

Butterfield Select Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016

Butterfield Select Fund Limited

INVESTMENT MANAGER'S REPORT

For the year ended June 30, 2016

Global Fixed Income Class

The net asset value (NAV) per share increased from \$18.59 to \$19.57 over the Fiscal year to 30 June, 2016, representing a 5.27% return for the year, net of all fees and expenses.

Financial markets had an eventful year between 30 June, 2015 and 30 June, 2016 as China devalued its currency twice and the Federal Reserve finally raised interest rates for the first time in nine years. Volatility in August 2015 rose to its highest level since 2011 followed by several periods of risk aversion which impacted U.S. Treasury yields and credit spreads. Elevated market volatility, lower oil prices and weaker U.S. economic data ultimately prompted policy makers to keep interest rates on hold through 30 June, 2016.

A brief period of calm remained in place until close to the end of the Fiscal year when the British people, against broad market expectations, voted to leave the European Union. This triggered a rush to safety and a downgrade of inflation and growth outlooks globally.

During the second half of calendar 2015 U.S. Treasury yields were mostly range-bound, with the 10 year ending the year only 8bps lower than at 30 June, 2015. However, risk aversion surged in January of 2016 and U.S. Treasuries fell to a new low, whilst credit spreads rose to oversold levels. We remained invested in good quality credit throughout this volatile period.

Our underweight duration positioning detracted from performance over the course of the year, but this was offset by our overweight to credit. In anticipation of Brexit-induced volatility we also sold all of the Emerging Market debt position and reinvested the proceeds into a floating rate note and cash reserves.

As at 30 June, 2016 the Class remained overweight investment grade credit versus its benchmark and maintained a small, diversified exposure to global High Yield bonds. Duration as at 30 June, 2016 was 4.6 which was 72% of the benchmark index. The overall credit quality of the fund increased to BBB, as rated by Standard & Poor's.

Equity Class

The net asset value (NAV) per share decreased from \$13.02 to \$12.36 over the Fiscal year to 30 June, 2016, representing a -5.07% return for the year, net of all fees and expenses.

U.S. stock markets continued to outperform the MSCI World as weak markets in Europe and in Japan impacted the total return of the Class. Equity markets in the U.S. are relatively expensive by historical standards, however, the broad US economic picture is healthier than most of the world and this has continued to support further inflows to the asset class. Europe and Japan remain locked in a sub-par growth environment and further monetary stimulus has been implemented in both regions over the Fiscal year.

The Equity Class was overweight Europe and underweight North America for a period over the Fiscal year, which detracted from performance. However, good stock selection by the underlying managers generated significant alpha offsetting some of the impact.

During the year the fund sold its entire position in both the Acadian Global Equity Fund and the Morgan Stanley Global Brands Fund. Acadian's performance had been below par for some time and we ultimately lost confidence in the largely quantitative investment process. In contrast, Global Brands Fund's performance was exceptional, significantly outperforming its benchmark and going beyond the Fund's stated performance objective, so we took profits on the entire position.

Butterfield Select Fund Limited

INVESTMENT MANAGER'S REPORT

For the year ended June 30, 2016

Equity Class (continued)

The fund continues to avoid large sector deviations from the benchmark, but is overweight the Consumer Cyclical, Financial Services and Energy sectors with underweights to Communications and Utilities. Subsequent to the British Referendum vote to leave the European Union, we moved the portfolio back to a neutral position in North American Equities and a neutral position in European equities.

Alternative Class

The net asset value (NAV) per share decreased from \$15.63 to \$14.82 over the Fiscal year to 30 June, 2016, representing a -5.18% return for the year, net of all fees and expenses.

The Sub-Advisor to the Fund, GCM Grosvenor, had all underlying Hedge Funds positioned in their preferred providers by 31 January, 2016, versus being 83% invested as at 30 June 2015. The Class is allocated to 18 investment managers with an average allocation of approximately 5% to each manager. The largest allocation the Fund had as at 30 June, 2016 was to the Macro and Commodities sector, with just over 30%, followed by Equities Strategies at 25%. Thematically, the Class is invested along three paths where the Sub-Advisor sees the best opportunities to capture manager skill, Hedged Equities, Opportunistic Credit and Diversifying Strategies. Within Hedged Equities, the portfolio is focused on managers that have low net exposure to equity directionality and event driven managers, whilst investments in Relative Value, Macro and Commodities managers provide for a low overall portfolio correlation to equity market returns and volatility.

Michael Neff
President
Butterfield Select Fund Limited
October 6, 2016

Independent Auditors' Report

The Board of Directors
Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income
Class, and Alternative Class (collectively referred to as the Fund)

We have audited the accompanying financial statements of Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class, and Alternative Class, which comprise the statements of financial position as at June 30, 2016 and 2015, and the statements of comprehensive income, changes in net assets attributable to shareholders and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

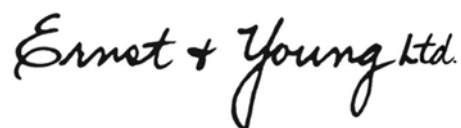
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class, and Alternative Class, as at June 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.



October 6, 2016

Butterfield Select Fund Limited

COMPANY INFORMATION

DIRECTORS

Michael Neff (President)
David Ware
Dawn Griffiths
Richard Foley

INVESTMENT ADVISER

Butterfield Asset Management Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

CUSTODIAN

Butterfield Trust (Bermuda) Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

SUB-CUSTODIAN

Brown Brothers Harriman,
140 Broadway 11th Floor
New York
NY 10005

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

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

AUDITORS

Ernst & Young Ltd.
P.O. Box HM 463
Hamilton HM BX
Bermuda

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION

As at June 30, 2016

(Expressed in US Dollars)

		EQUITY CLASS	
		June 30, 2016 US\$	June 30, 2015 US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	1,269,342	9,549
Financial assets at fair value through profit or loss (Cost: 2016-\$100,843,275; 2015-\$107,460,832)	3, 4	105,399,821	121,647,709
Receivable for investments sold		-	483,766
Dividends receivable		-	68,298
Other assets		5,965	11,705
Total assets		106,675,128	122,221,027
Liabilities			
Accrued expenses	6, 7	188,048	202,925
Subscriptions received in advance		30,455	45,000
		218,503	247,925
Organisational shares	5	12,000	12,000
Total liabilities and equity (including net assets attributable to shareholders)		106,675,128	122,221,027
Net assets attributable to shareholders		106,444,625	121,961,102
Number of common shares in issue	5	8,613,458	9,364,778
Net asset value per common share		12.36	13.02

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

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2016

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
		June 30, 2016	June 30, 2015
		US\$	US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	2,299,984	2,667,611
Financial assets at fair value through profit or loss (Cost: 2016-\$48,277,296; 2015-\$50,780,784)	3, 4	51,295,412	52,276,143
Interest receivable		390,385	445,183
Other assets		3,277	16,712
Total assets		53,989,058	55,405,649
Liabilities			
Accrued expenses	6, 7	96,631	97,304
Subscriptions received in advance		40,891	-
		137,522	97,304
Net assets		53,851,536	55,308,345
Number of common shares in issue	5	2,751,879	2,974,678
Net asset value per common share		19.57	18.59

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

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2016

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT CLASS	
		June 30, 2016 US\$	June 30, 2015 US\$
Assets			
Cash and cash equivalents	2 h)	5,259,750	7,128,324
Financial assets at fair value through profit or loss (Cost: 2016-\$61,032,114; 2015-\$51,646,162)	3, 4	59,322,891	52,399,955
Receivable for investments sold/subscription in advance		-	1,254,794
Other assets		19,530	20,300
Total assets		64,602,171	60,803,373
Liabilities			
Accrued expenses	6, 7	161,358	154,951
Subscriptions received in advance		231,024	-
		392,382	154,951
Net assets		64,209,789	60,648,422
Number of common shares in issue	5	4,332,012	3,881,143
Net asset value per common share		14.82	15.63

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS

As at June 30, 2016

(Expressed in US Dollars)

EQUITY CLASS

		2016		
	Number of Shares	Fair Value		% of Portfolio
INVESTMENTS				
Investment Funds				
American Century SICAV - ACI Global Growth Equity – Institutional I (x) Accumulating	756,396	\$ 11,497,211		10.91%
Artisan Value Fund - Institutional	664,035	8,214,114		7.79%
BNY Mellon Long Term Global Equity Fund	10,275,363	13,055,877		12.39%
Lazard US Equity Concentrated Fund	75,000	7,901,250		7.50%
MFS Meridian Funds - Global Equity Fund	52,406	11,413,436		10.83%
MFS Meridian Funds – US Value Fund	38,257	7,962,374		7.55%
Schroder International Selection Fund - QEP Global Core	395,335	7,711,168		7.32%
Wellington Global Equity Opportunities Equity Portfolio-SUHUSD	696,979	11,249,244		10.67%
		\$ 79,004,674		74.96%
Exchange Traded Funds				
DB X-Trackers MSCI Europe Index UCITS ETF (DR)	113,900	\$ 5,881,796		5.58%
IShares Global Energy ETF	75,000	2,423,250		2.30%
IShares Global Financials ETF	72,500	3,465,500		3.29%
IShares MSCI World UCITS ETF- Distribution	163,850	5,722,461		5.43%
Vanguard FTSE Europe ETF	111,000	5,179,260		4.91%
Wisdomtree Japan Hedged Equity Fund	96,000	3,722,880		3.53%
		\$ 26,395,147		25.04%
TOTAL INVESTMENTS (Cost: 2016 - \$100,843,275)		\$ 105,399,821		100%

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2016

(Expressed in US Dollars)

GLOBAL FIXED INCOME CLASS

INVESTMENTS	2016		% of Portfolio
	Nominal	Fair Value	
Corporate and Government Debt Securities			
Arcelormittal 6.125% 06/01/18	1,000,000	\$ 1,052,380	2.05%
BHP Billiton Finance USA Ltd 3.850% 09/30/23	1,500,000	1,632,245	3.18%
CDP Financial Inc 3.150% 07/24/24	1,500,000	1,612,055	3.14%
Citigroup Inc 3.500% 05/15/23	1,500,000	1,530,776	2.98%
Cooperatieve Rabobank Ua 3.950% 11/09/22	1,300,000	1,344,435	2.62%
Corp Andina De Fomento 4.375% 06/15/22	1,500,000	1,674,585	3.26%
Endurance Specialty HD Ltd 4.700% 10/15/22	1,500,000	1,573,043	3.07%
Fedex Corp 1998 Pass TST 6.720% 01/15/22 SR: 981A	1,567,022	1,766,817	3.44%
Ford Motor Credit Co Flt 01/08/19	250,000	253,835	0.49%
GE Capital Intl Funding 2.342% 11/15/20	830,000	855,034	1.67%
General ELEC CAP Corp 5.300% 02/11/21	286,000	331,814	0.65%
General Motors FINL CO 3.500% 07/10/19	1,500,000	1,552,118	3.03%
Goldman Sachs Group Inc 4.000% 03/03/24	400,000	427,628	0.83%
Goldman Sachs Group Inc FLT 11/29/23	1,500,000	1,496,795	2.92%
Govt of Bermuda 5.603% 07/20/20 SR: 144A	400,000	440,000	0.86%
Govt of Bermuda 5.603% 07/20/20 SR: REGS	1,100,000	1,210,000	2.36%
ING Bank NV 5.800% 09/25/23 SR:REGS	1,500,000	1,646,126	3.22%
INTL BK Recon & Development 05/01/18 SR: MTNB	500,000	486,945	0.95%
JPMorgan Chase & Co 3.375% 05/01/23	1,500,000	1,529,294	2.98%
Lloyds Banking Group Plc 4.582% 12/10/25	1,753,000	1,762,217	3.44%
MET Life Glob Funding I 3.875% 04/11/22 SR: 144A	1,757,000	1,911,201	3.73%
Morgan Stanley 4.875% 11/01/22	1,500,000	1,642,584	3.20%
Newell Rubbermaid Inc 2.875% 12/01/19	750,000	770,768	1.50%
Schlumberger Investment 3.300% 09/14/21 SR:144A	900,000	953,743	1.86%
Schneider Electric Se 2.950% 09/27/22	1,500,000	1,555,478	3.03%
Standard Chartered Plc 3.950% 01/11/23 SR: 144A	1,000,000	969,583	1.89%
State Street Capital Trust IV Flt 06/15/37	1,500,000	1,252,995	2.44%
US Treasury Strips 0.000% 08/15/22	1,400,000	1,296,708	2.53%
US Treasury Strips 0.000% 08/15/23	1,000,000	906,551	1.77%
South West Airlines 07-1 TRUST 6.150% 02/01/2024 SR: 07-1	1,413,628	1,579,730	3.08%
US Treasury N/B 1.125% 02/28/21	1,500,000	1,510,547	2.94%
US Treasury N/B 1.500% 03/31/23	1,500,000	1,521,621	2.97%
US Treasury N/B 1.750% 01/31/23	1,500,000	1,546,055	3.01%
US Treasury N/B 1.875% 10/31/22	1,500,000	1,558,653	3.04%
Vale Overseas Limited 4.625% 09/15/20	1,500,000	1,456,875	2.84%
		\$ 44,611,234	86.97%

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2016

(Expressed in US Dollars)

GLOBAL FIXED INCOME CLASS (Continued)

INVESTMENTS (Continued)	Number of Shares	2016	
		Fair Value	% of Portfolio
Investment Funds			
PIMCO Funds: Global Investors Series plc Global High Yield Bond Fund Institutional	127,451	\$ 2,640,781	5.15%
PIMCO Funds: Global Investors Series plc Global Investment Grade Credit Fund Institutional	230,000	4,043,397	7.88%
		\$ 6,684,178	13.03%
TOTAL INVESTMENTS (Cost: 2016 - \$48,277,296)		\$ 51,295,412	100%

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2016

(Expressed in US Dollars)

ALTERNATIVE INVESTMENT CLASS

	Number of Shares	2016	
		Fair Value	% of Portfolio
INVESTMENTS			
Investment Funds			
Absolute Insight Credit Fund Class B2P2 US Dollar Shares	2,635,856	\$ 3,220,225	5.43%
Aristeia Institutional Ltd CLASS b Voting USD Class B-V Series 02/15	1,697	1,705,391	2.87%
Aspect institutional Diversified Fund Class A Shares	20,140	2,666,043	4.49%
Atreaus Overseas Fund Ltd Tranche D April 2016	2,500	2,483,905	4.19%
Blue Mountain Credit Alternatives Fund Ltd – Class S-Restricted- February 2015	12,000	1,182,004	1.99%
Blue Mountain Credit Alternatives Fund Ltd - Class S-Restricted - January 2016	30,149	2,974,442	5.01%
Blue Mountain Long/Short Equity Fund Ltd. - Restricted - August 2015	500	439,086	0.74%
Blue Mountain Long/Short Equity Fund Ltd –Restricted- June 2015	800	709,877	1.20%
Blue Mountain Long/Short Equity Fund Ltd –Restricted- March 2015	2,100	1,933,083	3.26%
BlueMountain Long/Short Equity Fund Ltd. - Restricted - September 2015	400	353,587	0.60%
Chenavari European Structured Credit Fund Ltd- Mar 2015 Series	2,400	2,336,753	3.94%
Graticule Asia Macro Fund Ltd Class E1 Aug 2015	700	690,530	1.16%
Graticule Asia Macro Fund Ltd Class E1 Feb 2015	1,200	1,200,671	2.02%
Graticule Asia Macro Fund Ltd Class E1 Mar 2015	1,100	1,071,995	1.81%
Graticule Asia Macro Fund Ltd Class E1 Oct 2012	752	950,331	1.60%
GS Gamma INVT Ltd CL A REDDM PART SHS	2,442	2,225,520	3.75%
Impala ELS Fund Ltd Class A Restricted	2,883	2,914,278	4.91%
Incline Global ELS Ltd Class R Series Fee-5	3,363	3,117,919	5.26%
Ionic Volatility Arbitrage Fund II Ltd Class A New Issue Restricted Series 1.1	2,621	2,895,740	4.88%
JCAM Global Fund Ltd Class F Ex Series	43	32,042	0.05%
Koppenberg Macro Comdty Fund Ltd CLS B Ser Mar 15	1,800	1,826,514	3.08%
Koppenberg Macro Commodity Fund Ltd Class B Series Feb 15	1,150	1,142,606	1.93%
MKM Longboat Multi Strategy Fund – Series 82	371	-	-
Nipun Asia Total Return Offshore Fund Ltd - Class A - 1Oct2015	2,000	1,768,061	2.98%
OZ ELS Overseas Fund Ltd. – Class B, Series 7	4,101	3,835,897	6.47%
Passport Global Long Short Offshore Ltd Class A2 II Non New Issue Series 14	4,127	4,513,351	7.61%
The Drake Global Opportunities Fund	46	39,972	0.07%
Trend Macro Offshore Ltd A-82-0215	3,082	3,365,804	5.67%
Winton Futures Fund Ltd Class B USD Lead Series	2,527	2,506,191	4.22%
Winton Futures Fund Ltd Cls B Usd August Series	14,000	1,326,889	2.24%
York European Opportunities Unit Trust A10 – 2009	147,512	2,749,823	4.64%
York European Opportunities Unit Trust A/R/8-2015	61,729	1,144,361	1.93%
TOTAL INVESTMENTS (Cost: 2016 – \$61,032,114)		\$ 59,322,891	100.00%

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

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2016

(Expressed in US Dollars)

		EQUITY CLASS	
		2016 US\$	2015 US\$
Income			
Net realised gain on financial assets at fair value through profit or loss		2,966,219	6,575,361
Net change in unrealised loss on financial assets at fair value through profit or loss		(9,630,330)	(6,556,889)
Dividend income		2,153,153	1,756,481
Interest		1,843	152
Other income		13,388	12,866
Total (loss)/income		(4,495,727)	1,787,971
Expenses			
Management fee	6 a)	969,290	1,091,179
Administration fee	7	249,032	275,320
Audit fee		31,928	30,802
Custodian fee	6 b)	35,720	40,896
Government fee		6,573	7,018
Investment services fee	6 e)	36,180	37,741
Miscellaneous		30,829	23,109
Total expenses		1,359,552	1,506,065
Less: Withholding tax on dividend income		168,439	198,449
Net (decrease)/increase in net assets resulting from operations attributable to shareholders		(6,023,718)	83,457

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

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2016

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
		2016 US\$	2015 US\$
	Notes		
Income			
Net realised gain on financial assets at fair value through profit or loss		101,518	909,257
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		1,522,978	(1,605,255)
Bonds interest		1,467,834	1,381,008
Dividend income		238,754	267,629
Total income		3,331,084	952,639
Expenses			
Management fee	6 a)	457,519	456,668
Administration fee	7	122,262	118,550
Miscellaneous		17,757	15,841
Audit fee		14,000	14,153
Custodian fee	6 b)	17,535	17,284
Government fee		3,070	2,971
Investment services fee	6 e)	16,560	15,732
Total expenses		648,703	641,199
Net increase in net assets resulting from operations attributable to shareholders		2,682,381	311,440

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

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2016

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT CLASS	
		2016 US\$	2015 US\$
Income			
Net realised gain on financial assets at fair value through profit or loss		319,757	8,635,861
Net change in unrealised loss on financial assets at fair value through profit or loss		(2,462,565)	(6,009,090)
Interest		5,856	6,520
Other income		-	6,687
Total (loss)/income		(2,136,952)	2,639,978
Expenses			
Management fee	6 a)	1,021,417	841,163
Administration fee	7	144,599	133,098
Miscellaneous		56,656	53,487
Audit fee		17,000	17,000
Custodian fee	6 b)	20,775	18,980
Government fee		3,474	3,262
Investment services fee	6 e)	18,804	18,600
Total expenses		1,282,725	1,085,590
Net (decrease)/increase in net assets resulting from operations attributable to shareholders		(3,419,677)	1,554,388

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

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended June 30, 2016

(Expressed in US Dollars)

	EQUITY CLASS	
	2016 US\$	2015 US\$
NET (DECREASE)/INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	(6,023,718)	83,457
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	8,248,686	8,329,604
Repurchase of redeemable shares	(17,741,445)	(14,116,690)
Decrease in net assets attributable to shareholders from transactions in shares	(9,492,759)	(5,787,086)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	(15,516,477)	(5,703,629)
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	121,961,102	127,664,731
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	106,444,625	121,961,102

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

Butterfield Select Fund Limited

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

For the year ended June 30, 2016

(Expressed in US Dollars)

	2016 US\$	2015 US\$
GLOBAL FIXED INCOME CLASS		
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	2,682,381	311,440
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	4,764,897	8,556,172
Repurchase of redeemable shares	(8,904,087)	(5,654,160)
Decrease in net assets attributable to shareholders from transactions in shares	(4,139,190)	2,902,012
NET (DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	(1,456,809)	3,213,452
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	55,308,345	52,094,893
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	53,851,536	55,308,345

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

Butterfield Select Fund Limited

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

For the year ended June 30, 2016

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2016 US\$	2015 US\$
NET (DECREASE)/INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	(3,419,677)	1,554,388
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	15,301,065	5,246,552
Repurchase of redeemable shares	(8,320,021)	(5,988,794)
Increase/(decrease) in net assets attributable to shareholders from transactions in shares	6,981,044	(742,242)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	3,561,367	812,146
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	60,648,422	59,836,276
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	64,209,789	60,648,422

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

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS

For the year ended June 30, 2016

	EQUITY CLASS	
	2016 US\$	2015 US\$
Cash flows from operating activities		
Net (decrease)/increase in net assets resulting from operations attributable to shareholders	(6,023,718)	83,457
<i>Adjustments for:</i>		
Purchase of financial assets	(44,959,921)	(22,767,208)
Net proceeds from sale of financial assets	55,027,464	27,004,232
Net realised gain on financial assets at fair value through profit or loss	(2,966,219)	(6,575,361)
Net change in unrealised loss on financial assets at fair value through profit or loss	9,630,330	6,556,889
Changes in:		
Dividends receivable	68,298	(60,229)
Other assets	5,740	(6,491)
Accrued expenses	(14,877)	27,098
Net cash provided by operating activities	10,767,097	4,262,387
Cash flows from financing activities		
Subscriptions received in advance	(14,545)	-
Proceeds from issuance of shares	8,248,686	8,374,604
Payments from redemption of shares	(17,741,445)	(14,116,690)
Net cash used in financing activities	(9,507,304)	(5,742,086)
Net increase/(decrease) in cash and cash equivalents	1,259,793	(1,479,699)
Cash and cash equivalents – beginning of year	9,549	1,489,248
Cash and cash equivalents – end of year	1,269,342	9,549
Supplemental cash flow information:		
Interest received	1,843	152
Dividend received, net of withholding taxes	2,221,451	1,497,803

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

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2016

	GLOBAL FIXED INCOME CLASS	
	2016 US\$	2015 US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to shareholders	2,682,381	311,440
<i>Adjustments for:</i>		
Purchase of financial assets	(25,431,898)	(22,874,079)
Net proceeds from sale of financial assets	28,037,125	19,244,455
Net realised gain on financial assets at fair value through profit or loss	(101,518)	(909,257)
Net change in unrealised (gain)/loss on financial assets at fair value through profit or loss	(1,522,978)	1,605,255
Changes in:		
Interest receivable	54,798	33,146
Other assets	13,435	(13,461)
Accrued expenses	(673)	16,964
Net cash provided/(used in) by operating activities	3,730,672	(2,585,537)
Cash flows from financing activities		
Subscriptions received in advance	40,891	-
Proceeds from issuance of shares	4,764,897	8,556,172
Payments from redemption of shares	(8,904,087)	(5,654,160)
Net cash provided (used in)/by financing activities	(4,098,299)	2,902,012
Net (decrease)/increase in cash and cash equivalents	(367,627)	316,475
Cash and cash equivalents – beginning of year	2,667,611	2,351,136
Cash and cash equivalents – end of year	2,299,984	2,667,611
Supplemental cash flow information:		
Interest received	1,522,633	1,414,154
Dividend received	249,890	256,493

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

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2016

	ALTERNATIVE CLASS	
	2016 US\$	2015 US\$
Cash flows from operating activities		
Net (decrease)/increase in net assets resulting from operations attributable to shareholders	(3,419,677)	1,554,388
<i>Adjustments for:</i>		
Purchase of financial assets	(23,047,523)	(59,558,739)
Net proceeds from sale of financial assets	15,236,573	66,670,451
Net realised gain on financial assets at fair value through profit or loss	(319,757)	(8,635,861)
Net change in unrealised loss on financial assets at fair value through profit or loss	2,462,565	6,009,090
Changes in:		
Other assets	770	(20,300)
Accrued expenses	6,407	29,526
Net cash (used in)/provided by operating activities	(9,080,642)	6,048,555
Cash flows from financing activities		
Subscriptions received in advance	231,024	-
Proceeds from issuance of shares	15,301,065	5,246,552
Payments from redemption of shares	(8,320,021)	(5,988,794)
Net cash by/(used in) financing activities	7,212,068	(742,242)
Net (decrease)/increase in cash and cash equivalents	(1,868,574)	5,306,313
Cash and cash equivalents – beginning of year	7,128,324	1,822,011
Cash and cash equivalents – end of year	5,259,750	7,128,324
Supplemental cash flow information:		
Interest received	5,857	6,520

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2016

1. CORPORATE INFORMATION

Butterfield Select Fund Limited (the "Fund") is an open-ended investment company which was incorporated under the laws of Bermuda on January 31, 2000.

The Fund commenced operations on February 17, 2000. Butterfield Trust (Bermuda) Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). MUFG Fund Services (Bermuda) Limited acts as registrar and transfer agent and as accountants/administrator (the "Registrar and Transfer Agent" or "Administrator") for the Fund. The Custodian and Investment Adviser are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank").

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

The Investment Adviser, Custodian and Bank each maintains separate business units, roles and responsibilities to ensure segregation between different functions.

Brown Brothers Harriman & Co. acts as sub-custodian (the "Sub-custodian") for the Equity Class and the Alternative Investment Class. The Sub-custodian fees are paid by the Custodian.

On December 4, 2014, the Fund entered into an agreement with Grosvenor Capital Management, L.P. to provide sub-advisory services to the Fund. These services were previously provided by International Asset Management Limited. All sub-advisory fees are paid by the Investment Adviser on behalf of the Fund.

The objective of the Fund is to achieve long term capital growth in the value of the assets, offering a convenient and efficient vehicle for investing in mutual fund products which are anticipated to provide the best opportunities for capital appreciation having regard to diversification.

For the Equity Class, the policy of the Fund is to hold a global portfolio by investing in international and Bermuda equity funds and international equity index-linked instruments.

For the Global Fixed Income Class, the policy of the Fund is to hold a portfolio of international fixed income mutual funds and/or securities.

For the Alternative Investment Class, the policy of the Fund is to invest in underlying funds with professional money managers who invest in common and preferred stocks (including small cap stocks), options, warrants, convertible securities, bonds, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, mortgage backed and mortgage related securities, real estate and other assets of investment grade or below investment grade.

All three classes may also hold money market instruments or mutual funds for cash management purposes.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

2. BASIS OF PREPARATION

Accounting convention

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

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

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

Summary of significant accounting policies

a) Significant accounting judgements, estimates and assumptions

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

b) Financial Instruments

i. Classification

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

Financial assets and liabilities at fair value through profit or loss

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

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes investment funds, exchange traded funds, equities and other interest bearing investments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. The Fund's policy is not to apply hedge accounting.

Financial instruments designated at fair value through profit or loss upon initial recognition: these include investment funds, exchange traded funds, equities and other interest bearing investments and derivatives not held for trading. The Fund did not hold any financial instruments designated at fair value through profit or loss upon initial recognition as at June 30, 2016 and 2015.

Receivables

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial Instruments (continued)

i. Classification (continued)

Other financial liabilities

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

ii. Recognition

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

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

iii. Initial measurement

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

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

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

iv. Subsequent measurement

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

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

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting polices (continued)

b) Financial instruments (continued)

v. Derecognition

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

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

c) Fair value measurement

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

It is the policy of the Fund to value any asset quoted, listed, traded or dealt with on an exchange or market by reference to the last traded price on or prior to the relevant Valuation Day on the major exchange or market in which the assets are dealt, to the extent that such valuation is based on a price within the bid-ask spread that is most representative of fair value on valuation date. In circumstances where the last traded price is not within the bid-ask spread, the Directors will determine the point within the bid-ask spread that is most representative of fair value.

Investments in underlying funds are carried at fair value, which is based on the net asset value (NAV) of each share of the Fund's investments in or the pro-rata interest in the net assets of such investment funds as published or otherwise reported by the investment fund's administrators. The underlying investments of each fund are accounted for at fair value as described in each investment fund's financial statements.

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting polices (continued)

d) Impairment of financial assets

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

e) Functional and presentation currency

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

f) Offsetting and financial instruments

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

Management has determined that, as at June 30, 2016 and 2015, there were no assets and liabilities offset in the statement of financial position, nor were there any assets or liabilities available for offset. The Fund does not have a legally enforceable right to offset, nor does it have master netting agreements or similar arrangements that would allow for related amounts to be set off.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

g) Foreign currency translations

Assets and liabilities that are denominated in foreign currencies are translated into US dollars at rates of exchange on the period end date. Transactions during the period are translated at the rate in effect at the date of the transaction. Foreign currency translation gains and losses are included in the statement of comprehensive income.

h) Cash and cash equivalents

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

Cash and cash equivalents does not include bank overdraft. Where applicable, bank overdraft is shown as a liability in the statement of financial position as well as in the statement of cash flows.

i) Interest income and expense

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

j) Dividend income and expense

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

k) Realised and change in unrealised gains and losses

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

l) Expenses

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

m) Going concern

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting polices (continued)

n) Share capital

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

o) Redeemable participating shares

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

p) Impact of accounting pronouncements issued but not yet effective

IFRS 9 – Financial Instruments

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

IFRS 15 – Revenue from Contracts with Customers

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

q) Investment entity

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

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

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

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

3. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management approach includes formal guidelines to govern the extent of exposure to various types of risk. The Investment Adviser also has various internal controls to oversee the Funds' investment activities, including monitoring compliance with the investment objective and strategies, internal guidelines and securities regulations.

Credit Risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Financial instruments that potentially expose the Fund to credit and counterparty risk consist primarily of cash and cash equivalents, balances held at the brokers/custodian/sub-custodian and investments in debt securities.

The value of such balances on the statement of financial position includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

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

	% of Portfolio 2016	% of Portfolio 2015
Debt Securities by Credit Rating		
AAA	4.71	3.46
AA+	1.92	22.13
AA	0.74	2.63
AA-	10.18	10.15
A+	3.70	3.90
A	7.20	3.91
A-	3.49	4.36
BBB+	21.91	18.32
BBB	6.81	17.41
BBB-	18.28	7.01
BB	2.36	2.49
BB-	0.00	1.13
Not Rated by S&P	18.70	3.10
	100.00	100.00

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

	% of Portfolio 2016	% of Portfolio 2015
Debt Securities by Credit Rating		
Aa1	0.00	3.10
Aaa	18.70	0.00
	18.70	3.10

Substantially all of the assets of the Fund are held by the Fund's Custodian, Sub-custodian and the Bank. The Fund monitors its risk by monitoring the credit quality of the Custodian, Sub-custodian and the Bank. As at June 30, 2016, the credit ratings of the Custodian and the Bank, as provided by Standard and Poor's, were both BBB (2015 – BBB). As at June 30, 2016, the credit rating of the Fund's Sub-custodian, as provided by Fitch Ratings, was A+ (2015 – A+).

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

3. FINANCIAL RISK MANAGEMENT (Continued)

Currency Risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the US Dollar. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Fund will necessarily be subject to foreign exchange risks.

The primary purpose of the Fund's foreign currency economic hedging activities is to protect against the volatility associated with investments denominated in foreign currencies and other assets and liabilities denominated in foreign currencies created in the normal course of business. The Fund utilises foreign currency forward exchange contracts to hedge foreign-currency-denominated financial instruments. Increases or decreases in the fair values of the Fund's foreign-currency-denominated financial assets and liabilities are partially offset by gains and losses on the economic hedging instruments.

As at June 30, 2016 and 2015, the Fund's exposure to currencies other than the Fund's reporting currency was limited to small balances of cash and cash equivalents denominated in foreign currencies which are not significant to the Fund as a whole.

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. Prices of fixed income securities generally increase when interest rates decline, and decrease when interest rates rise. As at June 30, 2016, had the interest rates increased or decreased by 25 basis points and assuming a parallel shift in the yield curve, the net assets of Global Fixed Income Class would have increased or decreased by approximately US\$134,629 (2015: US\$138,271). This analysis assumes that all other variables remained unchanged. In practice, actual results may differ from this analysis and the difference could be material. All other assets and liabilities are not subject to interest rate risk. With regard to the Equity Class and Alternative Investment Class, neither is subject to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable units. Each Fund Class retains sufficient holdings in underlying funds which offer redemptions on a quarterly, monthly, weekly and daily basis or actively traded marketable securities which combined with cash and cash equivalents provide adequate liquidity to address the risk of cash redemptions of redeemable units.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk (continued)

The table below indicates the Global Fixed Income Class' holdings in debt securities by remaining term to maturity:

Debt Securities by Maturity	Fair Value	
	2016 US\$	2015 US\$
Less than 1 year	-	1,319,042
1 - 3 years	1,306,215	2,065,613
3 - 5 years	8,127,156	6,504,407
Greater than 5 years	32,487,659	29,833,491
No stated maturity	-	484,600
Non-interest bearing (1-3 years)	486,945	475,016
Non-interest bearing (Greater than 5 years)	2,203,259	2,025,413
	44,611,234	42,707,582

As of June 30, 2016, investment funds held by the Equity Class representing US\$105,399,821 (100%) offer redemptions on a daily basis. As of June 30, 2015, investment funds held by the Equity Class representing US\$121,647,709 (100%) offer redemptions on a daily basis.

As of June 30, 2016 and 2015, all investment funds (2016: - US\$6,684,178; 2015: - US\$9,568,561) held by the Global Fixed Income Class offer redemptions on a daily basis.

As of June 30, 2016, investment funds held by the Alternative Investment Class representing US\$17,753,927 (29.93%) offer redemptions on a quarterly basis, US\$35,610,682 (60.03%) offer redemptions on a monthly basis, US\$5,886,268 (9.92%) offer redemptions on a weekly basis, and US\$72,014 (0.12%) have redemption restrictions. As of June 30, 2015, investment funds held by the Alternative Investment Class representing US\$22,016,666 (42.02%) offer redemptions on a quarterly basis, US\$19,771,762 (37.72%) offer redemptions on a monthly basis, US\$8,203,496 (15.66%) offer redemptions on a daily basis, US\$2,315,754 (4.42%) offer redemptions on a weekly basis, and US\$92,277 (0.18%) have redemption restrictions.

The Fund also has a credit facility in place to further mitigate liquidity risk.

Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. The Investment Adviser attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy.

As at June 30, 2016, all of the Equity Class' investments were exposed to changes in portfolio prices. As at June 30, 2016, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Equity Class would have been US\$5,269,991 (2015 - US\$6,082,385) higher or lower.

As at June 30, 2016, all of the Global Fixed Income Class' investments were exposed to changes in portfolio prices. As at June 30, 2016, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Global Fixed Income Class would have been US\$2,564,771 (2015 - US\$2,613,807) higher or lower.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

3. FINANCIAL RISK MANAGEMENT (Continued)

Price/Market Risk (continued)

As at June 30, 2016, all of the Alternative Investment Class' investments were exposed to changes in portfolio prices. As at June 30, 2016, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Alternative Investment Class would have been US\$2,966,145 (2015 - US\$2,619,998) higher or lower.

A sensitivity rate of 5% is used when reporting other price/market risk internally to key management personnel and represents management's assessment of possible change in market prices.

4. FAIR VALUE OF FINANCIAL ASSETS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are market observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The inputs used by the Fund to value its investments in each of the investment funds or other financial instruments may differ from the inputs used to value the underlying holdings of such investment funds or other financial instruments. Thus, an investment fund with all of its underlying investments classified as Level 1 may be classified as a Level 2 or Level 3 investment.

The Fund measures the fair value of its investments in investment funds on the basis of the NAV per share (or its equivalent) of such investment funds.

Unless the investment funds have been suspended or are subject to similar liquidity restrictions, the Fund has the ability to redeem its investments in investment funds at NAV per share (or its equivalent) and the investments in investment funds are categorized as Level 2. Where the investment fund is suspended for an extended period, the Fund classifies its investments in investment funds as Level 3.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

2016

EQUITY CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	79,004,674	-	79,004,674
Exchange traded funds	26,395,147	-	-	26,395,147
Total financial assets	26,395,147	79,004,674	-	105,399,821

GLOBAL FIXED INCOME CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	44,611,234	-	44,611,234
Investment funds	-	6,684,178	-	6,684,178
Total financial assets	-	51,295,412	-	51,295,412

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	59,250,877	72,014	59,322,891
Total financial assets	-	59,250,877	72,014	59,322,891

2015

EQUITY CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	72,380,007	-	72,380,007
Exchange traded funds	46,158,542	-	-	46,158,542
Open-ended fund	-	3,109,160	-	3,109,160
Total financial assets	46,158,542	75,489,167	-	121,647,709

GLOBAL FIXED INCOME CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	42,707,582	-	42,707,582
Investment funds	-	9,568,561	-	9,568,561
Total financial assets	-	52,276,143	-	52,276,143

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

2015

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	52,307,678	92,277	52,399,955
Total financial assets	-	52,307,678	92,277	52,399,955

Transfers of Assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being traded in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 during the years ended June 30, 2016 and 2015. Financial assets and liabilities transferred from Level 2 to Level 1 are the result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 during the years ended June 30, 2016 and 2015.

Reconciliation of Financial Asset and Liability Movement - Level 3

The movement in financial assets held in the Alternative Investment Class classified as Level 3 is as follows:

	2016 US\$	2015 US\$
Beginning balance	92,277	102,101
Sales/redemptions	(22,037)	(11,225)
Realised loss	(9,511)	(2,737)
Net change in unrealised gain	11,285	4,138
Ending balance	72,014	92,277

Net change in unrealised loss included in the statement of comprehensive income related to Level 3 investments still held at year end

11,285	4,138
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The Fund's Equity Class and Global Fixed Income Class did not hold any Level 3 investments at the beginning, during, or at the end of the year ended June 30, 2016 and June 30, 2015.

5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is US\$100,000,000 divided into 1,000,000,000 shares of US\$0.10 par value each, of which 120,000 shares of US\$0.10 par value have been designated as non-participating, voting organisational shares and have been allotted for cash at par to the Investment Adviser and its nominees.

The remaining share capital consists of 999,880,000 participating, non-voting common shares of US\$0.10 divided into three classes designated as Equity Class, Global Fixed Income Class, and Alternative Investment Class.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

5. SHARES ISSUED AND OUTSTANDING (Continued)

Under the By-Laws, the organisational shares have only nominal rights if and so long as there are any other shares of the Fund in issue.

Details of shares issued and outstanding during the years ended June 30, 2016 and 2015 were as follows:

EQUITY CLASS COMMON SHARES

	2016	2015
Balance – beginning of year	9,364,778	9,802,529
Issue of common shares	668,368	644,496
Redemption of common shares	(1,419,688)	(1,082,247)
Balance – end of year	8,613,458	9,364,778

GLOBAL FIXED INCOME CLASS COMMON SHARES

	2016	2015
Balance – beginning of year	2,974,678	2,819,184
Issue of common shares	253,890	459,324
Redemption of common shares	(476,689)	(303,830)
Balance – end of year	2,751,879	2,974,678

ALTERNATIVE INVESTMENT CLASS COMMON SHARES

	2016	2015
Balance – beginning of year	3,881,143	3,929,833
Issue of common shares	1,000,095	337,569
Redemption of common shares	(549,226)	(386,259)
Balance – end of year	4,332,012	3,881,143

Common shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the Fund. Shares may be redeemed weekly for an amount equal to the net asset value per share as at the close of business on the Valuation Day, following receipt of the properly completed request for redemption, subject to the power of the directors to deduct therefrom an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

The Directors of the Fund will use commercially reasonable efforts to timely meet redemption requests for the Alternative Class. However, because the liquidity of the investments in investment funds does not match the liquidity offered to shareholders of the Alternative Class, the Directors have determined it is in the best interest of the Alternative Class to retain the discretion to impose a gate, from time to time, as deemed necessary in the sole and absolute discretion of the Directors, the effect of which would be to limit the redemptions of the Alternative Class as of any dealing day.

Capital Management

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

6. RELATED PARTY TRANSACTIONS

a) Management Fee

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

Under the terms of the management agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 1% per annum of the net asset value of each of the Equity and Global Fixed Income Classes and 2% (2015: 1.5%) per annum of the Alternative Investment Class. Presently, the monthly fee is calculated at the rate of 0.875% per annum for each of the Equity and Global Fixed Income Classes and 1.5% to 1.75% (2015: 1.5%) per annum for the Alternative Investment Class.

Management fees are accrued daily and paid on the last valuation day of each month. Details of management fees charged and payable, as at June 30, 2016 and 2015 for each class are set out in the table below.

Class	Management fees charged		Management fees payable	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Equity	969,290	1,091,179	90,885	99,265
Global Fixed	457,519	456,668	43,574	42,854
Alternative Investment	1,021,417	841,163	99,604	75,570

b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based on the fair value of assets under administration at the rate of 3.25 basis points per annum, subject to a minimum of US\$10,000 for each of the Fund's classes. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. Details of custodian fees charged and payable, as at June 30, 2016 and 2015 for each class are set out in the table below.

Class	Custodian fees charged		Custodian fees payable	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Equity	35,720	40,896	8,804	10,176
Global Fixed	17,535	17,284	4,340	4,527
Alternative Investment	20,775	18,980	5,085	4,825

c) Investment Transactions

As of June 30, 2016, Butterfield Select Invest Fund Limited ("Select Invest") held 718,651 shares (2015: 657,174) having a fair value of US\$8,882,527 (2015: US \$8,556,410) in the Equity Class, 324,904 shares (2015: 386,883) having a fair value of US\$6,358,365 (2015: US\$7,192,150) in the Global Fixed Income Class and 163,344 shares (2015: 106,725) having a fair value of US\$2,420,758 (2015: US\$1,668,117) in the Alternative Investment Class. Select Invest is related through common directorship. In addition, Select Invest is also managed by the Fund's Investment Adviser.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

6. RELATED PARTY TRANSACTIONS (continued)

d) Credit Facility

On July 4, 2014, the Fund renewed the unsecured credit facility agreement with the Bank in the amount of US\$29,000,000 (2014: US\$28,500,000). The individual classes of the Fund will be limited to \$12,000,000 (2014: US\$9,500,000) for the Equity Class; US\$5,000,000 (2014: US\$7,500,000) for the Global Fixed income Class; US\$12,000,000 (2014: US\$11,500,000) for the Alternative Investment Class. Advances will be limited to 10% of the class net asset value, except for Alternative Investment Class which will be limited to 20% of its net asset value. The agreement bears an interest rate of 1% per annum above the higher of the LIBOR or the funding costs incurred by the Bank in making the revolving facility available on any date of drawdown with all accrued interest payable monthly in arrears.

On June 26, 2015, the Fund renewed the unsecured credit facility agreement with the Bank. The terms remain unchanged from the previous agreement, as outlined above, with the exception of the repayment terms. The renewed agreement states that the full amount of any amount advanced under the revolving facility, together with the accrued interest and other amounts payable by the Borrower to the Bank, is payable on the earlier of sixty days following the utilization date or the expiry date, unless extended at the Bank's sole discretion. If any payment falls due and payable on a day which is not a business day the payment shall be made on the next following business day. The renewed unsecured facility expired on June 30, 2016.

On July 12, 2016 the Bank extended the credit facility limits from June 26, 2015 renewed agreement to August 15, 2016 in order to allow sufficient time to issue new facility letters.

On August 30, 2016, the Fund renewed the unsecured credit facility agreement with the Bank. The terms remain unchanged from the previous agreement, as outlined above. The renewed unsecured facility expires on June 30, 2017.

e) Investment Services Fee

The investment services fee is paid to the Bank for additional registrar and transfer agent services provided to the Fund which had been previously provided by the administrator. The investment services fee is a set fee for the Butterfield group of funds, allocated to the individual funds based on their proportion of Net Asset Value. The fee for 2016 was US\$71,544 (2015: US\$72,073). Details of investment services fees charged and payable, as at June 30, 2016 and 2015 for each class are set out in the table below.

Class	Investment services fees charged		Investment services fees payable	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Equity	36,180	37,741	-	-
Global Fixed	16,560	15,732	-	-
Alternative Investment	18,804	18,600	-	216

f) Other

The Bank owns 2,823,531 shares and 854,735 shares (2015 – 2,823,531 shares and 688,281 shares) of the Equity Class and Alternative Investment Class, respectively. The Bank did not own shares of the Global Fixed Income Class as at June 30, 2016 and 2015.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

7. ADMINISTRATION FEE

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Details of administration fees charged and payable, as at June 30, 2016 and 2015 for each class are set out in the table below. Administration fees payable at June 30, 2016 and 2015 are included in accrued expenses in the Statements of Financial Position.

Class	Administration fees charged		Administration fees payable	
	2016 US\$	2015 US\$	2016 US\$	2015 US\$
Equity	249,032	275,320	62,085	68,806
Global Fixed	122,262	118,550	32,126	30,661
Alternative Investment	144,599	133,098	37,205	32,497

8. TAXATION

Under current Bermuda law, the Fund is not obligated to pay taxes in Bermuda on either income or capital gains. The Fund has received an undertaking from the Minister of Finance in Bermuda, pursuant to the provisions of the exempted undertaking Tax Protection Act, 1966 which exempts the Fund from any such Bermuda taxes until March 28, 2016.

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011, allowing the Minister of Finance to grant assurance up to March 31, 2035. On January 29, 2015 the minister granted assurance to the Fund up to that date.

9. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2016 (2015: none).

10. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2016 through October 6, 2016, the date the financial statements were available to be issued. During this period, the Fund did not have any material subsequent events.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

11. FINANCIAL HIGHLIGHTS

2016		EQUITY CLASS	GLOBAL FIXED INCOME CLASS	ALTERNATIVE INVESTMENT CLASS
Per Share Information				
Net asset value - beginning of year	\$	13.02	\$ 18.59	\$ 15.63
Net investment income from operations				
Net investment gain/(loss)****		0.08	0.37	(0.30)
Net realised and change in unrealised gain on investments		(0.74)	0.61	(0.51)
Total from investment operations		(0.66)	0.98	(0.81)
Net asset value - end of year	\$	12.36	\$ 19.57	\$ 14.82
Ratios / Supplemental Data				
Total net assets - end of year	\$	106,444,625	\$ 53,851,536	\$ 64,209,789
Weighted average net assets*	\$	109,607,536	\$ 53,968,387	\$ 64,014,276
Ratio of expenses to weighted average net assets		1.39%	1.20%	2.00%
Portfolio turnover rate**		41.18%	53.98%	23.69%
Annual rate of return***		(5.07%)	5.27%	(5.18%)

* Weighted average net assets are calculated using net assets on the last valuation date of each month.

** Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

*** Annual rate of return is calculated by comparing the end of year net asset value to the beginning of year net asset value.

****Net investment gain/(loss) represents interest, dividend income and other income net of expenses.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2016

11. FINANCIAL HIGHLIGHTS (Continued)

2015					
		EQUITY CLASS		GLOBAL FIXED INCOME CLASS	ALTERNATIVE INVESTMENT CLASS
Per Share Information					
Net asset value - beginning of year	\$	13.02	\$	18.48	\$ 15.23
Net investment income from operations					
Net investment gain/(loss)****		0.01		0.35	(0.28)
Net realised and change in unrealised gain on investments		(0.01)		(0.24)	0.68
Total from investment operations		(0.00)		0.11	0.40
Net asset value - end of year	\$	13.02	\$	18.59	\$ 15.63
Ratios / Supplemental Data					
Total net assets - end of year	\$	121,961,102	\$	55,308,345	\$ 60,650,479
Weighted average net assets*	\$	124,727,374	\$	54,001,571	\$ 59,651,238
Ratio of expenses to weighted average net assets		1.37%		1.19%	1.82%
Portfolio turnover rate**		18.32%		37.04%	124.83%
Annual rate of return***		0.00%		0.59%	2.63%

* Weighted average net assets are calculated using net assets on the last valuation date of each month.

** Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

*** Annual rate of return is calculated by comparing the end of year net asset value to the beginning of year net asset value.

****Net investment gain/(loss) represents interest, dividend income and other income net of expenses.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on October 6, 2016