

31 December 2015

# Fund Review



Butterfield

## SELECT INVEST FUND-CONSERVATIVE CLASS

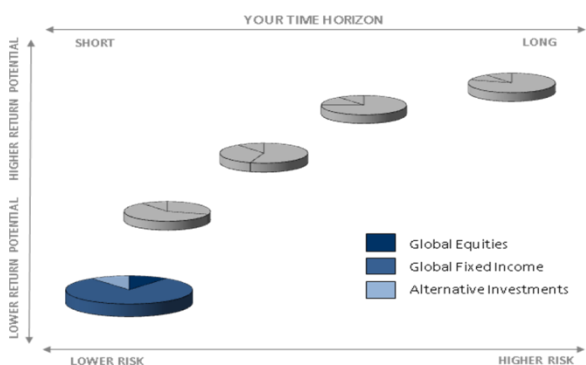
### OBJECTIVE

To offer a convenient vehicle for investing in an international portfolio of mutual funds, which are anticipated to provide the best opportunities for capital growth and principal preservation.

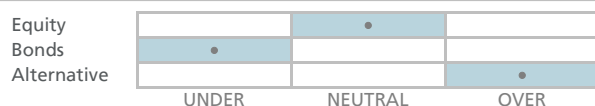
### INVESTMENT POLICY

To invest in various allocations to the three classes of the Butterfield Select Fund. The Fund is not bound to any one particular fund management company and provides investors with a selection of highly rated mutual fund managers who excel in their field. Each of the underlying classes is managed through a quantitative and qualitative analysis to ensure performance is consistent and investment philosophy is sound.

### RISK PROFILE



### POSITIONING



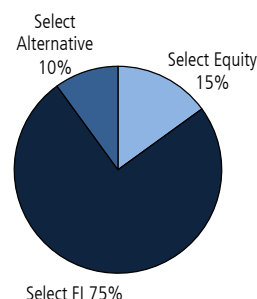
### FUND REVIEW

The Butterfield Select Fund: Equity Class returned 4.79% (net of fees) over the fourth quarter, less than the return of 5.50% in the MSCI World (Free) Index benchmark, which does not have fees associated with it. The relatively modest decline during the calendar year for both the Fund and the Index masks some very significant variations in the underlying country indices and much higher realised volatility. Looking forward, 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. Our method of selecting investment managers highlights those who can succeed in difficult markets like we are currently experiencing.

The Butterfield Select Fund: Alternative Class returned -1.62% over the fourth quarter, which was below the HFRX Global Index return of -0.61%. Although the full year ended with a negative absolute return, the Class outperformed its benchmark by 158 basis points. Overall hedge fund performance was modestly negative during the fourth quarter, whilst performance across strategies was mixed. Global Macro and Event Driven strategies were generally positive during the quarter, whilst the credit and commodity strategies exhibited the weakest performance. The equity and relative value strategies were approximately flat during the quarter.

The Butterfield Select Fund: Global Fixed Income Class returned -0.65%, net of fees, over the fourth quarter, which was higher than the -0.90% return of our 5-10 Year Merrill Lynch Index, which does not have fees associated with it. Bonds produced negative absolute returns, particularly in the shorter maturities as the Fed raised rates by 25 basis points in December. We continue to be positioned with less interest rate risk than our benchmark to preserve capital as rates continue higher. High grade credit markets outperformed Treasuries for the period, but lower quality bonds in BBB and lower ratings categories underperformed substantially. Our current credit exposure, which includes High Yield and Emerging Market Debt, had a difficult year as high yield underperformed high grade by a wide margin. We have held the position, as we still do not see a default scenario that produces negative returns over longer time periods.

### ASSET ALLOCATION



### TOP 10 HOLDINGS

1.	PIMCO Global Inv Grade Corp	5.4%
2.	US Treasury Note	4.2%
3.	iShares US\$ Emerging Market Bond	4.2%
4.	US Treasury Note	4.2%
5.	iShares US High Yield Corp	3.5%
6.	Fed Ex 6.72% 15-Jan-2022	2.7%
7.	Met Life 3.875% 11-Apr-2022	2.6%
8.	Lloyds 6.5% 14-Sep-2020	2.5%
9.	Govt of Bermuda 5.603% 20-Jul-2020	2.3%
10.	ING Bank 5.80% 25-Sep-2023	2.3%

### Contact Information

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[www.butterfieldgroup.com](http://www.butterfieldgroup.com)

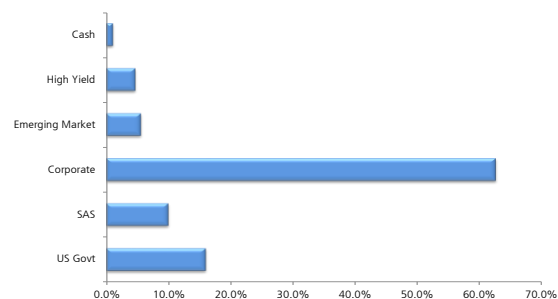
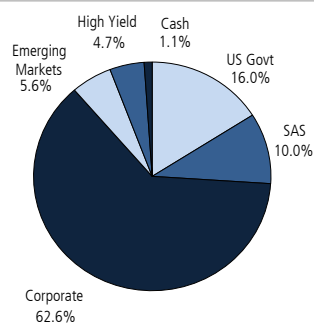
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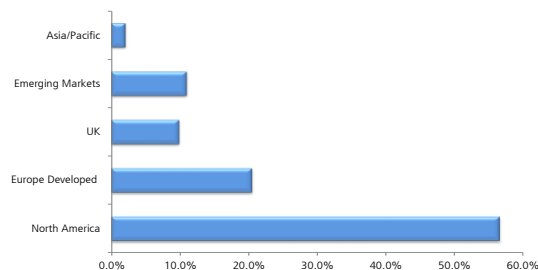
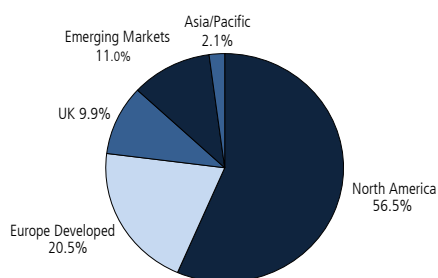
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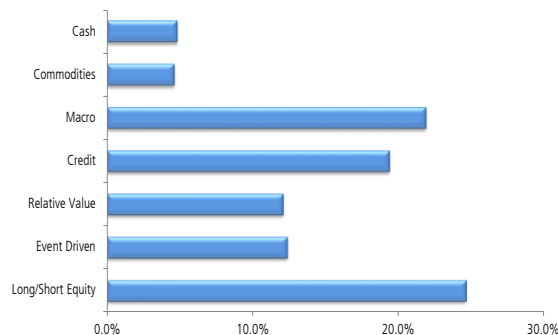
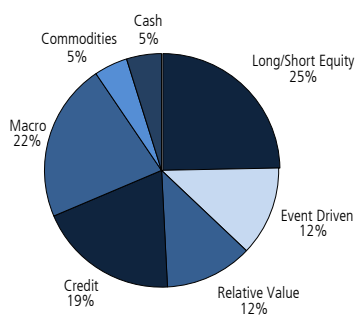
### FIXED INCOME ALLOCATION



### EQUITY SECTOR ALLOCATION



### ALTERNATIVE STRATEGY ALLOCATION



### GENERAL INFORMATION

Currency: USD	Fiscal Year End: 30 June
Valuation: Thursday	Min. Investment: USD 1,000
Dealings: Friday	Total Expense Ratio: 0.90%
Front End Fee: None	Size of Fund (millions): USD 3.3
Units Available: Accumulation	NAV per share (31.12.2015): USD 10.88
Identifier:	BSIFICO BH

### AVERAGE ANNUAL COMPOUND RETURNS

3 Month	YTD	1 Year	3 Year	Incept 3/1/12
-0.27%	-1.89%	-1.89%	1.41%	2.23%

### BENCHMARK

75% BofA Merrill 5-10 Yr US Gov/Corp AAA-A Rated, 15% MSCI World, 10% HFRX Global Hedge Fund