

Butterfield Global Blue Chip Fund
Financial Statements for the years
ended June 30, 2008 and 2007
and Independent Auditors' Report



Butterfield Bank

Butterfield Global Blue Chip Fund Financial Statements

**For the years ended
June 30, 2008 and 2007
and Independent Auditors' Report**

Butterfield Global Blue Chip Fund

TO THE SHAREHOLDERS:

Performance Review

For the year 1st July 2007 to 30th June 2008, the returns based on the Net Asset Value were as follows:

Fund NAV Return -3.36%

The Fund's objective remains that of achieving long term capital growth while maintaining the necessary diversification, in terms of geography and sector, to reduce risk and maximise return.

Global equity markets took on a more volatile tone during the latter part of 2007 and into 2008, as investors debated the strength of the U.S. economy and digested both the impact of the sub-prime credit crisis and soaring oil and commodity prices. After a sharp sell-off at the beginning of 2008, equity market participants started the second quarter of the year buoyed by hope that the worst of the sub-prime write-downs were behind us and that the impact of the crisis on the broader economy would be less severe than many had originally anticipated. Indeed, from 31st March 2008 to 19th May 2008, global equity markets (as measured by the S&P Global 100 Index) rallied by 7.4% on a total return basis. Many commentators observed that the U.S. was likely facing a mild recession rather than a full-blown slump, and there was growing optimism that the global economy could perhaps de-couple from a U.S. slowdown.

Unfortunately, a good deal of this hope evaporated as crude oil prices continued their steady climb north of \$140 a barrel towards the end of the reporting period. This commodity price action was accompanied by a sharp sell-off in equity markets, with the S&P Global Index declining by 10.3% from its 19th May intra-quarter peak. The benchmark index ended the quarter broadly flat, although still down by a fairly chunky 12.9% since the start of the year. The market was driven lower by fears that elevated oil prices would feed through into both price inflation and slower consumer spending in the broader economy. Inflation fears even prompted participants in the interest rate futures market to begin pricing in a series of Fed rate hikes later in the year.

Against this backdrop, regional equity market performance was somewhat mixed, with Emerging Markets gaining 4.6% over the reporting period while Japanese equities declined by 12%. More recently, Japanese equities have fared somewhat better against a backdrop of sell-off in global equities, with Japan being the best performing market over the last six months (albeit still declining by 5.5%). The U.S. market performed broadly in line with global equities, declining by 10.7% over 12 months. European equities proved to be something of a disappointment, slipping back by 11.3% over the last year in dollar terms despite a considerable currency tailwind from Euro appreciation.

While there is little doubt that the unhelpful combination of a U.S. economy crimped by higher oil prices coupled with the prospect of Fed action to tackle inflation had a negative impact on equity markets, at a sector level there were some pockets of strength. The most obvious beneficiary of this environment was the Energy sector, with the MSCI World Energy Index gaining 18.4% during the reporting period. The Materials sector (and more specifically metals) also benefited, with the MSCI World Materials Index gaining 14.2% over the year. In stark contrast to this, Financials continued their slide, with the MSCI World Financials Index slipping by 33.3% over 12 months. Consumer Discretionary remained a challenging area for many investors, with the MSCI World Consumer Discretionary Index falling by 25.4%. The Fund continued to benefit from our strategy of being overweighted Energy and Materials and underweight Financials and Consumer Discretionary.

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Butterfield Global Blue Chip Fund

TO THE SHAREHOLDERS: (continued)

As we look to the next 12 months, we believe that many of the trends we have seen over the past year will likely remain in place. We certainly do not believe that we have seen the last of the fairly violent volatility that has characterised equity markets so far in 2008. Equity investors should choose their entry points carefully as near-term volatility could present both opportunities and increased risks (although we do believe that those with patience and a long-term time horizon will ultimately be rewarded). We believe that the sector dynamic we have seen over the last 12 - 18 months will remain in place, with investors focusing on those areas where there is a secular supply-demand imbalance, most notably in oil and metals. From a regional perspective, we continue to focus on opportunities for the Fund in non-U.S. markets, as well as on those U.S. names with an international bias.

On Behalf of the Board of Directors

June 30, 2008

Deloitte.

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Independent Auditors' Report To The Shareholders Of Butterfield Global Blue Chip Fund

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Butterfield Global Blue Chip Fund as at June 30, 2008 and 2007, and the statements of operations and changes in net assets for the years then ended (all expressed in United States Dollars). These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2008 and 2007, and the results of its operations and the changes in its net assets for the years then ended, in accordance with Canadian generally accepted accounting principles.



September 15, 2008

Audit. Tax. Consulting. Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Butterfield Global Blue Chip Fund
Statements of Assets and Liabilities
As at June 30, 2008 and 2007

Expressed in United States dollars

		2008	2007
	Notes	\$	\$
Assets			
Investments at Market			
(Cost \$20,339,674) (2006: \$19,071,942)		20,760,780	23,427,869
Cash and Cash Equivalents		459,754	121,588
Dividend Income Receivable		7,767	18,032
Prepaid Fees		771	3,168
Receivable for Capital Shares Issued		820	820
		<u>21,229,892</u>	<u>23,571,477</u>
Liabilities			
Accrued Expenses	3	19,214	17,684
Payable for Capital Shares Redeemed		-	12,000
		<u>19,214</u>	<u>29,684</u>
Net Assets		<u>21,210,678</u>	<u>23,541,793</u>
Net Assets Consists of:			
Share Capital	4	29,931,439	31,535,500
Retained Earnings		<u>(8,720,761)</u>	<u>(7,993,707)</u>
		<u>21,210,678</u>	<u>23,541,793</u>
Number of Redeemable			
Shares in Issue	4	1,678,381.5491	1,799,869.3492
Net Asset Value per			
Redeemable Share in Issue		<u>12.64</u>	<u>13.08</u>

Butterfield Global Blue Chip Fund
Statements of Operations
For the years ended June 30, 2008 and 2007

Expressed in United States dollars

		2008	2007
	Notes	\$	\$
Income			
Net Dividend Income		437,179	391,960
Foreign Exchange Gain		532,284	267,374
Bank Interest Income		4,976	12,740
		<u>974,439</u>	<u>672,074</u>
Expenses			
Administration Fees	3	339,174	360,200
Custodian Fee	3	56,529	60,033
Transfer Agent Fees	3	38,189	51,549
Audit and Legal Fees		33,352	28,678
Cayman Islands Government Fee		10,521	4,053
Sundry Expenses		518	5,540
		<u>478,283</u>	<u>510,053</u>
Net Investment Income		<u>496,156</u>	<u>162,021</u>
Realised and Unrealised			
(Loss) / Gain on Investments			
Net Realised Gain on Investments		2,711,611	2,300,359
Net Change in Unrealised Depreciation /			
Appreciation on Investments		<u>(3,934,821)</u>	<u>1,484,189</u>
Net (Loss) / Gain on Investments		<u>(1,223,210)</u>	<u>3,784,548</u>
(Decrease) / Increase in Net Assets			
Resulting From Operations		<u>(727,054)</u>	<u>3,946,569</u>

Butterfield Global Blue Chip Fund
Statements of Changes in Net Assets
For the years ended June 30, 2008 and 2007

Expressed in United States dollars

	2008	2007
	\$	\$
(Decrease)/Increase in Net Assets:		
From Operations		
Net Investment Income	496,156	162,021
Net Realised Gain on Investments	2,711,611	2,300,359
Net Change in Unrealised Depreciation /		
Appreciation on Investments	(3,934,821)	1,484,189
	(727,054)	3,946,569
From Capital Transactions		
Proceeds on Issues of Shares 4	2,246,689	2,959,424
Payment on Redemption of Shares 4	(3,850,750)	(8,248,041)
	(1,604,061)	(5,288,617)
Net Decrease in Net Assets	(2,331,115)	(1,342,048)
Net Assets - beginning of year	23,541,793	24,883,841
Net Assets - end of year	21,210,678	23,541,793

Butterfield Global Blue Chip Fund
Schedules of Investments
As at June 30, 2008 and 2007

(Expressed in United States dollars)

Butterfield Global Blue Chip Fund
Schedule of Investments
as at June 30, 2008

Expressed in United States dollars

Investments	Nominal Holding / Shares	Cost \$	Market Value \$	Percentage of Portfolio %
Equities - Australia:				
Commonwealth Bank of Australia	3,630	185,181	139,780	0.67
		185,181	139,780	0.67
Equities - Bermuda:				
Accenture Ltd.	8,280	263,332	337,162	1.62
		263,332	337,162	1.62
Equities - Canada:				
Bank of Nova Scotia	6,190	299,030	282,807	1.36
Denison Mines Corporation	37,940	296,665	330,930	1.59
Inmet Mining Corporation	2,250	172,488	149,075	0.72
Paladin Energy Limited	13,800	65,772	84,300	0.41
Teck Cominco Ltd.	9,780	378,418	468,951	2.26
The Toronto-Dominion Bank	2,150	137,991	133,881	0.64
		1,350,364	1,449,944	6.98
Equities - Europe:				
BASF SE	3,248	116,739	223,264	1.08
BP plc	14,402	944,068	1,001,947	4.83
Carlsberg A/S	1,620	164,368	156,577	0.75
Deutsche Postbank AG	1,540	130,151	135,083	0.65
Diageo plc.	2,310	150,927	170,640	0.82
Fiat S.p.A.	12,590	282,884	206,528	0.99
InBev NV	3,640	335,198	252,791	1.22
ING Groep NV Adr	5,900	247,182	186,145	0.90
Nestle SA	3,700	185,919	167,263	0.81
Nokia	11,040	309,329	270,480	1.30
Novartis AG - Bearer	1,080	55,271	59,495	0.29
Reckitt Benckiser plc.	3,120	109,259	158,197	0.76
Repsol YPF, S.A.	6,530	271,886	256,433	1.24
Rio Tinto plc Adr	955	382,261	472,725	2.28
Royal Dutch Shell PLC	6,230	426,148	509,053	2.45
Rolls Royce Group plc. - B Shares	1,693,170	3,552	3,373	0.02
Royal Bank of Scotland Group plc.	31,070	244,481	133,087	0.64
Skandinaviska Enskilda Banken AB (SEB)	6,550	190,837	121,999	0.59
Total SA - B	6,108	387,342	521,575	2.51
Vivendi	5,230	216,229	198,581	0.96
		5,154,031	5,205,236	25.09
Equities - Israel:				
Teva Pharmaceutical Industries Ltd.	4,870	165,100	223,046	1.07
		165,100	223,046	1.07
Equities - United States:				
Adobe Systems Incorporated	4,930	215,319	194,193	0.94
Aflac Inc.	4,450	203,676	279,460	1.35
Allianz SE Adr	7,950	165,465	138,728	0.67
American International Group Inc.	16,134	883,439	426,906	2.06
Amgen Inc.	2,586	157,822	121,956	0.59
Archer-Daniels-Midland Company	4,260	183,979	143,775	0.69

Butterfield Global Blue Chip Fund
Schedule of Investments
as at June 30, 2008 (continued)

Expressed in United States dollars

Investments	Nominal Holding / Shares	Cost \$	Market Value \$	Percentage of Portfolio %
Equities - United States (continued):				
Biogen Idec Inc.	2,250	115,707	125,753	0.61
Bucyrus International Inc.	4,810	206,773	351,226	1.69
Bunge Limited	1,530	147,173	164,766	0.79
Caterpillar Inc.	3,780	249,791	279,040	1.34
Celgene Corp.	960	61,415	61,315	0.30
Check Point Software Technologies Ltd.	12,640	313,701	299,189	1.44
Chevron Corp.	10,640	908,669	1,054,743	5.08
Cisco Systems Inc.	12,180	270,050	283,307	1.36
ConocoPhillips	11,680	1,071,451	1,102,475	5.31
Exxon Mobil Corp.	5,901	320,746	520,055	2.50
FedEx Corp.	2,290	202,020	180,429	0.87
Fluor Corp.	1,680	198,491	312,614	1.51
Foster Wheeler Ltd.	2,780	162,974	203,357	0.98
General Dynamics Corp.	2,260	152,659	190,292	0.92
iShares MSCI Emerging Markets	7,348	953,528	997,271	4.80
iShares MSCI Japan	163,191	1,898,808	2,034,992	9.80
iShares S & P Global Telecommunications Sector	12,270	989,709	781,354	3.76
Joy Global Inc.	4,090	237,137	310,145	1.49
Kinetic Concepts, Inc.	3,470	145,681	138,488	0.67
Microsoft Corp.	10,956	329,852	301,400	1.45
Mylan, Inc.	4,410	49,971	53,229	0.26
Netapp, Inc.	13,030	358,723	282,230	1.36
Oil Service HOLDRs Trust	1,270	195,467	281,953	1.36
PepsiCo Inc.	2,595	137,783	165,016	0.79
Proctor & Gamble Co.	2,750	162,221	167,228	0.81
State Street Corporation	3,130	206,739	200,289	0.96
Stryker Corp.	1,770	117,447	111,298	0.54
The Coca-Cola Company	1,530	92,500	79,529	0.38
The Goldman Sachs Group Inc.	2,540	530,946	444,246	2.14
The Shaw Group Inc.	3,540	202,962	218,737	1.05
Time Warner Inc.	13,040	211,639	192,992	0.93
Zimmer Holdings Inc.	3,110	209,233	211,636	1.02
		13,221,666	13,405,612	64.57
Total Investments:		20,339,674	20,760,780	100.00

Butterfield Global Blue Chip Fund
Schedule of Investments
as at June 30, 2007

Expressed in United States dollars

Investments	Nominal Holding / Shares	Cost \$	Market Value \$	Percentage of Portfolio %
Equities - Asia:				
Shangri-la Asia Ltd.	93,190	238,578	225,287	0.96
		238,578	225,287	0.96
Equities - Bermuda:				
Accenture Ltd.	9,300	284,673	398,877	1.70
		284,673	398,877	1.70
Equities - Canada:				
Bank of Nova Scotia	8,070	392,839	393,047	1.68
Teck Cominco Ltd.	6,490	225,750	275,825	1.18
		618,589	668,872	2.86
Equities - Europe:				
3i Group plc.	16,499	246,039	386,118	1.64
Air Liquide SA	2,260	248,007	298,214	1.26
Banco Santander Central Hispano SA	10,750	197,646	197,585	0.84
BASF SE	3,134	190,596	410,868	1.75
BP Amoco plc. - Spons	11,702	717,471	844,182	3.60
Deutsche Postbank AG	2,240	193,802	197,384	0.84
Diageo plc.	6,860	429,805	571,507	2.44
GlaxoSmithKline plc.	4,810	257,113	251,900	1.08
HSBC Holdings plc.	32,190	520,802	591,669	2.53
ING Groep NV ADR	13,200	565,562	580,404	2.48
InterContinental Hotels Group plc.	6,807	116,113	170,111	0.73
JC Decaux SA	10,970	277,451	349,552	1.49
Novartis AG - Bearer	4,550	232,548	257,020	1.10
PPR SA	1,020	118,034	178,959	0.76
Praktiker Bau-und Heimwerkermaerkte Holding AG	5,850	216,706	238,375	1.02
Reckitt Benckiser plc.	10,800	359,464	593,359	2.53
Rolls Royce Group plc.	26,770	245,999	289,581	1.24
Rolls Royce Group plc. - B Shares	1,830,464	3,477	3,677	0.02
Royal Bank of Scotland Group plc.	15,450	186,236	196,458	0.84
Telefonica SA	6,410	404,838	427,932	1.83
Total SA - B	10,298	574,601	840,359	3.59
Veolia Environnement	2,470	171,219	194,103	0.83
		6,473,529	8,069,317	34.44
Equities - Israel:				
Teva Pharmaceutical Industries Ltd.	12,660	425,220	522,225	2.23
		425,220	522,225	2.23
Equities - United States:				
3M Co.	2,474	189,436	214,718	0.92
Aflac Inc.	7,480	342,359	384,472	1.64
American International Group Inc.	8,174	532,123	572,425	2.43
Amgen Inc.	4,346	283,944	240,290	1.03
Aqua America Inc.	8,380	201,313	188,466	0.80
Autodesk Inc.	8,290	312,613	390,293	1.67
Biogen Idec Inc.	4,880	218,642	261,080	1.11
Caterpillar Inc.	1,750	91,822	137,025	0.58

Butterfield Global Blue Chip Fund
Schedule of Investments
as at June 30, 2007 (continued)

Expressed in United States dollars

Investments	Nominal Holding / Shares	Cost \$	Market Value \$	Percentage of Portfolio %
Equities - United States (continued):				
Chevron Corp.	9,790	659,560	824,710	3.52
Cisco Systems Inc.	14,110	294,878	392,964	1.68
EMC Corp.	21,420	282,737	387,702	1.65
Exxon Mobil Corp.	13,771	705,483	1,155,111	4.93
Fluor Corp.	2,010	216,526	223,854	0.96
Genentech Inc.	3,310	271,650	250,435	1.07
General Dynamics Corp.	3,620	209,744	283,156	1.21
iShares MSCI Japan	161,901	1,852,220	2,349,184	10.03
iShares MSCI Pacific	4,763	382,686	697,780	2.98
Johnson & Johnson	8,070	475,782	497,273	2.12
Manpower Inc.	3,148	135,535	290,372	1.24
Microsoft Corp.	12,646	382,771	372,678	1.59
NVIDIA Corporation	9,680	309,437	399,881	1.71
Oil Service HOLDRS Trust	2,260	221,200	394,890	1.69
PepsiCo Inc.	11,175	586,324	724,699	3.09
Proctor & Gamble Co.	9,520	556,423	582,529	2.49
QUALCOMM Inc.	6,040	258,948	262,076	1.12
State Street Corp.	5,640	367,710	385,776	1.65
Stryker Corp.	3,820	253,897	241,004	1.03
Walgreen Co.	10,070	435,590	438,448	1.87
		11,031,353	13,543,291	57.81
Total Investments:		19,071,942	23,427,869	100.00

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**Butterfield Global Blue Chip Fund
Notes to the Financial Statements
For the years ended
June 30, 2008 and 2007**

(Expressed in United States dollars)

**Butterfield Global Blue Chip Fund
Notes to the Financial Statements
For the years ended June 30, 2008 and 2007**

1. ORGANISATION AND OPERATIONS

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 5, 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 Butterfield Fund Services (Cayman) Limited (the "Administrator"), a Cayman Islands licensed Mutual Fund Administrator and a wholly owned subsidiary of Butterfield Bank (Cayman) Limited.

On December 3, 1998, the Fund was listed on the Cayman Islands Stock Exchange.

Butterfield Bank (Cayman) Limited (the "Investment Advisor") also provides investment advice to the Fund. The fees and expenses of the Investment Advisor are paid by the Administrator and are not the responsibility of the Fund.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Actual results could differ from these estimates.

The significant accounting policies are as follows:

a) Investments

Securities listed on a recognised exchange are valued at the last reported bid price on the day of valuation.

The computation of the cost of sales of securities is made on the basis of average cost. Purchases and sales of securities are accounted for on the transaction trade date, and the difference between the sale price and the cost of the security is included in net realised gain/(loss) on investment in the statements of operations.

**Butterfield Global Blue Chip Fund
Notes to the Financial Statements
For the years ended June 30, 2008 and 2007**

The difference between the fair value and the cost of securities is recorded as unrealised appreciation/(depreciation) on investments.

b) Interest and dividend income

Interest income is accrued as earned and dividend income is recognised at ex-dividend date.

c) Foreign currency translation

The functional currency of the Fund is US Dollars.

Foreign currency transactions are translated to US Dollars at the rates of exchange in effect on the transaction dates. Foreign currency denominated assets and liabilities of the Fund have been translated to US Dollars at the rates of exchange prevailing on each year end date. The resultant gain or loss on exchange is recorded in the statements of operations.

d) Fair value of financial instruments

The fair value of securities is considered to be the market value, which is based principally on quoted market prices.

e) Accounting policy changes

On April 1st, 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments-Recognition and Measurement" of the CICA Handbook-Accounting ("Section 3855"), which establishes Generally Accepted Accounting Principles ("GAAP") for financial reporting purposes. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid or asking price for the asset or liability held, respectively, and requires that transaction costs, such as brokerage commissions, incurred in the purchases and sales of securities by the Fund be charged to net income in the period incurred. Section 3855 applies to fiscal years beginning on or after October 1st, 2006. As a result, Section 3855 has been applied prospectively, beginning July 1st, 2007.

On April 1st 2005, the CICA issued Section 3861, "Financial Instruments-Disclosure and Presentation" of the CICA Handbook-Accounting ("Section 3861"). Section 3861 applies to publicly accountable entities for fiscal years beginning on or after October 1st, 2006. As a result, Section 3861 has been applied prospectively, beginning July 1st, 2007.

f) Recent accounting pronouncements

In December 2006, the CICA issued Section 1535, "Capital Disclosures", Section 3862, "Financial Instruments-Disclosures",

Butterfield Global Blue Chip Fund
Notes to the Financial Statements
For the years ended June 30, 2008 and 2007

and Section 3863, "Financial Instruments-Presentation". Section 1535 requires disclosure of information about an entity's objectives, policies and processes for managing capital. Section 3862 replaces the disclosure requirements of Section 3861, but increases the emphasis on disclosures regarding risks associated with both recognized and unrecognized financial instruments and how these risks are managed, including a requirement to disclose sensitivity analysis, while Section 3863 carries forward unchanged the presentation requirements of Section 3861. These Sections are effective for fiscal years beginning on or after October 1st, 2007. The Fund has evaluated the impact of Sections 1535, 3862, and 3863 and does not believe their adoption will have a material impact on the Fund's financial statements, apart from enhanced disclosures.

3. RELATED PARTY TRANSACTIONS

The Administrator, a related party, is compensated for performing certain financial, accounting, administration and other services in accordance with the Administration Services Agreement dated December 20th, 2005. The Administrator is entitled to receive a fee which is calculated at the rate of 1.5% per annum of the net asset value of the entire Fund calculated and accrued weekly.

As of June 30, 2008, the Fund owed the Administrator \$5,232 (2007: \$3,871).

Butterfield Bank (Cayman) Limited (the "Sales Agent") is entitled to receive a sales commission of up to 4% of the subscription price for shares. No sales commission was charged in 2008 and 2007.

Butterfield Bank (Cayman) Limited (the "Custodian") acts as custodian for the Fund and is entitled to receive a fee, calculated at a rate of 0.25% per annum of the net asset value of the Fund, calculated and accrued weekly.

As of June 30, 2008, the Fund owed the Custodian \$872 (2007: \$645).

The Sub-Administrator and Transfer Agent, Butterfield Fund Services (Bermuda) Limited, a related party, is entitled to receive a fee for providing shareholder services including maintaining a Branch register in Bermuda. The fee is based on time spent and is invoiced monthly by the Sub-Administrator to the Fund.

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

Butterfield Global Blue Chip Fund
Notes to the Financial Statements
For the years ended June 30, 2008 and 2007

4. 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:

	2008	2008
	No. of Shares	\$
Balance - beg. of year	1,799,869.3492	31,535,500
Issue of shares	171,474.1234	2,246,689
Redemption of shares	(292,961.9235)	(3,850,750)
<u>Balance - end of year</u>	<u>1,678,381.5491</u>	<u>29,931,439</u>
	2007	2007
	No. of Shares	\$
Balance - beg. of year	2,241,529.8927	36,824,117
Issue of shares	245,529.1908	2,959,424
Redemption of shares	(687,189.7343)	(8,248,041)
<u>Balance - end of year</u>	<u>1,799,869.3492</u>	<u>31,535,500</u>

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

5. DIRECTORS AND DIRECTORS' INTERESTS

The Directors during the period and at the date of this report were:

Conor O'Dea

Erwin Dikau

Ian Coulman

John Lewis (resigned on June 13th, 2008).

The Directors are not entitled to any remuneration for their services as directors.

At June 30, 2008 and 2007, the Directors held between 0 and 5,000 shares each in the Fund and were each affiliated with the Custodian and Investment Advisor.

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6. FINANCIAL HIGHLIGHTS

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

	2008	2007	2006	2005	2004
Net asset value, beginning of year	\$13.08	\$11.10	\$9.52	\$9.32	\$8.17
Income from investment operations					
Net investment income / (loss)	0.29	0.08	(0.03)	0.21	0.12
Net realised and unrealised gain / (loss) on investments	(0.73)	1.90	1.61	(0.01)	1.03
Total from investment operations	(0.44)	1.98	1.58	0.20	1.15
Net asset value, end of year	\$12.64	\$13.08	\$11.10	\$9.52	\$9.32
Total return	(3.36%)	17.84%	16.60%	2.15%	14.08%
Ratios/supplemental data					
Net assets, end of year	\$21,210,678	\$23,541,793	\$24,883,841	\$26,730,268	\$34,056,459
Ratio of expenses to weighted average net assets	2.13%	2.10%	2.00%	1.90%	2.10%
Ratio of net investment income / (loss) to weighted average net assets	(1.11%)	18.39%	16.79%	3.27%	15.30%
Portfolio turnover	78.94%	52.65%	58.75%	49.15%	60.61%

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

7. 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 Fund's Investment Advisor with reference to the target asset allocation set out in the Fund's prospectus. The Fund's 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 Fund's Investment Advisor. In instances where the portfolio has diverged from target asset allocations, the Fund's 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 statements of assets and liabilities date and the risk management policies employed by the Fund are discussed below:

a) Market risk

Market risk embodies the potential for both loss 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 or more onerous. The Fund is exposed to market risk on financial instruments that are valued at market prices.

In the normal course of its business, the Fund purchases various financial instruments which may result in market risk, the amount of which may not be apparent from the financial statements.

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 performance of the Investment Advisor on a continuous basis.

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, each class of 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.

As at June 30, 2008, the Fund has the following currency exposure in US Dollar equivalent:

	2008 USD	2008 % of Net Assets	2007 USD	2007 % of Net Assets
AUD	139,780	0.7%	-	-
CAD	847,112	4.0%	393,047	1.7%
CHF	226,758	1.1%	257,020	1.1%
DKK	156,577	0.7%	-	-
EUR	1,537,821	7.2%	2,707,814	11.5%
GBP	294,657	1.4%	2,230,973	9.5%
HKD	-	-	225,287	0.9%
SEK	121,999	0.6%	-	-
Total	3,324,704	15.7%	5,814,141	24.7%

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 subject to fair value interest rate risk due to possible fluctuations in the prevailing levels of market interest rates.

Consequently, the Fund's exposure to cash flow interest rate risk is limited to its cash at bank (2.17% of the Fund's Net Asset Value (2007: 0.52%)). The Fund does not have any other significant interest-bearing assets and liabilities.

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OTHER PRICE RISK

Other 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. As all of the Fund's financial instruments are carried at fair value with fair value changes recognised in the statements of operations, all changes in market conditions will directly affect the profit attributable to shareholders.

Other price risk is managed by the Fund's Investment Advisor by constructing a diversified portfolio of investments traded on various markets. All of the Fund's investments at June 30, 2008 and 2007 are listed on stock exchanges.

a) 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.

Credit risk arising on transactions with brokers relates to 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 monitors the credit rating of its brokers to mitigate this risk.

At the reporting date, the Fund's financial assets exposed to credit risk were as follows in US Dollars:

	<u>Carrying Amounts</u>
Cash and Cash equivalents	459,754

b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's constitution provides for the weekly subscription and redemption of shares and it is therefore exposed to the liquidity risk of meeting shareholders' redemptions. However, all of the Fund's investments at June 30, 2008 and 2007 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, 2008 and 2007.

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

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Butterfield Bank (Cayman) Limited is licensed and
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