

31 December 2015

Fund Review



Butterfield

US DOLLAR BOND FUND

OBJECTIVE

To maximise total return through income and capital gains by investing in medium to high-grade US dollar denominated debt securities with a short to medium-term maturity profile.

INVESTMENT POLICY

The Fund will target a weighted average duration of 2.5 years and will enhance returns through sector and credit diversification.

INVESTMENT PROCESS

The primary considerations for our fixed income investment choices are liquidity and safety of principal. Our philosophy is to focus on all elements of yield enhancement in order to incrementally outperform the benchmark on a consistent basis.

FUND REVIEW

The Class A shares of the Fund produced a quarterly return of -0.42%, net of fees in Q4. This was higher than the -0.56% return of our 1-5 Year Merrill Lynch Index, which does not have fees associated with it. Dividends of 2.34 and 3.25 cents per share were announced as of 31 December 2015 for holders of Class A and Class B shares, respectively.

In the fourth quarter of 2015, the US Treasury market produced negative absolute returns, particularly in the shorter maturities under 5 years. The US 2-year note yield rose by 42 basis points, to 1.05%, whilst 5-year yields rose by a similar 40 basis points, ending at 1.76%. The "potential" for the Fed to normalise overnight interest rates in the fourth quarter of the year became reality and the Fed raised rates by 25 basis points in December. We believe that upward base rate adjustments should remain relatively subdued as compared to other rate hike cycles we have seen in the past, but we continue to be positioned with less interest rate risk than our benchmark to preserve capital as rates continue higher. We also have a position in floating rate notes tied to 3 month LIBOR in the portfolio, which contributed positively to our relative return as LIBOR rose over the period from 0.33% to 0.61%. High grade credit markets outperformed risk-free assets in the final quarter of the year, despite continued spread widening in lower quality issuers. Our S&P credit score ended the quarter at 23.6 (out of a maximum of 25).

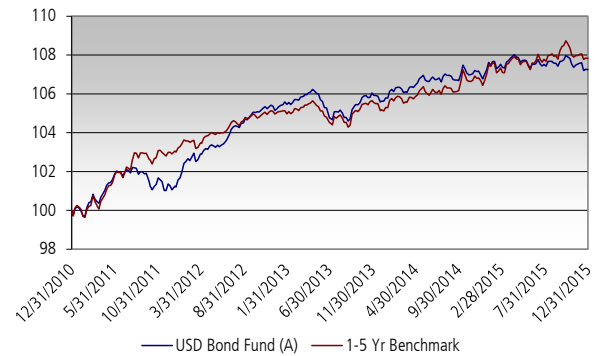
GENERAL INFORMATION

Currency: USD	Fiscal Year End: 30 June
Valuation: Weekly	Min. Investment: USD 10,000
Dealings: Wednesday, 5pm	Total Expense Ratio: 0.86% Class A, 0.55% Class B 0.35% Class C
Front End Fee: None	Class A NAV: 10.411 Class B NAV: 10.641 Class C NAV: 10.653
Units Available: Income Distribution Accumulating	Size of Fund (millions): USD 124.0
Identifier: BUTUSBI BH	

Contact Information

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PERFORMANCE CHART (CLASS A)



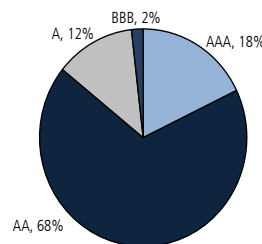
AVERAGE ANNUAL COMPOUND RETURNS (CLASS A & B)

	1 Yr	3 Yr	5 Yr	7 Yr	10 Yr
Class A	0.22%	0.61%	1.42%	3.58%	2.92%
Class B	0.46%	0.84%	1.63%	3.80%	3.09%
Index	1.07%	0.86%	1.52%	2.10%	3.18%

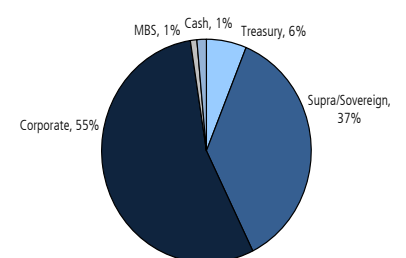
AVERAGE DURATION AND CREDIT RATING

Duration	2.5 years
Credit Rating	S&P AA-f
Volatility	S2

CREDIT RATINGS



SECTOR BREAKDOWN



Class A
★★★★★
Morningstar Rating™

Class B
★★★★★
Morningstar Rating™

www.butterfieldgroup.com

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