

31 March 2013

# Fund Review



Butterfield

## MONEY MARKET FUND: CAD CLASS

### OBJECTIVE

To seek as high an overall rate of return as is consistent with maintaining liquidity and security of principal.

### INVESTMENT POLICY

To invest in a range of CAD denominated money market instruments, the issuers of which will have first class credit ratings. Instruments will consist of cash equivalents and a range of debt securities.

### INVESTMENT PROCESS

Seek out short-term high quality money market instruments that offer attractive spreads on a LIBOR basis.

### FUND REVIEW

While policy in Canada hasn't changed, there was a subtle shift in the view of Canada's position. The Bank of Canada (BoC) has been warning markets over the past couple of years that they could raise rates at any time and were not going to signal in advance when such a move would actually occur. As a result, yields have increased from time to time as the market tried to anticipate a hike that didn't materialise.

Growth is undeniably slowing, so the Central Bank must consider how to boost growth and must cease their call to remove stimulus measures already in place. In light of this, forecasters have pushed their call for hikes into late 2014 or early 2015, a far cry from previous expectations that an increase was only months away. This prediction is sensible because Canada is still heavily reliant on the US to import their goods and the strong link between these countries makes large variations between their monetary policies impractical. The Fed Funds rate in the US is a range between 0-0.25% and on hold until at least 2015 whereas Canada's rate is 1%. This gap reflects Canada's relatively better economic position, but a similar "hold" position is logical to avoid further declines in net exports. Inflation in February jumped back into the 1-3% range set by the BoC. With inflation back on target, the Central Bank can focus their attention on sustaining growth.

In March, 73% of holdings possessed the highest rating from S&P of A-1+. Average life held steady at 52 days with maturities rolled into the summer months. The portfolio consists mainly of domestic securities issued by Canadian banks and Treasury Bills, which are up from 43% last month to 52% by the end of March. The Class holds one bond which accounts for 4% of holdings. Canadian banks continue to perform well and will remain an integral part of this Class throughout 2013 while T-bills ensure a high degree of liquidity.

### Contact Information

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## GENERAL INFORMATION

Currency: CAD	Fiscal Year End: 30 June
Valuation: Daily	Min. Investment: CAD 10,000
Dealings: Daily	Total Expense Ratio: 0.51% Class A 0.32% Class B
Front End Fee: None	
Units Available: Accumulation	Size of Fund (millions): CAD 81 NAV per share Class A (31.03.2013): CAD 16.6436
Identifier: BUTMMCI BH	

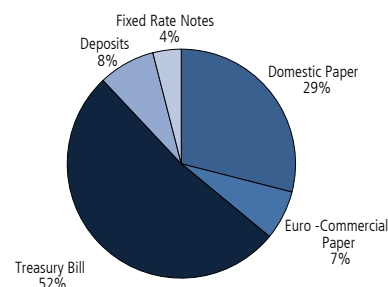
## AVERAGE ANNUAL COMPOUND RETURNS

Class	1 Year	3 Years	5 Years	7 Years	10 Years
A	0.51%	0.48%	0.72%	1.60%	1.76%
B	0.70%	0.63%	0.85%	1.72%	1.87%

## AVERAGE DURATION AND CREDIT RATING

Duration	52.2 days
Credit Rating	S&P AAAM
7 Day Yield (31.03.2013)	0.484% Class A 0.675% Class B

## FUND ALLOCATION



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