



Objective

The Fund seeks as high an overall rate of return as possible while endeavoring to maintain liquidity and limited price volatility.

Investment Policy

To invest in a range of US Dollar denominated short dated fixed and floating rate note securities. Overall duration will be managed to remain less than one year.

Investment Process

Emphasis is on a portfolio of short dated, high quality fixed and floating rate note instruments.

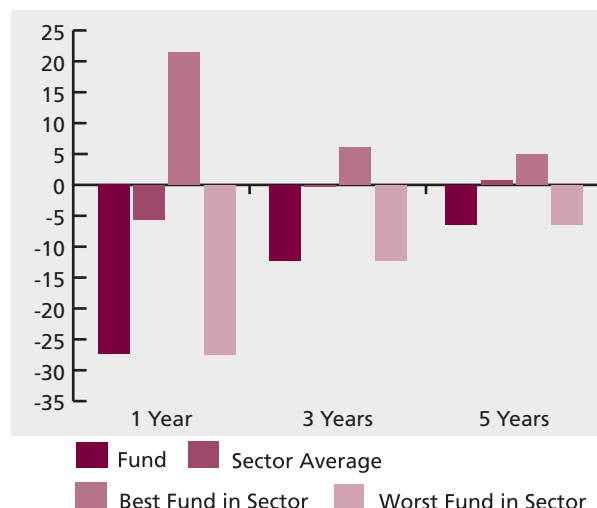
Fund Review

The Butterfield Liquid Reserve Fund encountered further difficulties in the credit markets this quarter as the floating rate note sector performed poorly owing lack of demand and market illiquidity. Credit quality was less of an issue since the Fund's average credit quality is well within S&P limits. The bond sub-sectors which suffered from particularly poor mark to market prices over the past two months have been the CMBS FRNs and also the middle market loan ABS issues. Expected later timing of principal pay-downs in some issues led to a decrease in market prices. We have done further analysis on future expected cash-flows, however, and this shows significant recovery potential of the Fund price dependent on improving market conditions. The Fed Funds rate remains effectively at zero and 3 month LIBOR coupon resets will be low until the US economy begins to show signs of recovery later this year. The US Treasury and Federal Reserve continue to work on a variety of government sponsored programs designed to unclog the credit system and the latest of these is the \$1 trillion Public Private Investment Program (PPIP). Equity markets have had a good rally since early March which is an encouraging sign but credit markets are lagging the stock market improvement. Credit spreads have remained wide in most sectors except the FDIC guaranteed issues and general cash market trading volume levels are low. The 2 year US Treasury note yield increased by 3 basis points from 0.77% to 0.80% over the quarter.

The Fund sold the \$20mil Liberty Lighthouse FRN at 90.0 prior to its scheduled maturity in June. This action was taken in the interests of all shareholders to avoid the prospect of any further downgrade risk and to substantially improve Fund liquidity owing to further shareholder redemptions. The \$4mil holding of Bank of America/Merrill Lynch was also sold together with the \$5mil of Pacific Life Global Funding. As the Investment Adviser, we have continued to manage the Fund employing a conservative but balanced credit strategy.

Some cash resources have been re-invested in high quality Commercial Paper issues maturing in 1 month or less. Approximately 79.5% of the Fund is AAA or AA rated and the remaining 20.5% is A rated. The Fund is 100% FRNs at these low US Treasury yields and average duration is 1.8 months. Cash and Commercial paper liquidity is 35.1% of Total Net Assets at quarter end. The Fund price decreased from \$10.9943 to \$9.6017 or 12.67% over the quarter. The Fund continues to be rated AAf for credit by S&P and S3 for volatility.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
-27.37%	-12.22%	-6.41%	-1.40%	-1.39%

Top 5 Holdings

Name	Coupon	Maturity Date	Rating	% of Fund
1. B of A Large Loan 2005-M1B1C	FRN	15-Mar-2022	AAA	13.9%
2. Hertz 2005 - 2A A5	FRN	25-Nov-2011	AA	10.3%
3. Wachovia WBCMT 2007-WHL8	FRN	15-Jun-2020	AA+	7.1%
4. Nationwide Life Global	FRN	14-Dec-2010	A+	7.0%
5. Cap Source CAPS 2006-1A-B	FRN	22-Aug-2016	AA	5.3%

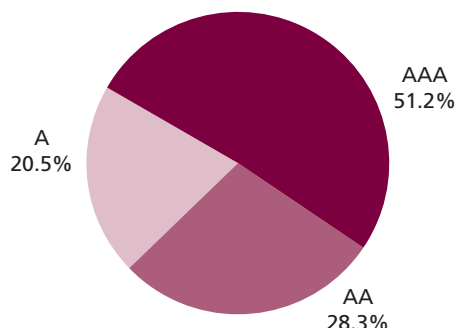
Average Duration and Credit Rating

Duration: 1.8 months
Credit Rating: S&P AAf
Volatility: S3

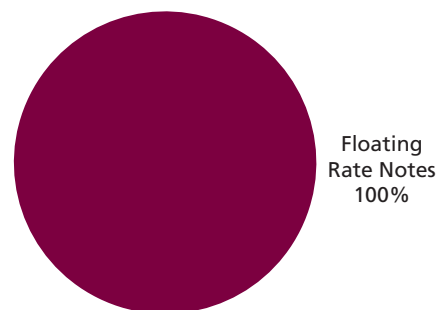
Benchmark Composition

3 month US Treasury Bill (Constant maturity) G001

Credit Rating



Coupon Type



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 38.9

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

Dealings: Thursday
Total Expense Ratio: 0.45%
NAV per share (31.03.2009): USD 9.6017

Front End Fee: None
Identifier: BUTLRSI BH

Summary of Fund Performances

Page		Currency	NAV at 31.03.09	Inception	One year return %*	Size (USD Millions)
8	Money Market Fund	USD	24.4359	Jul 88	1.73%	3548.0
9	Money Market Fund	EUR	13.3262	Feb 99	3.50%	179.3
10	Money Market Fund	CAD	16.4004	Nov 94	2.15%	114.2
11	Money Market Fund	GBP	20.1577	Nov 94	4.13%	163.5
12	Liquid Reserve Fund	USD	9.6017	Apr 95	-27.37%	38.9
13	US\$ Bond Fund	USD	9.016	Jul 92	-9.43%	49.4
14	Capital Appreciation Bond Fund	USD	31.6	Feb 89	-2.56%	24.9
15	International Balanced Fund	USD	15.31	Jul 96	-27.57%	43.9
16	International Balanced Fund	GBP	11.38	Jan 98	-13.59%	6.6
17	Global Blue Chip Fund	USD	6.71	Dec 98	-45.81%	9.6
18	Bermuda Fund	BMD	17.71	Apr 94	-39.95%	20.0
19	Systematic Equity Fund	CAD	6.29	Mar 08	-35.09%	5.0
20	UK Growth Fund	GBP	9.37	Jul 02	-29.70%	8.4
21	Select Funds - Equity	USD	6.39	Feb 00	-45.06%	77.0
22	Select Funds - Fixed Income	USD	13.94	Feb 00	-7.80%	79.9
23	Select Funds - Alt. Investment	USD	13.24	Feb 00	-11.20%	99.8
24	Select Invest Fund	USD	8.68	Oct 05	-19.33%	11.1
25	CF Butterfield Sterling Balanced Fund	GBP	1.02	Jan 05	-18.40%	110.4
26	CF Butterfield US Dollar Balanced Fund	USD	0.76	Feb 06	-26.60%	28.8
27	CF Butterfield Sterling Income Fund	GBP	1.01	Feb 07	6.30%	19.3

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* Return period 12 months to 31st March 2009.