

Butterfield US\$ Bond Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

Butterfield US\$ Bond Fund Limited

To the Shareholders:

We are pleased to present the Annual Report of the Fund for the twelve months ended June 30th 2023. The net asset value per share on the Class A shares, after dividend distributions and fees, decreased from \$10.2995 to \$10.1512 over the past year and dividends were paid at a rate of 19.22 cents per share. The Class B shares decreased from \$10.5096 to \$10.3581, after fees and dividends of 22.34 cents per share. Class C shares increased from \$11.5903 to \$11.6842 over the financial year. Unlike Classes A and B, Class C is an accumulating share class and does not pay dividends.

On a total return basis after fees and including dividends, the Class A shares of the Fund delivered a return of +0.43% for the twelve months ended June 30th 2023. Owing to lower management fee structures, the Class B shares of the fund delivered a return of +0.68% over the same period, while Class C generated a return of +0.81%. All Classes outperformed the fund's benchmark Index, the BofA Merrill Lynch 1-5 Year AAA-A US Corporate and Government Index primarily due to the fund's lower exposure to interest rate risk and higher exposure to corporate credit which has provided a good risk premium spread over US Treasuries.

The net asset value of the fund ended the financial year at \$129.4 million, increasing by 4% from the end of the previous financial year as the fund continued to attract new investors. The fund continues to benefit from a large and diversified shareholder base.

The fund's disciplined and conservative investment style ensured that its AA-f bond fund credit rating and S2 bond fund volatility rating was again assigned by the officially recognized rating agency, Standard and Poor's.

Fund Review

The past 12 months was a particularly difficult time for fixed income markets with the Federal Reserve continuing to raise the US base rate by an additional 350bps to 525bps by the end of June, its highest level since 2006, as US economic activity remained much more buoyant than expected which in turn has led to a stickier inflationary environment. Monetary policy is failing to transmit through to the real economy unlike in previous cycles as corporates and the consumer have locked in debt at fixed rates for extended periods. In addition, employment continues to remain strong with shortages of workers across many industry's leading to solid wage growth – boosting incomes further US fiscal policy continues to remain ultra-easy.

As a result, central bankers find themselves having to raise base rates at a much more rapid pace driving government bond yields substantially higher with 2-year US Treasury nominal yields reaching a high of 5.07% in March from a low of 0.10% at the start of 2021. The fund managed to proactively avoid the most damaging parts of the yield curve and combined with the high level of investment income now flowing into the fund's holdings we managed, despite this backdrop, to produce a positive return for the year.

During Q1 the volatility surrounding the US banking system provided the fund an opportunity to deploy capital into corporate credit at distressed levels as US dollar liquidity exploded effectively removing the tail risk that a major credit event would develop. We also permitted interest rate risk to decline as the market priced in multiple US base rate cuts which we doubted the Federal Reserve would be able to deliver – therefore we added to very high-quality floating rate notes as we waited for longer dated bond yields to revert to a higher for longer base rate outlook which they did by the end of Q2.

Butterfield US\$ Bond Fund Limited

With US real yields ending the quarter at their highest level since 2008 and global growth ex-US grinding lower the improvement in risk sentiment has been puzzling from a pure macro perspective but global liquidity remains a key driver of asset prices. In a sign that US base rates may have to remain at these levels for some time the Bank of England turned hawkish in June in response to firmer inflation data which caused UK terminal base rate expectations to rise from 4.5% to 6% raising the probability of a recession over the coming 12 months. Throughout the rest of the world there is a growing realization that core inflation will remain higher for longer with Australia and Canada also surprising markets abandoning their policy pause and raising base rates – services inflation continues to defy expectations globally. Fixed income investors are therefore understandably exercising caution.

Fund positioning for the coming year remains defensive as we wait for the US Treasury to extract the liquidity they need to refill the Treasury general account. We will also likely be reducing credit risk further in the months ahead as risk sentiment remains disconnected from economic reality. US high yield ended the quarter with a spread of 390bps over duration matched US Treasuries, the lowest level since Silicon Valley Bank collapsed in March, and is pricing in only a minor growth slowdown over the coming months – as a result, risk assets are vulnerable with US corporate default rates likely to rise over the next 12-24 months.

We continue to prefer high quality spread products such as US mortgage backed securities which have very positive investment characteristics. In addition, we are increasing our inflation hedges with US inflation expectations in line with the 2% target set by the Federal Reserve allowing us to add to our current position at fair value in order to hedge against a re-acceleration of price pressures and the risk that central bankers may be willing to allow a higher inflation ceiling than in previous cycles.

Fund duration at the end of June 2023 was 2.51 years which is 97% of the benchmark index, the overall credit quality of the fund is stable with an S&P rating of AA-. The fund also holds an allocation of 40% in nominal US Treasuries, 22% in high quality floating rate notes which are used to capture further rises in US base rates and minimize volatility as well as a cash and short dated US Treasury allocation of 8% for tactical opportunities.

Jeffrey Abbott, CFA
President
Butterfield US\$ Bond Fund Limited
November 10, 2023



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Independent Auditor's Report

The Board of Directors
Butterfield US\$ Bond Fund Limited

Opinion

We have audited the financial statements of Butterfield US\$ Bond Fund Limited (the Fund), which comprise the statement of financial position as at June 30, 2023, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information Included in the Fund's 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

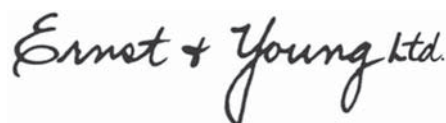
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Silverious Bakurumpagi.



November 10, 2023

Butterfield US\$ Bond Fund Limited

DIRECTORS

Dwayne Outerbridge (resigned on October 12, 2023)
Andrew Rossiter (appointed on October 23, 2023)
Nigel Garrard
Jeffrey Abbott

INVESTMENT ADVISER

Butterfield Asset Management Limited
65 Front Street
Hamilton HM 12
Bermuda

CUSTODIAN

The Bank of N.T. Butterfield & Son Limited
65 Front Street
Hamilton HM 12
Bermuda

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

MUFG Fund Services (Bermuda) Limited
Cedar House, 4th Floor North
41 Cedar Avenue
Hamilton HM 12
Bermuda

AUDITORS

Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 08
Bermuda

Butterfield US\$ Bond Fund Limited

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

(Expressed in US Dollars)

	Notes	June 30, 2023 US\$	June 30, 2022 US\$
ASSETS			
Cash and cash equivalents	2 h)	319,900	7,543,673
Financial assets at fair value through profit or loss (Cost: 2023-\$136,729,302; 2022-\$123,269,104)	3, 4	129,310,647	116,912,710
Interest receivable		643,806	532,999
Prepaid expenses		13,114	27,195
Total assets		130,287,467	125,016,577
LIABILITIES			
Dividends payable	6	766,997	340,176
Subscriptions received in advance		-	418,000
Accrued expenses	7, 8	135,020	91,899
Total liabilities		902,017	850,075
Organisational shares	5	12,000	12,000
Total liabilities and equity (including net assets attributable to holders of redeemable shares)		130,287,467	125,016,577
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		129,373,450	124,154,502
Net assets attributable to holders of redeemable shares-Class A			
Number of redeemable shares in issue-Class A	5	1,825,935	1,541,445
Net asset value per redeemable share-Class A		10.1512	10.2995
Net assets attributable to holders of redeemable shares-Class B			
Number of redeemable shares in issue-Class B	5	94,490,613	92,062,609
Net asset value per redeemable share-Class B		10.3581	10.5096
Net assets attributable to holders of redeemable shares-Class C			
Number of redeemable shares in issue-Class C	5	16,347,343	16,215,846
Net asset value per redeemable share-Class C		11.6842	11.5903

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

Butterfield US\$ Bond Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS As at June 30, 2023

(Expressed in US Dollars)

	2023		% of Portfolio
	Principal	Fair Value	
INVESTMENTS			
Corporate and Government Securities			
AbbVie Inc. 2.600% 11/21/24	2,000,000	\$ 1,918,790	1.48%
American Airlines 16-2 AA PTT 3.200% 12/15/29 SR:AA	1,394,000	1,247,640	0.96%
Bank of America Corp. 3.248% 10/21/27 SR:MTN	700,000	651,410	0.50%
Bank of America Corp. FLT 02/05/26	2,500,000	2,497,548	1.93%
Bank of Montreal 3.300% 02/05/24 SR:E	500,000	492,413	0.38%
Bank of Montreal 4.689% 06/28/28 SR:144A	1,750,000	1,738,319	1.34%
Barclays plc. 3.650% 03/16/25	600,000	575,032	0.44%
BNP Paribas SA 3.375% 01/09/25 SR:144A	2,500,000	2,401,147	1.86%
Dollar General Corp 5.200% 07/05/28	2,000,000	1,977,571	1.53%
Elevance Health Inc. 3.650% 12/01/27	1,000,000	943,845	0.73%
European Bank For Reconstruction & Development FLT 02/16/29	1,900,000	1,890,756	1.46%
Goldman Sachs Group Inc. 3.500% 04/01/25	1,500,000	1,440,704	1.11%
Government of Bermuda 2.375% 08/20/30 SR:144A	500,000	416,860	0.32%
Intel Corp. 2.450% 11/15/29	1,000,000	864,600	0.67%
Inter-American Development Bank FLT 04/12/27	2,500,000	2,499,976	1.93%
International Bank for Reconstruction & Development FLT 02/11/31 SR:GDIF	2,500,000	2,477,416	1.92%
JPMorgan Chase & Co 3.300% 04/01/26	500,000	476,205	0.37%
Lloyds Banking Group Plc. 4.375% 03/22/28 SR	1,500,000	1,421,729	1.10%
Metropolitan Life Global Funding I 3.450% 12/18/26	50,000	46,740	0.04%
Natwest Group Plc. 3.875% 09/12/23	550,000	546,854	0.42%
New York Life Global Funding FLT 06/09/26	2,500,000	2,468,972	1.91%
Province of Alberta Canada 3.350% 11/01/23	3,000,000	2,979,618	2.30%
Renaissancere Finance Inc. 3.450% 07/01/27	745,000	697,079	0.54%
Royal Bank of Canada 2.250% 11/01/24 SR:GMTN	600,000	572,445	0.44%
Royal Bank of Canada FLT 01/20/26	2,500,000	2,475,482	1.91%
Toronto-Dominion Bank 4.701% 06/05/26 SR:REGS	3,250,000	3,214,023	2.49%
Toyota Motor Credit Corp. 1.125% 06/18/26	3,000,000	2,681,250	2.07%
United States Treasury Inflation Indexed Bonds 1.125% 01/15/33	3,361,347	3,216,750	2.49%
United States Treasury Inflation Indexed Bonds 1.625% 10/15/27	6,657,625	6,556,265	5.07%
Unitedhealth Group Inc. 3.850% 06/15/28	1,000,000	958,360	0.74%
US Treasury N/B 0.250% 05/15/24	3,000,000	2,868,984	2.22%
US Treasury N/B 0.375% 08/15/24	2,000,000	1,891,641	1.46%
US Treasury N/B 0.375% 10/31/23	3,000,000	2,952,773	2.28%
US Treasury N/B 0.500% 02/28/26	4,000,000	3,592,500	2.78%
US Treasury N/B 0.500% 04/30/27	3,000,000	2,599,336	2.01%
US Treasury N/B 0.500% 06/30/27	3,000,000	2,585,859	2.00%
US Treasury N/B 0.500% 10/31/27	3,000,000	2,559,727	1.98%
US Treasury N/B 1.500% 10/15/24	4,000,000	3,805,156	2.94%
US Treasury N/B 2.125% 07/31/24	3,000,000	2,896,641	2.24%
US Treasury N/B 2.250% 03/31/24	4,000,000	3,906,094	3.02%
US Treasury N/B 2.250% 12/31/24	4,000,000	3,829,375	2.96%
US Treasury N/B 2.875% 06/15/25	3,000,000	2,885,391	2.23%
US Treasury N/B 3.250% 08/31/24	4,000,000	3,903,125	3.02%
US Treasury N/B FRN FLT 01/31/25	6,000,000	6,009,576	4.65%
US Treasury N/B FRN FLT 04/30/25	6,000,000	6,004,139	4.64%
Westpac Banking Corp. FLT 06/03/26	2,500,000	2,482,868	1.92%
Total Corporate and Government Securities (Cost: \$112,201,221)		\$ 107,118,984	82.80%

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

Butterfield US\$ Bond Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued) As at June 30, 2023

(Expressed in US Dollars)

INVESTMENTS	2023		% of Portfolio
	Principal	Fair Value	
Mortgage Backed Securities			
Fannie Mae 1.500% 11/01/51 MA4464	777,712	\$ 601,722	0.47%
Fannie Mae 2.000% 01/01/52 MA4511	774,555	632,531	0.49%
Fannie Mae 2.000% 02/01/52 MA4547	782,550	638,672	0.49%
Fannie Mae 2.000% 10/01/51 MA4489	787,319	618,346	0.48%
Fannie Mae 2.000% 11/01/51 MA4465	763,668	624,055	0.48%
Fannie Mae 2.500% 01/01/50 MA3902	237,222	202,510	0.16%
Fannie Mae 2.500% 01/01/52 FS0176	768,650	652,580	0.50%
Fannie Mae 2.500% 10/01/34 MA3797	86,945	79,808	0.06%
Fannie Mae 2.500% 10/01/39 MA3810	85,473	75,816	0.06%
Fannie Mae 2.500% 10/01/49 BO3181	235,206	200,886	0.16%
Fannie Mae 2.500% 11/01/34 MA3827	95,647	87,796	0.07%
Fannie Mae 2.500% 11/01/39 MA3830	87,025	77,193	0.06%
Fannie Mae 2.500% 11/01/49 MA3833	195,793	167,588	0.13%
Fannie Mae 2.500% 12/01/51 FM9841	772,423	655,947	0.51%
Fannie Mae 3.000% 02/01/50 MA3937	116,242	103,246	0.08%
Fannie Mae 3.000% 03/01/50 MA3960	117,166	103,879	0.08%
Fannie Mae 3.000% 05/01/45 AS4884	130,923	118,228	0.09%
Fannie Mae 3.000% 05/01/45 AY4200	137,506	124,168	0.10%
Fannie Mae 3.000% 10/01/46 BC4764	71,665	64,171	0.05%
Fannie Mae 3.000% 12/01/49 MA3871	158,443	140,762	0.11%
Fannie Mae 3.500% 02/01/50 MA3939	106,739	98,873	0.08%
Fannie Mae 3.500% 05/01/52 MA4600	787,260	717,702	0.56%
Fannie Mae 3.500% 08/01/49 MA3745	64,635	59,929	0.05%
Fannie Mae 3.500% 09/01/25 AE3813	27,866	27,207	0.02%
Fannie Mae 4.000% 05/01/52 MA4644	778,697	731,125	0.57%
Fannie Mae 4.000% 06/01/52 MA4626	788,570	740,392	0.57%
Freddie Mac 1.500% 10/01/51 SB8171	773,802	598,940	0.46%
Freddie Mac 2.000% 01/01/52 SB8188	775,640	633,340	0.49%
Freddie Mac 2.000% 02/01/52 SB8193	781,160	637,520	0.49%
Freddie Mac 2.000% 10/01/51 SB8172	756,999	618,616	0.48%
Freddie Mac 2.000% 11/01/51 SB7546	731,818	605,852	0.47%
Freddie Mac 2.500% 10/01/39 RB5021	81,964	72,706	0.06%
Freddie Mac 2.500% 11/01/34 SB8015	101,627	93,289	0.07%
Freddie Mac 2.500% 11/01/39 RB5026	90,383	80,183	0.06%
Freddie Mac 3.500% 05/01/52 SB8214	787,739	718,139	0.56%
Freddie Mac 3.500% 05/01/52 SB8221	792,773	722,829	0.56%
Freddie Mac 4.000% 05/01/52 SB8215	786,488	738,122	0.57%
Freddie Mac 4.000% 06/01/52 SB8222	788,764	740,575	0.57%
Freddie Mac 4.000% 07/01/52 SD8227	795,654	747,043	0.58%
Freddie Mac 4.500% 08/01/52 SD8238	791,247	761,145	0.59%
Ginnie Mae 2.500% 02/20/51 MA7193	546,991	475,720	0.37%
Ginnie Mae 2.500% 04/20/51 MA7312	615,104	534,471	0.41%
Ginnie Mae 2.500% 12/20/50 MA7052	500,449	435,277	0.34%
Ginnie Mae 3.000% 02/20/52 MA7882	759,596	679,852	0.53%
Ginnie Mae 3.000% 10/20/51 MA7650	698,911	626,650	0.48%

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

Butterfield US\$ Bond Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (Continued) As at June 30, 2023

(Expressed in US Dollars)

INVESTMENTS	Principal	2023		% of Portfolio
			Fair Value	
Mortgage Backed Securities (continued)				
Ginnie Mae 4.000% 07/20/49 MA6040	62,409	\$	59,573	0.05%
Ginnie Mae 4.500% 04/20/53 MA8799	836,478		807,912	0.62%
Ginnie Mae 5.000% 02/20/53 MA8647	830,307		816,766	0.63%
Ginnie Mae 5.000% 03/20/53 MA8725	833,104		819,517	0.63%
Ginnie Mae 5.000% 04/20/53 MA8800	836,130		822,494	0.65%
Total Mortgage Backed Securities (Cost: \$24,528,080)		\$	22,191,663	17.20%
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TOTAL INVESTMENTS (Cost: \$136,729,301)		\$	129,310,647	100.00%

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

Butterfield US\$ Bond Fund Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

(Expressed in US Dollars)

	Notes	2023 US\$	2022 US\$
INCOME			
Net realised loss on financial assets at fair value through profit or loss		(1,263,186)	(244,268)
Net change in unrealised loss on financial assets at fair value through profit or loss		(1,062,260)	(7,949,520)
Interest		3,853,510	1,823,570
Total income/(loss)		1,528,064	(6,370,218)
EXPENSES			
Management fee	7 a)	346,562	329,920
Administration fee	8	173,474	166,790
Custodian fee	7 b)	61,932	57,653
Audit fee		26,542	24,793
Government fee		10,432	10,432
Other expenses		41,134	33,678
Total expenses		660,076	623,266
NET INCOME/(LOSS)		867,988	(6,993,484)
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES			
		867,988	(6,993,484)

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

Butterfield US\$ Bond Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES For the year ended June 30, 2023 (Expressed in US Dollars)

	Notes	2023 US\$	2022 US\$
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		867,988	(6,993,484)
DISTRIBUTIONS TO INVESTORS			
Dividends paid and payable	6	(2,382,641)	(1,078,659)
CAPITAL STOCK TRANSACTIONS			
Issue of redeemable shares		21,818,765	23,466,681
Redemption of redeemable shares		(15,085,164)	(6,262,014)
Net capital stock transactions		6,733,601	17,204,667
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		5,218,948	9,132,524
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF THE YEAR		124,154,502	115,021,978
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF YEAR		129,373,450	124,154,502

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

Butterfield US\$ Bond Fund Limited

STATEMENT OF CASH FLOWS For the year ended June 30, 2023 (Expressed in US Dollars)

	2023 US\$	2022 US\$
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations attributable to holders of redeemable shares	867,988	(6,993,484)
<i>Adjustments for:</i>		
Purchase of financial assets	(92,165,126)	(44,900,897)
Net proceeds from sale of financial assets	77,441,743	25,125,446
Net realised loss on financial assets	1,263,186	244,268
Net change in unrealised loss on financial assets	1,062,260	7,949,520
Changes in:		
Interest receivable	(110,807)	(88,704)
Prepaid expenses	14,081	(13,829)
Accrued expenses	43,121	(14,803)
Net cash used in operating activities	(11,583,554)	(18,692,483)
Cash flows from financing activities		
Proceeds from issuance of shares	20,924,599	22,692,108
Payments from redemption of shares	(15,085,164)	(6,262,014)
Dividends paid	(1,479,654)	(706,445)
Net cash provided by financing activities	4,359,781	15,723,649
Net decrease in cash and cash equivalents	(7,223,773)	(2,968,834)
Cash and cash equivalents – beginning of year	7,543,673	10,512,507
Cash and cash equivalents – end of year	319,900	7,543,673
Supplemental cash flow information:		
Interest received	3,742,703	1,734,866
Supplemental non-cash information:		
Redeemable shares – Class A issued through dividend reinvestment	219,395	77,797
Redeemable shares – Class B issued through dividend reinvestment	256,771	207,428

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

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

(Expressed in US Dollars)

1. CORPORATE INFORMATION

Butterfield US\$ Bond Fund Limited (the "Fund") is an open-ended investment company which was incorporated under the laws of Bermuda on May 26, 1992.

The Fund commenced operations on July 1, 1992. The Bank of N. T. Butterfield & Son Limited acts as custodian (the "Custodian" or the "Bank") to the Fund. 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 Investment Adviser is a wholly owned subsidiary of the Bank.

The registered address of the Fund is c/o MUFG Fund Services (Bermuda) Limited, Cedar House, 4th Floor North, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

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

The investment objective of the Fund is to maximise total returns whether through income or capital gains by investing in investment grade US Dollar denominated debt securities and other investments which may include US Dollar money market instruments and funds and bank time deposits. The Fund may also lend securities and write covered options on its portfolio in order to enhance its total return.

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 Standards 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.

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 materially differ from these estimates.

b) Financial instruments

i. Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended June 30, 2023
(Expressed in US Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Summary of significant accounting policies (continued)

b) Financial instruments (continued)

i. Classification (continued)

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

Debt instruments: These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Instruments held for trading: This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Summary of significant accounting policies (continued)

b) Financial instruments (continued)

i. Classification (continued)

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Fund includes in this category, derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category other short-term payables.

Receivables and Loans

Receivables and Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category collateral on derivatives, securities borrowed and other short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified at FVPL. The Fund includes in this category collateral on derivatives, securities lent and other short-term payables.

ii. Initial 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 FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

iv. Subsequent measurement

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

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Summary of significant accounting policies (continued)

b) Financial instruments (continued)

iv. Subsequent measurement (continued)

Financial liabilities, other than those classified at FVPL, are measured at amortised cost using the effective interest method ("EIR"). Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the amortisation process.

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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 when 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 the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset, or

(b) 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 dealer price quotations, without any deduction for transaction costs.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Summary of significant accounting policies (continued)

c) Fair value measurement (continued)

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. 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.

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 holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. As at June 30, 2023 and 2022 the Fund had no ECLs and had, therefore, not recognised a loss allowance.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

e) Functional and presentation currency

The Fund's functional currency is the US Dollar (US\$), 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\$ 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\$.

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 recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Management has determined that, as at June 30, 2023 and 2022, 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.

g) Foreign currency translations

Assets and liabilities that are denominated in foreign currencies are translated into US 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.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Summary of significant accounting policies (continued)

h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, money market funds with daily liquidity 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. The money market fund comprises investments in Butterfield Money Market Fund Limited of \$126,699 (2022: \$122,545). As at June 30, 2023 and 2022, there was no restricted cash held.

i) Due from and due to broker

Amounts due from and to brokers represents cash held with brokers and receivables for securities sold and payables for securities purchased that have been contracted for but not settled or delivered on the statement of financial position date, respectively. These amounts are recognized at fair value.

j) Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest-bearing financial instruments using the EIR.

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 recognized 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.

n) Share capital

The Fund's Organisational Shares are classified as equity in accordance with the Fund's articles of association and IFRS. These shares do not participate in the profits of the Fund.

o) 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 Wednesday 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 holders of redeemable shares with the total number of outstanding redeemable shares.

p) 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.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

2. BASIS OF PREPARATION (CONTINUED)

Summary of significant accounting policies (continued)

p) Investment entity (continued)

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 on a fair value basis.

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

q) Impact of new accounting pronouncements

For the year ended June 30, 2023, there are no new accounting pronouncements that are expected to have a material impact on the financial statements.

r) Comparative information

Where necessary, comparative figures are adjusted to comply with changes in presentation in the current year.

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. The value of such securities on the statement of portfolio investments includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

Credit ratings below represent ratings of debt securities provided by Standard & Poor's and are subject to change, which could be material.

Debt Securities by Credit Rating	% of Portfolio	
	2023	2022
AAA	5.31	9.57
AA+	67.07	52.27
AA-	1.96	7.04
A+	6.79	9.13
A-	6.55	12.16
A	3.75	3.83
BBB	1.52	0.97
BBB+	4.56	5.03
Not rated by S&P	2.49	-
	100.00	100.00

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

Credit ratings below represent ratings of debt securities provided by Moody's for the debt securities not rated by Standard & Poor's and are subject to change, which could be material.

Debt Securities by Credit Rating	% of Portfolio	
	2023	2022
Aaa	2.49	-
	2.49	

Substantially all of the assets of the Fund are held by the Fund's Custodian. The Fund monitors its risk by monitoring the credit quality of the Custodian. As at June 30, 2023, the credit rating of the Custodian, as provided by Standard and Poor's, was BBB+ (2022 - 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, 2023 and 2022, the Fund's exposure to currencies other than the Fund's reporting currency was not significant; thus, any risks associated are likewise not significant to the Fund 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. Prices of fixed income securities generally increase when interest rates decline, and decrease when interest rates rise. The Fund is exposed to these fluctuations through their holdings of fixed income securities. As at June 30, 2023, had the interest rates increased or decreased by 25 basis points and assuming a direct impact to the fixed income securities by 25 basis points, net assets would have decreased or increased by approximately \$323,277 (2022 - \$292,282). This analysis assumes that all other variables remained unchanged. In practice, actual results may differ from this analysis and the difference could be material.

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 shares. However, the Fund retains sufficient cash, cash equivalents and marketable securities to maintain adequate liquidity to address this risk. The Fund also has a credit facility in place to assist the Fund in meeting short term liquidity requirements.

The table below indicates the Fund's holdings in fixed income securities by remaining term to maturity:

Debt Securities by Maturity	Fair Value	
	2023	2022
Less than 1 year	\$ 13,746,735	\$ 21,407,479
1 - 3 years	58,049,218	28,637,752
3 - 5 years	23,258,645	25,533,506
Greater than 5 years	34,256,049	41,333,973
	\$ 129,310,647	\$ 116,912,710

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. The Fund is exposed to price/market risk on its holdings of fixed income securities as discussed in the Interest Rate Risk section above. The Investment Adviser attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy.

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; and
- 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 as follows for the years ended June 30, 2023 and 2022.

June 30, 2023

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	107,118,984	-	107,118,984
Mortgage-backed securities	-	22,191,663	-	22,191,663
Total financial assets	-	129,310,647	-	129,310,647

June 30, 2022

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	100,290,536	-	100,290,536
Mortgage-backed securities	-	16,622,174	-	16,622,174
Total financial assets	-	116,912,710	-	116,912,710

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, 2023 and 2022. 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, 2023 and 2022. The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2023 and 2022.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING

As at June 30, 2023 and June 30, 2022, the authorised share capital of the Fund is \$2,512,000 divided into:

8,300,000 Class A participating, non-voting redeemable shares of a par value of \$0.10 each share,
 8,300,000 Class B participating, non-voting redeemable shares of a par value of \$0.10 each share,
 8,400,000 Class C participating, non-voting redeemable shares of a par value of \$0.10 each share,
 and 120,000 (2022 - 120,000) organisational non-participating, voting shares of a par value of \$0.10 each share.

Details of number of shares issued and outstanding as of June 30, 2023 and 2022 are as follows:

Redeemable Shares	2023			2022		
	Class A	Class B	Class C	Class A	Class B	Class C
Balance - beginning of year	1,541,445	8,759,871	1,399,093	1,197,800	7,992,765	991,129
Issue of redeemable shares	559,466	1,541,359	-	454,376	1,235,159	407,964
Redemption of redeemable shares	(274,976)	(1,178,882)	-	(110,731)	(468,053)	-
Balance - end of year	1,825,935	9,122,348	1,399,093	1,541,445	8,759,871	1,399,093
Organisational Shares	120,000	-	-	120,000	-	-

Redeemable shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the Fund. Redeemable shares may be redeemed weekly 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 there from an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

The Class A, Class B and Class C shares have different minimums set for investors to subscribe to them, and there are differences in the management fees payable to the Investment Adviser in respect of such shares (see Note 7a).

The organisational shares are allocated 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.

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. DIVIDENDS

Dividends declared by the Fund on Class A and B shares were as follows:

		2023				2022	
Class A	Class B	Declaration date	Amount	Class A	Class B	Declaration date	Amount
0.0346	0.0419	Sep 30, 2022	\$ 441,740	0.0193	0.0268	Sep 30, 2021	\$ 246,180
0.0430	0.0504	Dec 31, 2022	532,684	0.0181	0.0254	Dec 31, 2021	233,970
0.0523	0.0599	Mar 31, 2023	642,941	0.0192	0.0264	Mar 31, 2022	258,333
0.0634	0.0712	Jun 30, 2023	765,276	0.0269	0.0341	Jun 30, 2022	340,176
			\$2,382,641				\$1,078,659

Dividends declared in the amount of \$766,997 (2022 - \$340,176) remained payable at year end.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

7. RELATED PARTY TRANSACTIONS

a) Management Fee

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

Under the terms of the investment advisory agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 1% per annum of the average valuation of the net assets of the Fund carried out on the Valuation Days during each month. Presently, the monthly fee is calculated at the rate of 0.5% (2022 - 0.5%) per annum for the Class A shares and 0.25% (2022 - 0.25%) per annum for the Class B shares, and 0.25% (2022 - 0.25%) maximum per annum for the Class C shares. The fee of the Investment Adviser is reduced to take account of the management fee already levied on assets held in shares of other funds managed by the Investment Adviser. The fee of the Investment Adviser is also reduced for Class C shares, in order to meet an expense cap of 0.35% related to Class C Shares. Management fee for the year was \$346,562 (2022 - \$329,920) with \$29,026 (2022 - \$33,040) being payable and included in accrued expenses at year end.

b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based upon the nature and extent of the services provided. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. The Custodian fee for the year was \$61,932 (2022 - \$57,653) with \$5,298 (2022 - \$5,790) being payable and included in accrued expenses at year end.

c) Credit Facility

On July 22, 2022 (2022 - September 30, 2021), the Fund renewed the unsecured credit facility agreement with the Bank in the amount of \$12,000,000 (2022 - \$12,000,000). The agreement bears an interest rate of 1% per annum above the funding cost incurred by the Bank in making the revolving facility available on any drawdown date. The full amount of any amount advanced under the revolving facility, together with the accrued interest and other amounts payable by the Fund to the Bank, is payable on the earlier of seven days following the utilization date or the expiry date, unless extended at the Bank's sole discretion and the advances will be limited to 10% of the Fund's net asset value. If any payment falls due and payable on a day which is not a business day the payment shall be made on the next following business day. The renewed unsecured facility expired on June 30, 2023 (2022 - June 30, 2022).

On July 31, 2023, the Fund renewed the unsecured credit facility agreement with the Bank. The interest rate changed to 1% per annum above term Secured Overnight Financing Rate ("SOFR") on any drawdown date. The other terms remain unchanged from the previous agreement. The renewed unsecured facility expires on June 30, 2024. As at June 30, 2023 and 2022 no drawings were made on the credit facility.

8. ADMINISTRATION 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 \$173,474 (2022 - \$166,790) with \$62,066 (2022 - \$16,506) being payable and included in accrued expenses at the 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.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

9. TAXATION (CONTINUED)

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.

In accordance with IFRIC 23 'Uncertainty over income tax treatments' ("IFRIC 23"), the Fund has analysed its tax positions and has concluded that no asset/liability for unrecognised tax benefits/obligations should be recorded relating to uncertain tax positions for the year ended June 30, 2023. Currently, the only taxes recorded by the Fund are withholding taxes applicable to certain income. For the year ended June 30, 2023 and 2022 no other income tax liability or expense has been recorded in the accompanying financial statements.

10. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2023 (2022 - none).

11. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2023 through November 10, 2023 the date the financial statements were available to be issued, and concluded that there are no subsequent events requiring disclosure in the financial statements.

12. FINANCIAL HIGHLIGHTS

Per Share Information	2023			2022		
	Class A	Class B	Class C	Class A	Class B	Class C
Net asset value - beginning of year	\$10.2995	\$10.5096	\$11.5903	\$11.0000	\$11.2248	\$12.2385
Income from investment operations						
Net investment income****	0.2279	0.2587	0.3001	0.0786	0.1073	0.1296
Net realised & change in unrealised loss on investments	(0.1840)	(0.1868)	(0.2062)	(0.6956)	(0.7098)	(0.7778)
Total income/(loss) from investment operations	0.0439	0.0719	0.0939	(0.6170)	(0.6025)	(0.6482)
Distributions to investors	(0.1922)	(0.2234)	-	(0.0835)	(0.1127)	-
Net asset value - end of year	\$10.1512	\$10.3581	\$11.6842	\$10.2995	\$10.5096	\$11.5903
Ratios / Supplemental Data						
Total net assets - end of year (in thousands)	\$18,535	\$94,491	\$16,347	\$15,876	\$92,063	\$16,216
Weighted average net assets (in thousands)*	\$17,204	\$94,936	\$16,208	\$15,082	\$92,381	\$16,370
Ratio of expenses to average net assets	0.79%	0.54%	0.10%	0.76%	0.51%	0.25%
Portfolio turnover rate**	62.37%	62.37%	62.37%	21.78%	21.78%	21.78%
Annual rate of return***	0.43%	0.68%	0.81%	(5.62)%	(5.36)%	(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 for shareholders who reinvested dividends is calculated by comparing the end of year net asset value per share plus any dividend per share amounts to the beginning of year net asset value per share.

****Net investment income represents interest income net of expenses.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended June 30, 2023
(Expressed in US Dollars)

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on November 10, 2023.