

Butterfield International Balanced Fund

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2009 AND 2008

Butterfield International Balanced Fund

TO THE UNITHOLDERS:

US DOLLAR CLASS AND STERLING CLASS

Performance Review

For the year 1st July 2008 to 30th June 2009, the returns based on the Net Asset Values were as follows:

USD Class	-21.21%
GBP Class	-11.00%

The Fund's objective remains that of achieving long term capital growth while taking the necessary diversification to reduce risk and maximise returns.

2008 proved to be a truly apocalyptic year for equities globally, with markets seeing their sharpest declines since the Great Depression of the 1930s. The decline of -38.5% in the S&P 500 was of the same magnitude as that seen in 1937 and was only eclipsed by the precipitous fall of -47% in 1931. While markets had been fragile for much of 2008, the precursor for equity market capitulation was the collapse of US investment bank Lehman Brothers on September 15th. Following this event, the S&P 500 fell by 40% to a low of 752 points on November 20th. Interestingly, the market subsequently witnessed a year-end rally, closing out 2008 20% above this low.

2009 got off to a rough start for equities, with markets seeing further declines after the bear market rally at the end of 2008. The S&P 500 fell by 25%, closing at 676 points on the 9th of March. Against all expectations, world markets then staged the strongest rally in over seven decades. Most market participants were defensively positioned, and as such, the rally caught all but a few by surprise. Between the 9th of March and the 12th of June, the S&P 500 gained over 40%. The "green shoots of recovery" as coined by Federal Reserve Chairman Ben Bernanke, were the driving force behind this rally, but the question on most investors' minds is whether this is just a bear market rally, or have we actually seen the bottom. During the historic 1929-1932 bear market, the market rallied five times by more than 20%, and in each case it subsequently lost more, with an ultimate drop of over 82% ending in 1932. In our opinion, the economic data has not been sufficient to support such a dramatic recovery in the markets. Indications are that the bad news has slowed, but there is still bad news none-the-less. Growth in corporate profits is now needed to support the rally of the past few months, but this remains to be seen.

The best performing sectors over the past 12 months were Consumer Staples and Healthcare, as would be expected in a recessionary environment. Materials, Energy and Financials were the worst. We did however see a major sector rotation in the past three months which has been the most dramatic in twenty years. The rebound in the market came when 3 of the biggest banks said they were profitable in the first quarter. This led to a 37% gain in Financials during the quarter, and an 86% increase from the lows of the 9th of March.

At a regional level the markets have shown that there really was no place to hide. All regions of the world were down by between 23% and 35%, with Japan being the best performing and Europe the worst performing regions. Japan benefitted in dollar terms from a 10% strengthening of the Yen over the past twelve months.

We have seen a marked decline in the levels of volatility witnessed towards the end of 2008 and into 2009, but still well above historical averages, and once again increasing slightly more recently. As mentioned earlier, our expectation is for a pullback in the markets, and increased levels of volatility throughout the remainder of the year. The Fund was marginally behind the benchmark return over the most recent quarter, although still struggling to recover from the underperformance witnessed in the second half of 2008. We have had a very strong quarter on an absolute basis, but continue to maintain a fairly defensive stance in the Fund, with an allocation to cash and an overweight position in a few of the more defensive sectors, while still retaining our top down themes which we expect to outperform in the long-run.

The yearbooks will undoubtedly be written about the last 12 months in the fixed income markets. We witnessed significant volatility across all credit spaces be it supranational, sovereign or corporate A-AAA papers. The failure of the government to rescue Lehman Brothers as it did with Bear Stearns in early 2008 was seen as a colossal error in judgement. This led to a crisis of confidence and a period of unprecedented

Butterfield International Balanced Fund

Performance Review (continued)

Investors and market participants were unwilling to take on any kind of risk and the only institution willing and able to lend was central governments.

G7 countries coordinated several interest rates cuts in the third quarter of 2008 which marked the beginning of extraordinary monetary and fiscal policies injected into our global financial system. The US Treasury and Federal Reserve Board took the lead on a number of innovative measures including providing guarantees for a wide range of financial instruments, developed several credit programs (TARP, TALF, TSLF), made direct investments in financial institutions including the likes of Citigroup and AIG and effectively cut the Fed funds rate to zero.

It seemed the only safe haven for US Dollar based investors was in US government papers with 10 and 5 year Treasury bonds returning a yield of 15% and 8.3% respectively in the last quarter of 2008. Likewise, in the GBP Class, UK Treasury Bonds (Gilts) displayed similar qualities. The fear amongst investors was quite astounding with both US and UK Treasury bills at one point trading at negative yields. The out performance in government papers continued into the new year and eventually pulled back towards the end of the March.

As equity markets rebounded in the second quarter of 2009, the inflation/deflation debacle sent 10 year bond yields into a range of extreme fluctuation, flip flopping between 2.5% to 4.0%, ending the period at 3.5%. Inflation bulls point to the massive increase in money supply and the weaker dollar brought on by the Federal Reserve maintaining significant and unprecedented amounts of money in the system over the last eighteen months. In normal markets the Fed's hope would be that the banking system would take these funds and loan them out. But with lenders ever reluctant to lend as jobless rates rise, we are certainly not in any normal market. We believe it will take quite some time for the Fed's medicine to spread through the patient and begin its cure.

For the bond market investor, navigating this conundrum will be the key to success in the next twelve months. Reaching for duration too quickly or too long, might lead to negative returns and disappointment should the economy recover sooner than expected. And likewise, not having enough duration during a period of deflation would lead to an underperformance relative to benchmarks.

Corporate bonds continued to make headway during the second quarter of 2009 as risk appetites emerged and some investors cautiously got back into the water. Their returns far exceeded the negative return that US Treasuries gave to investors in the most recent quarter and year to date for 2009. Against this backdrop, the index that we benchmark the USD Class Fixed Income performance against, the Merrill Lynch 1 – 5 Year Government & Corporate A Rated and Above Index (BV10), gained 1.0% over the course of the second quarter 2009 and was up by 4.89% over 12 months. We are pleased to report the fixed income portfolio outperformed the benchmark over the quarter. A terrific result given that the flight to quality seen in bond markets has made it extremely difficult for fixed income managers to stay the course and beat the Treasury laden BV10 benchmark.

Within the GBP Class, the portfolio has maintained a relatively conservative credit profile during the period, although a level of credit exposure has been maintained throughout the year. During the 12 months, exposure to AAA and AA corporate, financial and supranational names held within the portfolio failed to keep pace with the security of US Treasuries and Gilts. More recently however, our patience has been rewarded as the improvement in investor sentiment has seen the high grade bonds held regain much of the ground previously lost relative to Government Bonds.

We continue to implement a prudent defensive strategy to manage both credit and interest rate risk. It remains difficult to ignore the risks embedded in all but the most highly rated credits. Where we are adding corporate bond exposure, considerable due diligence is required to ensure that the risk profile is appropriate for your portfolio. Therefore we continue to maintain duration on the Fund that is less than the benchmark. The time to reach out longer for yield, and to trade lower quality bonds, will come much later. This reflects our current view of a little disinflation in the short run followed, much later, by inflationary concerns. After all, a small increase in inflation will be a welcome sign that efforts to stabilise the system are actually working.

For and on behalf of the Investment Advisor

INDEPENDENT AUDITORS' REPORT

To the Unitholders and Trustee of
Butterfield International Balanced Fund

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Butterfield International Balanced Fund consisting of the US Dollar Class and the Sterling Class ("the Fund") as at June 30, 2009 and 2008, and the statements of operations and changes in net assets for the years then ended (all expressed in United States Dollars and Pounds Sterling, respectively). 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 each respective class constituting the Fund as at June 30, 2009 and 2008, 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.

The signature of Deloitte & Touche is written in a cursive, handwritten style in black ink.

September 30, 2009

Butterfield International Balanced Fund

Trustee

Butterfield Bank (Cayman) Limited
Butterfield House, 68 Fort Street
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Auditors

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Legal Advisors and Listing Agent

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Butterfield International Balanced Fund

STATEMENTS OF ASSETS AND LIABILITIES

As at June 30, 2009 and 2008

(Expressed in US Dollars)

US DOLLAR CLASS	Notes	2009	2008
ASSETS			
Investments, at market value (Cost 2009 - \$48,536,467; 2008 - \$62,388,834)	2	\$ 45,021,152	\$ 63,455,227
Cash and cash equivalents		2,221,497	4,867,142
Dividend income receivable		12,902	50,787
Bond interest receivable		160,319	239,428
Miscellaneous receivable		4,636	1,497
		47,420,506	68,614,081
LIABILITIES			
Payables for investments purchased		-	47,094
Payables for capital units redeemed		-	81,607
Accrued expenses	3	24,865	36,133
Subscriptions received in advance		1,100	-
		25,965	164,834
FUND NET ASSETS		\$ 47,394,541	\$ 68,449,247
Number of units in issue	4	2,815,342	3,204,805
NET ASSET VALUE PER UNIT		\$ 16.83	\$ 21.36

Butterfield Bank (Cayman) Limited

As Trustee

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENTS OF ASSETS AND LIABILITIES

As at June 30, 2009 and 2008

(Expressed in Pounds Sterling)

STERLING CLASS	Notes	2009	2008
ASSETS			
Investments, at market value (Cost 2009 - £4,761,832; 2008 - £5,187,260)	2	£ 4,535,169	£ 5,361,557
Cash and cash equivalents		153,584	107,695
Bond interest receivable		36,955	50,507
Dividend income receivable		6,754	4,348
		4,732,462	5,524,107
LIABILITIES			
Accrued expenses	3	15,108	10,894
		15,108	10,894
FUND NET ASSETS		£ 4,717,354	£ 5,513,213
Number of units in issue			
	4	404,979	421,321
NET ASSET VALUE PER UNIT		£ 11.65	£ 13.09

Butterfield Bank (Cayman) Limited
As Trustee

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF OPERATIONS

For the years ended June 30, 2009 and 2008

(Expressed in US Dollars)

US DOLLAR CLASS	Notes	2009	2008
INCOME			
Bond interest income		\$ 896,541	\$ 1,137,757
Net dividend income		570,877	805,657
Bank interest income		31,415	140,885
Miscellaneous income		3,684	270
Foreign exchange (losses)/gains		(819,382)	812,403
		683,135	2,896,972
EXPENSES			
Administration and management fee	3	513,358	687,687
Custodian fee	3	128,330	171,922
Transfer agent fee	3	40,012	29,547
Audit and legal fees		31,961	19,896
Cayman Islands government fee		8,592	9,809
Sundry expenses		6,270	344
		728,523	919,205
NET INVESTMENT (LOSS)/INCOME		(45,388)	1,977,767
REALISED AND UNREALISED (LOSS)/GAIN ON INVESTMENTS			
Realised (loss)/gain on investments		(10,091,606)	5,007,653
Change in unrealised appreciation/(depreciation) on investments		(4,581,708)	(6,827,741)
NET LOSS ON INVESTMENTS		(14,673,314)	(1,820,088)
(DECREASE)/INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ (14,718,702)	\$ 157,679

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF OPERATIONS

For the years ended June 30, 2009 and 2008

(Expressed in Pounds Sterling)

STERLING CLASS	Notes	2009	2008
INCOME			
Bond interest income	£	90,741	£ 102,414
Net dividend income		85,031	87,969
Bank interest income		735	2,695
Foreign exchange gains/(losses)		6,985	(59,527)
		183,492	133,551
EXPENSES			
Administration and management fee	3	50,603	57,447
Custodian fee	3	12,148	14,371
Transfer agent fee	3	8,723	15,338
Audit and legal fees		18,430	9,193
Sundry expenses		7,937	1,059
		97,841	97,408
NET INVESTMENT INCOME		85,651	36,143
REALISED AND UNREALISED (LOSS)/GAIN ON INVESTMENTS			
Realised (loss)/gain on investments		(284,150)	216,811
Change in unrealised appreciation/(depreciation) on investments		(400,960)	(383,946)
NET LOSS ON INVESTMENTS		(685,110)	(167,135)
DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	£	(599,459)	£ (130,992)

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF CHANGES IN NET ASSETS
For the years ended June 30, 2009 and 2008
(Expressed in US Dollars)

US DOLLAR CLASS	Notes	2009	2008
(DECREASE)/INCREASE IN NET ASSETS:			
From Operations			
Net investment (loss)/income		\$ (45,388)	\$ 1,977,767
Realised (loss)/gain on investments		(10,091,606)	5,007,653
Change in unrealised appreciation/(depreciation) on investments		(4,581,708)	(6,827,741)
		(14,718,702)	157,679
From Capital Transactions			
Proceeds on the issue of units	4	2,342,702	9,938,591
Payment on the redemption of units	4	(8,678,706)	(7,109,026)
		(6,336,004)	2,829,565
TOTAL (DECREASE)/INCREASE IN NET ASSETS:		(21,054,706)	2,987,244
NET ASSETS - BEGINNING OF YEAR		68,449,247	65,462,003
NET ASSETS - END OF YEAR		\$ 47,394,541	\$ 68,449,247

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF CHANGES IN NET ASSETS
For the years ended June 30, 2009 and 2008
(Expressed in Pounds Sterling)

STERLING CLASS	Notes	2009	2008
DECREASE IN NET ASSETS:			
From Operations			
Net investment income		£ 85,651	£ 36,143
Realised (loss)/gain on investments		(284,150)	216,811
Change in unrealised appreciation/(depreciation) on investments		(400,960)	(383,946)
		(599,459)	(130,992)
From Capital Transactions			
Proceeds on the issue of units	4	112,000	369,263
Payment on the redemption of units	4	(308,400)	(698,658)
		(196,400)	(329,395)
TOTAL DECREASE IN NET ASSETS:		(795,859)	(460,387)
NET ASSETS - BEGINNING OF YEAR		5,513,213	5,973,600
NET ASSETS - END OF YEAR		£ 4,717,354	£ 5,513,213

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class)

As at June 30, 2009

(Expressed in US Dollars)

Investment	Nominal Holding / Shares	Cost \$	Market Value \$	% of Portfolio %
Fixed Income Securities - Canada:				
Royal Bank of Canada, 4.125%, 26/10/2010	2,150,000	2,154,260	2,192,669	4.87%
		2,154,260	2,192,669	4.87%
Fixed Income Securities - Europe:				
AIG, 5.3%, 01/05/2012	1,328,000	1,326,711	1,029,422	2.29%
BP Capital Markets PLC, 2.375, 14/12/2011	600,000	601,500	601,140	1.34%
Eurohypo SA Luxembourg 4.625%, 30/09/2010	1,000,000	998,390	993,850	2.21%
Kommuninvest, 5.375%, 15/06/2010	2,500,000	2,591,100	2,663,875	5.92%
Ned Waterschapsbank, 3%, 16/06/2010	1,035,000	1,032,544	1,053,578	2.34%
		6,550,245	6,341,865	14.10%
Fixed Income Securities - United States:				
Bank of America, 4.25%, 01/10/2010	375,000	380,789	376,193	0.84%
Berkshire Hathaway, 4.625%, 15/10/2013	1,000,000	1,004,506	1,044,387	2.32%
Federal Home Loan Bank, 3%, 11/06/2010	350,000	349,985	358,203	0.80%
Gen Elec Cap Corp., 5.25%, 19/10/2012	30,000	31,055	30,839	0.07%
Goldman Sachs Group Inc., 5.45%, 01/11/2012	2,365,000	2,402,343	2,445,386	5.43%
John Deere Capital FRN, 19/08/2010	1,000,000	1,000,000	998,844	2.22%
US Treasury Bill, 12/08/2009	775,000	773,438	774,850	1.72%
US Treasury, 3.625%, 31/10/2009	2,500,000	2,514,453	2,527,540	5.61%
Wells Fargo and Company, 5.25%, 23/10/2012	1,358,000	1,373,540	1,405,712	3.11%
		9,830,109	9,961,954	22.12%
Total Fixed Income Securities:		18,534,614	18,496,488	41.09%
Equities - Asia:				
Shangri-La Asia Limited	1,990	4,927	2,953	0.01%
		4,927	2,953	0.01%
Equities - Brazil:				
Vale Do Rio Doce	9,200	173,498	162,196	0.36%
		173,498	162,196	0.36%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) (CONT'D)

As at June 30, 2009

(Expressed in US Dollars)

Investment	Nominal Holding / Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - Europe:				
Anheuser-Bush InBev NV	13,770	383,011	497,381	1.10%
BP PLC -Sponsored ADR	16,683	1,081,109	795,445	1.77%
Diageo PLC	8,490	474,385	486,053	1.08%
Nestle SA	15,200	599,229	572,703	1.27%
Nokia Corp	41,030	868,271	598,217	1.33%
Rio Tinto PLC	1,340	335,245	219,586	0.49%
Reckitt Benckiser Group PLC	10,570	413,294	481,176	1.07%
Royal Dutch Shell PLC	10,490	706,474	526,493	1.17%
Total SA	9,980	621,292	538,905	1.20%
Vivendi SA	16,150	544,412	386,179	0.86%
Xstrata PLC	340	3,853	3,678	0.01%
		6,030,575	5,105,816	11.35%
Equities - Israel:				
Teva Pharmaceutical Industries Limited	18,274	716,095	901,639	2.00%
		716,095	901,639	2.00%

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Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) (CONT'D)

As at June 30, 2009

(Expressed in US Dollars)

Investment	Nominal Holding / Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - United States:				
Accenture Ltd.	18,790	587,268	628,713	1.40%
Adobe Systems Inc.	14,120	510,689	399,596	0.89%
Amgen Inc.	10,315	582,894	546,076	1.21%
Archer Daniels Midland Company	17,120	578,526	474,364	1.05%
Biogen Idec Inc.	10,510	508,590	474,527	1.05%
Bucyrus International Inc.	8,980	297,606	256,469	0.57%
Caterpillar Inc.	6,970	448,182	230,289	0.51%
Checkpoint Software Technologies Ltd.	25,360	614,595	595,199	1.32%
ConocoPhillips	18,980	1,647,873	798,299	1.77%
Cisco Systems Inc.	31,650	641,127	590,272	1.31%
Chevron Corporation	11,730	986,379	777,112	1.73%
Clorox Co	3,090	174,589	172,515	0.38%
Exxon Mobil Corporation	11,307	677,357	790,472	1.76%
Fluor Corporation	4,750	294,199	243,628	0.54%
Foster Wheeler Ltd.	6,580	346,506	156,275	0.35%
General Dynamics Corporation	2,820	190,198	156,200	0.35%
iShares MSCI Pacific Index Fund	22,680	725,964	718,276	1.60%
iShares MSCI Emerging Markets Index Fund	72,040	2,693,644	2,321,849	5.16%
iShares MSCI Global Telecommunications Sector Index Fund	14,120	1,109,791	671,547	1.49%
iShares MSCI Japan Index Fund	75,792	853,540	714,719	1.59%
iShares S&P Global Telecommunications Sector Index Fund	9,080	382,725	384,538	0.85%
Joy Global Inc.	6,730	363,305	240,396	0.53%
KBR Inc.	8,740	201,953	161,166	0.36%
Kinetic Concepts Inc.	24,590	676,779	670,077	1.49%
Market Vectors Gold Mining	14,850	566,271	561,553	1.25%
Mylan, Inc.	83,830	937,802	1,093,982	2.43%
Netease.com Inc.	17,250	444,633	606,855	1.35%
Netapp Inc.	31,760	785,748	626,307	1.39%
Oil Service Holders Trust	5,240	740,640	511,843	1.14%
Petrochina Company Ltd.	4,910	361,056	542,457	1.20%
Proctor & Gamble Company	10,950	585,571	559,545	1.24%
Shaw Group Inc.	5,640	292,626	154,592	0.34%
SPDR Trust Series 1	17,860	1,346,583	1,642,227	3.64%
Time Warner Inc.	11,646	339,956	293,363	0.65%
WellPoint Inc.	11,530	581,593	586,762	1.30%
		23,076,758	20,352,060	45.19%
Total Equities:		30,001,853	26,524,664	58.91%
Total Investments:		48,536,467	45,021,152	100.00%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) (CONT'D)

As at June 30, 2008

(Expressed in US Dollars)

Investment	Nominal Holding / Shares	Cost \$	Market Value \$	% of Portfolio %
Fixed Income Securities - Canada:				
Royal Bank Canada, 4.125%, 26/01/2010	2,150,000	2,154,260	2,163,612	3.41%
		2,154,260	2,163,612	3.41%
Fixed Income Securities - Europe:				
Eurohypo SA Luxembourg, 4.625%, 30/09/2010	1,000,000	998,390	1,019,380	1.61%
Kommuninvest, 5.375%, 15/06/2011	2,500,000	2,591,100	2,608,098	4.11%
Ned Waterschapbk, 3%, 16/06/2010	1,000,000	996,970	991,833	1.56%
		4,586,460	4,619,311	7.28%
Fixed Income Securities - United States:				
Bank of America, 4.25%, 01/10/2010	375,000	380,789	375,000	0.59%
Berkshire Hathaway Fin, 4.625%, 15/10/2013	1,000,000	1,004,506	1,006,932	1.59%
Fannie Mae, 5.25%, 01/08/2012	2,005,000	2,059,696	2,030,484	3.20%
Federal Home Loan Bank, 3%, 11/06/2010	350,000	349,985	347,806	0.55%
Federal Home Loan Bank, 5.25%, 24/12/2008	2,000,000	2,024,700	2,023,740	3.19%
Freddie Mac, 5.875%, 21/03/2011	1,203,000	1,253,105	1,254,236	1.98%
Gen Elec Cap Corp., 5.25%, 19/10/2012	30,000	31,055	30,297	0.05%
Goldman Sachs Group Inc., 5.45%, 01/11/2012	2,365,000	2,402,343	2,385,836	3.76%
International Lease Finance Corp, 5.30%, 01/05/2012	1,328,000	1,326,711	1,238,692	1.95%
Massmutual Glob Fndg. II, 3.8%, 15/04/2009	220,000	221,760	220,854	0.35%
Morgan Stanley, 2.52125% Flt, 21/11/2008	1,345,000	1,345,346	1,332,723	2.10%
US Treasury, 3.625%, 31/10/2009	2,500,000	2,514,453	2,542,188	4.01%
US Treasury, 4.25%, 30/09/2012	1,300,000	1,305,688	1,354,032	2.13%
Wells Fargo and Company, 5.25%, 23/10/2012	1,358,000	1,373,540	1,361,320	2.15%
		17,593,677	17,504,140	27.60%
Total Fixed Income Securities:		24,334,397	24,287,063	38.29%
Equities - Asia:				
Shangri-La Asia Limited	1,990	4,927	4,645	0.01%
		4,927	4,645	0.01%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class)

As at June 30, 2008

(Expressed in US Dollars)

Investment	Nominal Holding / Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - Australia:				
Commonwealth Bank of Australia	6,840	340,913	263,388	0.42%
Paladin Energy Limited	26,020	123,700	158,947	0.25%
		464,613	422,335	0.67%
Equities - Canada:				
Bank of Nova Scotia	11,670	568,088	533,176	0.84%
Denison Mines Corporation	71,550	558,018	624,093	0.98%
Inmet Mining Corporation	4,240	326,182	280,923	0.44%
Teck Cominco Limited	18,450	731,716	884,678	1.39%
Toronto-Dominion Bank	4,060	260,579	252,816	0.40%
		2,444,583	2,575,686	4.05%
Equities - Europe:				
Allianz SE	14,990	307,819	261,576	0.41%
BASF SE	6,106	231,730	419,721	0.66%
BP PLC - Sponsored ADR	27,163	1,778,803	1,889,730	2.97%
Carlsberg A/S	3,060	309,706	295,757	0.47%
Deutsche Postbank AG	2,900	243,053	254,353	0.40%
Diageo PLC	4,360	292,628	322,073	0.51%
Fiat S.p.A.	23,740	533,413	389,433	0.61%
Inbev NV	6,860	627,053	476,414	0.75%
ING Groep N.V.	11,130	434,557	351,152	0.55%
Nestle SA	6,900	346,908	311,922	0.49%
Nokia Oyj	20,820	583,354	510,090	0.80%
Novartis AG	2,040	105,114	112,379	0.18%
Reckitt Benckiser Group PLC	5,880	218,457	298,140	0.47%
Repsol YPF, S.A.,	12,180	507,133	478,309	0.75%
Rio Tinto PLC	1,810	721,201	895,950	1.41%
Royal Bank of Scotland Group PLC	58,600	456,190	251,010	0.40%
Royal Dutch Shell PLC	11,740	803,047	959,275	1.50%
Rolls-Royce Group PLC - B Shares	3,245,133	7,025	6,465	0.01%
Skandinaviska Enskilda Banken AB (SEB)	12,340	356,586	229,843	0.36%
Total SA	11,520	712,522	983,717	1.55%
Vivendi	9,860	407,652	373,292	0.59%
		9,983,951	10,070,601	15.84%
Equities - Israel:				
Teva Pharmaceutical Industries Ltd - SP ADR	9,174	312,054	420,169	0.66%
		312,054	420,169	0.66%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) (CONT'D)

As at June 30, 2008

(Expressed in US Dollars)

Investment	Nominal Holding / Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - United States:				
Accenture Ltd.	15,620	489,418	636,046	1.00%
Adobe Systems Inc.	9,300	406,179	366,327	0.58%
Aflac Inc.	8,390	385,565	526,892	0.83%
American Inter Group Inc.	30,418	1,555,721	804,860	1.27%
Amgen Inc.	4,875	294,631	229,905	0.36%
Archer Daniels Midland Company	8,040	347,292	271,350	0.43%
Biogen Idec Inc.	4,240	222,038	236,974	0.37%
Bucyrus International Inc.	9,270	399,203	676,895	1.07%
Bunge Limited	2,880	277,031	310,147	0.49%
Caterpillar Inc.	7,120	472,151	525,598	0.83%
Celgene Corporation	1,800	114,020	114,966	0.18%
Checkpoint Software Technologies Ltd.	23,840	591,664	564,293	0.89%
Coca-Cola Company	2,880	174,118	149,702	0.24%
ConocoPhillips	22,030	2,020,896	2,079,412	3.28%
Cisco Systems Inc.	22,970	521,132	534,282	0.84%
Chevron Corporation	20,070	1,712,911	1,989,539	3.14%
Exxon Mobil Corporation	11,127	618,783	980,623	1.55%
FedEx Corp.	4,310	379,369	339,585	0.54%
Fluor Corporation	3,170	380,798	589,874	0.93%
Foster Wheeler Ltd.	5,250	312,848	384,038	0.61%
General Dynamics Corporation	4,270	294,969	359,534	0.57%
Goldman Sachs Group Inc.	4,800	1,004,739	839,520	1.32%
iShares MSCI Emerging Markets Index	13,850	1,803,439	1,879,722	2.96%
iShares MSCI - Japan Index Fund	307,752	3,464,079	3,837,667	6.04%
iShares S&P Global Telecommunications Sector Index Fund	23,150	1,841,525	1,474,192	2.32%
Joy Global Inc.	7,710	439,869	584,649	0.92%
Kinetic Concepts Inc.	6,540	274,569	261,011	0.41%
Microsoft Corporation	20,666	550,054	568,522	0.90%
Mylan, Inc.	8,320	94,277	100,422	0.16%
Netapp Inc.	24,570	670,822	532,186	0.84%
Oil Service Holders Trust	2,420	375,400	537,264	0.85%
PepsiCo Inc.	4,886	260,268	310,701	0.49%
Proctor & Gamble Company	5,180	309,129	314,996	0.50%
Shaw Group Inc.	6,670	381,929	412,139	0.65%
State Street Corporation	5,900	388,774	377,541	0.59%
Stryker Corporation	3,350	222,736	210,648	0.33%
Time Warner Inc.	24,590	399,096	363,932	0.57%
Zimmer Holdings Inc.	5,860	392,867	398,774	0.63%
		24,844,309	25,674,728	40.48%
Total Equities:		38,054,437	39,168,164	61.71%
Total Investments:		62,388,834	63,455,227	100.00%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Sterling Class)

As at June 30, 2009

(Expressed in Pounds Sterling)

Investment	Nominal Holding / Shares	Cost £	Market Value £	% of Portfolio %
Fixed Income Securities - Europe:				
AS IF II, 5.3%, 28/01/2013	200,000	203,025	149,258	3.29%
CIE Financement Foncier, 5.125%, 16/05/2011	100,000	100,915	104,276	2.30%
ENI Corporation Center, 4.875%, 09/12/2010	300,000	298,839	311,163	6.86%
GE Capital UK Funding, 4.75%, 15/12/2010	300,000	297,150	303,756	6.70%
L-Bank BW Forderbank, 4.25%, 15/09/2010	250,000	138,407	156,652	3.45%
Nationwide Bldg Society, 3.75%, 21/11/2011	150,000	155,484	154,535	3.41%
Nestle Holding Inc, 4% 23/06/2010	200,000	101,096	127,172	2.80%
Kingdom of Sweden, 3.875%, 15/06/2010	225,000	123,002	140,751	3.10%
Rabobank Nederland, 4.75%, 30/09/2009	250,000	250,036	251,970	5.56%
Total Capital SA, 4.625%, 07/03/2012	100,000	99,415	103,733	2.29%
		1,767,369	1,803,266	39.76%
Total Fixed Income Securities:		1,767,369	1,803,266	39.76%
Equities - Europe:				
3i Group PLC	4,662	21,631	11,282	0.25%
Air Liquide SA	838	45,186	46,520	1.03%
Allianz SE	735	77,412	40,978	0.90%
Aviva PLC	3,250	24,169	11,099	0.24%
Banco Santander	2,500	20,830	18,246	0.40%
BHP Billiton PLC	1,500	19,141	20,460	0.45%
Barclays PLC	8,000	55,362	22,640	0.50%
BASF SE	1,860	27,722	45,038	0.99%
BP PLC	30,000	162,768	143,340	3.16%
British American Tobacco PLC	2,000	33,075	33,460	0.74%
Diageo PLC	6,790	73,365	59,175	1.30%
Essilor International PLC	2,070	58,816	59,972	1.32%
GlaxoSmithKline PLC	4,190	66,734	44,770	0.99%
HSBC Holdings PLC	11,815	81,111	59,370	1.31%
Lafarge SA	520	45,148	21,392	0.47%
Lafarge SA - NEW	240	3,590	9,550	0.21%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Sterling Class) (CONT'D)

As at June 30, 2009

(Expressed in Pounds Sterling)

Investment	Nominal Holding / Shares	Cost £	Market Value £	% of Portfolio %
Equities - Europe (cont'd):				
Nestle SA	4,400	72,351	100,745	2.22%
Novartis AG	2,110	54,528	51,995	1.15%
PPR	485	26,922	24,048	0.53%
Prudential PLC	2,750	18,544	11,371	0.25%
Reckitt Benckiser Group PLC	2,470	49,550	68,320	1.51%
Rio Tinto PLC	1,250	46,515	26,313	0.58%
Rio Tinto-NPR	656	-	4,579	0.10%
Rolls-Royce Group PLC	14,000	57,360	50,610	1.12%
Royal Bank of Scotland Group PLC	20,124	67,567	7,776	0.17%
Royal Dutch Shell PLC	7,095	137,284	108,270	2.39%
Siemens AG	800	51,616	33,586	0.74%
Smith & Nephew PLC	8,200	49,747	36,859	0.81%
Smiths Group PLC	4,866	22,552	34,135	0.75%
Telefonica SA	2,850	31,671	39,171	0.86%
Tesco PLC	11,380	53,733	40,240	0.89%
Total SA	3,625	109,618	118,931	2.62%
Vodafone Group PLC	32,875	50,548	38,529	0.85%
Vivendi SA	1,900	34,865	27,596	0.61%
WPP Group PLC	6,800	37,317	27,421	0.60%
Xstrata PLC	5,940	51,194	39,044	0.86%
		1,839,542	1,536,831	33.87%
Equities - Israel:				
Teva Pharmaceutical Industries Ltd.	1,985	37,364	59,510	1.31%
		37,364	59,510	1.31%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Sterling Class) (CONT'D)

As at June 30, 2009

(Expressed in Pounds Sterling)

Investment	Nominal Holding / Shares	Cost £	Market Value £	% of Portfolio %
Equities - United States:				
Accenture Ltd.	1,290	25,876	26,227	0.58%
Biogen Idec Inc.	1,940	52,090	53,222	1.17%
Caterpillar, Inc.	1,050	26,380	21,079	0.47%
Checkpoint Software Technologies Ltd.	1,850	25,603	26,382	0.58%
Chevron Corp	800	41,446	32,204	0.71%
Cisco Systems, Inc.	2,380	25,335	26,970	0.60%
Citrix Systems, Inc.	1,610	21,258	31,197	0.70%
EMC Corporation	3,800	28,828	30,247	0.67%
Exxon Mobil Corporation	2,360	64,703	100,249	2.21%
Fluor Corporation	680	19,278	21,192	0.47%
General Dynamics Corporation	610	11,116	20,530	0.45%
iShares MSCI Pacific ex-Japan Index Fund	5,235	79,490	100,738	2.22%
iShares S&P Global Financials Sector Index Fund	3,200	70,892	72,020	1.59%
iShares MSCI Global Telecommunications Sector Index Fund	700	23,158	20,229	0.45%
iShares MSCI Japan Index Fund	34,500	219,222	197,679	4.36%
Johnson & Johnson	800	30,206	27,610	0.61%
Joy Global Inc.	1,880	44,398	40,804	0.90%
Microsoft Corp	2,160	45,774	31,197	0.69%
Netease.com Inc.	1,990	25,690	42,538	0.94%
Pepsico Inc.	1,210	40,631	40,407	0.89%
Pfizer Inc.	3,000	32,864	27,343	0.60%
SPDR KBW Bank ETF	1,300	25,368	14,258	0.31%
SPDR KBW Regional Bank ETF	1,200	24,525	13,300	0.29%
Market Vectors Gold Mining	1,000	20,616	22,977	0.51%
Oil Service HOLDERS Trust	1,600	92,810	94,963	2.09%
		1,117,557	1,135,562	25.06%
Total Equities:		2,994,463	2,731,903	60.24%
Total Investments:		4,761,832	4,535,169	100.00%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Sterling Class)

As at June 30, 2008

(Expressed in Pounds Sterling)

Investment	Nominal Holding / Shares	Cost £	Market Value £	% of Portfolio %
Fixed Income Securities - Europe:				
ASIF II, 5.125%, 28/01/2013	200,000	203,025	178,797	3.33%
Bank Nederlandse Gemeenten, 4.375%, 15/09/2009	200,000	110,510	101,889	1.90%
Bank Nederlandse Gemeenten, 4.625%, 07/12/2008	260,000	259,766	258,405	4.82%
CIE Financement Foncier, 5.125%, 16/05/2011	100,000	100,915	97,658	1.82%
DEPFA ACS Bank, 4.875%, 30/12/2008	275,000	275,448	273,083	5.09%
ENI Corporation Center, 4.875%, 09/12/2010	300,000	298,839	290,937	5.43%
GE Capital UK Funding, 4.75%, 15/12/2010	300,000	297,150	288,905	5.39%
HBOS Treasury Service, 3.75%, 30/09/2008	80,000	43,312	40,046	0.75%
Kingdom of Sweden, 3.875%, 15/06/2010	225,000	123,002	114,740	2.14%
L-Bank BW Forderbank, 4.25%, 15/09/2010	250,000	138,407	127,419	2.38%
Rabobank Nederland, 4.75%, 30/09/2009	250,000	250,036	245,728	4.58%
Total Capital SA, 4.625%, 07/03/2012	100,000	99,415	95,056	1.77%
		2,199,825	2,112,663	39.40%
Total Fixed Income Securities:		2,199,825	2,112,663	39.40%
Equities - Canada:				
Global Uranium Fund Inc.	21,200	58,542	53,127	0.99%
Teck Cominco Limited	2,360	43,885	57,019	1.06%
		102,427	110,146	2.05%
Equities - Europe:				
3i Group PLC	2,040	18,091	16,830	0.31%
Adidas AG	780	12,624	24,751	0.46%
Air Liquide SA	1,398	75,382	92,714	1.73%
Allianz SE	735	77,433	65,117	1.21%
Aviva PLC	3,250	24,169	16,283	0.30%
Barclays PLC	8,000	55,362	23,320	0.43%
Barclays PLC - Rights	1,714	-	-	0.00%
BASF SE	2,200	32,789	75,900	1.42%
BP PLC	30,000	162,768	174,975	3.26%
Diageo PLC	6,790	73,365	62,740	1.17%
Essilor International	1,230	34,694	37,776	0.71%
GlaxoSmithKline PLC	3,400	56,679	37,842	0.71%
HBOS PLC	4,750	49,365	13,110	0.24%
HBOS PLC - Rights	1,900	-	-	0.00%
HSBC Holdings PLC	8,340	72,285	64,698	1.21%
ING Groep NV	5,830	80,553	93,376	1.74%
JC Decaux SA	1,410	20,879	18,051	0.34%
Lafarge SA	690	59,908	53,137	0.99%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Sterling Class) (CONT'D)

As at June 30, 2008

(Expressed in Pounds Sterling)

Investment	Nominal Holding / Shares	Cost £	Market Value £	% of Portfolio %
Equities - Europe (cont'd):				
Nestle SA	4,400	72,351	99,835	1.86%
Novartis AG	1,400	32,163	38,709	0.72%
PPR	485	26,922	27,114	0.51%
Prudential PLC	2,750	18,544	14,658	0.27%
Reckitt Benckiser Group PLC	2,470	49,550	62,862	1.17%
Rio Tinto PLC	1,450	53,958	87,131	1.63%
Rolls-Royce Group PLC	14,000	57,360	47,810	0.89%
Rolls-Royce Group PLC - B Shares	1,254,400	1,218	1,254	0.02%
Royal Bank of Scotland Group PLC	30,853	106,181	66,334	1.24%
Royal Dutch Shell PLC	6,235	122,665	125,947	2.35%
Siemens AG	800	51,616	44,357	0.83%
Smith & Nephew PLC	6,860	41,001	38,004	0.71%
Smiths Group PLC	4,867	22,552	52,852	0.99%
Telefonica SA	2,850	31,671	38,041	0.71%
Tesco PLC	11,380	53,733	42,026	0.78%
Total SA	3,625	109,618	155,361	2.90%
Vodafone Group PLC	24,375	39,523	36,355	0.68%
WPP Group PLC	6,800	37,318	32,928	0.61%
Xstrata PLC	1,980	42,879	79,674	1.49%
		1,877,169	1,961,872	36.59%
Equities - Israel:				
Teva Pharmaceutical Industries Ltd - SP ADR	1,625	27,865	37,356	0.70%
		27,865	37,356	0.70%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Sterling Class) (CONT'D)

As at June 30, 2008

(Expressed in Pounds Sterling)

Investment	Nominal Holding / Shares	Cost £	Market Value £	% of Portfolio %
Equities - United States:				
Accenture Ltd.	1,880	37,710	38,425	0.72%
American International Group Inc.	2,875	96,679	38,183	0.71%
Caterpillar, Inc.	1,050	26,380	38,905	0.73%
Cisco Systems, Inc.	4,000	42,579	46,700	0.87%
Citrix Systems, Inc.	2,250	29,708	33,214	0.62%
EMC Corporation	1,800	15,560	13,272	0.25%
Exxon Mobil Corporation	2,360	64,703	104,395	1.95%
Fluor Corporation	550	31,184	51,370	0.96%
General Dynamics Corporation	1,300	23,691	54,942	1.02%
iShares MSCI Japan Index Fund	34,500	219,223	215,939	4.03%
iShares MSCI Pacific Ex - Japan Index Fund	1,745	79,490	119,197	2.22%
Joy Global, Inc.	1,880	44,398	71,556	1.33%
Microsoft Corporation	3,500	74,171	48,329	0.90%
Oil Service HOLDRs Trust	1,600	92,810	178,294	3.33%
PepsiCo, Inc.	1,210	40,631	38,621	0.72%
State Street Corporation	1,500	61,057	48,178	0.90%
		979,974	1,139,520	21.26%
Total Equities:		2,987,435	3,248,894	60.60%
Total Investments:		5,187,260	5,361,557	100.00%

The accompanying notes are an integral part of these financial statements

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

1. ORGANISATION AND OPERATIONS

Butterfield International Balanced Fund (the "Fund") was established as an open-ended multi class Unit Trust under the laws of the Cayman Islands by a Trust Deed dated June 18, 1996 (the "Trust Deed") executed by Butterfield Bank (Cayman) Limited as trustee (the "Trustee") and Butterfield Fund Services (Cayman) Limited as manager (the "Manager"). On 15 December 2008, the Trustee amended and restated the trust for the Fund, in which Butterfield Fulcrum (Cayman) Limited (the "Administrator") ceased being the Fund's manager, and was immediately reappointed as the Fund's Administrator. Certain powers which had been delegated by the Trustee to the Manager, were re-assumed by the Trustee. The Fund is registered as a Mutual Fund under the Mutual Funds Law of the Cayman Islands.

On January 2, 1998, the Trustee and the Administrator executed a Supplemental Trust Deed creating the Sterling Class Units of the Fund.

The US Dollar Class and Sterling Class of the Fund commenced operations on July 17, 1996 and January 21, 1998, respectively, and are administered by Butterfield Fulcrum Group (Cayman) Limited (formerly Butterfield Fund Services (Cayman) Limited), a Cayman Islands licensed Mutual Fund Administrator.

On January 30, 1998 the Fund listed the US Dollar Class and the Sterling Class of the Fund on the Cayman Islands Stock Exchange. On January 18, 2000 the Fund listed the US Dollar and the Sterling Class on the Bermuda Stock Exchange.

The Fund's objective is to achieve long-term capital growth by investing in a global portfolio of money market instruments, eurobonds, government bonds and equities.

2. PRINCIPAL ACCOUNTING POLICIES

The preparation of financial statements in accordance 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 the estimates.

The principal 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

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 date, and the difference between the sale price and the cost of the security is included in realised gain/(loss) on investment in the statement of

The difference between the fair value and the cost of securities is recorded as unrealised

b) Interest and dividend income

Interest and dividend income are accrued as earned.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c) Foreign currency translation

The functional currency of the US Dollar Class is USD. The functional currency of the Sterling Class is GBP.

Foreign currency transactions are translated into the functional currency of each Class at the rates of exchange in effect on the transaction dates. Foreign assets and liabilities of the Fund have been translated to the base currency of each Class 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. The carrying value of other financial instruments approximates their fair value principally because of the short-term maturities of these instruments.

e) Recent accounting pronouncements

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") announced that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented publicly accountable enterprises. The change will be effective for fiscal years commencing on or after January 1, 2011. The Fund is currently developing its changeover plan. The Fund has determined that there will be no impact to net asset value per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the areas of additional note disclosures in the financial statements of the Fund.

f) Comparatives

Certain prior year disclosures have been amended to conform with the current year presentation.

3. RELATED PARTY TRANSACTIONS

The Administrator is entitled to receive a monthly fee which is calculated at the rate of no more than one percent per annum of the net asset value of the entire Fund calculated and accrued weekly. During the year, fees earned by the Administrator were calculated at the following rates:

US Dollar Class - 0.35% per annum of the Net Asset Value

Sterling Class - 0.25% per annum of the Net Asset Value

In addition, Butterfield Bank (Cayman) Limited and Butterfield Bank (Guernsey) Limited (the "Sales Agents") are entitled to receive a sales commission on subscriptions of up to 2% for the US Dollar Class and 4% for the Sterling Class. No sales commission was charged in 2009 and 2008.

As of June 30, 2009, the Fund owed the Administrator \$3,182 (2008: \$9,202) for the US Dollar Class and £228 (2008: £427) for the Sterling Class.

On January 28, 1998, Butterfield Bank (Cayman) Limited (the "Custodian") appointed Butterfield Bank (Guernsey) Limited as sub-custodian and principal banker for the Sterling Class (the "Sub-Custodian").

The Custodian and Sub-Custodian, both related parties, are entitled to receive a monthly fee, calculated at a rate of 0.25% per annum of the net asset value of each Class of Units, calculated and accrued weekly.

As of June 30, 2009, the Fund owed the Custodian \$2,273 (2008: \$6,572) for the US Dollar Class and £226 (2008: £493) for the Sterling Class.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the years ended June 30, 2009 and 2008

3. RELATED PARTY TRANSACTIONS (CONT'D)

The Sub-Administrator and Transfer Agent, Butterfield Fulcrum Group (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.

Butterfield Bank (Cayman) Limited (the "Investment Advisor") and Butterfield Bank (Guernsey) Limited (the "Sub-Investment Advisor") are entitled to receive a fee for providing investment advice to the Fund, calculated at a rate of 0.65% per annum of net asset value of each class of units calculated and accrued weekly, for USD class and 0.75% for Sterling class.

As at 30 June 2009 the Fund owed the Investment Advisor and Sub-Investment Advisor \$5,910 (2008:\$17,088) for the US Dollar Class and £679 (2008: £1,280) for the Sterling Class.

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

4. CAPITAL UNITS

The Fund may issue an unlimited number of units of each Class, which are redeemable at the option of the unitholders.

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

US Dollar Class

	2009 No. of Units	2009 \$	2008 \$
Balance - beginning of year	3,204,805	44,458,744	41,629,179
Issue of units	130,161	2,342,702	9,938,591
Redemption of units	(519,624)	(8,678,706)	(7,109,026)
Balance - end of year	2,815,342	38,122,740	44,458,744

Sterling Class

	2009 No. of Units	2009 £	2008 £
Balance - beginning of year	421,321	5,415,558	5,744,953
Issue of units	9,674	112,000	369,263
Redemption of units	(26,016)	(308,400)	(698,658)
Balance - end of year	404,979	5,219,158	5,415,558

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

5. FINANCIAL HIGHLIGHTS

US Dollar Class

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

	2009	2008	2007	2006	2005
Net asset value, beginning of year	\$21.36	\$21.28	\$18.85	\$16.86	\$16.48
Income from investment operations					
Net investment income/(loss)	(0.02)	0.63	0.43	0.26	0.50
Net realised and unrealised gain/(loss) on investments	(4.51)	(0.55)	2.00	1.73	(0.12)
Total from investment operations	(4.53)	0.08	2.43	1.99	0.38
Net asset value, end of year	\$16.83	\$21.36	\$21.28	\$18.85	\$16.86
Total return	(21.21%)	0.38%	12.89%	11.80%	2.31%
Ratios/supplemental data					
Net assets, end of year	\$47,394,541	\$68,449,247	\$65,462,003	\$58,210,984	\$55,972,599
Ratio of expenses to weighted average net assets	1.40%	1.37%	1.35%	1.32%	1.34%
Ratio of investment (loss)/income to weighted average net assets	(26.88%)	1.61%	13.33%	12.08%	3.74%
Portfolio turnover	47.17%	96.72%	87.35%	17.58%	102.40%

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

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

5. FINANCIAL HIGHLIGHTS (CONT'D)

Sterling Class

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

	2009	2008	2007	2006	2005
Net asset value, beginning of year	£13.09	£13.38	£12.57	£11.79	£10.78
Income from investment operations					
Net investment income	0.21	0.08	0.06	0.10	0.16
Net realised and unrealised gain/(loss) on investments	(1.65)	(0.37)	0.75	0.68	0.85
Total from investment operations	(1.44)	(0.29)	0.81	0.78	1.01
Net asset value, end of year	£11.65	£13.09	£13.38	£12.57	£11.79
Total return	(11.00%)	(2.17%)	6.44%	6.62%	9.37%
Ratios/supplemental data					
Net assets, end of year	£4,717,354	£5,513,213	£5,973,600	£6,138,650	£9,886,884
Ratio of expenses to weighted average net assets	2.00%	1.69%	1.75%	1.66%	1.52%
Ratio of investment income/(loss) to weighted average net assets	(10.25%)	(0.58%)	8.04%	10.69%	10.28%
Portfolio turnover	17.98%	27.24%	9.99%	14.62%	27.59%

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

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS **For the years ended June 30, 2009 and 2008**

6. 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 comprises of quoted equity instruments, index funds and fixed income securities.

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 statements of assets and liabilities date and the risk management policies employed by the Fund are discussed below:

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 or more onerous. 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 Trustee reviews the performance of the Investment Advisor on a continuous basis.

a) 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 (US Dollar Class) or British Pounds Sterling (Sterling Class). The Fund policy is not to enter into any currency hedging transactions.

At June 30, 2009, if the exchange rates of US Dollars against relevant foreign currencies had been 10% higher or lower with all other variables held constant, the net assets of the US Dollar class would have increased/decreased by \$1,351,876 (2008: \$2,147,597). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

At June 30, 2009, if the exchange rates of Sterling against relevant foreign currencies had been 10% higher or lower with all other variables held constant, the net assets of the Sterling class would have increased/ decreased by £183,284 (2008: £215,126). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in exchange rates.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

6. FINANCIAL RISK MANAGEMENT (CONT'D)

a) CURRENCY RISK (CONT'D)

As at June 30, 2009, the US Dollar Class has the following currency exposure in US Dollar equivalents:

	2009 USD	2009 % of Net Assets	2008 USD	2008 % of Net Assets
AUD	484,118	1.0%	422,335	0.6%
BRL	501,186	1.1%	274,439	0.4%
CAD	334,068	0.7%	2,575,686	3.8%
CHF	572,703	1.2%	424,301	0.6%
DKK	-	-	295,757	0.4%
EUR	3,346,353	7.1%	6,266,596	9.3%
GBP	2,111,318	4.5%	3,865,332	5.7%
HKD	1,426,940	3.0%	227,016	0.3%
ILS	1,496,838	3.2%	984,462	1.4%
KRW	289,302	0.6%	234,213	0.3%
SEK	-	-	229,843	0.3%
TWD	244,955	0.5%	198,311	0.3%
YEN	939,387	2.0%	3,936,438	5.8%
ZAR	286,250	0.6%	166,731	0.2%
Other	1,485,340	3.1%	1,374,512	2.0%
Total	13,518,758	28.6%	21,475,972	31.4%

As at June 30, 2009, the Sterling Class has the following currency exposure in GBP equivalents:

	2009 GBP	2009 % of Net Assets	2008 GBP	2008 % of Net Assets
CAD	-	-	110,146	2.0%
CHF	152,740	3.2%	138,544	2.5%
EUR	485,028	10.3%	725,696	13.2%
USD	1,195,072	25.3%	1,176,876	21.3%
Total	1,832,840	38.8%	2,151,262	39.0%

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. The Fund's exposure to changes in interest rates relates primarily to the Fund's investments in fixed income securities. All of the Fund's investments are highly liquid securities which are actively traded on various stock exchanges. Fixed income securities account for 39.0% of the US Dollar Class's Net Asset Value (2008:35.5%), and 38.2% of the Sterling Class's Net Asset Value (2008:38.3%). 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.

The Fund's exposure to cash flow interest rate risk is limited to its floating rate securities (2.11% of the US Dollar Class's Net Asset Value (2008:1.95%)) and cash at bank (4.69% of the US Dollar Class's Net Asset Value (2008:7.11%), 3.26% of the Sterling Class's Net Asset Value (2008:1.95%)). The Fund does not have any other significant interest-bearing assets or liabilities.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

6. FINANCIAL RISK MANAGEMENT (CONT'D)

b) INTEREST RATE RISK (CONT'D)

As at June 30, 2009, the carrying amount of the Fund's net financial assets that bear fixed rates of interest amounted to \$18,496,488 (2008:\$24,287,063) for the US Dollar class and £1,803,266 (2008:£2,112,663) for the Sterling class. As at June 30, 2009, if long term market interest rates had been 0.5% higher or lower with other variables held constant, the net assets would have been \$162,015 (2008:\$294,441) higher or lower for the US Dollar class and £13,521 (2008:£18,348) higher or lower for the Sterling class, resulting from changes in fair values of such financial assets. 0.5% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible changes in market interest rates.

c) 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. The fund is exposed to equity price risk on its equity investments.

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 equity investments at June 30, 2009 and 2008 are listed on stock exchanges.

As at June 30, 2009, the fair value of the Fund's investments in securities that are exposed to changes in equity prices amounted to \$26,524,664 (2008:\$39,168,164) for the US Dollar class and £2,731,903 (2008:£3,248,894) for the Sterling class. As at June 30, 2009, if equity prices had been 4% higher or lower with all variables held constant, the net assets would have been \$986,718 (2008:\$1,551,059) higher or lower for the US Dollar class and £109,276 (2008:£129,956) for the Sterling class. 4% is the sensitivity rate used when reporting other price risk internally to key management personnel and represents management's assessment of the possible change in market prices.

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 US Dollar Class's financial assets exposed to credit risk were as follows in USD:

	Carrying Amounts	
	2009	2008
Investments at Market (Fixed Income Securities)	18,496,488	24,287,063
Cash and Cash equivalents	2,221,497	4,867,142
Dividend income receivable	12,902	50,787
Bond interest receivable	160,319	239,428

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

6. FINANCIAL RISK MANAGEMENT (CONT'D)

CREDIT RISK (CONT'D)

At the reporting date, the USD values of the fixed income securities exposed to credit risk stratified by credit rating are as follows:

Credit Rating	2009	2009	2008	2008
	Market Value	Percentage	Market Value	Percentage
A	3,820,423	20.6%	-	-
A+	1,029,422	5.6%	2,571,415	10.6%
AA-	3,598,381	19.4%	7,834,167	32.3%
AA	601,140	3.3%	375,000	1.5%
AA+	30,839	0.2%	1,361,320	5.6%
AAA	3,450,018	18.7%	8,248,939	34.0%
Not Rated*	5,966,265	32.2%	3,896,222	16.0%
	18,496,488	100.0%	24,287,063	100.0%

*US Government Treasury Bills and Federal Home Loan Bank Security

At the reporting date, the Sterling Class's financial assets exposed to credit risk were as follows in Sterling:

	Carrying Amounts	
	2009	2008
Investments at Market (Fixed Income Securities)	1,803,266	2,112,663
Cash and Cash equivalents	153,584	107,695
Dividend income receivable	6,754	4,348
Bond interest receivable	36,955	50,507

At the reporting date, the Sterling values of the fixed income securities exposed to credit risk stratified by credit rating are as follows:

Credit Rating	2009	2009	2008	2008
	Market Value	Percentage	Market Value	Percentage
A+	149,258	8.3%	-	-
AA-	311,163	17.3%	290,937	13.8%
AA	230,905	12.8%	135,101	6.4%
AA+	460,408	25.5%	306,217	14.5%
AAA	651,532	36.1%	1,380,408	65.3%
	1,803,266	100.0%	2,112,663	100.0%

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

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 units and it is therefore exposed to the liquidity risk of meeting unitholders redemptions. However, all of the Fund's investments at June 30, 2009 and 2008 are listed securities that are actively traded. As such, they are considered to be highly realisable mitigating the liquidity risk of the Fund as at June 30, 2009 and 2008.

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 unit 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 unitholder redemptions. The Fund's overall strategy for managing capital remains unchanged from 2008. The Fund does not have any internally imposed capital requirements.

7. FAIR VALUE MEASUREMENTS

Effective July 1, 2008, the Fund adopted Section 3862. Section 3862 establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Investments measured at fair value are classified in one of the following fair value hierarchy levels, based on the lowest level input that is significant to fair value measurement in its entirety:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Fund's investments fall as of June 30, 2009:

US Dollar Class

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments in securities, at fair value:				
Fixed Income Securities	\$18,496,488	-	-	\$18,496,488
Equities	\$26,524,664	-	-	\$26,524,664
	<u>\$45,021,152</u>	<u>-</u>	<u>-</u>	<u>\$45,021,152</u>

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the years ended June 30, 2009 and 2008

7. FAIR VALUE MEASUREMENTS (CONT'D)

Sterling Class	Level 1	Level 2	Level 3	Total
Investments in securities, at fair				
Fixed Income Securities	£1,803,266	-	-	£1,803,266
Equities	£2,731,903	-	-	£2,731,903
	<u>£4,535,169</u>	<u>-</u>	<u>-</u>	<u>£4,535,169</u>