

31 December 2015

# Fund Review



Butterfield

## GLOBAL BLUE CHIP FUND

### OBJECTIVE

To achieve long-term capital growth in the value of the assets.

### INVESTMENT POLICY

To hold a global portfolio of international blue chip equities. Blue Chip is defined as an internationally recognised company, often the leader in its field, with a lengthy history of profit growth and quality management.

### INVESTMENT PROCESS

The primary consideration for our equity process is to focus on large capitalisation companies with market leadership positions and a history of consistent earnings growth.

### FUND REVIEW

For calendar year 2015, the global stock market, as measured by the benchmark MSCI World index, declined by 0.87%. For the most part, 2015 can be viewed as a tale of two halves. There was steady if uncertain progression during the first five months, with the benchmark hitting a new high during May, despite increasing levels of volatility. Thereafter, the market began to sputter, price reversals became more significant and concerns around a Chinese slowdown resurfaced. This reached a crescendo in August and September, with a decline from the May peak of almost 15%, midway between a classic "correction" (-10%) and a more concerning and potentially prolonged "bear market" (-20%). Rate rises were put on hold once more and as falling energy prices were portrayed as a boon to consumers, markets duly took note and rebounded, although the recovery has not been particularly convincing.

The relatively modest move from MSCI World during the year masks some very significant variations in the underlying country indices. The markets in Canada, Australia and Norway have been impacted by the negative sentiment toward commodity producers, with declines in US Dollar terms of 24.2%, 15.6% and 15% respectively for 2015. On the positive side, the major contributors have been the markets in Japan and Denmark, which have risen by 9.6% and 23.5% respectively in US Dollar terms. Although the US component of the index posted a modest gain of 0.7%, its contribution to the overall return was important as it has a significant weighting of 57%.

Having determined in the second half of 2015 that markets had become a little extended and earnings growth was unlikely to fill the valuation gap, we see no reason to change our "cautiously optimistic" view. Future equity market returns are likely to be muted by historical standards, but this is a similar story for returns from all other asset classes, including cash. Companies with dominant positions that have been through these cycles before will continue to prosper, whilst dividend yields remain reasonably attractive despite the increase in stock prices during the last few years. By investing in those companies with strong balance sheets we reduce a degree of risk. Adding those factors together makes us comfortable that even though 2016 may

witness more than its fair share of unpredictability, in the longer term it is right to remain neutrally weighted to equity.

### BENCHMARK COMPOSITION

100% S&P Global 100

All benchmark components are calculated on a total return basis i.e. dividends included and net of appropriate withholding taxes.

Note: As at 1 April 2006 the benchmark changed from the MSCI World to the S&P Global 100. The new benchmark has been applied retroactively as we believe it to be a better representation of the investment strategy of the Fund.

### TOP 10 EQUITY HOLDINGS

1.	FRESENIUS SE & CO KGAA	Health Care	4.3%
2.	NOVARTIS AG	Health Care	4.2%
3.	MICROSOFT CORP	Technology	4.2%
4.	ORACLE CORP	Technology	3.3%
5.	NXP SEMICONDUCTORS N V	Technology	3.1%
6.	CISCO SYS INC	Technology	2.9%
7.	PEPSICO INC	Consumer Staples	2.9%
8.	CHEVRON CORPORATION	Energy	2.8%
9.	MONDELEZ INTERNATIONAL	Consumer Staples	2.7%
10.	NESTLE SA	Consumer Staples	2.7%

Note: Index tracking products have been excluded.

### TOP 5 EQUITY SECTORS

	Sector	Equity	S&P 100(%)
1.	Technology	22.1%	22.6%
2.	Health Care	18.4%	14.8%
3.	Financial	15.1%	15.7%
4.	Consumer Staples	14.0%	14.6%
5.	Energy	11.0%	9.2%

Note: Index tracking products are excluded for the purposes of comparison to the benchmark.

### Contact Information

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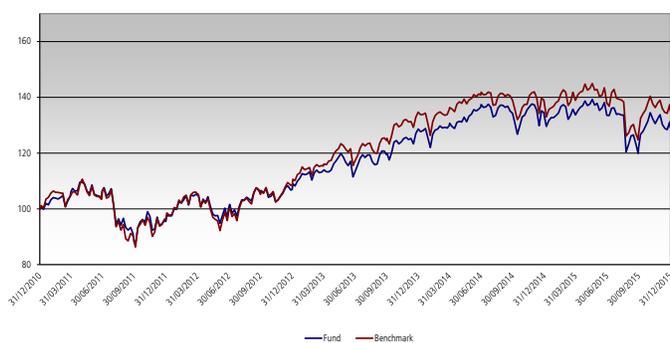
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### FUND VERSUS BENCHMARK



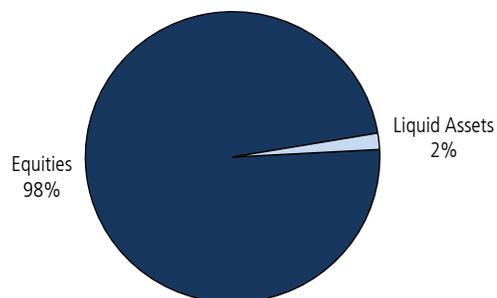
### AVERAGE ANNUAL COMPOUND RETURNS

	1 Year	3 Years	5 Years	10 Years	Inception
BGBC	-3.22%	6.46%	5.24%	3.30%	1.34%
Benchmark	-2.10%	7.65%	6.20%	5.04%	2.64%

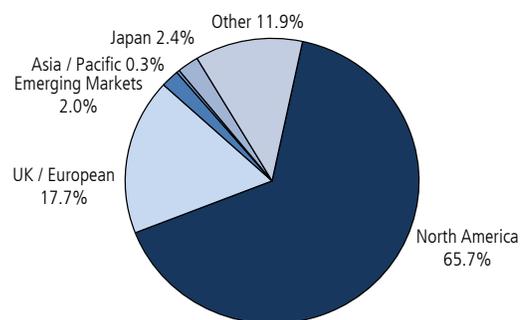
### GENERAL INFORMATION

Currency: USD	Fiscal Year End: 30 June
Valuation: Tuesday	Min. Investment: USD 5,000
Dealings: Wednesday	Total Expense Ratio: 1.69%
Front End Fee: None	Size of Fund (millions): USD 7.9
Units Available: Accumulation	NAV per share (31.12.2015): USD 12.73
Identifier:	BUTGBCF KY

### ASSET ALLOCATION



### GEOGRAPHIC ALLOCATION



### EQUITY SECTOR ALLOCATION

