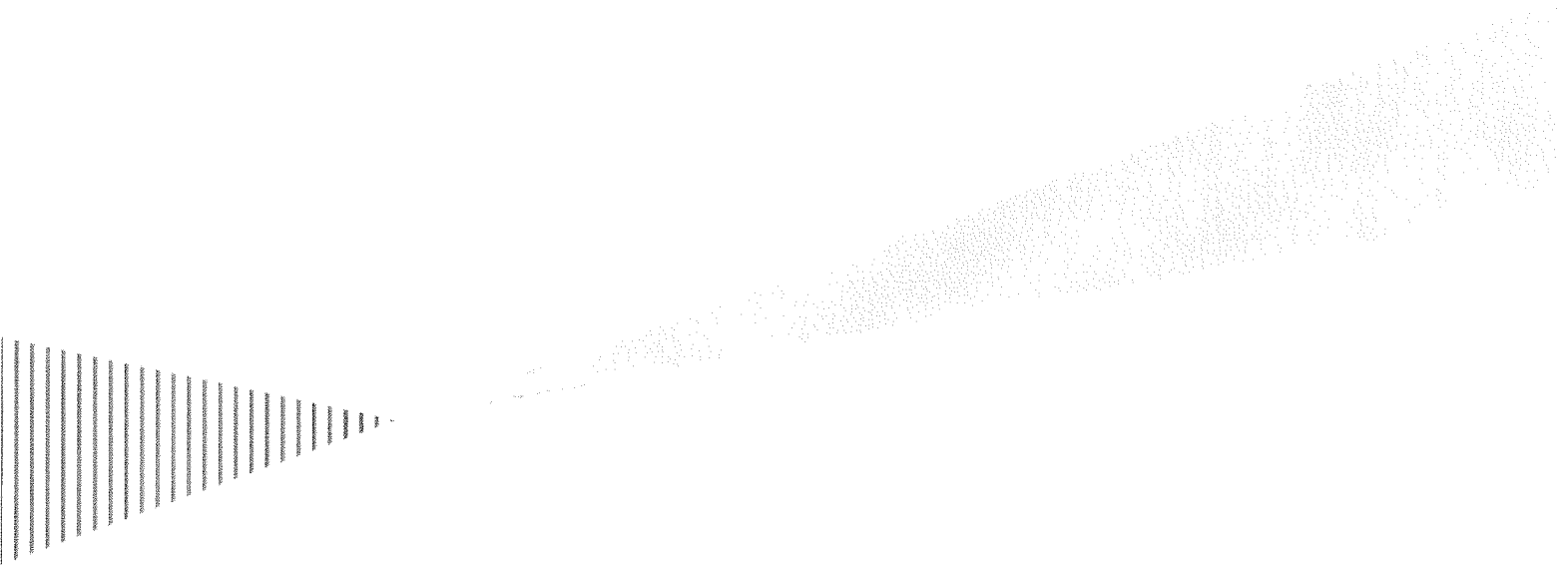


# Butterfield Select Invest Fund Limited

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2014

Ernst & Young Ltd.



Building a better  
working world

# Butterfield Select Invest Fund Limited

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## INVESTMENT MANAGER'S REPORT

### Introduction

We are pleased to present the Annual Report of the Fund for the twelve months ended June 30, 2014. The Butterfield Select Invest Fund is divided into five share classes according to shareholders' risk appetite from Conservative to Dynamic and allocates 100% its investments to the three classes of the Butterfield Select Fund (Global Fixed Income, Equity and Alternative).

### Butterfield Select Fund - Global Fixed Income Class

The net asset value (NAV) per share closed at \$18.48 at the end of the fiscal year, representing a 6.64% return for the year, net of all fees and expenses.

Beginning in the months prior to the end of the 2013 fiscal year (June 30, 2013), interest rates had started to adjust to a new equilibrium that contemplated an end to Federal Reserve bond purchases; so-called quantitative easing. As a reminder, the Fed began its adventure into this form of market intervention back in November of 2008, so bringing it to a close is a relatively important development. In the context of the outsized influence the Fed has had for so many years in the long-term interest markets in the US, it did not come as a great surprise that interest rates reacted as they did. Indeed, the Fund has had a lower allocation to interest rate risk than its index for several years; years that saw 10 year Treasury rates move as low as 1.40%. The 10 year Treasury note yield ended the June 2014 fiscal year at 2.53%. Our performance has been enhanced, relative to our index, by this "underweight" position on interest rate risk and it remains valid and in place.

The other core position that the Fund has in place is an overweight position in credit versus its benchmark index. Our credit allocation has been the more important contributor to the Fund's good relative performance for the last few years. Apart from a period late in the prior fiscal year (June 2013), credit spreads versus US Treasuries have narrowed dramatically since the end of the credit crisis and are at or near record lows in most sectors that we invest in. Despite the low level of credit spreads, we remain constructive on corporate fundamentals and feel that the balance of risks still supports a continued overweight position.

The fund continues to invest in segregated investment grade credit securities at its core with additional exposure to Emerging Market debt and High Yield credit via mutual funds or exchange traded funds (ETF's). Duration as at the end of June 2014 was 5.0 years which is 81% of the benchmark index. The overall credit quality of the fund is stable and rated BBB- by S&P.

# Butterfield Select Invest Fund Limited

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## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Butterfield Select Fund - Equity Class

The net asset value (NAV) per share closed at \$13.02 at the end of the fiscal year, representing a 19.56% return for the year, net of all fees and expenses.

In general, all stock markets performed well during this period, despite lingering geopolitical risks and wider fiscal issues. The existing expansionary monetary policies in most of the developed world and subdued, but improving, global economic data were supportive of risk assets. The Federal Reserve's decision to begin to reduce their quantitative easing program and the slowdown in the economic growth rate in Emerging Markets affected the fund flows into this asset class and this region posted the lowest return during calendar 2013 (-2% for the year). The Equity Class portfolio kept an off-benchmark position of approximately 5% through the allocation to the Vanguard All-Countries World ETF and through the selection of actively managed mutual funds and this detracted from relative performance. In addition, the portfolio held an underweight position in European equities and European equities performed particularly well in the second half of 2013.

The Equity Class made a number of portfolio changes over the period. The most notable were in the first six months of calendar 2014 and those include the addition of the Wellington Global Opportunities Fund and a move to a neutral position in both US and European Equities. The Emerging Markets allocation was also reduced via a switch to the MSCI World ETF, which doesn't have any Emerging Market equities exposure.

## Butterfield Select Invest Fund Limited

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### Butterfield Select Fund - Alternative Class

The net asset value (NAV) per share closed at \$15.23 at the end of the fiscal year, representing a 2.84% return for the year, net of all fees and expenses.

Risk assets performed well over the past twelve months as equity markets rallied to higher levels and credit spreads tightened due to a more stable economic backdrop. The Portfolio primarily profited from investments in the Long/Short Equity and Event Driven strategies. Long/Short Equity was the top performing strategy as every equity manager generated a positive return. The majority of gains came from the US investments, and exposures to both value-oriented managers and sector-focused funds proved to be beneficial. Despite some volatility in the technology and healthcare sectors, these investments were meaningful and positive contributors to portfolio performance. The Event Driven strategy exhibited similar strengths and produced quality results. The strategy was positioned to focus on special situation equities, distressed credit, and structured credit. The managers capitalized on each of the targeted opportunity sets, and the strategy exhibited a consistent return profile. In terms of detractors, the Credit and Fixed Income Relative Value Strategies produced losses. The Credit strategy was defensively positioned throughout the year in order to provide downside protection. As a result, several managers were adversely impacted by short positions in corporate credit. The Fixed Income Relative Value portion of the Portfolio produced similar results. Managers were positioned for higher interest rates and increased levels of volatility, but these trades resulted in losses. Finally, the Macro strategy was flat. Investments in fixed income were generally profitable, but these gains were offset by currencies and commodities.



Michael Neff  
President

Butterfield Select Invest Fund Limited  
October 9, 2014



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Hamilton HM08, Bermuda  
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Hamilton, HM BX, Bermuda

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[www.ey.com/bermuda](http://www.ey.com/bermuda)

## Independent Auditor's Report

To the Shareholders and Directors  
Butterfield Select Invest Fund Limited, comprising Cautious  
Class, Conservative Class, Balanced Class, Dynamic Class, and  
Growth Class (collectively referred to as the "Fund")

We have audited the accompanying statements of net assets and statements of portfolio investments of Butterfield Select Invest Fund Limited (the "Fund"), comprising of Cautious Class, Conservative Class, Balanced Class, Dynamic Class, and Growth Class, as at June 30, 2014, and the related 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 Canadian and Bermudian generally accepted accounting principles, 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 audits. We conducted our audits in accordance with Canadian and Bermudian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund's Cautious Class, Conservative Class, Balanced Class, Dynamic Class, and Growth Class as at June 30, 2014, and the results of their operations and the changes in their net assets for the year then ended, in accordance with Canadian and Bermudian generally accepted accounting principles.

*Ernst + Young Ltd.*

October 9, 2014

# Butterfield Select Invest Fund Limited

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## **DIRECTORS**

Richard Saunders  
Michael Neff  
Andrew Baron

## **INVESTMENT ADVISER**

Butterfield Asset Management Limited  
P.O. Box HM 195  
Hamilton HM AX  
Bermuda

## **CUSTODIAN**

Butterfield Trust (Bermuda) Limited  
P.O. Box HM 195  
Hamilton HM AX  
Bermuda

## **REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR**

MUFG Fund Services (Bermuda) Limited\*  
The Belvedere Building\*\*  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda

\*Effective September 30, 2013, Butterfield Fulcrum  
Group (Bermuda) Limited changed its name to  
MUFG Fund Services (Bermuda) Limited

\*\*Effective July 30, 2014, MUFG Fund Services (Bermuda) Limited  
changed its address from  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

## **AUDITORS**

Ernst & Young Ltd.  
P.O. Box HM 463  
Hamilton HM BX  
Bermuda

# Butterfield Select Invest Fund Limited

## STATEMENT OF NET ASSETS

As at June 30, 2014

(Expressed in US Dollars)

	Notes	CAUTIOUS CLASS	
		2014	2013
<b>ASSETS</b>			
Investments, at fair value (Cost: 2014 - \$2,673,006; 2013 - \$2,366,893)	3, 4	\$ 3,057,481	\$ 2,599,423
Cash and cash equivalents	2 c)	9,755	20,967
Prepaid expenses		756	4,927
Other assets		226	-
		<b>3,068,218</b>	<b>2,625,317</b>
<b>LIABILITIES</b>			
Redemption payable		11,575	-
Accrued expenses	7, 8	3,777	3,882
		<b>15,352</b>	<b>3,882</b>
<b>NET ASSETS</b>		<b>\$ 3,052,866</b>	<b>\$ 2,621,435</b>
Number of common shares in issue	5	<b>248,669</b>	235,002
<b>NET ASSET VALUE PER COMMON SHARE</b>		<b>\$ 12.28</b>	<b>\$ 11.16</b>

The accompanying notes are an integral part of these financial statements.



# Butterfield Select Invest Fund Limited

## STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2014

(Expressed in US Dollars)

	Notes	CONSERVATIVE CLASS	
		2014	2013
<b>ASSETS</b>			
Investments, at fair value (Cost: 2014 - \$2,636,309; 2013 - \$2,583,480)	3, 4	\$ 2,928,034	\$ 2,664,528
Cash and cash equivalents	2 c)	5,031	9,113
Prepaid expenses		828	-
		<b>2,933,893</b>	<b>2,673,641</b>
<b>LIABILITIES</b>			
Accrued expenses	7, 8	4,210	4,509
		<b>4,210</b>	<b>4,509</b>
<b>NET ASSETS</b>		<b>\$ 2,929,683</b>	<b>\$ 2,669,132</b>
Number of common shares in issue	5	<b>263,467</b>	<b>258,495</b>
<b>NET ASSET VALUE PER COMMON SHARE</b>		<b>\$ 11.12</b>	<b>\$ 10.33</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2014

(Expressed in US Dollars)

	Notes	BALANCED CLASS	
		2014	2013
<b>ASSETS</b>			
Investments, at fair value (Cost: 2014 - \$5,227,153; 2013 - \$3,437,937)	3, 4	\$ 5,989,963	\$ 3,621,093
Cash and cash equivalents	2 c)	10,025	10,833
Prepaid expenses		1,048	-
		<b>6,001,036</b>	<b>3,631,926</b>
<b>LIABILITIES</b>			
Accrued expenses	7, 8	5,280	4,996
		<b>5,280</b>	<b>4,996</b>
<b>NET ASSETS</b>		<b>\$ 5,995,756</b>	<b>\$ 3,626,930</b>
Number of common shares in issue	5	495,471	339,929
<b>NET ASSET VALUE PER COMMON SHARE</b>		<b>\$ 12.10</b>	<b>\$ 10.67</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2014

(Expressed in US Dollars)

	Notes	DYNAMIC CLASS	
		2014	2013
<b>ASSETS</b>			
Investments, at fair value (Cost: 2014 - \$478,805; 2013 - \$250,449)	3, 4	\$ 565,321	\$ 275,664
Cash and cash equivalents	2 c)	558	3,780
Prepaid expenses		111	-
Subscriptions receivable		200	-
		<b>566,190</b>	<b>279,444</b>
<b>LIABILITIES</b>			
Accrued expenses	7, 8	966	917
		<b>966</b>	<b>917</b>
<b>NET ASSETS</b>		<b>\$ 565,224</b>	<b>\$ 278,527</b>
Number of common shares in issue	5	<b>44,521</b>	<b>25,638</b>
<b>NET ASSET VALUE PER COMMON SHARE</b>		<b>\$ 12.70</b>	<b>\$ 10.86</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

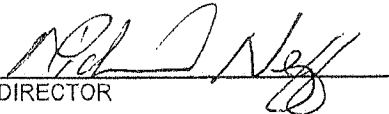
## STATEMENT OF NET ASSETS (CONTINUED)

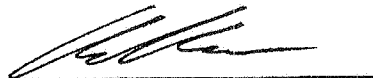
As at June 30, 2014

(Expressed in US Dollars)

	Notes	GROWTH CLASS	
		2014	2013
<b>ASSETS</b>			
Investments, at fair value (Cost: 2014 - \$1,176,838; 2013 - \$460,655)	3, 4	\$ 1,330,935	\$ 492,778
Cash and cash equivalents	2 c)	711	3,602
Prepaid expenses		213	-
		<b>1,331,859</b>	<b>496,380</b>
<b>LIABILITIES</b>			
Accrued expenses	7, 8	1,321	5,959
Redemptions payable		1,200	-
		<b>2,521</b>	<b>5,959</b>
<b>NET ASSETS</b>		<b>\$ 1,329,338</b>	<b>\$ 490,421</b>
Number of common shares in Issue	5	107,814	46,501
<b>NET ASSET VALUE PER COMMON SHARE</b>		<b>\$ 12.33</b>	<b>\$ 10.55</b>

Signed on behalf of the Board:

  
DIRECTOR

  
DIRECTOR

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – CAUTIOUS CLASS

As at June 30, 2014

(Expressed in US Dollars)

Investment Funds	Shares	2014		Shares	2013	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
Butterfield Select Fund Limited – Alternative Class	19,432	\$ 295,955	9.68%	18,046	\$ 267,259	10.28%
Butterfield Select Fund Limited – Equity Class	82,124	1,069,260	34.97%	83,725	911,762	35.08%
Butterfield Select Fund Limited – Global Fixed Income Class	91,573	1,692,266	55.35%	81,982	1,420,402	54.64%
<b>TOTAL INVESTMENTS</b> (Cost: 2014 - \$2,673,006; 2013 - \$2,366,893)		\$ 3,057,481	100.00%		\$ 2,599,423	100.00%

## STATEMENT OF PORTFOLIO INVESTMENTS – CONSERVATIVE CLASS

As at June 30, 2014

(Expressed in US Dollars)

Investment Funds	Shares	2014		Shares	2013	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
Butterfield Select Fund Limited – Alternative Class	18,655	\$ 284,110	9.70%	18,084	\$ 267,831	10.05%
Butterfield Select Fund Limited – Equity Class	34,329	446,968	15.27%	37,397	407,249	15.28%
Butterfield Select Fund Limited – Global Fixed Income Class	118,883	2,196,956	75.03%	114,826	1,989,448	74.67%
<b>TOTAL INVESTMENTS</b> (Cost: 2014 - \$2,636,309; 2013 - \$2,583,480)		\$ 2,928,034	100.00%		\$ 2,664,528	100.00%

## STATEMENT OF PORTFOLIO INVESTMENTS – BALANCED CLASS

As at June 30, 2014

(Expressed in US Dollars)

Investment Funds	Shares	2014		Shares	2013	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
Butterfield Select Fund Limited – Alternative Class	38,043	\$ 579,387	9.67%	24,053	\$ 356,224	9.84%
Butterfield Select Fund Limited – Equity Class	276,213	3,596,297	60.04%	199,400	2,171,462	59.96%
Butterfield Select Fund Limited – Global Fixed Income Class	98,175	1,814,279	30.29%	63,109	1,093,407	30.20%
<b>TOTAL INVESTMENTS</b> (Cost: 2014 - \$5,227,153; 2013 - \$3,437,937)		\$ 5,989,963	100.00%		\$ 3,621,093	100.00%

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – DYNAMIC CLASS

As at June 30, 2014

(Expressed in US Dollars)

	Shares	2014		Shares	2013	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
<b>Investment Funds</b>						
Butterfield Select Fund Limited – Alternative Class	2,519	\$ 38,360	6.79%	896	\$ 13,270	4.81%
Butterfield Select Fund Limited – Equity Class	37,426	487,292	86.19%	22,892	249,297	90.44%
Butterfield Select Fund Limited – Global Fixed Income Class	2,147	39,669	7.02%	756	13,097	4.75%
<b>TOTAL INVESTMENTS</b>						
(Cost: 2014 - \$478,805; 2013 - \$250,449)		\$ 565,321	100.00%		\$ 275,664	100.00%

## STATEMENT OF PORTFOLIO INVESTMENTS – GROWTH CLASS

As at June 30, 2014

(Expressed in US Dollars)

	Shares	2014		Shares	2013	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
<b>Investment Funds</b>						
Butterfield Select Fund Limited – Alternative Class	8,408	\$ 128,052	9.62%	3,252	\$ 48,165	9.77%
Butterfield Select Fund Limited – Equity Class	82,281	1,071,296	80.49%	36,528	397,790	80.72%
Butterfield Select Fund Limited – Global Fixed Income Class	7,120	131,587	9.89%	2,703	46,823	9.50%
<b>TOTAL INVESTMENTS</b>						
(Cost: 2014 - \$1,176,838; 2013 - \$460,655)		\$ 1,330,935	100.00%		\$ 492,778	100.00%

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS For the year ended June 30, 2014 (Expressed in US Dollars)

	Notes	CAUTIOUS CLASS	
		2014	2013
<b>INVESTMENT INCOME</b>			
Other income		\$ -	\$ 10,301
		-	10,301
<b>EXPENSES</b>			
Administration fee	8	6,022	5,146
Audit fee		2,200	2,300
Custodian fee	7 b)	1,250	1,250
Director fee		-	82
Exchange fee		1,675	2,622
Government fee		552	3,415
Investment services fee	7 c)	1,079	2,533
Miscellaneous		1,974	273
		14,752	17,621
<b>NET INVESTMENT LOSS</b>		<b>(14,752)</b>	<b>(7,320)</b>
<b>NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS</b>			
Net realised gain on investments	6	128,614	66,607
Net change in unrealised gain on investments		151,945	57,461
<b>NET GAIN ON INVESTMENTS</b>		<b>280,559</b>	<b>124,068</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>\$ 265,807</b>	<b>\$ 116,748</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	Notes	CONSERVATIVE CLASS	
		2014	2013
<b>INVESTMENT INCOME</b>			
Other income		\$ -	\$ 4,534
		-	4,534
<b>EXPENSES</b>			
Administration fee	8	6,088	5,462
Audit fee		2,600	2,300
Custodian fee	7 b)	1,254	1,250
Exchange fee		1,379	740
Government fee		294	-
Investment services fee	7 c)	541	-
Miscellaneous		798	-
		12,954	9,752
<b>NET INVESTMENT LOSS</b>		<b>(12,954)</b>	<b>(5,218)</b>
<b>NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS</b>			
Net realised gain on investments	6	8,499	7,644
Net change in unrealised gain on investments		210,677	54,271
<b>NET GAIN ON INVESTMENTS</b>		<b>219,176</b>	<b>61,915</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>\$ 206,222</b>	<b>\$ 56,697</b>

The accompanying notes are an integral part of these financial statements.



# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	Notes	BALANCED CLASS	
		2014	2013
<b>INVESTMENT INCOME</b>			
Other income		\$ -	\$ 4,460
		-	4,460
<b>EXPENSES</b>			
Administration fee	8	10,118	6,354
Audit fee		2,400	2,300
Custodian fee	7 b)	1,445	1,250
Exchange fee		2,182	875
Government fee		464	-
Investment services fee	7 c)	1,032	-
Miscellaneous		1,098	-
		18,739	10,779
<b>NET INVESTMENT LOSS</b>		(18,739)	(6,319)
<b>NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS</b>			
Net realised gain on investments	6	12,992	7,618
Net change in unrealised gain on investments		579,654	240,384
<b>NET GAIN ON INVESTMENTS</b>		592,646	248,002
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		\$ 573,907	\$ 241,683

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	Notes	DYNAMIC CLASS	
		2014	2013
<b>INVESTMENT INCOME</b>			
Other income		\$ -	\$ 6,089
		-	6,089
<b>EXPENSES</b>			
Administration fee	8	925	555
Audit fee		500	500
Custodian fee	7 b)	1,271	1,250
Exchange fee		195	76
Government fee		38	-
Investment services fee	7 c)	96	-
Miscellaneous		156	-
		3,181	2,381
<b>NET INVESTMENT (LOSS)/INCOME</b>		<b>(3,181)</b>	<b>3,708</b>
<b>NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS</b>			
Net realised gain on investments	6	5,484	99
Net change in unrealised gain on investments		61,302	37,468
<b>NET GAIN ON INVESTMENTS</b>		<b>66,786</b>	<b>37,567</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>\$ 63,605</b>	<b>\$ 41,275</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	Notes	GROWTH CLASS	
		2014	2013
<b>INVESTMENT INCOME</b>			
Other income		\$ 4,671	\$ 1,162
		<b>4,671</b>	<b>1,162</b>
<b>EXPENSES</b>			
Administration fee	8	1,828	792
Audit fee		500	500
Custodian fee	7 b)	1,250	1,250
Exchange fee		228	114
Government fee		68	-
Investment services fee	7 c)	188	-
Miscellaneous		222	-
		<b>4,284</b>	<b>2,656</b>
<b>NET INVESTMENT INCOME/(LOSS)</b>		<b>387</b>	<b>(1,494)</b>
<b>NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS</b>			
Net realised gain on investments	6	4,308	228
Net change in unrealised gain on investments		121,974	44,751
<b>NET GAIN ON INVESTMENTS</b>		<b>126,282</b>	<b>44,979</b>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		<b>\$ 126,669</b>	<b>\$ 43,485</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF CHANGES IN NET ASSETS – CAUTIOUS CLASS

For the year ended June 30, 2014

(Expressed in US Dollars)

	CAUTIOUS CLASS	
	2014	2013
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 265,807</b>	<b>\$ 116,748</b>
<b>CAPITAL STOCK TRANSACTIONS</b>		
Issue of shares	1,195,300	720,418
Redemption of shares	(1,029,676)	(203,556)
Net capital stock transactions	165,624	516,862
<b>NET INCREASE IN NET ASSETS FOR THE YEAR</b>	<b>431,431</b>	<b>633,610</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>2,621,435</b>	<b>1,987,825</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,052,866</b>	<b>\$ 2,621,435</b>

## STATEMENT OF CHANGES IN NET ASSETS – CONSERVATIVE CLASS

For the year ended June 30, 2014

(Expressed in US Dollars)

	CONSERVATIVE CLASS	
	2014	2013
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 206,222</b>	<b>\$ 56,697</b>
<b>CAPITAL STOCK TRANSACTIONS</b>		
Issue of shares	54,329	220,000
Net capital stock transactions	54,329	220,000
<b>NET INCREASE IN NET ASSETS FOR THE YEAR</b>	<b>260,551</b>	<b>276,697</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>2,669,132</b>	<b>2,392,435</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,929,683</b>	<b>\$ 2,669,132</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

## STATEMENT OF CHANGES IN NET ASSETS – BALANCED CLASS

For the year ended June 30, 2014

(Expressed in US Dollars)

	<b>BALANCED CLASS</b>	
	2014	2013
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 573,907</b>	<b>\$ 241,683</b>
<b>CAPITAL STOCK TRANSACTIONS</b>		
Issue of shares	1,839,372	1,026,352
Redemption of shares	(44,453)	(30,854)
Net capital stock transactions	1,794,919	995,498
<b>NET INCREASE IN NET ASSETS FOR THE YEAR</b>	<b>2,368,826</b>	<b>1,237,181</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>3,626,930</b>	<b>2,389,749</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 5,995,756</b>	<b>\$ 3,626,930</b>

## STATEMENT OF CHANGES IN NET ASSETS – DYNAMIC CLASS

For the year ended June 30, 2014

(Expressed in US Dollars)

	<b>DYNAMIC CLASS</b>	
	2014	2013
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 63,605</b>	<b>\$ 41,275</b>
<b>CAPITAL STOCK TRANSACTIONS</b>		
Issue of shares	229,386	1,100
Redemption of shares	(6,294)	-
Net capital stock transactions	223,092	1,100
<b>NET INCREASE IN NET ASSETS FOR THE YEAR</b>	<b>286,697</b>	<b>42,375</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>278,527</b>	<b>236,152</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 565,224</b>	<b>\$ 278,527</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

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## STATEMENT OF CHANGES IN NET ASSETS – GROWTH CLASS

For the year ended June 30, 2014

(Expressed in US Dollars)

	GROWTH CLASS	
	2014	2013
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 126,669</b>	<b>\$ 43,485</b>
<hr/>		
<b>CAPITAL STOCK TRANSACTIONS</b>		
Issue of shares	736,310	175,471
Redemption of shares	(24,062)	(3,484)
Net capital stock transactions	712,248	171,987
<hr/>		
<b>NET INCREASE IN NET ASSETS FOR THE YEAR</b>	<b>838,917</b>	<b>215,472</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>490,421</b>	<b>274,949</b>
<hr/>		
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,329,338</b>	<b>\$ 490,421</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 1. ABOUT THE FUND

Butterfield Select Invest Fund Limited (the "Fund") is a mutual fund which was incorporated as an exempted company with limited liability and with unlimited duration under the laws of Bermuda on September 1, 2005.

The Fund commenced operations on October 6, 2005. Butterfield Trust (Bermuda) Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). MUFG Fund Services (Bermuda) Limited (formerly Butterfield Fulcrum Group (Bermuda) Limited) acts as registrar and transfer agent and as accountants/administrator (the "Registrar and Transfer Agent" or "Administrator") for the Fund. The Custodian and Investment Adviser are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank").

The Investment Adviser, Custodian and the Bank each maintains separate business units, roles and responsibilities to ensure segregation between different functions.

The objective of the Fund is to act as a fund of funds, investing in the three classes of Butterfield Select Fund Limited (BFSL), an affiliated fund, which offers a convenient and efficient vehicle for investing in mutual funds and index instruments which are anticipated to provide the best opportunity for capital appreciation having regard to diversification. The Fund may also hold money market instruments or mutual funds for cash management purposes.

The Fund offers five classes, namely, Cautious, Balanced, Conservative, Dynamic and Growth. Each of these share classes invests in various weightings of BFSL share classes in order to accomplish the risk objectives of the respective share classes of the Fund.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and Bermuda ("GAAP"). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and the difference could be material. The following is a summary of significant accounting policies followed by the Fund:

#### a) Valuation of Investments

Investments in underlying funds are carried at fair value, which is based on the net asset value (NAV) of each share of the Fund's investments in or the pro-rata interest in the net assets of such investment funds as published or otherwise reported by the investment funds' administrators. The underlying investments of each investment fund are accounted for at fair value as described in each investment fund's financial statements.

The net change in the period between fair value and cost is shown as net change in unrealised gain or loss on investments in the statement of operations.

#### b) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Gains or losses arising from the sale of investments are determined using the average cost basis.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**c) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits presented as liability. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**d) Financial Assets and Liabilities**

In addition to the estimated fair values of investments as disclosed in the statement of portfolio investments, the estimated fair values of the Fund's other financial instruments, including cash and cash equivalents, subscriptions receivable, other assets, redemptions payable and accrued expenses approximate their carrying values.

**e) Translation of Foreign Currencies**

Assets and liabilities that are denominated in foreign currencies are translated into United States dollars at closing rates of exchange on the period end date. Transactions during the period are translated at the rate in effect at the date of the transaction. Foreign currency translation gains and losses are included in the statement of operations.

The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realised and change in unrealised gains and losses from investments in the statement of operations.

**f) Adoption of New Accounting Standards**

Investment companies that are publicly accountable enterprises are required to adopt International Financial Reporting Standards ("IFRS") for the first time for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014. As a result, the Fund will adopt IFRS beginning July 1, 2014 and publish its first financial statements, prepared in accordance with IFRS, for the annual period ending June 30, 2015. The 2015 annual financial statements will include 2014 comparative financial statements and an opening statement of net assets as of July 1, 2013, also prepared in accordance with IFRS.

The Investment Adviser has developed a transition plan to changeover to IFRS and meet the required timetable. As at June 30, 2014, the expected impact to the financial statements based on the Investment Adviser's assessment of the differences between GAAP and IFRS are as follows:

- IFRS 13 *Fair Value Measurement* permits the use of mid-market prices or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, net assets for financial reporting purposes (NAV) may be impacted and could align with the value used to price unit holder transactions (Transaction NAV), eliminating the need for a reconciliation.
- Shares of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. As a result, shareholders' equity may be required to be presented as a liability in the statements of net assets with related distributions presented as an expense in the statements of operations. Alternatively, equity presentation would require additional disclosure of the components of equity.



# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Adoption of New Accounting Standards (continued)

- IFRS requires the presentation of a statement of cash flows, including comparatives. The Fund has not previously presented this statement as permitted by GAAP.

### 3. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management approach includes formal guidelines to govern the extent of exposure to various types of risk. The Investment Adviser also has various internal controls to oversee the Fund's investment activities, including monitoring compliance with the investment objective and strategies, internal guidelines and securities regulations.

#### Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Financial instruments that potentially expose the Fund to credit and counterparty risk consist primarily of cash and cash equivalents and balances held at brokers.

The value of such balances on the statement of net assets includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund. The Fund monitors the credit rating of its broker to mitigate this risk.

#### Currency Risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. When the Fund enters into transactions which are denominated in currencies other than the Fund's reporting currency, the Investment Adviser attempts to mitigate the associated currency risk, which may include the use of forward currency contracts.

As at June 30, 2014 and 2013, the Fund's exposure to currencies other than the Fund's reporting currency was limited to small balances of cash and cash equivalents denominated in foreign currencies which are not significant to the class as a whole.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to its cash and cash equivalents which represent 0.32% (2013 - 0.80%) for Cautious Class, 0.17% (2013 - 0.34%) for the Conservative Class; 0.17% (2013 - 0.30%) for the Balanced Class; 0.10% (2013 - 1.36%) for the Dynamic Class and 0.05% (2013 - 7.34%) for the Growth Class; of each of the respective Class' net assets. The Fund does not have any other significant interest-bearing assets or liabilities.

#### Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable units. The Fund invests solely in other investment companies which could expose the Fund to increased liquidity risk. However, the Fund's entire portfolio of investment companies is realisable on a weekly basis which mitigates the risk related to weekly cash redemptions. The Fund may be exposed to additional liquidity risks in extraordinary cases where underlying investment companies had periods in which redemptions are suspended due to adverse market conditions.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity Risk (Continued)

As of June 30, 2014 and 2013, all investments held by the Cautious, Conservative, Balanced, Dynamic and Growth Classes offer redemptions on a weekly basis.

#### Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. All investments of the Fund are exposed to price/market risk. The Investment Adviser attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy.

As at June 30, 2014 and 2013, all of the investments held in the Cautious, Conservative, Balanced, Dynamic and Growth Classes were exposed to changes in portfolio prices. As at June 30, 2014 and 2013, if the portfolio prices had been 5% higher or lower with all other variables held constant the net assets of each class would have been impacted as follows:

	Impact on Net Assets	
	2014	2013
Cautious Class	\$ 152,874	\$ 129,971
Conservative Class	\$ 146,402	\$ 133,226
Balanced Class	\$ 299,498	\$ 181,055
Dynamic Class	\$ 28,266	\$ 13,783
Growth Class	\$ 66,547	\$ 24,639

A sensitivity rate of 5% is used when reporting other price/market risk internally to key management personnel and represents management's assessment of possible change in market prices.

### 4. FAIR VALUE OF FINANCIAL ASSETS

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are market observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments.

All of the Fund's investments are classified within Level 2 of the fair value hierarchy as the value of these investments are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for the years ended June 30, 2014 and 2013.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 4. FAIR VALUE OF FINANCIAL ASSETS

#### Transfers of Assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being traded in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 during the years ended June 30, 2014 and 2013. Financial assets and liabilities transferred from Level 2 to Level 1 are the result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 during the years ended June 30, 2014 and 2013.

#### Reconciliation of Financial Asset and Liability Movement - Level 3

The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2014 and 2013.

### 5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is as follows:

1,000,000,000 common shares of US\$0.00001 par value each, which have been designated as non-voting, participating shares.

100 organisational shares of US\$.01 par value each, which have been designated as voting, non-participating shares, allotted for cash at par to the Investment Adviser and its nominees.

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.

Details of shares issued and outstanding during the years ended June 30, 2014 and 2013 are as follows:

<b>CAUTIOUS CLASS COMMON SHARES</b>	<b>2014</b>	<b>2013</b>
Balance - beginning of year	<b>235,002</b>	188,265
Issue of common shares	<b>100,883</b>	65,271
Redemption of common shares	<b>(87,216)</b>	(18,534)
<b>Balance - end of year</b>	<b>248,669</b>	235,002
<b>CONSERVATIVE CLASS COMMON SHARES</b>	<b>2014</b>	<b>2013</b>
Balance - beginning of year	<b>258,495</b>	237,503
Issue of common shares	<b>4,972</b>	20,992
Redemption of common shares	-	-
<b>Balance – end of year</b>	<b>263,467</b>	258,495

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

<b>BALANCED CLASS COMMON SHARES</b>	<b>2014</b>	<b>2013</b>
Balance - beginning of year	<b>339,929</b>	245,723
Issue of common shares	<b>159,310</b>	97,087
Redemption of common shares	<b>(3,768)</b>	(2,881)
Balance - end of year	<b>495,471</b>	339,929
<b>DYNAMIC CLASS COMMON SHARES</b>	<b>2014</b>	<b>2013</b>
Balance - beginning of year	<b>25,638</b>	25,529
Issue of common shares	<b>19,407</b>	109
Redemption of common shares	<b>(524)</b>	-
Balance – end of year	<b>44,521</b>	25,638
<b>GROWTH CLASS COMMON SHARES</b>	<b>2014</b>	<b>2013</b>
Balance - beginning of year	<b>46,501</b>	29,451
Issue of common shares	<b>63,321</b>	17,399
Redemption of common shares	<b>(2,008)</b>	(349)
Balance - end of year	<b>107,814</b>	46,501

Common shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the class. Common shares may be redeemed for an amount equal to the net asset value per share as at the close of business on the Valuation Day, following receipt of the properly completed request for 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.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 6. NET REALISED GAIN ON INVESTMENTS

The net realised gain on sale of investments was as follows:

<b>CAUTIOUS CLASS</b>		<b>2014</b>	<b>2013</b>
Proceeds on sale of investments	\$	<b>1,262,326</b>	\$ 611,221
Less cost of investments sold:			
Investments owned at beginning of year		<b>2,366,893</b>	1,976,451
Investments purchased during year		<b>1,439,825</b>	935,056
Investments owned at end of year		<b>(2,673,006)</b>	(2,366,893)
Investments sold during year		<b>1,133,712</b>	544,614
Net realised gain on investments	\$	<b>128,614</b>	\$ 66,607
<b>CONSERVATIVE CLASS</b>		<b>2014</b>	<b>2013</b>
Proceeds on sale of investments	\$	<b>52,300</b>	\$ 138,112
Less cost of investments sold:			
Investments owned at beginning of year		<b>2,583,480</b>	2,371,908
Investments purchased during year		<b>96,630</b>	342,040
Investments owned at end of year		<b>(2,636,309)</b>	(2,583,480)
Investments sold during year		<b>43,801</b>	130,468
Net realised gain on investments	\$	<b>8,499</b>	\$ 7,644
<b>BALANCED CLASS</b>		<b>2014</b>	<b>2013</b>
Proceeds on sale of investments	\$	<b>108,192</b>	\$ 166,681
Less cost of investments sold:			
Investments owned at beginning of year		<b>3,437,937</b>	2,453,222
Investments purchased during year		<b>1,884,416</b>	1,143,778
Investments owned at end of year		<b>(5,227,153)</b>	(3,437,937)
Investments sold during year		<b>95,200</b>	159,063
Net realised gain on investments	\$	<b>12,992</b>	\$ 7,618

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 6. NET REALISED GAIN ON INVESTMENTS (CONTINUED)

<b>DYNAMIC CLASS</b>		<b>2014</b>		<b>2013</b>	
Proceeds on sale of investments	\$	<b>33,594</b>	\$		5,000
<hr/>					
Less cost of investments sold:					
Investments owned at beginning of year		<b>250,449</b>			254,250
Investments purchased during year		<b>256,466</b>			1,100
Investments owned at end of year		<b>(478,805)</b>			(250,449)
<hr/>					
Investments sold during year		<b>28,110</b>			4,901
<hr/>					
Net realised gain on investments	\$	<b>5,484</b>	\$		99
<hr/>					
<b>GROWTH CLASS</b>		<b>2014</b>		<b>2013</b>	
Proceeds on sale of investments	\$	<b>38,862</b>	\$		8,491
<hr/>					
Less cost of investments sold:					
Investments owned at beginning of year		<b>460,655</b>			293,446
Investments purchased during year		<b>750,737</b>			175,472
Investments owned at end of year		<b>(1,176,838)</b>			(460,655)
<hr/>					
Investments sold during year		<b>34,554</b>			8,263
<hr/>					
Net realised gain on investments	\$	<b>4,308</b>	\$		228
<hr/>					

### 7. RELATED PARTY TRANSACTIONS

#### a) Management Fee

The Investment Adviser is related to the Fund through common directorship.

Under the terms of the management agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 0.25% per annum of the average valuation of the net assets of each class in each month, and will be paid on the last Valuation Day in each month.

No management fees were charged for the Cautious, Conservative, Balanced, Dynamic and Growth Classes for the years ended June 30, 2014 and 2013.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 7. RELATED PARTY TRANSACTIONS (CONTINUED)

#### b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based on the fair value of assets under administration at the rate of 3.25 basis points per annum, subject to a minimum of \$1,250 for each of the Select Invest classes. The custodian fee for the year was \$6,470 (2013: \$6,250). Custodian fees incurred for the year for the Cautious Class were \$1,250 (2013: \$1,250), for the Conservative Class were \$1,254 (2013: \$1,250), for the Balanced Class were \$1,445 (2013: \$1,250), for the Dynamic Class were \$1,271 (2013: \$1,250), and for the Growth Class \$1,250 (2013: \$1,250), with \$1,241 (2013: \$1,142) being payable and included in accrued expenses at year end.

#### c) Investment Services Fee

The investment services fee is paid to the Bank for additional registrar and transfer agent services provided to the Fund which had been previously provided by the administrator. The investment services fee is a set fee for the Butterfield group of funds, allocated to the individual funds based on their proportion of Net Asset Value. Investment services fee incurred for the year for the Cautious Class were \$1,079 (2013: \$2,533), for the Conservative Class were \$541 (2013: \$nil), for the Balanced Class were \$1,032 (2013: \$nil), for the Dynamic Class were \$96 (2013: \$nil) and for the Growth Class were \$188 (2013: \$nil), with \$139 (2013: \$2,093) being payable and included in accrued expenses at year end.

### 8. ADMINISTRATION FEE (INCLUDING ACCOUNTING FEE AND REGISTRAR AND TRANSFER AGENT FEE)

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Administration fee for the year was \$24,981 (2013: \$18,309). Administration fees incurred for the year for Cautious Class were \$6,022 (2013: \$5,146), for Conservative Class were \$6,088 (2013: \$5,462), for Balanced Class were \$10,118 (2013: \$6,354), for the Dynamic Class were \$925 (2013: \$555), and for the Growth Class \$1,828 (2013: \$792), with \$5,409 (2013: \$3,779) being payable and included in accrued expenses at year end.

### 9. TAXATION

Under current Bermuda law, the Fund is not obligated to pay taxes in Bermuda on either income or capital gains. The Fund has received an undertaking from the Minister of Finance in Bermuda, pursuant to the provisions of the exempted undertaking Tax Protection Act, 1966 which exempts the Fund from any such Bermuda taxes until March 28, 2016.

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011, allowing the Minister of Finance to grant assurance up to March 31, 2035.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS

2014	Cautious Class	Conservative Class	Balanced Class
<b>Per Share Information</b>			
Net asset value - beginning of year	\$ 11.16	\$ 10.33	\$ 10.67
<b>Net investment income from operations</b>			
Net investment loss	(0.07)	(0.05)	(0.04)
Net realised and unrealised gain on investments	1.19	0.84	1.47
Total from investment operations	1.12	0.79	1.43
Net asset value - end of year	\$ 12.28	\$ 11.12	\$ 12.10

### Ratios / Supplemental Data

Total net assets - end of year	\$ 3,052,866	\$ 2,929,683	\$ 5,995,756
Weighted average net assets*	\$ 2,787,203	\$ 2,784,917	\$ 4,683,480
Ratio of expenses to weighted average net assets	0.53%	0.47%	0.40%
Portfolio turnover rate**	45.55%	1.88%	2.31%
Annual rate of return***	10.04%	7.65%	13.40%



# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2014 (Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS (CONTINUED)

2014		Dynamic Class		Growth Class
<b>Per Share Information</b>				
Net asset value - beginning of the year	\$	10.86	\$	10.55
<b>Net investment income from operations</b>				
Net investment income/(loss)		(0.08)		0.04
Net realised and unrealised gain on investments		1.92		1.74
Total from investment operations		1.84		1.78
Net asset value - end of year	\$	12.70	\$	12.33

### Ratios / Supplemental Data

Total net assets - end of year	\$	565,224	\$	1,329,338
Weighted average net assets*	\$	428,450	\$	861,571
Ratio of expenses to weighted average net assets		0.74%		0.50%
Portfolio turnover rate**		7.90%		4.52%
Annual rate of return***		16.94%		16.88%

\* Weighted average net assets are calculated using net assets on the last valuation date of each month.

\*\* Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

\*\*\* Annual rate of return is calculated by comparing the end of year net asset value per share to the beginning of year net asset value per share.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2014 (Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS (CONTINUED)

2013		Cautious Class		Conservative Class		Balanced Class
<b>Per Share Information</b>						
Net asset value – beginning of the year	\$	10.56	\$	10.07	\$	9.73
Net investment income from operations						
Net investment loss		(0.04)		(0.02)		(0.04)
Net realised and unrealised gain/(loss) on investments		0.64		0.28		0.98
Total from investment operations		0.60		0.26		0.94
Net asset value - end of year	\$	11.16	\$	10.33	\$	10.67

### Ratios / Supplemental Data

Total net assets - end of year	\$	2,621,435	\$	2,669,131	\$	3,626,930
Weighted average net assets*	\$	2,357,252	\$	2,491,542	\$	2,916,244
Ratio of expenses to weighted average net assets		0.75%		0.39%		0.37%
Portfolio turnover rate**		25.93%		5.54%		5.72%
Annual rate of return***		5.58%		2.58%		9.66%

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2014 (Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS (CONTINUED)

2013		Dynamic Class		Growth Class
<b>Per Share Information</b>				
Net asset value – beginning of the year	\$	9.26	\$	9.34
Net investment income from operations				
Net investment gain/(loss)		0.14		(0.12)
Net realised and unrealised gain on investments		1.46		1.33
Total from investment operations		1.60		1.21
Net asset value - end of year	\$	10.86	\$	10.55

#### Ratios / Supplemental Data

Total net assets - end of year	\$	278,527	\$	490,421
Weighted average net assets*	\$	253,873	\$	343,391
Ratio of expenses to weighted average net assets		0.94%		0.77%
Portfolio turnover rate**		0.43%		2.47%
Annual rate of return***		17.28%		12.95%

\* Weighted average net assets are calculated using net assets on the last valuation date of each month.

\*\* Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

\*\*\* Annual rate of return is calculated by comparing the end of year net asset value per share to the beginning of year net asset value per share.

