

**Butterfield Global Blue  
Chip Fund**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Butterfield Global Blue Chip Fund

### *Opinion*

We have audited the financial statements of Butterfield Global Blue Chip Fund (the "Fund"), which comprise the statements of financial position, including the schedules of investments, as at June 30, 2019 and 2018, and the statements of comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (all expressed in United States dollars).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2019 and 2018, and its financial performance, its changes in net assets and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### *Basis for Opinion*

We conducted our audits in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 Responsibility 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 audits 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 achieved fair presentation.

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

October 7, 2019

# Butterfield Global Blue Chip Fund

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## **Administrator, Registrar and Transfer Agent**

MUFG Fund Services (Cayman) Limited  
MUFG House, 227 Elgin Avenue, PO Box 852  
George Town, Grand Cayman, KY1-1103, Cayman Islands  
Tel: (345) 745-7600 Fax: (345) 745-7690

## **Sub-Administrator**

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda  
Tel: (441) 299-3882 Fax: (441) 295-6759

## **Investment Advisor**

Butterfield Bank (Cayman) Limited  
68 Fort Street  
P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands  
Tel: (345) 949-7055 Fax: (345) 949-7004

## **Custodian and Banker**

Butterfield Bank (Cayman) Limited  
68 Fort Street  
P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands  
Tel: (345) 949-7055 Fax: (345) 949-7004

## **Sales Agent**

Butterfield Bank (Cayman) Limited  
68 Fort Street  
P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands  
Tel: (345) 949-7055 Fax: (345) 949-7004

## **Auditors**

Deloitte & Touche  
2nd Floor, One Capital Place  
P.O. Box 1787, Grand Cayman KY1-1109, Cayman Islands  
Tel: (345) 949-7500 Fax: (345) 949-8238

## **Legal Advisors and Listing Agent**

Appleby  
Clifton House, 75 Fort Street  
P.O. Box 190, Grand Cayman KY1-1104, Cayman Islands  
Tel: (345) 949-4900 Fax: (345) 949-4901

# Butterfield Global Blue Chip Fund

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

(Expressed in U.S. Dollars)

	Notes	June 30, 2019	June 30, 2018
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (Cost: 2019 - \$6,596,987; 2018 - \$6,913,170)	2, 3, 4	\$ 8,226,629	\$ 8,574,919
Cash and cash equivalents	2 i)	93,070	85,239
Dividend income receivable		4,223	9,164
Prepaid expenses		2,607	7,310
		<b>8,326,529</b>	<b>8,676,632</b>
<b>LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS)</b>			
Accrued expenses	6, 7	55,326	54,172
Redemptions payable		158	20,000
Subscriptions in advance		9,026	8,400
		<b>64,510</b>	<b>82,572</b>
<b>NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS</b>		<b>\$ 8,262,019</b>	<b>\$ 8,594,060</b>
Number of redeemable shares in issue	5	<b>466,969</b>	<b>516,649</b>
<b>NET ASSET VALUE PER REDEEMABLE SHARE</b>		<b>\$ 17.69</b>	<b>\$ 16.63</b>

On behalf of the Board of Directors:

Michael A. McWatt  
DIRECTOR

Erwin Dikau  
DIRECTOR

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

# Butterfield Global Blue Chip Fund

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## STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

	Notes	June 30, 2019	June 30, 2018
<b>Income</b>			
Dividend income	2	\$ 177,234	\$ 175,916
Bank interest	2	15	33
Net realised gains on financial assets at fair value through profit or loss		573,132	653,931
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss		(32,107)	239,104
Net foreign currency losses	2	(9,519)	(4,650)
<b>Total income</b>		<b>708,755</b>	<b>1,064,334</b>
<b>Expenses</b>			
Management fees	6	85,285	80,175
Custodian fees	6	17,058	18,575
Administration fees	7	11,928	11,703
Audit and legal fees		21,324	21,717
Sundry expenses		18,429	16,219
<b>Total expenses</b>		<b>154,024</b>	<b>148,389</b>
<b>Net investment income</b>		<b>554,731</b>	<b>915,945</b>
Withholding tax on dividend income		(51,648)	(50,715)
<b>Increase in net assets attributable to shareholders from operations</b>		<b>\$ 503,083</b>	<b>\$ 865,230</b>

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

## Butterfield Global Blue Chip Fund

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### STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

	June 30, 2019	June 30, 2018
<b>Increase in net assets attributable to shareholders from operations</b>	<b>\$ 503,083</b>	<b>\$ 865,230</b>
<b>Capital transactions</b>		
Issuance of redeemable shares	434,409	1,863,259
Redemption of redeemable shares	(1,269,533)	(1,273,363)
(Decrease)/increase in net assets attributable to shareholders from capital transactions	(835,124)	589,896
<b>Net (decrease)/increase in net assets attributable to shareholders</b>	<b>(332,041)</b>	<b>1,455,126</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>8,594,060</b>	<b>7,138,934</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>\$ 8,262,019</b>	<b>\$ 8,594,060</b>

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

# Butterfield Global Blue Chip Fund

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

	June 30, 2019	June 30, 2018
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to shareholders from operations	\$ 503,083	\$ 865,230
<i>Adjustments for:</i>		
Purchase of financial assets	(1,728,383)	(3,464,827)
Net proceeds from sale of financial assets	2,617,698	2,899,605
Net realised gains on financial assets at fair value through profit or loss	(573,132)	(653,931)
Net change in unrealised loss/(gain) on financial assets at fair value through profit or loss	32,107	(239,104)
Changes in:		
Subscription receivable	-	15,000
Dividend income receivable	4,941	(5,302)
Prepaid expenses	4,703	(2,629)
Accrued expenses	1,154	(18,182)
<b>Net cash provided by/(used in) operating activities</b>	<b>862,171</b>	<b>(604,140)</b>
<b>Cash flows from financing activities</b>		
Redemptions payable	(19,842)	20,000
Subscriptions in advance	626	(5,406)
Proceeds from issuance of shares	434,409	1,863,259
Paid on redemption of shares	(1,269,533)	(1,273,363)
<b>Net cash (used in)/provided by financing activities</b>	<b>(854,340)</b>	<b>604,490</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,831</b>	<b>350</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>85,239</b>	<b>84,889</b>
<b>Cash and cash equivalents – end of year</b>	<b>\$ 93,070</b>	<b>\$ 85,239</b>
<b>Supplemental cash flow information:</b>		
Interest received	\$ 15	\$ 33
Dividends received, net of withholding taxes	130,527	119,899

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



# Butterfield Global Blue Chip Fund

## SCHEDULE OF INVESTMENTS

As at June 30, 2019

(Expressed in U.S. Dollars)

Financial assets	Shares	Cost	Fair Value	% of Portfolio
<b>Equities/ADRs - Europe</b>				
E.ON SE	11,201	\$ 110,021	\$ 121,476	1.48%
Novartis AG	1,599	104,797	146,093	1.78%
Fresenius SE & Company	2,230	107,795	120,694	1.47%
Nestle SA	1,358	74,128	140,571	1.71%
Royal Dutch Shell - Sponsored ADR	2,111	147,416	137,363	1.67%
Total SA - Sponsored ADR	1,453	74,103	81,063	0.98%
<b>Total Equities/ADRs - Europe</b>		<b>\$ 618,260</b>	<b>\$ 747,260</b>	<b>9.09%</b>
<b>Equities - United States</b>				
Alphabet Inc.-CI C	208	\$ 221,226	\$ 224,829	2.73%
Amazon.com Inc.	97	85,708	183,682	2.23%
Applied Materials Inc.	3,343	163,818	150,134	1.82%
AT&T Inc.	4,074	123,866	136,520	1.66%
Boeing Co./The	470	99,623	171,085	2.08%
Chevron Corp.	862	85,741	107,267	1.30%
Cisco Systems Inc.	3,364	81,599	184,112	2.24%
Ingersoll-Rand PLC	1,299	84,930	164,544	2.00%
Mastercard Inc.- A	849	115,015	224,586	2.73%
Merck & Co. Inc.	1,805	113,788	151,349	1.84%
Microsoft Corp.	2,271	84,694	304,223	3.70%
Mondelez International Inc.-A	2,342	106,983	126,234	1.53%
Nike Inc. -CI B	1,130	83,495	94,864	1.15%
Nvidia Corp.	518	107,420	85,071	1.03%
Pepsico Inc.	1,033	85,625	135,458	1.65%
Pfizer Inc.	3,303	115,993	143,086	1.74%
Procter & Gamble Co./The	1,037	70,291	113,707	1.38%
TJX Companies Inc.	3,134	113,218	165,726	2.01%
United Parcel Service-CI B	1,530	158,799	158,003	1.92%
Unitedhealth Group Inc.	735	159,214	179,347	2.18%
Walmart Inc.	584	53,791	64,526	0.79%
Walt Disney Co/The	787	70,197	109,897	1.35%
<b>Total Equities - United States</b>		<b>\$ 2,385,034</b>	<b>\$ 3,378,250</b>	<b>41.06%</b>
<b>Total Equities/ADRs</b>		<b>\$ 3,003,294</b>	<b>\$ 4,125,510</b>	<b>50.15%</b>

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

# Butterfield Global Blue Chip Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2019

(Expressed in U.S. Dollars)

Financial assets	Shares	Cost	Fair Value	% of Portfolio
<b>Exchange Traded Funds - United States</b>				
Financial Select Sector SPDR	21,831	\$ 428,334	\$ 602,536	7.32%
Ishares Global Comm Services	916	61,099	52,432	0.64%
Ishares Global Financials ETF	9,295	489,850	595,717	7.24%
Ishares Global Industrials ETF	2,544	193,450	232,954	2.83%
Ishares MSCI Japan ETF	3,415	178,847	186,391	2.27%
Ishares Nasdaq Biotechnology	1,812	147,738	197,689	2.40%
SPDR S&P Health Care Equipment	3,375	226,445	276,176	3.36%
Technology Select Sect SPDR	1,585	72,059	123,693	1.50%
Vaneck Vectors Oil Services	9,435	304,215	139,827	1.70%
Vanguard Consumer Discretionary ETF	1,315	186,998	235,898	2.87%
Vanguard Consumer Staple ETF	334	42,476	49,686	0.60%
Vanguard FTSE Emerging Market ETF	4,885	196,223	207,759	2.53%
Vanguard Global EX-US Real Estate Fund	1,598	87,838	94,282	1.15%
Vanguard Industrials ETF	1,621	174,900	236,342	2.87%
Vanguard Materials ETF	2,751	301,627	352,678	4.29%
Vanguard Real Estate ETF	1,601	125,411	139,927	1.70%
Wisdomtree Japan Hedged EQ	7,744	376,183	377,132	4.58%
<b>Total Exchange Traded Funds - United States</b>		<b>\$ 3,593,693</b>	<b>\$ 4,101,119</b>	<b>49.85%</b>
<b>Total Exchange Traded Funds</b>		<b>\$ 3,593,693</b>	<b>\$ 4,101,119</b>	<b>49.85%</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>\$ 6,596,987</b>	<b>\$ 8,226,629</b>	<b>100.00%</b>

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

# Butterfield Global Blue Chip Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2018

(Expressed in U.S. Dollars)

Financial assets	Shares	Cost	Fair Value	% of Portfolio
<b>Equities/ADRs - Europe</b>				
Bayerische Motoren Werke AG	815	\$ 87,839	\$ 73,888	0.86%
E.ON SE	3,200	27,272	34,096	0.40%
Fresenius SE & Company	1,595	72,286	127,571	1.49%
Nestle SA	2,640	142,811	204,963	2.39%
Novartis AG	1,745	119,920	132,624	1.54%
Royal Dutch Shell-Sponsored ADR	2,712	189,975	187,752	2.19%
Total SA-Sponsored ADR	3,100	157,272	187,736	2.19%
<b>Total Equities/ADRs – Europe</b>		<b>\$ 797,375</b>	<b>\$ 948,630</b>	<b>11.06%</b>
<b>Equities – United States</b>				
Alphabet Inc.-CI C	280	\$ 297,804	\$ 312,382	3.64%
Amazon.com Inc.	210	185,554	356,958	4.17%
Applied Materials Inc.	5,865	289,045	270,904	3.16%
Boeing Co/The	300	38,091	100,653	1.18%
Chevron Corp.	1,580	155,365	199,759	2.33%
Cisco Systems Inc.	6,665	155,188	286,795	3.34%
Ingersoll-Rand PLC	1,205	67,006	108,125	1.26%
Mastercard Inc. - A	1,775	240,462	348,823	4.07%
Merck & Co. Inc.	2,620	162,887	159,034	1.85%
Microsoft Corp.	3,855	141,866	380,142	4.43%
Mondelez International Inc.	4,595	209,900	188,395	2.20%
Nvidia Corp.	655	143,677	155,170	1.81%
Pepsico Inc.	1,915	158,332	208,486	2.43%
Pfizer Inc.	3,380	115,798	122,626	1.43%
Procter & Gamble Co/The	2,180	147,767	170,171	1.98%
TJX Companies Inc.	1,750	126,440	166,565	1.94%
United Parcel Service-CI B	945	102,226	100,387	1.17%
Unitedhealth Group Inc.	740	157,394	181,552	2.12%
Walt Disney Co/The	1,405	125,320	147,258	1.72%
<b>Total Equities – United States</b>		<b>\$ 3,020,122</b>	<b>\$ 3,964,185</b>	<b>46.23%</b>
<b>Total Equities/ADRs</b>		<b>\$ 3,817,497</b>	<b>\$ 4,912,815</b>	<b>57.29%</b>

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

# Butterfield Global Blue Chip Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2018

(Expressed in U.S. Dollars)

Financial assets	Shares	Cost	Fair Value	% of Portfolio
<b>Exchange Traded Funds – United States</b>				
Financial Select Sector SPDR	23,045	\$ 449,536	\$ 612,767	7.15%
Ishares Global Financials ETF	9,167	478,309	587,696	6.85%
Ishares Global Industrials ETF	1,740	129,512	152,920	1.78%
Ishares Global Telecom ETF	1,215	81,043	65,695	0.77%
Ishares Nasdaq Biotechnology	1,530	114,996	168,025	1.96%
Technology Select Sector SPDR	3,500	159,121	243,145	2.84%
Vaneck Vectors Oil Services	8,275	296,375	217,384	2.54%
Vanguard Consumer Discretionary ETF	820	101,577	139,097	1.62%
Vanguard Consumer Staple ETF	1,265	160,874	169,852	1.98%
Vanguard FTSE Emerging Markets ETF	3,690	150,558	155,718	1.82%
Vanguard Industrials ETF	1,140	114,194	154,823	1.81%
Vanguard Materials ETF	2,395	260,817	315,085	3.67%
Wisdomtree Japan Hedged Equity Fund	4,020	191,783	217,000	2.53%
Ishares MSCI Japan ETF	1,860	97,035	107,713	1.25%
Vanguard Global EX-US Real Estate Fund	260	15,113	15,100	0.18%
Vanguard Real Estate ETF	310	25,369	25,249	0.29%
SPDR S&P Health Care Equipment	4,025	269,461	314,835	3.67%
<b>Total Exchange Traded Funds – United States</b>		<b>\$ 3,095,673</b>	<b>\$ 3,662,104</b>	<b>42.71%</b>
<b>Total Exchange Traded Funds</b>		<b>\$ 3,095,673</b>	<b>\$ 3,662,104</b>	<b>42.71%</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>\$ 6,913,170</b>	<b>\$ 8,574,919</b>	<b>100.00%</b>

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

# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 1. CORPORATE INFORMATION

Butterfield Global Blue Chip Fund (the "Fund") was incorporated as an open-ended multi-class exempted Mutual Fund Company under the laws of the Cayman Islands on November 5, 1998 and was registered under the Mutual Funds Law of the Cayman Islands on November 12, 1998.

The Fund has received an undertaking from the Cayman Islands government exempting it from all local income, profits, and capital gains taxes until November 24, 2018. No such taxes are levied in the Cayman Islands at the present time.

The Fund commenced operations on December 3, 1998 and is administered by MUFG Fund Services (Cayman) Limited, a Cayman Islands licensed Mutual Fund Administrator.

On December 3, 1998, the Fund was listed on the Cayman Islands Stock Exchange. On January 18, 2000, the Fund was listed on the Bermuda Stock Exchange.

The Fund's investment objective is to achieve long-term capital growth by investing in a global portfolio of international "blue chip" equities.

### 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 and financial liabilities held at fair value through profit or loss.

The financial statements are represented 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 judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Fund's management to make judgments, 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.

##### b) Investment entities

IFRS 10 defines 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 or loss.

# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (Continued)

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

##### c) 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 subdivided 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 equities. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All debentures are classified as held for trading. The Fund's policy is not to apply hedge accounting.

Financial instruments designated at fair value through profit or loss upon initial recognition: these include equity securities and debt instruments not held for trading. The Fund did not hold any financial instruments designated at fair value through profit or loss upon initial recognition during the years ended June 30, 2019 and 2018.

###### **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 recognised 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 other 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 Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (Continued)

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

##### c) Financial instruments (continued)

##### iv. Subsequent measurement

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

##### 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.

##### d) Fair value measurement

The Fund measures its investments in financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

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. Securities defined in these accounts as 'listed' are traded in an active market. It is the policy of the Fund to value equities quoted on a stock exchange at the closing daily price or, if there has been no sale on the relevant day, the equity will be valued at the last available average sale price.

# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (Continued)

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

##### e) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets classified as receivables 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 a decline in the fair value of an equity investment, if the decline is considered to be significant or prolonged. 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.

##### f) Functional and presentation currency

The Fund's functional currency is the United States 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 United States Dollars. Therefore, the United States 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 United States Dollar.

##### g) 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.

As at June 30, 2019 and 2018 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.

##### h) 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.

##### i) 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.

##### j) 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.

##### k) Dividend income

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.



# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (Continued)

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

**l) Realised and change in unrealised gains and losses**

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

**m) Expenses**

All expenses (including management fees) are recognized in the Statement of Comprehensive Income on an accrual basis.

**n) Going concern**

The Fund's management has made an assessment of 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.

**o) Share capital**

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

**p) Redeemable shares**

Shares are redeemable at the shareholder's option and are classified as financial liabilities. Shareholders may arrange to redeem all or part of their Shares on any Dealing Day at the prevailing redemption price of the Shares. A Dealing Day is normally Wednesday of each week, or the following Business Day if Wednesday is not a Business Day. The prevailing redemption price of Shares will be the Net Asset Value per Share of the relevant Class as at the preceding Valuation Day, which is normally the Business Day preceding the Dealing Day. No Shares may be redeemed whilst the calculation of Net Asset Value is suspended.

**q) Standards and amendments to existing standards effective January 1, 2018**

IFRS 9 'Financial Instruments':

IFRS 9 became effective for annual periods beginning on or after January 1, 2018. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (Continued)

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

#### q) Standards and amendments to existing standards effective January 1, 2018 (continued)

##### *IFRS 9 'Financial Instruments': (continued)*

IFRS 9 has been applied retrospectively by the Fund and did not result in a change to the measurement of financial instruments as outlined below. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. The impairment standard does not have a significant impact on the financial statements due to the limited exposure of the Fund to credit risk from financial instruments measured at amortized cost. The Fund has not applied hedge accounting under IAS 39 and will not apply hedge accounting under IFRS 9.

#### r) New standards, amendments and interpretations effective after January 1, 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

### 3. FINANCIAL RISK MANAGEMENT

The Fund maintains positions in a variety of non-derivative financial instruments as dictated by its investment management strategy. The Fund's investment portfolio is comprised of quoted equity instruments.

Asset allocation is determined by the Investment Advisor with reference to the target asset allocation set out in the Fund's prospectus. The Investment Advisor manages the distribution of the assets to achieve its investment objective. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Advisor. In instances where the portfolio has diverged from target asset allocations, the Investment Advisor will rebalance the portfolio to fall in line with the target asset allocations.

The nature and extent of the financial instruments outstanding at the year-end date and the risk management policies employed by the Fund are discussed below:

#### a) Market risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will affect the positions held by the Fund, making them less valuable. The Fund is exposed to market risk on financial instruments that are valued at market prices.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The Fund's market risk is managed on a daily basis by the Investment Advisor in accordance with the policies and procedures in place. The Fund's Directors review the performance of the Investment Advisor on a continuous basis.

# Butterfield Global Blue Chip Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### a) Market risk (continued)

##### *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than US Dollars.

The Fund's policy is not to enter into any currency hedging transactions. The Investment Advisor manages currency risk by monitoring exposure to different geographical regions.

At June 30, 2019, if the exchange rates of the relevant foreign currencies against the US Dollars had been 10% higher or lower with all overall variables held constant, the net assets would have increased/decreased by \$52,883 (2018: \$57,314). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

As at June 30, 2019 and 2018, the Fund had the following currency exposure in US Dollar equivalents:

	2019 USD	2019 % of Net Assets	2018 USD	2018 % of Net Assets
CHF	286,664	3.47%	337,587	3.93%
EUR	242,170	2.93%	235,555	2.74%
<b>Total</b>	<b>528,834</b>	<b>6.40%</b>	<b>573,142</b>	<b>6.67%</b>

##### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All of the Fund's investments are highly liquid securities which are actively traded on various stock exchanges. As a result, the Fund is not subject to fair value interest rate risk due to reasonably possible fluctuations in the prevailing levels of market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to its cash and cash equivalents of \$93,070 (2018: \$85,239). Cash and cash equivalents represent 1.13% of the Fund's net assets at June 30, 2019 (2018: 0.99%). The Fund does not have any other significant interest-bearing assets and liabilities and therefore believes its sensitivity to changes in market interest rates is insignificant.

##### *Price Risk*

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to a particular instrument, its issuer or all factors affecting all instruments traded in the market. The Fund is exposed to price risk on its investments. As all of the Fund's financial instruments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, all changes in market conditions will directly affect the profit attributable to shareholders.

# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### a) Market risk (continued)

##### *Price Risk (continued)*

Price risk is managed by the Investment Advisor by constructing a diversified portfolio of investments traded on various markets. All of the Fund's investments at June 30, 2019 and 2018 are listed on stock exchanges

As at June 30, 2019, the fair value of the Fund's investments in securities that are exposed to movement in equity prices amounted to \$8,226,629 (2018: \$8,574,919).

The Fund estimates that a reasonably possible movement in its equity portfolio is calculated using the average performance of the Fund's benchmark, which is also the Fund's effective rate, over the past eight years of 8% (2018: 8%) adjusted to correlate to the actual investment portfolio held. As at June 30, 2019, if the benchmark equity market prices had been 8% (2018: 8%) higher or lower with all other variables held constant, the Fund's net assets would have been \$786,790 higher or \$786,790 lower (2018: \$643,521 higher or \$598,603 lower). The adjusted rate is the rate used when reporting price risk internally to key management personnel.

#### b) 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 risk consist primarily of cash and cash equivalents and investment balances held at brokers.

Credit risk arising on transactions with brokers includes transactions awaiting settlement. Risk related to unsettled transactions, including dividends and interest accrued, is considered to be low due to the short settlement period involved and the high credit quality of the brokers used. The Fund's maximum exposure to credit risk is limited to the value of its financial assets as reported in the Statement of Financial Position. The Fund monitors the credit rating of its brokers to mitigate this risk.

#### c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's financial liabilities at June 30, 2019 represent 0.78% of net assets (2018: 0.96%) that fall due not later than one month. The Fund's Prospectus provides for weekly subscription and redemption of shares and it is therefore exposed to the liquidity risk of meeting shareholder redemptions. The Fund does not anticipate any significant liquidity concerns in funding redemption requests and other liabilities. However, all of the Fund's investments at June 30, 2019 and 2018 are listed securities actively traded on major stock exchanges. As such, they are considered to be highly realisable, mitigating the liquidity risk of the Fund as at June 30, 2019 and 2018.

The Fund's liquidity risk is managed on a daily basis by the Investment Advisor in accordance with the policies and procedures in place.

#### Capital Risk Management

The Fund's capital consists of the issued share capital.

The Investment Advisor manages the capital of the Fund in accordance with the Fund's investment objectives, policies and restrictions, as outlined in the Prospectus, while maintaining sufficient liquidity to meet shareholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2018. The Fund does not have any externally imposed capital requirements.

# Butterfield Global Blue Chip Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 4. FAIR VALUE OF FINANCIAL ASSETS

The following information 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 observable for the asset or liability, either directly or indirectly;
- Level 3 – inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments

All of the Fund's investments are classified within Level 1 of the fair value hierarchy as the value of these investments are based on unadjusted quoted prices in active markets for identical assets as at June 30, 2019 and 2018.

The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2019 and 2018.

### 5. SHARE CAPITAL

The Fund may issue up to 5,000,000 Non-Voting Redeemable Shares, which are redeemable at the option of the shareholders. The authorised share capital of the Fund shall consist of \$50,100 divided into 100 Ordinary Shares having a nominal value of \$1.00 each and 5,000,000 Non-Voting Redeemable Shares having a nominal value of \$0.01.

The Investment Advisor is the holder of the Ordinary Shares and shall be entitled to receive notice of and attend and vote at any general meeting of the Fund.

Details of Redeemable Shares issued, redeemed and outstanding during the year are as follows:

	2019	2018
	No. of Shares	No. of Shares
Balance - beginning of year	516,649	480,839
Issue of redeemable shares	25,636	115,058
Redemption of redeemable shares	(75,316)	(79,248)
Balance - end of year	466,969	516,649

Currently only the US Dollar class of shares, and no others, have been designated and issued.

### 6. RELATED PARTY TRANSACTIONS

Butterfield Bank (Cayman) Limited (the "Custodian") acts as custodian for the Fund and is entitled to receive a fee, calculated at a rate of 0.20% (2018: 0.20%) per annum of the net asset value of the Fund, calculated and accrued weekly.

Custodian fees charged for the year ended June 30, 2019 were \$17,058 (2018: \$18,575) for the Fund, of which \$4,204 (2018: \$4,340) remained payable at year end and is included in accrued expenses.

Butterfield Bank (Cayman) Limited (the "Investment Advisor") is entitled to receive a management fee for providing investment advice to the Fund, calculated at a rate of 1.00% per annum of the net asset value of each Class of shares, calculated and accrued weekly.

# Butterfield Global Blue Chip Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 6. RELATED PARTY TRANSACTIONS (Continued)

Management fees for the year ended June 30, 2019 were \$85,285 (2018: \$80,175) for the Fund, of which \$21,021 (2018: \$21,701) remained payable at year end and is included in accrued expenses.

Employees of the Investment Advisor, its parent company and other affiliated companies, and their immediate family members may hold shares in the Fund. These shareholdings are not significant to the Fund.

### 7. 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 \$11,928 (2018: \$11,703) of which \$2,938 (2018: \$4,115) was payable at year end and is included in accrued expenses.

### 8. DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Fund at June 30, 2019 and 2018 were:

Erwin Dikau  
Michael McWatt  
Rosalie Twohey (resigned April 17, 2019)

The Directors are not entitled to any remuneration for their services as directors. At June 30, 2019, the Directors held between 0 and 5,000 shares each in the Fund. Each Director is affiliated with the Custodian and Investment Advisor.

# Butterfield Global Blue Chip Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2019

(Expressed in U.S. Dollars)

### 9. FINANCIAL HIGHLIGHTS

Per share operating performance  
(for a share outstanding throughout the year)

<b>Per Share Information</b>	<b>2019</b>	<b>2018</b>
<b>Net asset value per redeemable share – beginning of year</b>	<b>\$ 16.63</b>	<b>\$ 14.85</b>
<b>Income from investment operations</b>		
Net investment loss	(0.05)	(0.05)
Net realised and unrealised gain on financial assets at fair value through profit and loss and foreign currency	1.11	1.83
<b>Total from investment operations</b>	<b>1.06</b>	<b>1.78</b>
<b>Net asset value per redeemable share – end of year</b>	<b>\$ 17.69</b>	<b>\$ 16.63</b>
<b>Total Return</b>	<b>6.37%</b>	<b>11.99%</b>
<b>Ratios / supplemental data</b>		
Total net assets - end of year	<b>\$ 8,262,019</b>	<b>\$ 8,594,060</b>
Ratio of expenses to weighted average net assets	<b>1.81%</b>	<b>1.85%</b>
Ratio of net investment loss to weighted average net assets	<b>(0.33)%</b>	<b>(0.29)%</b>
Portfolio turnover rate*	<b>20.42%</b>	<b>36.50%</b>

\* 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.

An individual investor's return and ratios may vary from the above returns and ratios based on the timing of capital transactions.

### 10. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2019 through October 7, 2019, the date the financial statements were available to be issued. During this period, the Fund did not have any material recognisable subsequent events.

### 11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on October 7, 2019.