appears that losses have been limited to income events as opposed to capital events. The industry remains well capitalised, but will likely continue to lag global markets as companies announce Q4 losses and investors move into more risky equities on the back of a short term resolution to the US fiscal cliff and a reduced perception of tail risk events.

In the local market, the Bermuda Stock Exchange Index reacted positively to the election of a new government on 17 December 2012, gaining 2.2% in the final week of 2012. The biggest reactions to the new government were experienced in stocks that have performed poorly throughout the year, in particular, Argus Holdings Ltd, which gained 14% in the post election week. While improved pricing on the Bermuda Stock Exchange is a welcome change, the underlying economic conditions have not improved. The local economy still has to face the obstacles of a reduced number of residents and high unemployment before economic statistics can materially improve.

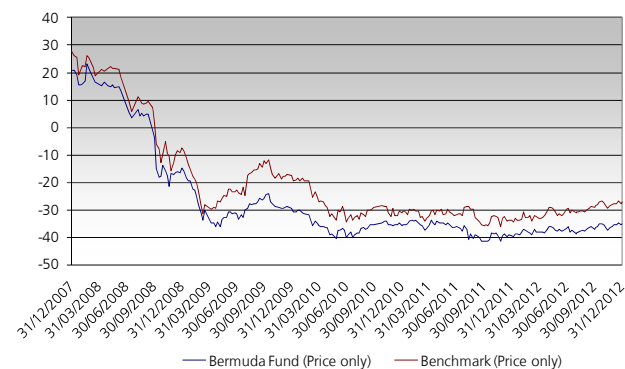
### GENERAL INFORMATION

Currency: BMD	Fiscal Year End: 30 June
Valuation: Wednesday	Min. Investment: BMD 1,000
Dealings: Thursday	Total Expense Ratio: 1.28%
Front End Fee: None	Size of Fund (millions): BMD 12.0
Units Available: Accumulation	NAV per share (31.12.2012): BMD 17.16

### Contact Information

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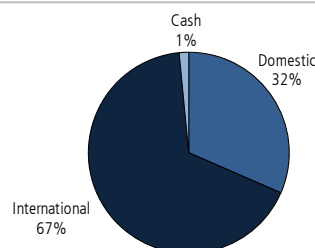
### CHART MONTHLY



### AVERAGE ANNUAL COMPOUND RETURNS (TOTAL RETURNS)

1 Year	3 Years	5 Years	7 Years	10 Years
9.88%	0.16%	-8.90%	-4.26%	1.48%

### ASSET ALLOCATION



### TOP 10 EQUITY HOLDINGS

1.	ACE Ltd	13.9%
2.	Ascendant Group Ltd	11.4%
3.	The Bank of N.T. Butterfield & Son Ltd	9.6%
4.	Arch Capital Group Ltd	6.7%
5.	Everest Re	6.2%
6.	Aspen Insurance Holding	5.7%
7.	Renaissance Re Holdings Ltd	5.1%
8.	Validus Holdings Ltd	5.0%
9.	Partner Re Ltd	4.1%
10.	Endurance Specialty Holdings	4.0%

### BENCHMARK COMPOSITION

60% BSE Insurance Index, 40% BSX Index

Note: Due to the unavailability of total return figures for the BSX Insurance Index (60% of benchmark), relative returns of the Bermuda Fund and its benchmark components will be presented as price returns only unless specifically stated otherwise.