

Butterfield Select Invest Fund  
Limited

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017

# Butterfield Select Invest Fund Limited

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## INVESTMENT MANAGER'S REPORT

For the year ended June 30, 2017

### Introduction

We are pleased to present the Annual Report of the Fund for the twelve months ended June 30, 2017. The Butterfield Select Invest Fund is divided into five share classes according to shareholders' risk appetite from Cautious to Dynamic and with the exception of the Dynamic Class, which is not open to shareholder subscriptions, allocated 100% of its investments to three classes of the Butterfield Select Fund Ltd, the Global Fixed Income Class, the Equity Class and the Alternative Class.

### Butterfield Select Fund - Equity Class

The net asset value (NAV) per share increased from \$12.36 to \$14.52 over the Fiscal year to 30 June, 2017, representing a 17.48% return for the year, net of all fees and expenses. The Benchmark for the Class, the MSCI World Free Net Total Return Index returned 18.20%.

Improvements in the macroeconomic environment in both Europe and Japan drove gains in both countries' markets, with both outperforming the MSCI World for the fiscal year in local currency terms and in US Dollar terms. The US market kept pace as well, so gains were broadly distributed over the developed markets. Throughout the period, we remained neutral each of the major geographies, only expressing a small overweight to emerging markets within the portfolio. The emerging markets position was passively obtained through our underlying funds' allocations to emerging markets rather than by our adding specific exposure.

The Class also continued to avoid large sector deviations from the benchmark, although decisions regarding sector allocation are also mostly passively moved by the underlying managers. We did add exposure to certain sectors to balance out major deviations by the underlying managers over the period, specifically adding exposure to financials due to one manager's structural underweight to US financials.

### Butterfield Select Fund - Global Fixed Income Class

The net asset value (NAV) per share increased from \$19.57 to \$20.14 over the Fiscal year to 30 June, 2017, representing a 2.91% return for the year, net of all fees and expenses.

After having raised interest rates for the first time in 9 years within the 2016 fiscal year, the Federal Reserve continued to raise rates at a measured pace in the 2017 fiscal year. Despite the measured pace of increases, the US Presidential election in November of 2016 provided bond markets with a path to somewhat higher long-term interest rates. 10 year US Treasuries closed the last fiscal year at 1.47%, near cyclical lows and ended this fiscal year at 2.30%.

The increase in rates led the index we measure ourselves against, the Bank of America Merrill Lynch 5-10 year Government and Corporate AAA-A Index, to a negative absolute return of -1.92% for the year. On a relative basis, the Class outperformed the index by 483 basis points for the fiscal year.

There are two reasons for the outperformance of the Class for the fiscal year. First, we have maintained, for some time, that interest rates in the US have been too low and we have been unwilling to take large amounts of interest rate risk. This positioning detracted from performance over the course of fiscal 2016, but added value rapidly beginning in November 2016. Second, we have also been overweight credit, with an average portfolio credit quality BBB+, as low risk-free rates have gradually driven investors into credit products over the last several years.

As at 30 June, 2017 the Class remained overweight investment grade credit versus its benchmark and maintained a small, diversified exposure to global high yield bonds.

# Butterfield Select Invest Fund Limited

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## INVESTMENT MANAGER'S REPORT

For the year ended June 30, 2017

### Butterfield Select Fund - Alternative Class

The net asset value (NAV) per share increased from \$14.82 to \$15.10 over the Fiscal year to 30 June, 2017, representing a 1.89% return for the year, net of all fees and expenses. The Benchmark for the Class, the Hedge Fund Research HFRX Global Hedge Fund Index returned 6.00%.

The Class is managed by GCM Grosvenor and was allocated to 22 investment managers with an average allocation of approximately 5% to each manager, with the largest allocation to any single manager being just over 10%. The largest sector allocation the Fund had as at 30 June, 2017 was to the Equities strategy at just over 39%. The equities strategy is a broad term and is allocated to directional, market neutral and event driven sub-strategies.

This was followed by the quantitative and macro strategies at a combined 32%. Over the course of the fiscal year, opportunistic credit strategies were reduced and the Class ended with only 7% allocated to credit.

Dwayne Outerbridge  
President  
Butterfield Select Invest Fund Limited  
October 6, 2017



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Hamilton HM BX, Bermuda

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## Independent Auditors' Report

The Board of 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 financial statements of Butterfield Select Invest Fund Limited, comprising Cautious Class, Conservative Class, Balanced Class, Dynamic Class and Growth Class, which comprise the statements of financial position as at June 30, 2017 and 2016, and the statements of comprehensive income, changes in net assets attributable to shareholders and cash flows for the years 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 International Financial Reporting Standards, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. 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 auditors' 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 auditors consider 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, the financial statements present fairly, in all material respects, the financial position of Butterfield Select Invest Fund Limited, comprising Cautious Class, Conservative Class, Balanced Class, Dynamic Class and Growth Class, as at June 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

*Ernst & Young Ltd.*

October 6, 2017

# Butterfield Select Invest Fund Limited

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## COMPANY INFORMATION

### DIRECTORS

Dwayne Outerbridge  
Andrew Baron  
Richard Foley

### INVESTMENT ADVISER

Butterfield Asset Management Limited  
65 Front Street  
Hamilton HM 12  
Bermuda

### CUSTODIAN

Butterfield Trust (Bermuda) Limited  
65 Front Street  
Hamilton HM 12  
Bermuda

### REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

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

### AUDITORS

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

# Butterfield Select Invest Fund Limited

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## STATEMENT OF FINANCIAL POSITION

As at June 30, 2017

(Expressed in US Dollars)

		CAUTIOUS CLASS	
		June 30, 2017 US\$	June 30, 2016 US\$
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	<b>32,577</b>	23,632
Financial assets at fair value through profit or loss (Cost 2017: - \$2,974,542; 2016 - \$3,091,954)	3, 4	<b>3,395,331</b>	3,394,745
Prepaid expenses		<b>489</b>	568
<b>Total assets</b>		<b>3,428,397</b>	3,418,945
<b>Liabilities</b>			
Accrued expenses	6, 7	<b>9,926</b>	9,048
Subscriptions received in advance		<b>150</b>	150
<b>Total liabilities</b>		<b>10,076</b>	9,198
<b>Net assets attributable to shareholders</b>		<b>3,418,321</b>	3,409,747
Number of common shares in issue	5	<b>262,339</b>	279,933
<b>Net asset value per common share</b>		<b>13.03</b>	12.18

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2017

(Expressed in US Dollars)

		CONSERVATIVE CLASS	
		June 30, 2017	June 30, 2016
		US\$	US\$
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	34,950	30,711
Financial assets at fair value through profit or loss (Cost 2017: - \$3,228,268; 2016 - \$3,170,858)	3, 4	3,725,851	3,516,466
Prepaid expenses		600	580
<b>Total assets</b>		<b>3,761,401</b>	<b>3,547,757</b>
<b>Liabilities</b>			
Accrued expenses	6, 7	10,112	9,397
<b>Total liabilities</b>		<b>10,112</b>	<b>9,397</b>
<b>Net assets attributable to shareholders</b>		<b>3,751,289</b>	<b>3,538,360</b>
Number of common shares in issue	5	319,800	314,001
<b>Net asset value per common share</b>		<b>11.73</b>	<b>11.27</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2017

(Expressed in US Dollars)

		BALANCED CLASS	
		June 30, 2017	June 30, 2016
		US\$	US\$
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	83,337	65,235
Financial assets at fair value through profit or loss (Cost 2017: - \$7,989,491; 2016 - \$7,387,123)	3, 4	8,670,202	7,883,148
Prepaid expenses		1,462	1,381
<b>Total assets</b>		<b>8,755,001</b>	<b>7,949,764</b>
<b>Liabilities</b>			
Accrued expenses	6, 7	14,831	13,453
Subscriptions received in advance		6,250	8,000
<b>Total liabilities</b>		<b>21,081</b>	<b>21,453</b>
<b>Net assets attributable to shareholders</b>		<b>8,733,920</b>	<b>7,928,311</b>
Number of common shares in issue	5	682,411	676,948
<b>Net asset value per common share</b>		<b>12.80</b>	<b>11.71</b>

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



# Butterfield Select Invest Fund Limited

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2017

(Expressed in US Dollars)

		DYNAMIC CLASS	
		June 30, 2017	June 30, 2016
		US\$	US\$
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	65,941	9,263
Financial assets at fair value through profit or loss (Cost 2017: - \$255,773; 2016 - \$269,058)	3, 4	253,022	287,843
Prepaid expenses		58	-
<b>Total assets</b>		<b>319,021</b>	<b>297,106</b>
<b>Liabilities</b>			
Accrued expenses	6, 7	4,521	3,713
<b>Total liabilities</b>		<b>4,521</b>	<b>3,713</b>
<b>Net assets attributable to shareholders</b>		<b>314,500</b>	<b>293,393</b>
Number of common shares in issue	5	25,000	25,000
<b>Net asset value per common share</b>		<b>12.58</b>	<b>11.74</b>

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

# Butterfield Select Invest Fund Limited

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## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2017

(Expressed in US Dollars)

		GROWTH CLASS	
		June 30, 2017	June 30, 2016
		US\$	US\$
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	22,871	25,533
Financial assets at fair value through profit or loss (Cost 2017: - \$1,944,947; 2016 - \$2,543,838)	3, 4	2,207,709	2,579,448
Prepaid expenses		363	506
<b>Total assets</b>		<b>2,230,943</b>	<b>2,605,487</b>
<b>Liabilities</b>			
Accrued expenses	6, 7	5,649	5,872
Subscriptions received in advance		1,000	2,000
<b>Total liabilities</b>		<b>6,649</b>	<b>7,872</b>
<b>Net assets attributable to shareholders</b>		<b>2,224,294</b>	<b>2,597,615</b>
Number of common shares in issue	5	168,944	223,606
<b>Net asset value per common share</b>		<b>13.17</b>	<b>11.62</b>

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

# Butterfield Select Invest Fund Limited

## SCHEDULE OF PORTFOLIO INVESTMENTS

As at June 30, 2017

(Expressed in US Dollars)

### CAUTIOUS CLASS

	Number of Shares	2017	
		Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	33,920	\$ 512,189	15.09%
Butterfield Select Fund Limited – Equity Class	85,219	1,237,382	36.44%
Butterfield Select Fund Limited – Global Fixed Income Class	81,716	1,645,760	48.47%
<b>TOTAL INVESTMENTS</b> (Cost: 2017 - \$2,974,542)		<b>\$ 3,395,331</b>	<b>100.00%</b>

### CONSERVATIVE CLASS

	Number of Shares	2017	
		Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	36,994	\$ 558,604	14.99%
Butterfield Select Fund Limited – Equity Class	40,082	581,992	15.62%
Butterfield Select Fund Limited – Global Fixed Income Class	128,364	2,585,255	69.39%
<b>TOTAL INVESTMENTS</b> (Cost: 2017 - \$3,288,268)		<b>\$ 3,725,851</b>	<b>100.00%</b>

### BALANCED CLASS

	Number of Shares	2017	
		Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	87,733	\$ 1,324,770	15.28%
Butterfield Select Fund Limited – Equity Class	175,640	2,550,288	29.41%
Butterfield Select Fund Limited – Global Fixed Income Class	238,091	4,795,144	55.31%
<b>TOTAL INVESTMENTS</b> (Cost: 2017 - \$7,989,491)		<b>\$ 8,670,202</b>	<b>100.00%</b>

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

# Butterfield Select Invest Fund Limited

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## SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2017

(Expressed in US Dollars)

### DYNAMIC CLASS

	Number of Shares	2017 Fair Value	% of Portfolio
Exchange-traded Fund			
ISHARES 10-20 YEAR TREASURY	1,855	\$ 253,022	100.00%
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<b>TOTAL INVESTMENTS</b> (Cost: 2017 - \$255,773)		\$ 253,022	100.00%

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### GROWTH CLASS

	Number of Shares	2017 Fair Value	% of Portfolio
Investment Funds			
Butterfield Select Fund Limited – Alternative Class	22,937	\$ 346,353	15.68%
Butterfield Select Fund Limited – Equity Class	120,521	1,749,961	79.27%
Butterfield Select Fund Limited – Global Fixed Income Class	5,531	111,395	5.05%
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<b>TOTAL INVESTMENTS</b> (Cost: 2017 - \$1,944,947)		\$ 2,207,709	100.00%

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2017

(Expressed in US Dollars)

		CAUTIOUS CLASS	
		2017	2016
		US\$	US\$
	Notes		
<b>Income</b>			
Net realized gain on financial assets at fair value through profit or loss		138,471	73,894
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss		117,999	(72,738)
<b>Total income</b>		<b>256,470</b>	<b>1,156</b>
<b>Expenses</b>			
Management fee	6 a)	8,389	8,817
Administration fee	7	11,372	11,784
Audit fee		3,518	2,587
Custodian fee	6 b)	1,250	1,272
Exchange fee		911	1,019
Government fee		363	481
Investment services fee	6 c)	1,006	911
Miscellaneous		4,047	4,211
<b>Total expenses</b>		<b>30,856</b>	<b>31,082</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>225,614</b>	<b>(29,926)</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

		CONSERVATIVE CLASS	
		2017 US\$	2016 US\$
	Notes		
<b>Income</b>			
Net realized gain on financial assets at fair value through profit or loss		86,953	33,802
Net change in unrealized gain on financial assets at fair value through profit or loss		91,975	47,586
<b>Total income</b>		<b>178,928</b>	<b>81,388</b>
<b>Expenses</b>			
Management fee	6 a)	9,110	8,489
Administration fee	7	10,414	11,390
Audit fee		4,528	2,500
Custodian fee	6 b)	1,262	1,250
Exchange fee		936	985
Government fee		390	411
Investment services fee	6 c)	1,063	1,004
Miscellaneous		4,373	3,875
<b>Total expenses</b>		<b>32,076</b>	<b>29,904</b>
<b>Net increase in net assets resulting from operations attributable to shareholders</b>		<b>146,852</b>	<b>51,484</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

		BALANCED CLASS	
		2017	2016
		US\$	US\$
	Notes		
<b>Income</b>			
Net realized gain on financial assets at fair value through profit or loss		643,232	91,914
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss		184,687	(274,055)
<b>Total income</b>		<b>827,919</b>	<b>(182,141)</b>
<b>Expenses</b>			
Management fee	6 a)	21,659	18,420
Administration fee	7	22,428	20,964
Audit fee		3,068	3,000
Custodian fee	6 b)	2,872	2,568
Exchange fee		2,380	2,139
Government fee		910	848
Investment services fee	6 c)	2,547	2,200
Miscellaneous		10,204	8,411
<b>Total expenses</b>		<b>66,068</b>	<b>58,550</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>761,851</b>	<b>(240,691)</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

		DYNAMIC CLASS	
		2017 US\$	2016 US\$
	Notes		
<b>Income</b>			
Net realized gain on financial assets at fair value through profit or loss		45,634	37,112
Net change in unrealized loss on financial assets at fair value through profit or loss		(21,536)	(63,295)
Dividend income		3,510	-
<b>Total income</b>		<b>27,608</b>	<b>(26,183)</b>
<b>Expenses</b>			
Management fee	6 a)	-	1,418
Administration fee	7	3,371	3,954
Audit fee		1,002	398
Custodian fee	6 b)	1,250	1,257
Exchange fee		83	234
Government fee		16	108
Investment services fee	6 c)	104	186
Miscellaneous		675	795
<b>Total expenses</b>		<b>6,501</b>	<b>8,350</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>21,107</b>	<b>(34,533)</b>

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



# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

		GROWTH CLASS	
		2017	2016
		US\$	US\$
	Notes		
<b>Income</b>			
Net realized gain on financial assets at fair value through profit or loss		67,691	10,945
Net change in unrealized gain/(loss) on financial assets at fair value through profit or loss		227,151	(105,764)
<b>Total income/(loss)</b>		<b>294,842</b>	<b>(94,819)</b>
<b>Expenses</b>			
Management fee	6 a)	5,753	5,496
Administration fee	7	8,041	8,078
Audit fee		1,021	505
Custodian fee	6 b)	1,250	1,256
Exchange fee		648	617
Government fee		249	260
Investment services fee	6 c)	676	654
Miscellaneous		2,452	2,649
<b>Total expenses</b>		<b>20,090</b>	<b>19,515</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>274,752</b>	<b>(114,334)</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended June 30, 2017

(Expressed in US Dollars)

	CAUTIOUS CLASS	
	2017 US\$	2016 US\$
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>225,614</b>	<b>(29,926)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	448,325	299,824
Repurchase of redeemable shares	(665,365)	(717,657)
Decrease in net assets attributable to shareholders from transactions in shares	(217,040)	(417,833)
<b>Net increase/(decrease) in net assets attributable to shareholders</b>	<b>8,574</b>	<b>(447,759)</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>3,409,747</b>	<b>3,857,506</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>3,418,321</b>	<b>3,409,747</b>

	CONSERVATIVE CLASS	
	2017 US\$	2016 US\$
<b>Net increase in net assets resulting from operations attributable to shareholders</b>	<b>146,852</b>	<b>51,484</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	151,230	345,900
Repurchase of redeemable shares	(85,153)	(195,237)
Increase in net assets attributable to shareholders from transactions in shares	66,077	150,663
<b>Net increase in net assets attributable to shareholders</b>	<b>212,929</b>	<b>202,147</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>3,538,360</b>	<b>3,336,213</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>3,751,289</b>	<b>3,538,360</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

	BALANCED CLASS	
	2017 US\$	2016 US\$
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>761,851</b>	<b>(240,691)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	1,656,252	1,513,490
Repurchase of redeemable shares	(1,612,494)	(1,034,464)
Increase in net assets attributable to shareholders from transactions in shares	43,758	479,026
<b>Net increase in net assets attributable to shareholders</b>	<b>805,609</b>	<b>238,335</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>7,928,311</b>	<b>7,689,976</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>8,733,920</b>	<b>7,928,311</b>

	DYNAMIC CLASS	
	2017 US\$	2016 US\$
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>21,107</b>	<b>(34,533)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	-	167,902
Repurchase of redeemable shares	-	(501,603)
Decrease in net assets attributable to shareholders from transactions in shares	-	(333,701)
<b>Net increase/(decrease) in net assets attributable to shareholders</b>	<b>21,107</b>	<b>(368,234)</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>293,393</b>	<b>661,627</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>314,500</b>	<b>293,393</b>

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

## Butterfield Select Invest Fund Limited

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

	GROWTH CLASS	
	2017 US\$	2016 US\$
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>274,752</b>	<b>(114,334)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	368,815	1,014,540
Repurchase of redeemable shares	(1,016,888)	(234,517)
(Decrease)/increase in net assets attributable to shareholders from transactions in shares	(648,073)	780,023
<b>Net (decrease)/increase in net assets attributable to shareholders</b>	<b>(373,321)</b>	<b>665,689</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>2,597,615</b>	<b>1,931,926</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>2,224,294</b>	<b>2,597,615</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

(Expressed in US Dollars)

	CAUTIOUS CLASS	
	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	225,614	(29,926)
<i>Adjustments for:</i>		
Purchase of financial assets	(870,161)	(539,825)
Net proceeds from sale of financial assets	1,126,045	993,680
Net realized gain on financial assets	(138,471)	(73,894)
Net change in unrealized loss on financial assets	(117,999)	72,738
Changes in:		
Prepaid expenses	79	145
Accrued expenses	878	303
<b>Net cash provided by operating activities</b>	<b>225,985</b>	<b>423,221</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	448,325	299,824
Payments on redemption of shares	(665,365)	(717,657)
Subscriptions received in advance	-	150
<b>Net cash used in financing activities</b>	<b>(217,040)</b>	<b>(417,683)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,945</b>	<b>5,538</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>23,632</b>	<b>18,094</b>
<b>Cash and cash equivalents – end of year</b>	<b>32,577</b>	<b>23,632</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

	CONSERVATIVE CLASS	
	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
Net increase in net assets resulting from operations attributable shareholders	146,852	51,484
<i>Adjustments for:</i>		
Purchase of financial assets	(557,250)	(553,099)
Net proceeds from sale of financial assets	526,793	445,237
Net realised gain on financial assets	(86,953)	(33,802)
Net change in unrealised gain on financial assets	(91,975)	(47,586)
Changes in:		
Prepaid expenses	(20)	141
Accrued expenses	715	1,248
<b>Net cash used in operating activities</b>	<b>(61,838)</b>	<b>(136,377)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	151,230	345,900
Payments on redemption of shares	(85,153)	(195,237)
<b>Net cash provided by financing activities</b>	<b>66,077</b>	<b>150,663</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,239</b>	<b>14,286</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>30,711</b>	<b>16,425</b>
<b>Cash and cash equivalents – end of year</b>	<b>34,950</b>	<b>30,711</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

	BALANCED CLASS	
	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	761,851	(240,691)
<i>Adjustments for:</i>		
Purchase of financial assets	(4,527,748)	(2,023,505)
Net proceeds from sale of financial assets	4,568,613	1,614,464
Net realized gain on financial assets	(643,232)	(91,914)
Net change in unrealized (gain)/loss on financial assets	(184,687)	274,055
Changes in:		
Prepaid expenses	(81)	120
Accrued expenses	1,378	1,253
<b>Net cash used in operating activities</b>	<b>(23,906)</b>	<b>(466,218)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	1,656,252	1,513,490
Payments on redemption of shares	(1,612,494)	(1,034,464)
Subscriptions received in advance	(1,750)	8,000
<b>Net cash provided by financing activities</b>	<b>42,008</b>	<b>487,026</b>
<b>Net increase in cash and cash equivalents</b>	<b>18,102</b>	<b>20,808</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>65,235</b>	<b>44,427</b>
<b>Cash and cash equivalents – end of year</b>	<b>83,337</b>	<b>65,235</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

	DYNAMIC CLASS	
	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	21,107	(34,533)
<i>Adjustments for:</i>		
Purchase of financial assets	(2,585,559)	(172,212)
Net proceeds from sale of financial assets	2,644,478	518,911
Net realized gain on financial assets	(45,634)	(37,112)
Net change in unrealized loss on financial assets	21,536	63,295
Changes in:		
Prepaid expenses	(58)	59
Accrued expenses	808	(315)
<b>Net cash provided by operating activities</b>	<b>56,678</b>	<b>338,093</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	167,902
Paid on redemption of shares	-	(501,603)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(333,701)</b>
<b>Net increase in cash and cash equivalents</b>	<b>56,678</b>	<b>4,392</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>9,263</b>	<b>4,871</b>
<b>Cash and cash equivalents – end of year</b>	<b>65,941</b>	<b>9,263</b>

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



# Butterfield Select Invest Fund Limited

## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2017

(Expressed in US Dollars)

	GROWTH CLASS	
	2017 US\$	2016 US\$
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	274,752	(114,334)
<i>Adjustments for:</i>		
Purchase of financial assets	(454,805)	(1,113,741)
Net proceeds from sale of financial assets	1,121,386	364,518
Net realized gain on financial assets	(67,691)	(10,945)
Net change in unrealized (gain)/loss on financial assets	(227,151)	105,764
Changes in:		
Prepaid expenses	143	(76)
Accrued expenses	(223)	859
<b>Net cash provided by/(used in) operating activities</b>	<b>646,411</b>	<b>(767,955)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	368,815	1,014,540
Payments on redemption of shares	(1,016,888)	(234,517)
Subscriptions received in advance	(1,000)	2,000
<b>Net cash (used in)/provided by financing activities</b>	<b>(649,073)</b>	<b>782,023</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,662)</b>	<b>14,068</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>25,533</b>	<b>11,465</b>
<b>Cash and cash equivalents – end of year</b>	<b>22,871</b>	<b>25,533</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, 2017

### 1. CORPORATE INFORMATION

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 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 registered address of the Fund is c/o MUFG Fund Services (Bermuda) Limited, The Belvedere Building 69 Pitts Bay Road, Pembroke HM 08, Bermuda.

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, allocating its assets to either the Butterfield Select Fund Limited's (BFSL) Share Classes, 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; or mutual funds and exchange traded funds. The Fund may also hold money market instruments, other investments or mutual funds for cash management purposes.

The Fund offers five classes, namely, Cautious, Balanced, Conservative, Dynamic and Growth. Each of the Cautious, Balanced, Conservative, Dynamic and Growth share classes invests in various weightings of BFSL share classes. In addition, the Dynamic Class may invest directly in mutual funds and exchange-traded funds outside the classes of BFSL.

### 2. BASIS OF PREPARATION

#### Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Statements Board ("IASB"). The financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss.

The financial statements are presented in United States dollars, which is the functional currency of the Fund, and all values are rounded to the nearest dollar, except when otherwise stated.

The Fund presents its statement of financial position in order of liquidity.

#### Summary of significant accounting policies

##### a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Fund's management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in the financial statements, and accompanying notes. Management believes that the estimates and assumptions utilised in preparing the Fund's financial statements are reasonable and prudent. Actual results could differ from these estimates.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 2. BASIS OF PREPARATION (Continued)

#### Summary of significant accounting policies (continued)

##### b) Financial instruments

###### i. Classification

The Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

###### **Financial assets and liabilities at fair value through profit or loss**

The category of financial assets and liabilities at fair value through profit or loss is sub-divided into:

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes investment funds, mutual funds and exchange-traded funds. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial instruments designated at fair value through profit or loss upon initial recognition: these include investments in investment funds not held for trading. The Fund did not hold any financial instruments designated at fair value through profit or loss upon initial recognition as at June 30, 2017 and 2016.

###### **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

###### **Other financial liabilities**

This category includes all financial liabilities, other than those classified as held for trading. The Fund includes in this category amounts for other short-term payables.

###### ii. Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

###### iii. Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the statement of comprehensive income, unless specified otherwise.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 2. BASIS OF PREPARATION (Continued)

#### Summary of significant accounting policies (continued)

#### b) Financial instruments (continued)

##### iv. Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net change in unrealised gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense.

Receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

##### v. Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: the Fund has transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### c) Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

It is the policy of the Fund to value any asset quoted, listed, traded or dealt with on an exchange or market by reference to the last traded price on or prior to the relevant Valuation Day on the major exchange or market in which the assets are dealt, to the extent that such valuation is based on a price within the bid-ask spread that is most representative of fair value on valuation date.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 2. BASIS OF PREPARATION (Continued)

#### Summary of significant accounting policies (continued)

##### c) Fair value measurement (continued)

In circumstances where the last traded price is not within the bid-ask spread, the Directors will determine the point within the bid-ask spread that is most representative of fair value.

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 fund's administrators. The underlying investments of each fund are accounted for at fair value as described in each investment fund's financial statements.

The Directors at their absolute discretion may permit some other method of valuation to that described above if they consider such valuation better reflects the fair value of any investment.

##### d) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor/counterparty or a group of debtors/counterparties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate.

##### e) Functional and presentation currency

The Fund's functional currency is the United States Dollar (US Dollar), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in US Dollars. Therefore, the US Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the US Dollars.

##### f) Offsetting and financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Management has determined that, as at June 30, 2017 and 2016, there were no assets and liabilities offset in the statement of financial position, nor were there any assets or liabilities available for offset. The Fund does not have a legally enforceable right to offset, nor does it have master netting agreements or similar arrangements that would allow for related amounts to be set off.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 2. BASIS OF PREPARATION (Continued)

#### Summary of significant accounting policies (continued)

##### g) Foreign currency translations

Assets and liabilities that are denominated in foreign currencies are translated into United States dollars at 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 comprehensive income.

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 in the net realised and change in unrealised gain/(loss) on investments in the statement of comprehensive income.

##### h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

##### i) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

##### j) Dividend income and expense

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

##### k) Realised and change in unrealised gains and losses

Realised and change in unrealised gains/(losses) on financial assets at fair value through profit or loss are recognised in the statement of comprehensive income. The cost of investments sold is accounted for using the average cost basis.

##### l) Expenses

All expenses (including management fees) are recognised in the statement of comprehensive income on an accrual basis.

##### m) Going concern

The Fund's management has assessed the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 2. BASIS OF PREPARATION (Continued)

#### Summary of significant accounting policies (continued)

##### n) Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. The redeemable participating shares can be put back to the Fund on any dealing day (normally the next business day following the Valuation Day, which is on Thursday in each week) at a value equal to a proportionate share of the Fund's net asset value ("NAV"). The Fund's net asset value per share is calculated by dividing the net assets attributable to shareholders with the total number of outstanding redeemable shares.

##### o) Investment entity

IFRS 10 defines an investment entity and requires a reporting entity that meets the definition of an investment entity not to consolidate but instead to measure its investments at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments

Management has determined that the Fund meets the definition of an investment entity and recognizes all investments at fair value through profit and loss.

##### p) Impact of accounting pronouncements issued but not yet effective

###### IAS 7 Disclosure Initiative – Amendments to IAS 7

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows to aid users of financial statements to better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from cash flows and non-cash changes. IAS 7 Disclosure Initiative is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Fund is currently assessing the impact of IAS 7 Disclosure Initiative and plans to adopt the amendment on the required effective date.

###### IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Fund is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### q) Impact of accounting pronouncements issued but not yet effective (continued)

#### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

### 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 financial position includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

Substantially all of the assets of the Fund are held by the registrar and transfer agent, the Fund's Custodian and the Bank. The Fund monitors its risk by monitoring the credit quality of the Custodian and the Bank. As at June 30, 2017, the credit ratings of the Custodian and the Bank, as provided by Standard and Poor's, were both BBB (2016 – BBB).

#### 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, 2017 and 2016, 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 0.95% (2016 – 0.69%) for Cautious Class, 0.93% (2016 – 0.87%) for the Conservative Class; 0.95% (2016 – 0.82%) for the Balanced Class; 20.97% (2016 – 3.16%) for the Dynamic Class and 1.03% (2016 – 0.98%) 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.



# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### 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 primarily in other investment companies which could expose the Fund to increased liquidity risk. However, the Fund's entire portfolio is realizable on a daily or 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.

As of June 30, 2017 and 2016, all investments held by the Cautious, Conservative, Balanced, Dynamic and Growth Classes offer redemptions on a daily or 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, 2017 and 2016, 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, 2017 and 2016, 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	
	2017	2016
	US\$	US\$
Cautious Class	169,767	169,737
Conservative Class	186,293	175,823
Balanced Class	433,510	394,157
Dynamic Class	12,651	14,392
Growth Class	110,385	128,972

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.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

For the year ended June 30, 2017, all of the investments held in the Cautious, Conservative, Balanced and Growth Classes were classified as Level 2, while the investments held in Dynamic Class were classified as Level 1 of the fair value hierarchy. For the year ended June 30, 2016 all of the Fund's investment's were classified as Level 2 in the fair value hierarchy.

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, 2017 and 2016. 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, 2017 and 2016. The Fund did not hold any level 3 investments at the beginning, during, or at the end of the years ended June 30, 2017 and 2016.

### 5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is US\$10,001 (2016 – US\$10,001) divided into:

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 By-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, 2017 and 2016 are as follows:

#### CAUTIOUS CLASS COMMON SHARES

	2017	2016
Balance – beginning of year	279,933	314,640
Issue of common shares	35,790	25,100
Redemption of common shares	(53,384)	(59,807)
Balance – end of year	262,339	279,933

#### CONSERVATIVE CLASS COMMON SHARES

	2017	2016
Balance – beginning of year	314,001	300,059
Issue of common shares	13,197	31,437
Redemption of common shares	(7,398)	(17,495)
Balance – end of year	319,800	314,001

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

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

#### BALANCED CLASS COMMON SHARES

	2017	2016
Balance – beginning of year	676,948	636,496
Issue of common shares	134,485	128,635
Redemption of common shares	(129,022)	(88,183)
Balance – end of year	682,411	676,948

#### DYNAMIC CLASS COMMON SHARES

	2017	2016
Balance – beginning of year	25,000	52,796
Issue of common shares	-	14,319
Redemption of common shares	-	(42,115)
Balance – end of year	25,000	25,000

#### GROWTH CLASS COMMON SHARES

	2017	2016
Balance – beginning of year	223,606	157,449
Issue of common shares	29,493	85,895
Redemption of common shares	(84,155)	(19,738)
Balance – end of year	168,944	223,606

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.

#### Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's Prospectus.

### 6. 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. During the year the Dynamic Class was charged no Management Fee.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### RELATED PARTY TRANSACTIONS (Continued)

#### a) Management Fee (continued)

Class	Management fees charged		Management fees payable	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Cautious	8,389	8,817	847	818
Conservative	9,110	8,489	924	856
Balanced	21,659	18,420	2,134	1,812
Dynamic	-	1,418	-	15
Growth	5,753	5,496	540	591

#### 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. Details of custodian fees charged and payable, as at June 30, 2017 and 2016 for each class are set out in the table below.

Class	Custodian fees charged		Custodian fees payable	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Cautious	1,250	1,272	620	312
Conservative	1,262	1,250	636	312
Balanced	2,872	2,568	1,477	605
Dynamic	1,250	1,257	624	312
Growth	1,250	1,256	620	311

#### 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. Details of investment services fees charged and payable, as at June 30, 2017 and 2016 for each class are set out in the table below.

Class	Investment services fees charged		Investment services fees payable	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Cautious	1,006	911	104	-
Conservative	1,063	1,004	-	-
Balanced	2,547	2,200	238	-
Dynamic	104	186	22	-
Growth	676	654	54	-

#### d) Others

The Bank owns 235,000, 235,000, 25,000, and 25,000 shares (2016 - 235,000, 235,000, 25,000, and 25,000 shares) of the Conservative Class, Balanced Class, Dynamic Class and Growth Class, respectively. The Bank did not own any shares of the Cautious Class as at June 30, 2017 and 2016.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 6. 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 \$53,126 (2016: \$56,170). Details of administration fees charged and payable, as at June 30, 2017 and 2016 for each class are set out in the table below. Administration fees payable at June 30, 2017 and 2016 are included in accrued expenses in the statements of financial position.

Class	Administration fees charged		Administration fees payable	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Cautious	11,372	11,784	4,563	4,638
Conservative	10,414	11,390	4,302	4,978
Balanced	22,428	20,964	6,448	6,713
Dynamic	3,371	3,954	2,824	2,764
Growth	8,041	8,078	3,451	3,889

### 7. 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. On January 29, 2015 the Minister of Finance granted assurance to the Fund up to that date.

### 8. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2017 (2016: none).

### 9. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2017 through October 6, 2017, the date the financial statements were available to be issued.

The Fund did not have any material subsequent events.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 10. FINANCIAL HIGHLIGHTS

2017		Cautious Class		Conservative Class		Balanced Class
<b>Per Share Information</b>						
<b>Net asset value - beginning of year</b>	\$	12.18	\$	11.27	\$	11.71
<b>Net investment income from operations</b>						
Net investment loss****		(0.12)		(0.10)		(0.09)
Net realised and unrealised Gain/(loss) on investments		0.97		0.56		1.18
<b>Total from investment operations</b>		<b>0.85</b>		<b>0.46</b>		<b>1.09</b>
<b>Net asset value - end of year</b>	\$	13.03	\$	11.73	\$	12.80
<b>Ratios / Supplemental Data</b>						
Total net assets - end of year	\$	3,418,321	\$	3,751,289	\$	8,733,920
Weighted average net assets*	\$	3,357,169	\$	3,651,982	\$	8,685,066
Ratio of expenses to weighted average net assets		0.92%		0.88%		0.76%
Portfolio turnover rate**		26.00%		14.49%		52.30%
Annual rate of return***		6.98%		4.08%		9.31%

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 11. FINANCIAL HIGHLIGHTS (Continued)

2017		Dynamic Class		Growth Class
<b>Per Share Information</b>				
<b>Net asset value - beginning of year</b>	\$	<b>11.74</b>	\$	<b>11.62</b>
<b>Net investment income from operations</b>				
Net investment loss****		(0.12)		(0.11)
Net realised and change in unrealised loss on investments		0.96		1.66
<b>Total from investment operations</b>		<b>0.84</b>		<b>1.55</b>
<b>Net asset value - end of year</b>	\$	<b>12.58</b>	\$	<b>13.17</b>
<b>Ratios / Supplemental Data</b>				
Total net assets - end of year	\$	<b>314,500</b>	\$	<b>2,224,294</b>
Weighted average net assets*	\$	<b>305,833</b>	\$	<b>2,300,595</b>
Ratio of expenses to weighted average net assets		<b>2.13%</b>		<b>0.87%</b>
Portfolio turnover rate**		<b>1036.79%</b>		<b>19.88%</b>
Annual rate of return***		<b>7.16%</b>		<b>13.34%</b>

\* 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 to the beginning of year net asset value.

\*\*\*\*Net investment loss represents other income less expenses.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 11. FINANCIAL HIGHLIGHTS (Continued)

2016		Cautious Class		Conservative Class		Balanced Class
<b>Per Share Information</b>						
Net asset value - beginning of year	\$	12.26	\$	11.12	\$	12.08
<b>Net investment income from operations</b>						
Net investment loss****		(0.11)		(0.10)		(0.09)
Net realised and unrealised Gain/(loss) on investments		0.03		0.25		(0.28)
Total from investment operations		(0.08)		0.15		(0.37)
Net asset value - end of year	\$	12.18	\$	11.27	\$	11.71
<b>Ratios / Supplemental Data</b>						
Total net assets - end of year	\$	3,409,747	\$	3,538,360	\$	7,928,311
Weighted average net assets*	\$	3,494,502	\$	3,384,640	\$	7,377,528
Ratio of expenses to weighted average net assets		0.89%		0.88%		0.79%
Portfolio turnover rate**		15.52%		13.16%		21.98%
Annual rate of return***		(0.65%)		1.35%		(3.06%)



# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2017

### 11. FINANCIAL HIGHLIGHTS (Continued)

2016	Dynamic Class	Growth Class
Per Share Information		
Net asset value - beginning of year	\$ 12.53	\$ 12.27
Net investment income from operations		
Net investment loss****	(0.17)	(0.10)
Net realised and change in unrealised loss on investments	(0.62)	(0.55)
Total from investment operations	(0.79)	(0.65)
Net asset value - end of year	\$ 11.74	\$ 11.62
Ratios / Supplemental Data		
Total net assets - end of year	\$ 293,393	\$ 2,597,615
Weighted average net assets*	\$ 582,213	\$ 2,224,496
Ratio of expenses to weighted average net assets	1.43%	0.88%
Portfolio turnover rate**	29.60%	16.44%
Annual rate of return***	(6.30%)	(5.30%)

\* 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 to the beginning of year net asset value.

\*\*\*\* Net investment gain or loss represents other income less expenses.

### 12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on October 6, 2017.

