

All of the authorised and issued shares in the capital of the Fund are approved for listing on the Bermuda Stock Exchange and the Cayman Islands Stock Exchange.

The Directors of the Butterfield US\$ Bond Fund Limited whose names appear in this Prospectus have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion. All the Directors accept responsibility accordingly.

If this Prospectus is received in electronic form, the Directors take no responsibility for changes made subsequent to its transmission nor for any errors or omissions arising therefrom.

OFFER BY

**BUTTERFIELD US\$ BOND FUND LIMITED**

(incorporated in and under the laws of Bermuda with limited liability)  
to make a continuous offering  
of up to 25,000,000 Shares  
of US\$0.10 par value

Dated: July 2012

**The latest audited financial statements which are published under separate cover are an integral part of the prospectus.**

**NEITHER THE BERMUDA STOCK EXCHANGE NOR THE CAYMAN ISLANDS STOCK EXCHANGE TAKE RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EACH OF THEM EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON ANY PART OF THE CONTENTS OF THIS DOCUMENT.**

Permission under the Exchange Control Act 1972 (and Regulations made thereunder) has been obtained from the Bermuda Monetary Authority for the issue of up to 25,000,000 shares (the "Shares") in the Butterfield US\$ Bond Fund Limited (the "Fund"). In addition, a copy of this Prospectus has been delivered to the Registrar of Companies in Bermuda for filing pursuant to The Companies Act 1981 of Bermuda as amended.

This Prospectus, together with the most recent audited financial statements constitute the Listing Particulars of the Fund and include information given in compliance with the Listing Rules of the Cayman Islands Stock Exchange. The Directors of the Fund collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made reasonable inquiry, that to the best of their knowledge and belief there are no facts or omissions of which would make any statement in this Prospectus misleading.

Admission of the Shares (as hereinafter defined) to the Official List of the Cayman Islands Stock Exchange would not in any event constitute a warranty or representation by the Cayman Islands Stock Exchange as to the competence of any party connected with the Fund, the adequacy of the information contained in this Prospectus or the suitability of the Fund for investment purposes. The Cayman Islands Stock Exchange has not reviewed or in any respect approved this Prospectus or the offering of the Shares.

The Fund has been classified as a Bermuda Standard Fund. As such, the Fund is subject to regulation and supervision as provided for in the Investment Funds Act 2006 of Bermuda. However the Fund should be viewed as an investment suitable only for investors who can fully evaluate and bear the risks involved.

Authorisation by the Bermuda Monetary Authority and the acceptance of the Prospectus for filing at the Registrar of Companies does not constitute a guarantee by the Bermuda Monetary Authority or the Registrar of Companies as to the performance of the funds or its creditworthiness. The Bermuda Monetary Authority and the Registrar of Companies shall not be liable for the performance of the fund or the default of its operators or service providers, nor for the correctness of any opinions or statements expressed in the Prospectus.

Subject to the said filing and permission, no action has been taken to permit an offering of Shares in the Fund or the distribution of this Prospectus in any jurisdiction where action would be required for such purposes. Accordingly, this Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised. In particular:

(a) the Shares in the Fund have not been registered under any United States securities legislation and are not being offered or sold, directly or indirectly, in the United States of America or in any of its territories or possessions or areas subject to its jurisdiction or to U.S. persons. As used in this Prospectus, "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction including the Commonwealth of Puerto Rico. "U.S. person" means: (i) any resident of the United States; (ii) a corporation, partnership or other entity incorporated, created or organised in or under the laws of the United States or any political subdivision thereof; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a non-U.S. entity located in the United States; (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; and (vii) any partnership or corporation if it is organised or incorporated by a U.S. person under the laws of a jurisdiction outside the United States primarily for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (unless it is organised and incorporated, and owned, by accredited investors, as defined in regulation D promulgated under such Act, who are not natural persons, estates or trusts); provided, however, that the term "U.S. person" shall not include (i) a branch or agency of a U.S. bank or insurance company operating outside the United States for valid business reasons; (ii) a discretionary or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States; (iii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, provided that an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and the estate is governed by non-U.S. law; (iv) any trust of which any professional fiduciary acting as a trustee is a U.S. person, provided that a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; or (v) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; and

(b) this Prospectus has not been delivered for registration to the Registrar of Companies in London and accordingly may not be used for the purpose of an offer or solicitation, and Shares may not be offered, in or from Great Britain.

Any information or representation made by any dealer, salesperson or other person and not contained herein must be regarded as unauthorised and must accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue or sale of Shares shall, under any circumstances, constitute a representation that the information given in this Prospectus is correct as of any time subsequent to the date hereof.

Potential subscribers of Shares in the Fund should inform themselves as to

(a) the possible tax consequences,

- (b) the legal requirements, and
- (c) any foreign exchange restrictions or exchange control requirements

which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding and disposal of Shares in the Fund.

Butterfield US\$ Bond Fund Limited is managed by Butterfield Asset Management Limited, a subsidiary of The Bank of N.T. Butterfield & Son Limited (the "Bank") and licensed to conduct Investment business by the Bermuda Monetary Authority. It is an investment company owned by its investors as shareholders, and therefore is an independent entity from the Bank. The Fund is subject to its market risk and its investments are not guaranteed by the Bank.

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Licensed to conduct Investment Business by the Bermuda Monetary Authority

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Butterfield US\$ Bond Fund Limited is a mutual fund which was incorporated as an exempted company with limited liability and unlimited duration on 26th May, 1992, in and under the laws of Bermuda.

The objective of the Fund is to offer a convenient and efficient vehicle for investing in a diversified portfolio of U.S. dollar denominated bonds, debentures and other debt instruments. There can be no assurances that such objectives will always be attained.

The investment adviser is Butterfield Asset Management Limited (the "Investment Adviser"). The custodian is Butterfield Trust (Bermuda) Limited (the "Custodian"). The administrator is Butterfield Fulcrum Group (Bermuda) Limited (the "Administrator"). The Administrator shall also be the Registrar and Transfer Agent. The Investment Adviser and the Custodian are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank"), Bermuda's first bank, which was established in 1858. Through its principal headquarters located in Bermuda with offices in The Bahamas, Barbados, Cayman Islands, Guernsey, Switzerland and the United Kingdom, the Bank is engaged in a wide range of international banking, trust and investment services.

This Prospectus is published in connection with the offering of shares of US\$0.10 par value each in the Fund (the "Shares").

The initial minimum subscription for the Class A Shares is US\$10,000. The initial minimum subscription for the Class B Shares is US\$5,000,000 and the initial subscription for the Class C shares is \$10,000,000, subject to the discretion of the directors of the Fund (the "Directors") to vary such minimum from time to time.

As an open-ended investment company, the Fund has the ability to repurchase its shares at the request of its members. As described on page 18, (Compulsory Redemption), the Fund will periodically repurchase its Shares at their net asset value. The Fund also plans to make a continuous offering of shares on each Dealing Day at not less than the then net asset value.

It is the intention of the Directors, at their discretion, to distribute quarterly dividends on the Class A Shares which may be paid out of net income or net realised investment gains. Members will have the option to have their dividends automatically reinvested in Shares. Class B Shares and Class C Shares will have accumulating dividends.

In addition, the Directors are authorised to issue debt, but they have no plans for debt under present conditions, nor do they plan to use debt to leverage or gear the net asset value.

The Directors may exercise all powers of the Fund in order to borrow funds as and when deemed necessary by the Investment Adviser.

## **THE FUND**

### **Introduction**

The Fund was incorporated on 26th May, 1992, under the provisions of The Companies Act 1981 OF Bermuda, as amended.

The present authorised share capital of the Fund is US\$2,512,000 divided into 25,120,000 shares of US\$0.10 par value each, of which 120,000 shares of US\$0.10 par value have been designated as organisational shares (the "Organisational Shares") and have been allotted for cash at par to the Investment Adviser and its nominees;

8,300,000 shares of US\$0.10 par value each have designated as Class A Shares,  
8,300,000 shares of US\$0.10 par value each have designated as Class B Shares,  
8,400,000 shares of US\$0.10 par value each have designated as Class C Shares.

Under the Bye-Laws, the Organisational Shares have only nominal rights if and so long as there are any other shares of the Fund in issue.

The Memorandum of Association and the Bye-Laws comprise the constitution of the Fund.

The Fund has not established a place of business outside Bermuda.

### **Investment Objectives and Strategies**

The investment objective of the Fund is to maximise total return whether through income or capital gains by investing in investment grade U.S. dollar denominated debt securities which may consist of bonds, debentures (including convertibles), notes, bills, mortgages, certificates and whatsoever suitable quality investments which, in the opinion of the Investment Adviser will help to achieve the Fund's objectives. Although not limited to the aforementioned investments, other investments could include U.S. dollar money market instruments and funds (including

money market funds managed by the Investment Adviser) and bank time deposits. The Fund may also lend securities and write covered options on its portfolio in order to enhance its total return.

To achieve the stated objective, the portfolio will be structured to take advantage of anticipated changes in interest rates in order to enhance the total return of the portfolio. Investments will also be made to take advantage of cyclical changes in the market. However, when in the opinion of the Investment Adviser, the general trend in interest rates is upwards, a substantial portion of the Fund's assets may be held defensively in the form of bank deposits and other short-term financial instruments including U.S. dollar money market funds. The overall interest rate volatility of the Fund will seek to be less than or equal to a portfolio comprised of government securities maturing within three to seven years, denominated in US Dollars. At the discretion of the Investment Adviser, forward exchange contracts including futures, options and other forms of financial instruments may be utilised from time to time for hedging purposes and in the management of the Fund's portfolio risk.

The investments will be managed with the intention of maintaining sufficient liquidity to meet anticipated redemptions so as to minimise the possibility that investments will have to be sold for this purpose, before maturity.

The Class A, Class B and Class C shares have different minimums set for investors to subscribe to them, and there will be differences in the management fees payable to the Investment Adviser in respect of such shares. They will be accounted for separately, for the purposes of the calculation of net value but share in the common underlying investment pool. It is the responsibility of each individual investor to determine which class of share best meets their investment requirements. Neither the Fund nor the Investment Adviser will be held liable for ensuring that any investor is appropriately invested. All subscriptions will be automatically placed into Sub-Class A unless clearly marked otherwise on the application form.

Investment on an international basis involves fluctuations in the prices of assets, foreign exchange rates, taxes, exchange controls and other political and economic developments. Availability of information, standards of accounting, auditing and financial reporting and the size, expense and liquidity of markets vary widely from country to country and may limit the diversification of the Fund. There can be no assurances that the Fund will be successful or that investment objectives will be attained, but the intent of the Investment Adviser will be to follow such policies as the environment in the future appears to dictate in order to meet those objectives.

Investment in the Fund involves some risks and could result in losses. Prospective investors are expected to be aware of the risks of investing in the Fund. See "Risk Factors" below.

The assets of the Fund will be held by the Custodian, or by other agents on behalf of the Custodian.

## **Investment Guidelines**

### **Ratings**

The Fund does not invest in securities rated below "investment grade" at the time of purchase, although the Fund is not precluded from holding such securities should they be downgraded to below investment grade subsequent to their purchase. The overall credit quality of the Fund is currently determined by applying a numerical score to each of the ratings categories (ratings of the NRSRO's) within securities described as "investment grade" and with an average maturity greater than one year as described below:

AAA	0
AA	20
A	50
BBB	250

The Fund seeks to attain an overall weighted credit "score" of the portfolio equal to or below 25. Under certain circumstances, the credit score may exceed 25 for short periods of time with the express objective of minimizing realized losses. Although the Fund seeks to remain within the credit quality guidelines outlined above, the Directors reserve the right to alter such guidelines as market conditions warrant.

### **Maturity**

At purchase, all securities must have a maturity or weighted average life less than or equal to 10 years

### **Portfolio Concentration**

The maximum exposure to any single issuer is 10%, with the exception of securities issued or guaranteed by the US Government its Agencies or Instrumentalities, including securities guaranteed by the FDIC. The maximum exposure to any single issue shall be 7%, with the exception of securities issued or guaranteed by the US Government its Agencies or Instrumentalities, including securities guaranteed by the FDIC, although at the discretion of the Investment Adviser, this limit may be increased to 10% in order to minimize immediate realized capital loss to existing shareholders.

**Securitized Products**

The Fund may invest in securitized products including, but not limited to, Residential Mortgage-Backed Securities, Asset-Backed Securities and Commercial Mortgage-Backed Securities. Investments in these types of securities are limited to combined total of 30% of the Fund on a duration weighted basis. Securitized products have unique risk and return characteristics that may change the expected return and/or average life of the securities over time.

**Minimum Amount to Be Raised**

There is no minimum amount which, in the opinion of the Directors, is required to be raised by the issue of Shares in the Fund pursuant to the continuous offering for the matters specified in Section 28 of The Companies Act, 1981.

**Risk Factors**

The Fund will endeavour to reduce excessive risk, as much as possible by:

1. Diversifying credit risk across a wide range of different assets classes and issuers
2. Applying risk management techniques to the strategy

However, prospective investors should consider the following factors in determining whether an investment in the Fund is a suitable investment:

**Counterparty Risk:**

To the extent that investors in the Fund have exposure to financial instruments through third parties, they may be subject to risk of loss of its assets on deposits with a broker, FX dealer, or bank in the event of their bankruptcy or insolvency, or that of any broker through which the Fund executes and clears transactions, or the bankruptcy or insolvency of an exchange or clearing house. In the case of any such bankruptcy or insolvency, the Fund may recover only a pro rata share of all property available for distribution to all of the counterparty's customers. Such amount may be less than the amounts owed to the Fund. Therefore, investors in the Fund could lose substantial amounts or even their entire investment.

**Interest Rate Risk:**

Debt securities are subject to interest rate risk. In general, if prevailing interest rates rise, the value of debt securities will tend to fall, and if interest rates fall, the value of debt securities will tend to rise. Changes in the value of a debt security usually will not affect the amount of income the Fund receives from it but could affect the value of the Fund's Shares. Interest rate risk is generally greater for long-term debt securities.

**Investment and Trading Risks in General:**

All securities investments risk the loss of capital. Investment in funds along with the securities and other instruments they invest in involves credit risks. Although the Fund's investment program is expected to provide a high level of protection from the risk of loss inherent in the ownership of such a wide array of diversified investments, there can be no assurance that these strategies will completely protect against this risk or that the Fund's investment objectives will be obtained.

**Lack of Management Rights:**

Except as may be otherwise provided in the constituent instruments of the Fund, the holders of the Fund's Shares generally have no right to participate in the management of the Fund. The Fund's Organizational Shares, which carry voting rights, have been issued exclusively to the Investment Adviser.

**Management Risk:**

There is no guarantee that the investment techniques and risk analyses used by the Fund's portfolio managers will produce the desired results.

**Market Risk:**

Market risk refers to the possibility that the market values of securities that the Fund holds will rise or fall, sometimes rapidly or unpredictably. Security values may fall because of factors affecting individuals, companies, industries or sectors or the markets as a whole, reducing the value of an investment in the Fund. Accordingly, an investment in the Fund could lose money over short or even long periods. The market values of the securities the Fund holds also can be affected by changes or perceived changes in the United States or foreign economies and financial markets and the liquidity of securities, among other factors.

**Possible Effect of Redemptions:**

Shareholders may redeem their Shares in accordance with the bye-laws of the Fund. Substantial redemptions could require the Fund to liquidate investments more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions and to achieve a market position appropriately reflecting a smaller asset and shareholder base. This could adversely affect the value of the Shares.

**Repurchase Agreement Risk:**

Repurchase agreements are agreements in which the seller of a security to the Fund agrees to repurchase that security from the Fund at a mutually agreed upon price and time. Repurchase agreements carry the risk that the counterparty may not fulfill its obligations under the agreement. This could cause the Fund's income and the value of your investment in the Fund to decline.

**Transferability of Shares:**

Shares are freely transferable, subject to certain restrictions (see "Transfer", below). However, there is no assurance that there will be a resale market for the Shares. If there is not, Shareholders will generally only be able to dispose of their Shares by means of redemption.

**The foregoing list of risk factors does not purport to be complete or fully explain the risks involved in an investment in the Fund.**

**Fees and Expenses**

The Fund will bear all its own operating, brokerage and out-of-pocket expenses, including (in so far as they relate to the Fund) the fees and expenses of the Directors, the Investment Advisers, the Custodian, the Administrator, the Registrar and Transfer Agent, the Accountants, the Auditors of and the Legal Advisers to the Fund, the costs of printing and distributing the financial reports and statements, the annual government fee and the license fee payable in Bermuda and any other applicable taxes.

The minimum account balance requirement for the US\$ Bond Fund is US\$10,000. To encourage shareholders to meet their minimum balance requirements, a monthly fee is applied to accounts that remain below the minimum balance. The monthly fee, which is US\$12, is applied to accounts that are below the minimum balance on the 15th day of each month (or last business day prior to that date). Accounts with zero-balances do not incur a fee.

Under the terms of the Investment Advisory Agreement referred to below, the Investment Adviser will be entitled to receive a monthly fee which is by additional agreement calculated at a rate of no more than 1% per annum of the average of the valuations of the net asset value of the entire Fund in each month. Currently this is calculated at the rate of 0.50% per annum for the Class A Shares, 0.25% for the Class B Shares and 0.25% maximum for Class C shares subject to the Director's discretion and will be paid on the last Valuation Day in each month. The fee of the Investment Adviser will be reduced to take account of the management fee already levied on assets held in shares of other Funds managed by the Investment Adviser. The Investment Adviser is, in addition, entitled to receive the commission referred to on page 12, of up to 5%, but does not intend to charge such commission at the present time.

The Investment Adviser, and not the Fund, will be responsible for the fees of any consultants utilised by the Investment Adviser exclusively for the Fund (or except that where consultancy services are provided by a Director or Directors the fees and expenses payable to such Director or Directors will be borne by the Fund and determined by the other Directors in accordance with the Bye-Laws). However, no such fee will be payable where the Director is employed by the Bank or one of its subsidiaries or affiliates.

Under the terms of the Custody agreement, referred to below, the Custodian is entitled to receive a quarterly fee calculated and can be up to the rate of 0.10% per annum in accordance with the Custodian's published fee schedule. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. Administrator fees for Registrar and Transfer Agency Services, and Accounting and Valuation Services, will be an all inclusive fee for services rendered subject to a minimum fee of US \$5,000 per valuation.

As an exempted company, the Fund is liable for annual registration fee based on the assessable capital of the fund to a current maximum of \$31,120.00 payable to the Bermuda Government.

The annual listing fees are \$2,000 each for the Bermuda Stock Exchange and The Cayman Islands Stock Exchange.

All expenses will be borne out of the income or capital of the Fund as determined by the Directors.

Requests for statements outside of the normal interval may be charged a flat rate of \$25.00.

Fees for investigations may be charged out at the normal hourly rate.

**Taxation**

At the date of this Prospectus, there is no Bermuda income tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Fund or its members in respect of their investment in the Fund. The Fund has obtained from the Minister of Finance an exemption from taxation until the year 2016.

The Fund may be liable to pay foreign (i.e. non-Bermuda) taxes with respect to (i) the purchase or sale of, or other dealings in, assets held by the Fund and (ii) capital, interest and dividends related to assets held by the Fund in those countries which impose such taxes. There is no double taxation relief available to the Fund in Bermuda.

### **Exchange Control**

The Fund has been classified as non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority, whose permission for the issue of Shares pursuant to this Prospectus has been obtained. The transfer of Shares between persons (irrespective of whether or not such persons are regarded as resident outside Bermuda for exchange control purposes) and the issue and redemption of Shares to or by such persons may be effected without specific consent under the Bermuda Exchange Control Act, 1972 and regulations made thereunder.

## **MANAGEMENT OF THE FUND**

### **Board of Directors**

The Directors are responsible for the overall investment and administrative policies and the management of the Fund.

Michael Neff  
Executive Vice President – Head of Group Asset Management  
The Bank of N.T. Butterfield & Son Limited  
65 Front Street  
Hamilton HM 12, Bermuda

Daniel Frumkin  
Executive Vice President – Chief Risk Officer  
The Bank of N.T. Butterfield & Son Limited

Nigel Garrard  
Senior Investment Manager  
Butterfield Bank (Guernsey) Limited  
Guernsey, Channel Islands

### **Registered Office**

Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08, Bermuda

### **Investment Adviser**

Butterfield Asset Management Limited  
65 Front Street  
Hamilton HM 12, Bermuda  
Telephone: 441-299-3817  
Fax: 441-292-9947

### **Custodian**

Butterfield Trust (Bermuda) Limited  
65 Front Street  
Hamilton HM 12, Bermuda  
Telephone: 441-295-1111  
Fax: 441-292-1258

### **Registrar and Transfer Agent and Administrator**

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre

11 Bermudiana Road  
Pembroke HM 08, Bermuda  
Telephone: 441-299-3882  
Fax: 441-295-6759

**Bankers**

The Bank of N.T. Butterfield & Son Limited  
65 Front Street  
Hamilton HM 12, Bermuda

**Accountants**

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08, Bermuda  
Telephone: 441-299-3882  
Fax: 441-295-6759

**Auditors**

Ernst & Young Ltd.  
3 Bermudiana Road  
Hamilton HM 11, Bermuda

**Legal Advisers**

Appleby (Bermuda) Limited  
Canon's Court  
22 Victoria St.  
Hamilton HM 12, Bermuda

**Listing Sponsor**

Butterfield Securities (Bermuda) Limited  
65 Front Street  
Hamilton HM 12, Bermuda

**Secretary**

Donna Phillips  
Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08, Bermuda

**Director's Interest**

- (a) No Director presently has any beneficial interest in any Shares.
- (b) Michael Neff is a Director of the Investment Advisor, which will be receiving fees from the Fund. The Investment Advisor may, as described on page 12, also receive a commission on the issue of shares.
- (c) Michael Neff and Daniel Frumkin are Directors or Officers of the Bank, or the Investment Advisor, or both.

**Michael Neff** (*American*)

In his role as Head of Group Asset Management, Mr. Neff has overall responsibility for the Group's asset management businesses located in Bermuda, the Cayman Islands, Guernsey and the UK. He has nearly 25 years experience in financial services, having held senior roles in wealth management client services and business development functions. He began his career at Chemical Bank's Private Banking Group. Mr. Neff led the implementation of global sales and client relationship management (CRM) policies and processes at Citibank before leaving the firm to establish AnswerSpace Inc., a CRM and financial planning consultancy, in 1998. In 2001, he founded Monetaire Inc., a leading provider of financial planning and advice software that was acquired by RiskMetrics Group in 2004. At RiskMetrics, Mr. Neff served as Global Head of Wealth Management, Global Head of Client Implementations, Global Head of Client Services and Co-Head of Global Business Risk. Mr. Neff holds a Bachelor of Arts from Middlebury College and a Master of Business Administration from Columbia Business School.

**Nigel Garrard** (*British*)

In his role as a Senior Investment Manager his duties include the day to day responsibilities for a portfolio of Institutional, Trust and Private clients and discretionary investment clients, spread across a diverse range of fixed income and balanced mandates. Mr. Garrard is a member of Butterfield Group's Fixed Income and Equity Councils and is also a member of the Asset and Liability Committee for Butterfield Bank (Guernsey) Limited. Mr. Garrard joined the Bank in 2005 as an Investment Manager. Prior to joining Butterfield, Mr. Garrard worked for 10 years at Royal Bank of Canada, where he progressed from a graduate trainee to Director of the Guernsey investment company. During this time Mr. Garrard focused upon fixed income markets, where he led a team that managed a diverse range of corporate and institutional mandates, including listed collective investment vehicles. In 2004 Mr. Garrard worked for Schroders as an Investment Specialist, responsible for a portfolio of clients invested in Schroder's investment products Mr. Garrard gained a Bachelor of Arts degree with honours in Economics and Accounting Finance from Brookes University, Oxford. He is also a Chartered Fellow of the Chartered Institute for Securities and Investment.

**Daniel Frumkin** (*American*)

Mr. Frumkin is responsible for Butterfield Group's enterprise risk management framework and functions that identify, quantify, monitor and control the Bank's credit, operational, compliance and market risks. Mr. Frumkin is a career banker with a depth of experience in risk management, credit and retail banking. He joined Butterfield in 2010 after 21 years with member companies of the Royal Bank of Scotland Group in the US and UK. During his tenure with RBS, he held position of Managing Director of the UK Retail Products Group, with responsibility for the profitability of 2,200 branches and more than 14 million customers, and Chief Risk Officer, Retail Banking, responsible for a team of 1,250 risk professionals covering credit, regulatory/compliance and operations risk for the UK's largest retail Financial Services business. Mr. Frumkin's previous experience also includes the post Head of Transition Risk at Northern Rock in the UK overseeing the restructuring of that bank under public ownership, and JSC Parex banka where he was Chief Restructuring Officer, responsible for the reorganisation of the nationalized Latvian bank. It is estimated that the aggregate emoluments of the Directors will not exceed \$10,000 per annum. No Director that is currently employed or associated with the Bank or its subsidiaries is permitted to review compensation related to their position as Director of the Funds. None of the Directors have entered into a contract with the Fund with respect to the provision of the director's services to the Fund.

For those Directors not employed or associated with the Bank or its subsidiaries the Fund will purchase director's and officer's liability insurance for their benefit.

**Investment Adviser**

Under an investment advisory agreement dated March 24, 2000 (the "Investment Advisor Agreement"); Butterfield Asset Management Limited has been appointed as Investment Adviser of the Fund.

Butterfield Asset Management Limited (a wholly owned subsidiary of the Bank of N.T. Butterfield & Son Limited) is a limited liability company incorporated in Bermuda in, 1993, to carry on the investment business started over 50 years ago by the Bank.

Butterfield Asset Management Limited is responsible for the management of a wide range of investment products and provides investment management services to a diverse range of customers, including individuals, trusts, high net worth individuals, corporations and pension plans. Butterfield Asset Management Limited has a dedicated team of investment professionals in Bermuda, but also has a number of investment professionals in many of the other key jurisdictions.

The Investment Advisory Agreement may be terminated by either party thereto giving to the other not less than three months' written notice.

There has been no criminal conviction or disciplinary action taken by a securities supervisory or other regulatory body against the Investment Adviser.

The Investment Advisory Agreement may be terminated by either party thereto giving to the other not less than three months' written notice.

**Directors of the Investment Adviser are:**

**Michael Neff** (*American*)

Please see entry under Directors of the Fund.

**Andrew Baron** (*American*)

Andy joined Butterfield Asset Management in September 2006 and is responsible for the portfolio management of the Butterfield US\$ Bond Fund and many large discretionary fixed income portfolios, predominantly for Captive Insurers. He is also head of the Fixed Income Council for Butterfield across the Group Asset Management platform, responsible for producing macroeconomic and interest rate forecasts for the US, UK

and Euro zone. Prior to coming to Bermuda, Andy worked in the fixed income markets in both London and San Francisco. He holds a degree in Economics and Japanese and is a Chartered Financial Analyst.

**Michael Collins** (*Bermudian*)

In his role as Senior Executive Vice President, Bermuda, Mr. Collins has overall responsibility for all of Butterfield's customer-facing businesses in Bermuda—commercial and retail banking, wealth management and custody, as well as the supporting human resources, marketing and administrative functions. He has responsibility for the Group's Asset Management, Pension and Charitable Donations Committees. Mr. Collins has close to 25 years' experience in financial services, having held progressively senior positions, at JP Morgan in New York and later at Bermuda Commercial Bank and HSBC in Bermuda. Before joining Butterfield in 2009, Mr. Collins was Chief Operating Officer at HSBC Bank of Bermuda. Mr. Collins holds a BA in Economics from Brown University.

**W. Aaron M. Spencer** (*Bermudian*)

Aaron joined Butterfield as a Senior Accountant in Butterfield Corporate Services Limited (fund administration company) in 1985. In 1987, he moved to the Internal Audit Department where he was promoted to Head of Group Audit. In November 1996, Aaron took over as Vice President, Head of Banking Operations. In 1998 he was instrumental in the establishment of ProServe (Bermuda) Limited, a joint venture with HSBC Bank Bermuda Limited (then Bank of Bermuda). In 2002 he was named Senior Vice President, Head of Operations and took on responsibility for Premises in 2007. Aaron developed and initiated the program to centralize operations within Bermuda which improved efficiency, increased reliability and streamlined support functions. In 2009, Aaron was seconded to the One Butterfield programme, where he was responsible for all aspects of programme implementation in Bermuda, including the migration of applications off-island and the introduction of the new core banking system.

Prior to joining the Bank, Aaron worked for Peat Marwick International (now KPMG) as a Senior Auditor, for the Bermuda College as a part-time professor of Intermediate Accounting, and for Touche Ross & Co. Aaron holds a Bachelor of Science in Business Administration, and a MBA, from Oakwood University and Atlanta University, respectively. Aaron is also a member of the Institute of Chartered Accountants of Bermuda, and the Canadian Institute of Chartered Accountants and was certified by the Georgia State Board of Certified Public Accountants.

**Curtis Dickinson** (*Bermudian*)

Curtis Dickinson has served as our Executive Vice President, Group Capital Markets & Treasury since June 2011. Mr. Dickinson is responsible for Butterfield's capital markets and treasury businesses across all of our jurisdictions. Previously Mr. Dickinson was responsible for the overall management of Butterfield's Bermuda-based Wealth Management Division, including Private Banking, Personal and Corporate Trust and Investment Services. Mr. Dickinson joined the Bank in 2006 as Senior Vice President, Corporate Management and was appointed Senior Vice President, Wealth Management in 2007 and Executive Vice President, Wealth Management in 2009. Prior to joining Butterfield, Mr. Dickinson worked in the United States and the United Kingdom as an investment banker raising capital for companies in the media & communications and consumer & retail industries with Donaldson, Lufkin & Jenrette Securities Corporation, Credit Suisse First Boston Corporation and Wachovia Securities. Mr. Dickinson received a Masters of Business Administration degree from Columbia University's Graduate School of Business and his Bachelor of Arts in Finance from Morehouse College.

**Potential Conflict of Interest**

The Investment Adviser may act as manager or adviser to other mutual funds or clients. It may also invest for its own accounts. As such, it could compete for the same trades or investments as the Fund may otherwise make. When such an occasion arises, investment opportunities are allocated based on what such persons deem to be equitable. However, in some cases these allocation procedures may adversely affect the price paid or received by the Fund or the size of the position obtained or disposed of by the Fund.

Directors of the Fund may also be directors of the Investment Adviser, or directors of companies in which the Fund's assets are or may be invested. As such, the Directors may have a conflict between their obligation to act in the best interests of the Fund and their interest in generating revenues or other benefits for other entities with persons with which they are affiliated. A Director may hold any other office or place of profit under the Fund (other than the office of auditor) in conjunction with his office of director, or may act in a professional capacity to the Fund on such terms as the directors may determine. No Director shall be disqualified by his office from contracting with the Fund in any capacity, nor shall any such contract or arrangement entered into by the Fund in which any director is in any way interested be liable to be voided, nor shall any Director so contracting or being so interested be liable to account to the Fund for any profit realised by any such contract or arrangement by reason of such Director holding that office if he shall declare the nature of his interest. A Director may not vote nor be counted in the quorum on any resolutions by which he is appointed to hold any office or place of profit under the Fund or at which the terms of any such appointment are arranged.

## **Administrator**

Under an administration agreement dated July 2012, (the “Administration Agreement”) Butterfield Fulcrum Group (Bermuda) Limited has been appointed Administrator of the Fund and pursuant to the Administration Agreement; the Administrator will perform certain administrative and clerical functions for the Fund.

The Administrator has responsibility, under the general supervision of the Directors of the Fund, for maintaining corporate records and disbursing payment of fees and other expenses of the Fund and providing clerical and administrative services. The Administrator will also be responsible for maintaining and keeping of all financial books and records for the Fund and for the preparation and calculation of the Fund’s Net Asset Value (NAV), the register of shareholders and for administering the issuance, redemption and transfer of shares of the Fund.

Under the Administration Agreement, the Fund has indemnified the Administrator and its servants or agents, from any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs expenses or distributions of any kind or nature whatsoever, other than those resulting from fraud, dishonesty, willful negligence or willful default on its part in performing its obligations or duties.

In performing its duties as administrator, the Administrator is entitled to rely and generally will rely, on information provided to it by persons designated by the Fund, including but not limited to the Fund’s accountants, the Investment Adviser, the Custodian and brokers and shall not be responsible for errors contained in such information received from such persons.

The Registrar and Transfer Agent, Butterfield Fulcrum (Bermuda) Group Limited, is responsible for maintaining the register of holders of Shares (under Bermuda law, referred to as “members”) and for administering the issue, redemption and transfer of Shares on behalf of the Fund.

The fees and expenses of the Administrator and Registrar and Transfer agent will be borne by the Fund (see page 9 - Fees and Expenses)

The Administration Agreement may be terminated by either party thereto, giving to the other not less than 90 days written notice. Less than 90 days notice may be given if (i) either party fails to perform its obligations under the agreements and fails to rectify such breach within 30 days or (ii) the Fund or the Administrator goes into liquidations (other than voluntary liquidation).

## **Custodian**

Pursuant to the terms of a custody agreement dated 24 March 2000, (the “Custody Agreement”) the Custodian, Butterfield Trust (Bermuda) Limited, has been appointed by the Fund and the Investment Adviser as custodian of the assets and uninvested cash of the Fund, which will be held on behalf of the Fund either directly by the Custodian or through other sub-custodians, nominees, agents, or delegates of the Custodian. The Fund may maintain certain of its assets in interest bearing instruments with the Custodian. In addition, the Custodian is responsible for recording investment transactions entered into for the account of the Fund.

The Custodian is in the business of providing custody, trust and private banking services.

The Custody Agreement may be terminated by either party thereto, giving to the other not less than 90 days written notice. Less than 90 days notice may be given if (i) either party fails to perform its obligations under the Custody Agreement and fails to rectify such breach within 30 days or (ii) the Fund or the Custodian goes into liquidations (other than voluntary liquidation).

The fees and expenses of the Custodian will be borne by the Fund (see page 9 - Fees and Expenses).

The Custody Agreement may be terminated by either party thereto, giving to the other not less than 90 days written notice. Less than 90 days notice may be given if (i) either party fails to perform its obligations under the Custody Agreement and fails to rectify such breach within 30 days or (ii) the Fund or the Custodian goes into liquidations (other than voluntary liquidation).

## **Material Contracts**

The following contracts, not being contracts in the ordinary course of business, have been entered into since the incorporation of the Fund and are, or may be, material:

1. Investment Advisory Agreement dated 24th March, 2000, between the Fund and the Investment Adviser pursuant to which the Investment Adviser was appointed Investment Adviser of the Fund.
2. Custody Agreement, dated 24<sup>th</sup> March, 2000 amongst the Fund, the Investment Adviser and the Custodian pursuant to which the Custodian was appointed Custodian of the assets of the Fund.
3. Administration Agreement, dated July 2012, amongst the Fund, the Investment Adviser and the Registrar pursuant to which the Registrar was appointed Registrar and Transfer Agent of the Fund.

# SHARES

## Classes of Shares

Through the issuance of different classes of shares, which the Directors of the Fund are empowered under the Bye-Laws to create, the Fund will make possible for investors to participate in a portfolio consistent with the investment policies and objectives of the particular class of share. Additionally, in order to maintain adequate liquidity, the Fund will maintain a portion of its assets in bank deposits. Where required, Shares in the Fund can be issued up to any amount and divided into classes with different rights, privileges and conditions.

Members are entitled to convert their Shares between classes, save and except into or from Organisational Shares.

## Issuance of Shares

The Fund will issue Shares on Dealing Days (normally the next Business Day following the Valuation Day). A Business Day is any day the banks in Bermuda are opened for business (excluding Saturdays and Sundays) as long as a completed application form and cleared funds are received by close of business, 5 p.m. Bermuda time on the preceding Valuation Day. The Bye-Laws of the Fund provide that Shares may not be issued at less than the net asset value per Share. Further, Shares may not be issued at less than their par value. The Directors' intention is that there shall be a Valuation Day on Wednesday in each week (or if Wednesday is not a Business Day in Bermuda, or a Business Day in a principal market area for the Fund's assets, the next Business Day following Wednesday) and/or such other days as may from time to time be determined by the Directors either in any particular case or generally in Bermuda, except at quarter end when a weekly NAV will be suspended and the quarter end valuation will be completed for that week.

New member subscriptions will be accepted only in respect of amounts of no less than US\$10,000 for the Class A Shares, US\$5,000,000 for the Class B Shares and US\$10,000,000 for the Class C Shares. The right is reserved to reject any application or to accept any application in part only. If any application is not accepted, the amount paid on application will be returned, together with any accrued interest (at the Bank's overnight interest rate) and, if any application is accepted for fewer Shares than the number applied for, the balance of the amount paid on application will be returned together with any accrued interest (at the Bank's overnight interest rate).

## Share Registration

It is not intended to issue physical share certificates. Contract notes will be issued to an applicant or member normally within two weeks after the relevant Dealing Day (as defined in the Glossary). Fractional Shares will be issued.

The Fund is not bound to see to the execution of any trust, whether express, implied or constructive, to which any of its Shares are subject. Shares purchased for those under 18 years of age must be registered in the name of the parent or guardian.

Statements of Account will be forwarded by post to the person in whose name the Shares are registered or, in the case of joint holders, to the registered address of the first-named holder.

## Share Price Determination

The price of Shares will be determined by reference to their net asset value, which is the value calculated after the deduction of liabilities attributable to the Class account in respect of such shares, from the total assets attributable to such Class account from the total liabilities. Rounding adjustments to the nearest two decimal places are permitted to give convenient figures for dealing. There will be a separate net asset value calculation in respect of Class A Shares, Class B Shares and Class C Shares.

The assets of the Fund comprise the aggregate of: (i) investments owned or contracted to be acquired; (ii) cash on hand or on deposit including accrued interest; (iii) cash payments outstanding on any Shares; (iv) bills and demand notes and amounts receivable including net amounts receivable in respect of investments contracted to be realised; (v) interest accrued on interest-bearing investments held for the account except that accrued and included in the quoted price of the relevant investment; and (vi) other property and assets of any kind and nature including futures contracts, options and prepaid expenses as valued and defined from time to time by the Directors.

The liabilities of the Fund are deemed to include: (i) bills and accounts payable; (ii) management and administrative expenses payable and/or accrued; (iii) the gross acquisition consideration of investments or other property contracted to be acquired; (iv) reserves authorised or approved by the Directors for duties, charges, taxes or contingencies; (v) the aggregate amount of all borrowings and interest, commitment fees, and other charges arising in connection therewith; and (vi) other liabilities of the Fund of whatsoever nature including outstanding payments on any Shares previously redeemed (contingent liabilities (if any) being valued in such manner as the Directors may determine from time to time or in any particular case).

The value of the net assets of the Fund will be determined in accordance with the Bye-Laws of the Fund which provide, amongst other things, that:

- (i) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received shall be deemed to be the full amount thereof unless the Directors shall have determined that the same is not worth the full amount thereof in which event the value thereof shall be such as the Directors deem to be the reasonable value thereof;
- (ii) any asset quoted, listed, traded or dealt in on an exchange or market is to be valued by reference to the last traded price on or prior to the relevant Valuation Day on the major exchange or market in which the said assets are so dealt;
- (iii) any non-negotiable asset may be valued by accruing to the acquisition cost, on a daily basis any interest earned and the amortised capital value of such asset, increased over the acquisition price to reflect the reducing period to maturity;
- (iv) in respect of any asset referred to in (ii) above, the Directors may instead adopt prices ruling on another exchange or market in respect thereof if they consider that such prices provide in their opinion a fairer criterion of value; and
- (v) the Directors at their absolute discretion may permit some other method of valuation to that described in (ii), (iii) and (iv) above to be used if they consider that such valuation better reflects the fair value of any investment or investments.

It is the intention of the Directors that, where an asset is not quoted, listed, traded or dealt in on an exchange or market and a bona fide arm's length sale or other transaction occurs with respect to assets of the same class, the Directors may have regard to the price at which such transaction is effected and may utilise such price for the purpose of the calculations.

It is also the intention of the Directors that so long as it is the general policy of the Fund to hold all negotiable assets to maturity such assets may be valued on an amortised cost basis by accruing to the acquisition cost, on a daily basis, any interest earned and the amortised capital value of such asset, increased or following a sale, the sale proceeds, over the acquisition price to reflect the reducing period to maturity.

Following the valuation of the Fund's net assets, the net asset value of a Share is found by dividing the value of the said total net assets by the number of Shares in issue.

The Bye-Laws of the Fund provide that any statement as to the net asset value per Share made by or on behalf of the Directors is binding on all parties.

The net asset value per Share so determined will be published from time to time but at least once a month in a newspaper in Bermuda. It may also be obtained from the Registrar and the Custodian.

The Bye-Laws provide that the Directors may at any time and from time to time suspend the determination of the net asset value (and consequently the issue and redemption of Shares and the payment of redemption moneys to persons who have applied to redeem Shares) for the whole or any part of a period (a) during which any principal exchange or market on which any significant portion of the assets of the Fund is listed, quoted, traded or dealt in is closed (other than customary weekend and holiday closing) or trading on any such principal exchange or market is restricted, or (b) when in the opinion of the Directors it is not reasonably practicable for the Fund to dispose of any significant portion of the assets owned by it or when any such disposal would be materially prejudicial to members, or (c) when a breakdown occurs in any of the means normally employed in ascertaining the value of assets or when for any other reason the value of any of the assets of the Fund cannot reasonably or fairly be ascertained, or (d) during which the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares or during which any transfer of funds involved in the realisation or acquisition of assets or payments due on redemption of Shares class cannot in the opinion of the Directors be effected at normal rates of exchange, or (e) during which they consider it to be in the best interests of the Fund or the members to suspend such determination. No Shares may be issued or redeemed during such a period of suspension. The Directors will cause notice of their declaration of such a suspension to be published in Bermuda in such newspapers as they may determine.

## **BUYING, SELLING AND EXCHANGING SHARES**

### **Anti-Money Laundering**

Shares may be applied for, redeemed or transferred by means of the procedures outlined below. All applications, redemptions and transfers of shares are subject to the rules of the Proceeds of Crime Act 1997 (as amended). In particular this requires that any such applicant must produce satisfactory evidence of his identity as soon as practicable after first making contact with the Administrator.

As part of the Administrator's responsibility for protection against money laundering, the Administrator may require a detailed verification of a person or entity applying for Shares. Depending on the circumstances of each application, a detailed verification might not be required where:

- (a) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution; or
- (b) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above is within a country recognised as having sufficient anti-money laundering regulations. In the case of (a) above, the applicant should ensure that its remitting bank includes the applicant's full name and account number in any confirmation sent to avoid any delays. In the case of (b) above, the recognised intermediary should provide a written assurance to the effect that evidence of the identity of the applicant has been obtained and recorded under procedures maintained by it.

By way of example an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or the equivalent), the names, occupations, dates of birth and residential and business addresses of all directors. The Administrator reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Administrator may refuse to accept the application and the subscription monies relating thereto.

If any person who is resident in Bermuda, including the Fund, its Directors, the Administrator and its servants or agents knows or has a suspicion that a payment to the Fund (by way of subscription or otherwise) contains the proceeds of criminal conduct, such person is required to report such suspicion pursuant to the Proceeds of Crime Act 1997 (as amended), the Proceeds of Crime Act - Money Laundering Regulations 1998 and the Anti-Terrorism (Financial and other Measures) Act 2004 in force in Bermuda at the time of this Prospectus and such shall not be treated as a breach of any restriction upon disclosure of information imposed by law or otherwise.

It is further acknowledged that the Administrator, in the performance of its delegated duties, shall be held harmless by the subscriber against any loss arising as a result of a failure to process the subscription if such information as has been requested by the Administrator has not been provided by the applicant.

## **Applications**

Shares may be applied for by submitting a completed application form, together with the related payment, to the Administrator. Any cheques should be made payable to the Fund to facilitate identification of monies. Wire payments for the fund should specifically mention the Fund. The applicant should submit one transaction per page. A contract note confirming the transaction will be mailed to the purchaser. Subsequent applications should be accompanied by written instructions giving the name of the Fund, the relevant Fund account number and the exact name(s) of the account.

The Administrator will accept facsimile instruction from members who elect this option. A member may select this option by so indicating in writing. The Administrator shall not be liable for any loss incurred by the member by reason of the Administrator acting on facsimile instructions whether or not it may be shown that the instructions were not originally signed or sent by the authorised signatories of the Shares. Authorisation will remain in force until notice in writing of its termination is received by the Administrator.

## **Redemptions**

A form of request to redeem Shares will be supplied and signed by the investor. Redeeming members must sign the request in the exact name or names in which the Shares are registered and should indicate any special capacity in which they are signing (such as trustee or custodian or on behalf of a partnership, corporation or other entity). The completed form of request must be sent to the Administrator. If sent by mail, the Fund recommends using registered mail.

The Bye-Laws provide that Shares will be redeemed on the next Dealing Day following receipt of the redemption request in proper form. The present intention of the Directors is that, so far as practicable, there shall be a Valuation Day on Wednesday in each week (or if Wednesday is not a Business Day in Bermuda or a Business Day in a principal market area for the fund's assets, the next business Day following Wednesday) and/or such other days as may from time to time be determined by the Directors either in any particularly case or in Bermuda, except at quarter end when a weekly NAV will be suspended and the quarter end valuation will be completed for that week. The provisions in the Bye-Laws which allow greater intervals between Valuation Days and which permit the suspension of redemptions in defined circumstances (see page 15 – Issuance of Shares) are designed to give necessary flexibility. An amount equal to the net asset value per Share on redemption, (subject to the power of the Directors to deduct therefrom an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request) will be transferred by the Fund to a member redeeming Shares within four Business Days of such redemption. The Directors may pay the redemption price in whole or part or in specie. Subject to the foregoing, the amount due to the redeeming member will be paid in US Dollars.

Redemption of part of a holding of Shares is permitted provided that it will not result in the member remaining registered as a holder of Class A Shares with a net asset value of less than US\$10,000, Class B Shares with a net asset value of less than US\$5,000,000, or Class C Shares with a net asset value of less than US\$10,000,000 unless the Directors otherwise agree.

The Administrator, acting either as principal or as agent, may elect to purchase Shares presented for redemption at a price not less than the relevant redemption price.

The Administrator will accept facsimile instruction from members who elect this option. A member may select this option by so indicating in writing. The Administrator shall not be liable for any loss incurred by the member by reason of the Administrator acting on facsimile instructions whether or not it may be shown that the instructions were not originally signed or sent by the authorised signatories of the Shares. Authorisation will remain in force until notice in writing of its termination is received by the Administrator.

## **Transfer of Shares**

Shares are transferable by instrument in writing signed by (or in the case of a transfer by a body corporate, signed on behalf of or sealed by) the transferor and recorded in the register of members of the Fund. Unless the Directors otherwise agree, no transfer may be made which result in either the transferor or the transferee remaining or being registered as the holder of Class A Shares with a net asset value of less than US\$10,000, Class B Shares with a net asset value of less than US\$5,000,000 and Class C Shares with a net asset value of less than US\$10,000,000. The Directors may decline to register any transfer of Shares over which the Fund has a lien and may suspend the registration of transfers for not more than a total of 30 business days in any year. In the case of the death of any one of joint members, the survivor or survivors will be the only person or persons recognised by the Fund as having any title to the interest of the deceased joint member in the Shares registered in the names of such joint members.

The form of transfer will be supplied on request. Members wishing to transfer Shares must sign the transfer in the exact name or names in which the Shares are registered, and indicate any special capacity in which they are signing and all other required details. The completed form of transfer, duly stamped if applicable, must be sent to the Administrator.

The Fund will not be liable for any stamp duty in connection with any transfer, sale, assignment, disposal of or other transactions in the Shares, which is the responsibility of the parties to such transactions.

## **Compulsory Redemption**

The Bye-Laws of the Fund empower the Directors to compulsorily redeem all or any Shares at any time at the net asset value per Share, if amongst other things, as a result of any transfer or conversion or redemption, an investor's holding of Shares, if Class A Shares should fall below a net asset value of US\$10,000, if Class B Shares should fall below a net asset value of US\$5,000,000, or Class C Shares should fall below the net asset value of US\$10,000,000 or if to do so, in the Directors' sole opinion, would eliminate or reduce the exposure of the Fund or its members to adverse tax consequences under the laws of any country or if the acquisition or holding of Shares might be expected to prejudice, or risk prejudicing, in any way either the Fund or the members.

The Directors are required by the Fund's Bye-Laws to give 30 days written notice to members before exercising their powers of compulsory redemption in either of the above cases.

## **Application Procedures**

Initial applications must be made on the Initial Application form enclosed with this document, subsequent applications for Shares may be made either (i) on the application form enclosed with this document or (ii) by written application (a) stating the number of Shares applied for, (b) undertaking to pay the amount due if the application is accepted, (c) stating the name and address in which the Shares are to be registered and the address to which the Contract Note is to be dispatched, and (d) confirming that the applicant has received and considered this Prospectus and the latest audited financial statements and that application is made on the terms of this Prospectus and subject to the Bye-Laws of the Fund.

The initial minimum subscription for Class A Shares is US\$10,000, the initial minimum subscription for Class B Shares is US\$5,000,000 and the initial minimum subscriptions for Class C Shares is US\$10,000,000. Additional subscriptions may be made in any amount.

Applications should be sent to Butterfield Asset Management Limited, P.O. Box HM 195, Hamilton HM AX, Bermuda.

Applications which do not fulfill the conditions stated in this document may be rejected and the right is reserved to reject any application which does fulfill such conditions.

Payment in full of the subscription monies must be made in U.S. dollars by cheque payable to the Investment Adviser or by telegraphic transfer in US dollars to Chase Manhattan Bank N.A., Building F Floor 8, 4 Chase Metrotech Center, New York, N.Y. 11245, SWIFT CHAS US 33, ABA 021000021, for credit to The Bank of N.T. Butterfield & Son Limited., Account No. 0011067808, for further credit to Butterfield US\$ Bond Fund Limited, account number 1320608, ref. client name and account number

If any application is not accepted in whole or part, any applications money sent or the balance thereof will be returned to the applicant through the post at the risk of the applicant. The right to present all cheques for payment on receipt is reserved and no shares will be issued or sent nor excess application monies returned pending clearance of an applicant's cheque.

Contract Notes will be awarded by ordinary post no later than 3 days following the relevant Valuation Day to the person(s) in whose name(s) the Shares are to be registered or, in the case of joint holders, to the registered address of the first-named holder.

## **ADDITIONAL INFORMATION**

### **General**

Save as disclosed in this document, no Director is materially interested in any contract or arrangement subsisting at the date hereof, which is significant in relation to the business of the Fund. None of the Shares of the Fund are under option. As at the date of this Prospectus, no Director is materially interest in any contract or arrangement with the Fund.

The Fund is not engaged in any litigation and does not have any claim of material importance pending or threatened by or against it.

No commission has been or will be paid by the Fund for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares in the Fund, other than any sums paid to the Investment Adviser as described under the headings, "Investment Adviser", and "Fees and Expenses" above.

Save as disclosed in this Prospectus, no amount or benefit has been paid or given, or is intended to be paid or given by the Fund to any promoter or Director, or any firm of which a Director is a partner. So far as is known to the Directors of the Fund, no person is, directly or indirectly, interested in five percent (5%) or more of the nominal value of the Shares at the last Annual General Meeting.

In accordance with standard practice in the securities industry, telephone calls may be recorded.

Any complaint maybe filed with Butterfield Asset Management at the address provided in the prospectuses above. Additionally complaints maybe telephoned into 441-299-3817 or facsimile 441-292-9947. All complaints will be acknowledged within 24 hours.

### **Bye-Laws**

The Bye-Laws of the Fund contain provisions governing, amongst other things, the following matters (please note that in this section, the words "member" or "members" are used in place of the words "shareholder" or "shareholders")

- (a) The quorum at general meetings and the voting rights of members. At any general meeting not less than two members representing not less than ten percent of the Shares, represented in person or by proxy, constitute a quorum for the transaction of business. Subject to Shares having special voting rights, at any general meeting each member shall, on a show of hands, have one vote and, on a poll, one vote for each Share held. A proxy need not himself be a member. The holders of the Organisational Shares have voting rights only when no other Shares are in issue.
- (b) The requisition of Special General Meetings by the members. Members of the Fund holding at the date of deposit of their requisition not less than one-tenth of the paid-up voting capital of the Fund shall be entitled to requisition a meeting of the members and the Directors shall be obliged forthwith duly to convene a Special General Meeting of the Fund.
- (c) The location of general meetings. It is not the Director's intention to hold general meetings outside Bermuda unless exceptional circumstances justify it, but the Bye-Laws permit the Directors to authorise this.
- (d) The remuneration of Directors. This will be determined by the members in general meeting. However, it is intended that any Director who is an employee of the Bank or of any of its subsidiaries or affiliates shall not be entitled to any remuneration in his capacity as a Director.
- (e) The ability of Directors to hold any office or place of profit with the Fund (other than as auditor), to act in a professional capacity to the Fund and otherwise to contract with the Fund. In general, a Director shall not vote or be counted in the quorum on any resolution of the Directors concerning his own appointment as the holder of any office or place of profit with the Fund or any other company in

which the Fund is interested (including the arrangement or variation of the terms or the termination thereof). No Director or proposed or intending Director shall be disqualified by his office from contracting with the Fund, either with regard to his tenure of any office or place of profit or as vendor, purchaser or any other manner, nor shall such a contract or any other contract or arrangement in which the Director is in any way interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Fund or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office provided that the Director who, to his knowledge, is in any way interested in a contract or arrangement with the Fund shall declare the nature of his interest at the meeting of the Directors at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any case at the first meeting of the Directors after he knows that he is or has become so interested.

- (f) The alteration or making of Bye-Laws. This requires the approval of the Directors and confirmation by the members in general meeting, as evidenced by the affirmative vote of a majority of members who, entitled to do so, vote in person or by proxy and together represent not less than seventy-five percent of the Shares represented at the meeting.
- (g) Each Director, Secretary or other officer of the Fund shall be indemnified by the Fund against, and it shall be the duty of the Directors out of the funds of the Fund to pay all costs, losses and expenses which any such Director or officer may incur or become liable for by reason of any contract entered into, or act or thing done by him as such Director or officer, or in any way in the discharge of his duties, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Fund, and have priority as between the Members over all other claims except as respects any such Director or officer where any such cost, loss or expense shall happen through his own fraud or dishonesty.

No Director, Secretary or other officer of the Fund shall be liable for the acts, receipts, neglects or defaults of any other Director or officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Fund through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Fund, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Fund shall be invested, or for any loss or damage arising from the bankruptcy, insolvency, or tortious act of any person with whom any moneys, securities or effects shall be deposited, or for any loss occasioned by an error of judgment, omission, default, or oversight on his part, or for any other loss, damage, or misfortune whatever which shall happen in relation to the execution of the duties of his office or in relation thereto, unless the same happen through his own fraud or dishonesty.

- (h) The power of the Directors to impose restrictions so as to ensure that no Shares are acquired or held by (i) any person in breach of the law or requirements of any jurisdiction or (ii) any person in circumstances which, in the Directors' opinion, might reasonably be expected to prejudice or risk prejudicing in any way either the Fund or the members. There are consequential provisions for compulsory redemption or transfer of Shares in these circumstances.

There is no provision in the Bye-Laws requiring a Director to retire by reason of any age limit and there is no share qualification for Directors. To be passed, resolutions of the Fund in general meeting, where required under the Bye-Laws, require (save in the case of (f) above) a simple majority of the votes cast by members who, entitled to do so, vote in person or by proxy at the meeting at which the resolution is proposed.

### **Inspection of Documents**

Copies of the following documents are available for inspection free of charge by appointment at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the registered office of the Fund and at the office of Butterfield Trust (Bermuda) Limited, Hamilton, Bermuda.

- (i) the Memorandum of Association and Bye-Laws of the Fund;
- (ii) this Prospectus;
- (iii) the Material Contracts listed above;
- (iv) the audited accounts of the Fund for each of the three (3) financial years immediately preceding the issue of the prospectus; and
- (v) the Companies Act 1981 as amended.

## **Annual General Meetings**

The Annual General Meeting of members of the Fund will be held in Bermuda or such other location as the Directors may from time to time determine for the purpose, amongst others, of considering the audited financial statements of the Fund. Notices convening the Annual General Meeting together with the annual report and accounts of the Fund will be sent to members at their registered addresses not later than 21 days before the date fixed for the meeting. Other general meetings may be convened from time to time by the Directors by sending notices to members.

## **Reports and Accounts**

The Fund's year-end is the last Business Day in June in each year. Accounts will be produced to 30th June but will be prepared on the basis of valuations as at the last Business Day in June. Audited accounts will be sent to members within six months of the conclusion of each financial year. The Fund will also send unaudited interim reports to members within two months of the last Valuation Day in the relevant period.

Deloitte & Touche, Chartered Accountants have given and have not withdrawn their written consent to the inclusion herein of their name and reference to them in the form and context in which they appear. The latest Financial Statements, audited by Deloitte & Touche, Chartered Accountants, which are published under separate cover, are an integral part of this prospectus. No events have occurred subsequent to the date of the audited financial statements but before the date of this prospectus which provide material additional information relating to conditions that existed at the date of the financial statements which cause significant changes to assets or liabilities or which will or may have a significant effect on the future operations of the Fund.

## **Auditors Report to the Shareholders**

### **INDEPENDENT AUDITOR'S REPORT**

To the shareholders of Butterfield US\$ Bond Fund Limited

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Butterfield US\$ Bond Fund Limited (the "Fund"), which comprise the statement of net assets, including the statement of portfolio investments, as at June 30, 2011, and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Canada and Bermuda, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Canada and Bermuda. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2011, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Canada and Bermuda.

#### **DELOITTE & TOUCHE LTD.**

Hamilton, Bermuda  
October 31, 2011

**The Fund appointed Ernest & Young Ltd. as Auditors of the fund as at April 2012 and they will audit the June 2012 financials.**

## Glossary

In this Prospectus, the following expressions shall bear the following meanings:

Asset Backed Securities	represent a participation in, or are secured by and payable from, as stream of payments generated by particular assets, such as commercial paper, credit card receivables, auto loans, or home-equity loans;
Atlantic Standard Time	Coordinated Universal Time (GMT) – 4 hours;
Auditors	the person or firm appointed as auditor of the company, Ernst & Young Ltd. as at April 2012;
Bankers	Bank of N.T. Butterfield & Son Limited;
Bankers Acceptances (BA)	a short-term credit investment created by a non-financial firm and guaranteed by a bank;
Bond	interest-bearing or discounted certificate of indebtedness paying a fixed rate of interest over the life of the obligation;
Business Day	a day on which banks are authorized to open for business in Bermuda and the principal financial centre for payments in the currency by reference to the relevant Class is designated;
Bye-Laws	corporate document which governs how the company, is to be maintained and operated;
Cash and cash equivalents	are highly liquid and highly rated instruments such as commercial paper or bank deposits;
Canadian Dollar of CDN\$	currency code of Canada;
Capital Gain	difference between selling price of an asset and its cost when purchased;
Certificate of deposit (CD)	also called a time deposit this is a certificate issued by a bank or thrift that indicates a specified sum of money has been deposited. A CD has a maturity date and a specified interest rate, and can be issued in any denomination. The duration can be up to five years;
Classes	each class of Shares in the capital of the Fund created and designated by the Directors from time to time, with reference to the investment objectives and other terms and conditions applicable to such class, the particulars of which are set out in the Prospectus;
Commercial paper (CP)S	short-term promissory notes either unsecured or backed by assets such as loans or mortgages issued by a corporation. The maturity of commercial paper is typically less than 270 days; the most common maturity range is 30 to 50 days or less. They are usually sold, like Treasury bills, at a discount;
Contract Notes	written confirmation of a trade;
Custodian	person or person appointed as custodian, cash custodian or prime broker pursuant to the Bye-Laws - Butterfield Trust (Bermuda) Limited;
Dealing Day	is the time span that the Fund is open for subscriptions and redemptions. Dealing Days never take place on weekends or holidays;
Deposit	bank deposits are cash deposited in a financial institution for credit to a customer's account;
Directors	the members of the board of directors of the Fund for the time being and any duly constituted committee thereof and any successors to such members as they may be appointed from time to time;
Dividends	individual share of earnings distributed among stockholders of a corporation or company in proportion to their holdings;
Duties and Charges	include all stamp and other duties, taxes, Governmental charges, brokerage, bank charges, transfer fees and registration fees;
Economic risks	risk associated with changes in exchange rates or local regulations, which could favour the services or products of a competitor;
Euro or EUR or €	currency code of the European Union;

Euro Certificates of Deposit (ECD)	CDs issued by a U.S. bank branch or foreign bank located outside the U.S. Almost all Euro CDs are issued in London;
Euro commercial paper (ECP)	an unsecured, short-term debt instrument in Euro issued by a corporation, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities on commercial paper rarely range any longer than 270 days. The debt is usually issued at a discount, reflecting prevailing market interest rates;
Euro note	a debt security in Euro, usually maturing in one to 10 years;
Fixed Rate Bond (Fixed Bonds)	a bond whose rate is fixed for the life of the loan;
Floating Rate Note (FRN)	variable rate bonds with an interest rate that is periodically reset, usually every three to six months and that carry a fixed spread usually over the six-month London Interbank Offered Rate (LIBOR);
Fund	Butterfield US\$ Bond Fund Limited
GBP or £	currency code of the United Kingdom;
Government Agencies / Securities	negotiable securities issued by the U.S. Treasury Department, including Treasury bills, notes and bonds. Also federal agency securities many of which are backed by the Full faith and credit of the U.S. Government;
Instrumentalities	government agencies issuing marketable securities backed by the full faith and credit guarantee of the government.;
Investigation	a searching inquiry for ascertaining facts; detailed or careful examination;
Investment	any right or interest in any share, stock, bond, debenture, debenture stock, unit, sub-unit or other security or any loan of money or any currency or interest in any currency and includes any financial stock market index, interest rate or currency futures or similar financial or other instruments and any rights in or options over any of the aforesaid, issued by or under the guarantee of anybody, whether incorporated or unincorporated, or of any governmental body and whether paying interest of dividends or not and whether fully paid, partly paid or nil paid and includes any participation as a limited partner or participant in any partnership or unincorporated association;
Investment Adviser	Butterfield Asset Management Limited;
Investment Grade	securities which are rated at or above Baa3/BBB by the Nationally Recognized Statistical Ratings Organizations (NRSRO);
Issuer	a legal entity that develops, registers and sells securities for the purpose of financing its operations. Issuers may be domestic or foreign governments, corporations or investment trusts. Issuers are legally responsible for the obligations of the issue and for reporting financial conditions, material developments and any other operational activities as required by the regulations of their jurisdictions. The most common types of securities issued are common and preferred stocks, bonds, notes, debentures, bills and derivatives;
Liquidity	the degree to which an asset or security can be bought or sold in the market without affecting the asset's price;
Management Fee	as set out under "Fees and Expenses";
Maturity	the length of time until the principal amount of a bond must be repaid;
Memorandum of Association	memorandum of association of a company is the document that governs the relationship between the company and the outside world. It is one of the documents required to incorporate a company;
Money Market Instruments	debt instruments issued by private organizations, governments and government agencies, generally with maturities of one year or less;
Mutual Fund	an investment company that pools money from its shareholders in stocks, bonds, government securities and short-term money assets. A mutual fund is also known as an open-ended investment company;

Nationally Recognized Statistical Ratings Organizations (NRSRO)	entities that issue publicly available credit ratings that are current assessments of the creditworthiness of obligors with respect to specific securities or money market instruments;
Net Asset Value or NAV	the per share value of assets in the Fund, computed by subtracting liabilities from the portfolio value of securities held, plus cash and accrued earnings, and dividing the total by the number of outstanding shares of the relevant Class;
Net proceeds	amount received after all costs are deducted from the sale of a security
Note	debt instruments with initial maturities longer than one year but shorter than 10 years;
Notice	written notice unless otherwise specifically stated;
Office	registered office of the Fund for the time being;
Open Ended Investment Company	see Mutual Fund;
Organisational shares	shares in the capital of the Fund of a par value of USD\$0.01 each having the rights and being subjected to the restrictions specified in the Bye-laws;
Promissory note	written pledge to pay;
Prospectus	formal legal document, that provides details about an investment offering for sale to the public. A prospectus should contain the facts that an investor needs to make an informed investment decision;
Redemptions	liquidation of a mutual fund share by selling shares back to the fund's investment manager at the Net Asset Value price;
Register	register of Members maintained by the Fund in Bermuda;
Registrar and Transfer Agent	Butterfield Fulcrum Group (Bermuda) Limited;
Repurchase agreement (REPO)	contract to sell and subsequently repurchase securities at as specified date and price. Also known as repo, RP or buyback agreement;
Risk	the chance that an investment's actual return will be difference than that of what is expected. This includes losing some or all of the original investment. Risk is usually calculating the standard deviation of the historical returns or average returns of a specific investment;
Risk management	the process of identification, analysis and either acceptance or mitigation of uncertainty in investment decision-making. Essentially, risk management occurs anytime an investor or fund manager analyzes and attempts to quantify the potential for losses in an investment and then takes the appropriate action (or inaction) given their investment objectives and risk tolerance;
Seal	Common Seal of the Fund and includes any duplicate common seal which the Directors may by resolution approve or adopt;
Secretary	(subject to the provision of the Companies Act 1981), as amended – the person for the time being appointed to perform the duties of the Secretary of a company and includes an Assistant, Acting or Deputy Secretary;
Share	a participating share in the Fund;
Share capital	funds raised by issuing shares in return for cash or other considerations. The amount of share capital a company has can change over time because each time a business sells new shares to the public in exchange for cash, the amount of share capital will increase;
Shareholder	a registered owner of shares;
Short term obligations	a security that matures in one year or less;
Sovereign bonds	debt security issued by a national government within a given country and denominated in a foreign currency;
Subscription	agreement to purchase shares of a mutual fund from the fund's investment manager at the Net Asset Value price;

Treasury Bill (T-Bills)	a security with a maximum maturity of one year issued by the U.S. Treasury Department. Bills are sold at a discount from principal amount and redeemed at face value;
U.S.	United States or The United States of America, (including the States and the District of Columbia) its territories or possessions and other areas subject to its jurisdiction including the Commonwealth of Puerto Rico;
US Dollar or US\$	currency code of the United States of America;
US Person	(i) any resident of the United States; (ii) a corporation, partnership or other entity incorporated, created or organised in or under the laws of the United States or any political subdivision thereof; (iii) an estate of which any executor or administrator is a U.S. Person; (iv) a trust of which any trustee is a U.S. person, (v) an agency or branch of a non-U.S. entity located in the United States, (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States, and (vii) any partnership or corporation if it is organised or incorporated by a U.S. person under the laws of a jurisdiction outside the United States primarily for the purpose of investing in securities not registered under the United States Securities Act of 1933, as amended (unless it is organised and incorporated, and owned, by accredited investors, as defined in regulation d promulgated under such Act, who are not natural persons, estates or trusts; provided however, that the term “U.S person” shall not included (i) a branch or agency of a U.S. bank or insurance company operating outside the United States for a valid business reasons; (ii) a discretionary or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organised, incorporated or (if an individual) resident in the United States; (iii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person, provided that an executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion which with respect to the assets of the estate and the estate is governed by non-U.S. law; (iv) any trust of which any professional fiduciary acting as a trustee is a U.S. person, provided that a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust and no beneficiary of the trust (and not settlor if the trust is revocable) is a U.S. person; or (v) an employee benefit plan established and administered in accordance with the laws of a country other than the United States and customary practices and documentation of such country;
Yield	the amount of income an investment delivers after deduction of charges expressed as a percentage of the amount invested, usually as an annual figure;
Valuation Day	Wednesday in each week (or if Wednesday is not a Business Day in Bermuda or a Business Day in the principal market area for the Fund’s assets, the next business Day following Wednesday) and/or such other days as may from time to time be determined by the Directors either in any particular case or generally in Bermuda, except at quarter end when a weekly NAV will be suspended and the quarter end valuation will be completed for that week;
Zero-coupon bond (Zeroes)	a bond in which no periodic coupon is paid over the life of the contract. Instead, both the principal and the interest are paid at the maturity date.

The word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.

Words importing the singular number only include the plural number and vice versa.

Words importing the masculine gender only include the feminine gender.

Words importing persons include companies or association or bodies of persons, whether corporate or unincorporated.

References herein to an Act are to an Act of the Bermuda Legislature.