

Butterfield International Balanced Fund

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2011

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Butterfield International Balanced Fund

Report on the Financial Statements

We have audited the accompanying financial statements of the Butterfield International Balanced Fund (the "Fund"), which comprise the statement of assets and liabilities, including the schedule of investments, as at June 30, 2011, and the statements of operations and changes in net assets for the year then ended, (expressed in United States Dollars for the US Dollar Class and Pounds Sterling for the Pounds Sterling Class) 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 accounting principles generally accepted in Canada, 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.

Auditor's Responsibility

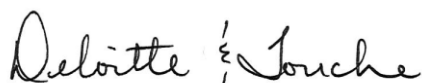
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Canada. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 auditor's 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 auditor considers 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 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 the Fund as at June 30, 2011, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Canada.



November 8, 2011

Butterfield International Balanced Fund

Trustee

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

Administrator, Registrar and Transfer Agent

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609, Grand Cayman KY1-1107, Cayman Islands
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Sub-Administrator, Transfer Agent

Butterfield Fulcrum Group (Bermuda) Limited
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Investment Advisor

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Sub-Investment Advisor

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Custodian and Banker

Butterfield Bank (Cayman) Limited
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Sub-Custodian and Banker

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Butterfield International Balanced Fund

Sales Agents

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Auditors

Deloitte & Touche
2nd Floor, One Capital Place
P.O. Box 1787, Grand Cayman KY1-1109, Cayman Islands

Legal Advisors and Listing Agent

Appleby
Clifton House, 75 Fort Street
P.O. Box 190, Grand Cayman KY1-1104, Cayman Islands

Butterfield International Balanced Fund

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2011

(Expressed in US Dollars)

US DOLLAR CLASS	Notes	2011	2010
ASSETS			
Investments, at market value (Cost 2011 - \$44,768,747; 2010 - \$46,476,581)	2, 3, 4	\$ 49,071,014	\$ 46,027,847
Cash and cash equivalents		4,523,342	3,108,292
Bond interest receivable		142,285	188,443
Dividend income receivable		8,130	16,641
Other assets		4,438	4,780
		53,749,209	49,346,003
LIABILITIES			
Payable for capital units redemption		8,400	95,098
Accrued expenses	6	159,837	100,082
		168,237	195,180
NET ASSETS		\$ 53,580,972	\$ 49,150,823
Number of units in issue	5	2,558,052	2,722,601
NET ASSET VALUE PER UNIT		\$ 20.95	\$ 18.05

On behalf of the Trustees



Butterfield Bank (Cayman) Limited

As Trustee

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF ASSETS AND LIABILITIES

As at June 30, 2011

(Expressed in Pounds Sterling)

POUNDS STERLING CLASS	Notes	2011	2010
ASSETS			
Investments, at market value (Cost 2011 - £4,235,488; 2010 - £4,364,390)	2, 3, 4	£ 4,857,269	4,600,884
Cash and cash equivalents		334,601	184,272
Bond interest receivable		28,696	32,459
Dividend income receivable		4,952	4,899
Other assets		1,894	1,282
		5,227,412	4,823,796
LIABILITIES			
Payable for capital units redemption		51,160	-
Accrued expenses	6	22,606	22,320
		73,766	22,320
NET ASSETS		£ 5,153,646	£ 4,801,476
Number of units in issue	5	342,825	361,905
NET ASSET VALUE PER UNIT		£ 15.03	£ 13.27

On behalf of the Trustees



Butterfield Bank (Cayman) Limited

As Trustee

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF OPERATIONS For the year ended June 30, 2011 (Expressed in US Dollars)

US DOLLAR CLASS	Notes	2011	2010
INCOME			
Bond interest income	\$	747,358	\$ 777,799
Net dividend income		577,530	494,133
Foreign exchange gains		33,635	15,608
Miscellaneous income		3,305	9
		1,361,828	1,287,549
EXPENSES			
Administration and management fee	6	546,536	523,835
Custodian fee	6	131,648	128,896
Audit and legal fees		19,996	33,750
Transfer agent fee	6	12,131	31,394
Sundry expenses		10,590	4,932
		720,901	722,807
NET INVESTMENT INCOME		640,927	564,742
REALISED AND UNREALISED GAIN/(LOSS) ON INVESTMENTS			
Net realised gain/(loss) on investments		2,302,920	(105,647)
Net change in unrealised appreciation on investments		4,751,001	3,066,581
NET GAIN ON INVESTMENTS		7,053,921	2,960,934
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 7,694,848	\$ 3,525,676

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF OPERATIONS
For the year ended June 30, 2011
(Expressed in Pounds Sterling)

POUNDS STERLING CLASS	Notes	2011	2010
INCOME			
Bond interest income	£	77,520	£ 83,965
Net dividend income		66,769	75,515
Foreign exchange (losses)/gains		(5,410)	111,564
Miscellaneous income		116	-
		138,995	271,044
EXPENSES			
Administration and management fee	6	60,500	55,129
Audit and legal fees		13,222	14,821
Custodian fee	6	12,732	12,810
Sundry expenses		3,371	1,480
Transfer agent fee	6	-	398
		89,825	84,638
NET INVESTMENT INCOME		49,170	186,406
REALISED AND UNREALISED GAIN ON INVESTMENTS			
Net realised gain on investments		193,000	19,554
Net change in unrealised appreciation on investments		385,287	463,156
NET GAIN ON INVESTMENTS		578,287	482,710
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	£	627,457	£ 669,116

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2011

(Expressed in US Dollars)

US DOLLAR CLASS	Notes	2011	2010
INCREASE IN NET ASSETS:			
From Operations			
Net investment income	\$	640,927	\$ 564,742
Net realised gains/(losses) on investments		2,302,920	(105,647)
Net change in unrealised appreciation on investments		4,751,001	3,066,581
		7,694,848	3,525,676
From Capital Transactions			
Issue of units	5	1,435,002	3,076,825
Redemption of units	5	(4,699,701)	(4,846,219)
		(3,264,699)	(1,769,394)
INCREASE IN NET ASSETS		4,430,149	1,756,282
NET ASSETS – BEGINNING OF YEAR		49,150,823	47,394,541
NET ASSETS – END OF YEAR	\$	53,580,972	\$ 49,150,823

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2011

(Expressed in Pounds Sterling)

POUNDS STERLING CLASS	Notes	2011	2010
INCREASE IN NET ASSETS:			
From Operations			
Net investment income	£	49,170 £	186,406
Net realised gain on investments		193,000	19,554
Net change in unrealised appreciation on investments		385,287	463,156
		627,457	669,116
From Capital Transactions			
Proceeds on the issue of units	5	65,853	72,264
Payment on the redemption of units	5	(341,140)	(657,258)
		(275,287)	(584,994)
INCREASE IN NET ASSETS		352,170	84,122
NET ASSETS – BEGINNING OF YEAR		4,801,476	4,717,354
NET ASSETS – END OF YEAR	£	5,153,646 £	4,801,476

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class)

As at June 30, 2011

(Expressed in US Dollars)

Investments	Shares	Cost	Market Value	% of Portfolio
		\$	\$	%
Equities - Europe				
Adidas	6,670	419,719	529,394	1.08%
Carlsberg AS-B	3,960	413,035	430,770	0.88%
Essilor International	6,400	446,543	519,102	1.06%
Nestle SA	14,010	596,450	870,937	1.77%
Novartis AG	8,930	518,468	547,168	1.12%
Total SA	10,240	610,664	592,220	1.21%
Vivendi SA	18,480	603,638	510,534	1.03%
		3,608,517	4,000,125	8.15%
<hr/>				
Equities - United Kingdom				
BG Group PLC	20,290	384,159	460,562	0.94%
Reckitt Benckiser Group PLC	8,040	321,693	443,987	0.90%
Smith & Nephew	47,760	454,862	509,850	1.04%
		1,160,714	1,414,399	2.88%

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Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) (CONT'D) As at June 30, 2011 (Expressed in US Dollars)

Investments	Shares	Cost \$	Market Value \$	% of Portfolio %
Equities/ADRs - United States				
Accenture Limited - Class A	10,300	326,707	622,326	1.27%
Archer Daniels Midland Company	14,310	453,582	431,447	0.88%
Biogen Idec Inc.	5,110	257,961	546,361	1.11%
Checkpoint Software Technologies Limited	10,510	262,809	597,493	1.22%
Chevron Corp.	6,520	548,555	670,517	1.37%
Cisco Systems Inc.	39,030	755,406	609,258	1.24%
Citrix Systems Inc.	7,310	511,351	584,800	1.19%
ConocoPhillips	7,480	645,139	562,421	1.15%
Diageo PLC – Sponsored ADR	5,310	297,930	434,730	0.89%
EMC Corp/Mass	21,170	457,623	583,234	1.19%
Exxon Mobil Corp.	8,217	499,861	668,699	1.36%
Johnson & Johnson	8,200	507,234	545,464	1.11%
Microsoft Corp.	24,450	606,192	635,700	1.30%
Netease.com Inc – Sponsored ADR	12,870	518,375	580,308	1.17%
Pepsico Inc.	9,520	632,842	670,494	1.37%
Petroleo Brasileiro S.A. –Sponsored ADR	17,690	687,947	598,983	1.22%
Pfizer Inc.	26,680	466,405	549,608	1.12%
Phillip Morris International	6,430	358,265	429,331	0.87%
Procter & Gamble Company	10,220	550,739	649,685	1.32%
Royal Dutch Shell PLC – Sponsored ADR	7,840	523,011	557,659	1.14%
Teva Pharmaceutical – Sponsored ADR	11,474	483,854	553,276	1.13%
Time Warner Inc.	14,546	404,662	529,038	1.08%
Zimmer Holdings Inc.	8,120	433,319	513,185	1.05%
		11,189,769	13,124,017	26.75%
Total Equities/ADRs		15,959,000	18,538,541	37.78%

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Butterfield International Balanced Fund

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

As at June 30, 2011

(Expressed in US Dollars)

Investments	Nominal Holding/ Shares	Cost \$	Market Value \$	% of Portfolio %
Fixed Income Securities - Australia				
Commonwealth Bank of Australia 2.4%, 12/01/2012	640,000	655,418	646,752	1.32%
Wells Fargo Co 2.5%, 25/5/2012	770,000	785,352	782,610	1.59%
		1,440,770	1,429,362	2.91%
Fixed Income Securities - Canada				
Bank of Nova Scotia 2.05%, 07/10/2015	625,000	626,181	620,778	1.27%
Province of Ontario 1.875% 19/11/2012	500,000	501,485	509,048	1.04%
		1,127,666	1,129,826	2.31%
Fixed Income Securities - Europe				
Barclays Bank PLC, 2.7%, 05/03/2012	600,000	613,380	607,953	1.24%
BK Nederlandse Gemeenten, 2.375% 04/06/2012	675,000	687,488	686,240	1.40%
BP Capital Markets PLC, 2.375%, 14/12/2011	610,000	611,675	615,089	1.25%
CIE Financement Foncier, 2.5%, 16/09/2015	700,000	707,350	693,453	1.41%
Denmark Kingdom, 2.75%, 15/11/2011	600,000	614,760	605,036	1.23%
Dexia Municipal Agency, 5.125%, 17/01/2012	275,000	294,267	281,236	0.57%
Dexia Municipal Agency, 5.125%, 31/05/2012	350,000	367,885	362,877	0.74%
Eksportfinans ASA, 2.375%, 25/05/2016	900,000	902,700	902,592	1.84%
Kommunelbanken, 5.125%, 30/05/2012	600,000	694,665	672,443	1.37%
L-Bank Foerderbk, 2.75%, 15/05/2015	200,000	208,780	206,614	0.42%
Ned Waterschapbk, 3%, 17/03/2015	525,000	550,867	547,778	1.12%
Rabobank Nederland, 3.2%, 03/11/15	1,000,000	1,051,700	1,034,535	2.11%
Royal Bank of Scotland, 1.45%, 20/10/2011	600,000	600,168	601,964	1.23%
Shell International Finance, 4%, 21/03/2014	625,000	656,125	672,876	1.37%
Societe Financement de l'Economie Francaise, 3.375%, 05/05/2014	100,000	101,240	105,948	0.22%
Swedbank AB, 2.8%, 02/10/12	300,000	306,990	304,332	0.62%
Total Capital, 5%, 22/05/2012	600,000	644,400	622,992	1.27%
		9,614,440	9,523,958	19.41%

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Butterfield International Balanced Fund

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

As at June 30, 2011

(Expressed in US Dollars)

Investments	Nominal Holding/ Shares	Cost \$	Market Value \$	% of Portfolio %
Fixed Income Securities - United States				
Berkshire Hathaway, 3.2%, 02/11/2015	500,000	500,285	521,127	1.06%
General Electric Capital Corp, 2.8%, 08/01/2013	600,000	605,340	615,234	1.25%
General Electric Capital Corp, 5.25%, 19/10/2012	30,000	31,055	31,627	0.06%
Goldman Sachs GP, 5.45% ,01/11/2012	2,385,000	2,423,443	2,520,652	5.14%
Procter & Gamble, 1.75%, 01/08/2012	1,010,000	1,011,323	1,017,777	2.07%
Westpac Securities, 2.5%, 25/05/2012	1,380,000	1,397,036	1,456,027	2.97%
		5,968,482	6,162,444	12.55%
Total Fixed Income Securities		18,151,358	18,245,590	37.18%
Exchange Traded Funds - United States				
iShares S&P Global Industrials Sector Index Fund	29,370	1,395,044	1,671,153	3.41%
iShares MSCI Emerging Markets Index Fund	34,040	1,275,942	1,620,304	3.30%
iShares MSCI Pacific Index Fund	33,800	1,257,691	1,609,218	3.28%
iShares S&P Global Financial Sector Index Fund	57,090	2,590,737	2,621,002	5.34%
iShares S&P Global Telecommunications Sector Index Fund	18,500	1,233,226	1,120,915	2.28%
iShares S&P Global Materials Sector Index Fund	21,000	1,174,932	1,541,190	3.14%
iShares S&P Global Utilities Sector Index Fund	9,240	398,247	424,393	0.86%
Market Vectors Gold Miners	9,150	366,259	499,499	1.02%
Oil Services Holders Trust	3,065	427,822	465,880	0.95%
Vanguard Industrials ETF	10,280	538,489	713,329	1.46%
Total Exchange Traded Funds		10,658,389	12,286,883	25.04%
Total Investments		44,768,747	49,071,014	100.00%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) As at June 30, 2010 (Expressed in US Dollars)

Investments	Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - Asia				
Shangri-La Asia Limited	1,990	4,927	3,700	0.01%
		4,927	3,700	0.01%
Equities - Europe				
Anheuser-Busch InBev NV	11,120	309,302	540,764	1.17%
BP PLC	11,873	769,406	342,892	0.74%
Diaego PLC	8,500	476,912	533,290	1.16%
Nestle SA	13,000	512,499	629,850	1.37%
Royal Dutch Shell PLC	7,670	516,041	385,187	0.84%
Total SA	7,710	480,209	348,755	0.76%
Vivendi SA	20,210	671,949	414,738	0.90%
		3,736,318	3,195,476	6.94%
Equities - Israel				
Teva Pharmaceutical Industries Limited	12,244	489,702	636,566	1.38%
		489,702	636,566	1.38%
Equities - United Kingdom				
Reckitt Benckiser Group PLC	10,700	423,437	500,843	1.09%
		423,437	500,843	1.09%

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Butterfield International Balanced Fund

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

As at June 30, 2010

(Expressed in US Dollars)

Investments	Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - United States				
Accenture Limited - Class A	14,150	448,826	546,898	1.19%
American Oriental Bioengineering Inc.	44,910	186,987	113,173	0.25%
Amerisource Bergen Corp.	5,910	168,500	187,643	0.41%
Amgen Inc.	3,835	214,235	201,721	0.44%
Archer Daniels Midland Company	20,010	644,021	516,658	1.12%
Biogen Idec Inc.	4,950	234,275	234,878	0.51%
Checkpoint Software Technologies Limited	22,960	574,129	676,861	1.47%
Chevron Corp.	9,180	771,949	622,955	1.35%
Cisco Systems Inc.	30,300	619,036	645,693	1.40%
Clorox Company	3,000	169,739	186,480	0.41%
ConocoPhillips	13,020	1,130,417	639,152	1.39%
Exxon Mobil Corp.	5,097	305,341	290,886	0.63%
International Business Machines Corp.	6,160	731,373	760,637	1.65%
Kinetic Concepts Inc.	14,810	447,159	540,713	1.17%
Mylan Inc.	41,840	474,969	712,954	1.55%
Netapp Inc.	11,930	295,150	445,108	0.97%
Oil Service Holders Trust	3,545	498,696	335,499	0.73%
PetroChina Company Limited	3,860	283,845	423,558	0.92%
Petroleo Brasileiro SA	7,220	349,094	247,790	0.54%
Procter & Gamble Company	10,540	564,179	632,189	1.37%
Seagate Technology	15,450	246,693	201,468	0.44%
SPDR Trust Series 1	26,520	2,384,799	2,737,394	5.95%
Time Warner Inc.	15,686	425,232	453,482	0.99%
Wellpoint Inc.	4,770	257,089	233,396	0.51%
Western Digital Corp.	7,660	293,089	231,026	0.50%
		12,718,822	12,818,212	27.86%
Total Equities		17,373,206	17,154,797	37.28%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

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

As at June 30, 2010

(Expressed in US Dollars)

Investments	Nominal Holding	Cost \$	Market Value \$	% of Portfolio %
Fixed Income Securities - Australasia				
Commonwealth Bank of Australia, 2.4%, 12/01/2012	640,000	655,418	652,275	1.41%
Westpac Securities, 2.5%, 25/05/2012	770,000	785,354	785,892	1.71%
		1,440,772	1,438,167	3.12%
Fixed Income Securities - Canada				
Province of Ontario, 1.875%, 19/11/2010	500,000	501,485	505,847	1.10%
		501,485	505,847	1.10%
Fixed Income Securities - Europe				
Agence Francaise de Development, 1.750%, 18/01/2011	400,000	404,960	401,254	0.87%
Bank Nederlandse Gemeenten, 2.375%, 04/06/2012	675,000	687,488	688,735	1.50%
BP Capital Markets, 2.375%, 14/12/2011	610,000	611,675	559,195	1.21%
Denmark Government, 2.75%, 15/11/2011	600,000	614,760	614,154	1.33%
Dexia Municipal Agency, 5.125%, 17/01/2012	275,000	294,267	291,138	0.63%
Dexia Municipal Agency, 5.125%, 31/05/2012	350,000	367,885	374,928	0.81%
EUROHYPO, 4.625%, 30/09/2010	1,135,000	1,135,800	1,142,923	2.48%
Eksportfinans ASA, 5%, 14/02/2012	250,000	265,565	265,179	0.58%
Kommuninvest I Sverige, 5.375%, 15/06/2011	2,600,000	2,696,850	2,700,610	5.87%
Kommunalbanken AS, 5.125%, 30/05/2012	645,000	694,665	693,126	1.51%
Royal Bank of Scotland, 1.45%, 20/10/2011	600,000	600,168	601,464	1.31%
Shell Intl Finance, 4%, 21/03/2014	625,000	656,125	661,059	1.44%
Societe Financement de l'Economie Francaise, 3.375%, 05/05/2014	100,000	101,240	105,105	0.23%
Total Capital SA, 5%, 22/05/2012	600,000	644,400	639,647	1.39%
Network Rail Infrastructure Finance, 5.205%, 09/05/2011	580,000	608,872	600,935	1.30%
		10,384,720	10,339,722	22.46%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (US Dollar Class) (CONT'D) As at June 30, 2010 (Expressed in US Dollars)

Investments	Nominal Holding/ Shares	Cost \$	Market Value \$	% of Portfolio %
Fixed Income Securities - United States				
Bank of America, 4.25%, 01/10/2010	845,000	859,297	850,547	1.85%
Berkshire Hathaway, 3.2%, 11/02/2015	500,000	500,285	514,906	1.12%
John Deere Capital FRN, 19/08/2010	1,470,000	1,469,908	1,470,973	3.20%
General Electric Capital Corp., 2.8%, 08/01/2013	600,000	605,340	609,787	1.32%
General Electric Capital Corp., 5.25%, 19/10/2012	30,000	31,055	32,067	0.07%
Goldman Sachs, 5.45%, 01/11/2012	2,365,000	2,402,343	2,491,386	5.41%
HSBC Finance Corp., 4.625%, 15/09/2010	160,000	161,665	161,134	0.35%
HSBC Finance Corp., 8%, 15/07/2010	260,000	261,300	260,415	0.57%
Procter & Gamble, 1.375%, 01/08/2012	1,000,000	1,001,260	1,009,967	2.19%
Wells Fargo & Co., 5.25%, 23/10/2012	1,358,000	1,373,540	1,453,281	3.16%
		8,665,993	8,854,463	19.24%
Total Fixed Income Securities		20,992,970	21,138,199	45.94%
Exchange Traded Funds - United States				
iShares S&P Global Industrials Sector Index Fund	22,150	1,022,039	928,750	2.02%
iShares MSCI Emerging Markets Index Fund	60,460	2,260,657	2,256,367	4.90%
iShares MSCI Pacific Index Fund	36,690	1,365,227	1,311,301	2.85%
iShares S&P Global Telecommunications Sector Index Fund	10,320	767,857	493,502	1.07%
iShares S&P Global Materials Sector Index Fund	26,570	1,486,569	1,391,737	3.02%
iShares S&P Global Utilities Sector Index Fund	7,860	331,301	312,907	0.68%
Market Vectors Gold Mining	12,130	476,229	630,275	1.37%
Vanguard Industrials ETF	8,060	400,526	410,012	0.89%
Total Exchange Traded Funds		8,110,405	7,734,851	16.80%
Total Investments		46,476,581	46,027,847	100.00%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Pounds Sterling Class)

As at June 30, 2011

(Expressed in Pounds Sterling)

Investments	Nominal Holding/ Shares	Cost \$	Market Value \$	% of Portfolio %
Equities - Europe:				
3i Group PLC	4,662	21,631	13,105	0.27%
Air Liquide SA	530	26,785	47,314	0.97%
Allianz SE	575	60,561	50,040	1.03%
Aviva PLC	3,250	24,169	14,268	0.29%
Barclays PLC	8,000	55,362	20,516	0.42%
BASF SE	950	14,159	57,872	1.19%
BG Group PLC	4,000	42,433	56,560	1.16%
BHP Billiton PLC	1,500	19,141	36,780	0.76%
British American Tobacco PLC	1,550	25,630	42,331	0.87%
Carlsberg AS	450	21,074	30,493	0.63%
Diageo PLC	3,140	33,927	39,972	0.82%
Essilor International PLC	950	26,993	48,002	0.99%
GlaxoSmithkline PLC	4,190	66,734	55,895	1.15%
HSBC Holdings PLC	6,815	46,786	42,144	0.87%
Lafarge SA	520	33,348	20,645	0.43%
Nestle SA	2,720	44,726	105,337	2.17%
Novartis AG	1,050	27,135	40,079	0.83%
Postnl	2,000	15,616	10,574	0.22%
PPR	485	26,922	53,806	1.11%
Reckitt Benckiser Group PLC	1,090	21,866	37,496	0.77%
Rio Tinto PLC	1,301	38,019	58,421	1.20%
Royal Bank of Scotland PLC	20,124	67,567	7,740	0.16%
Royal Dutch Shell PLC	7,095	137,284	157,793	3.25%
Siemens AG	600	38,712	51,295	1.06%
Smith & Nephew PLC	6,300	38,221	41,895	0.86%
Smiths Group PLC	3,036	14,071	36,462	0.75%
Telefonica SA	1,850	20,559	28,179	0.58%
Tesco PLC	14,080	64,316	56,602	1.17%
TNT Express NV-W/I	2,000	18,050	12,923	0.27%
Total SA	2,295	69,400	82,686	1.70%
Unilever PLC	1,000	17,501	20,060	0.41%
Vivendi SA	1,900	34,865	32,914	0.68%
Vodafone Group PLC	22,495	34,588	37,184	0.77%
WPP Group PLC	6,800	37,317	53,040	1.09%
Xstrata PLC	3,450	29,734	47,314	0.96%
		1,315,202	1,547,737	31.86%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

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

As at June 30, 2011

(Expressed in Pounds Sterling)

Investments	Shares	Cost £	Market Value £	% of Portfolio %
Equities/ADRs - United States:				
Accenture Limited	1,540	32,420	57,962	1.19%
Archer Daniels Midland Co	1,670	33,959	31,365	0.65%
Biogen Idec Inc.	490	13,157	32,636	0.67%
Caterpillar Inc.	1,050	26,380	69,633	1.43%
Checkpoint Software Technologies Limited	1,680	24,576	59,495	1.22%
Chevron Corp.	800	41,446	51,250	1.06%
Cisco Systems Inc.	3,070	35,496	29,853	0.62%
Citrix Systems Inc.	1,030	13,600	51,330	1.06%
EMC Corporation	2,610	19,800	44,793	0.92%
Exxon Mobil Corp.	2,185	59,905	110,768	2.29%
Fluor Corporation	680	19,278	27,390	0.56%
General Dynamics Corp.	610	11,116	28,317	0.58%
Johnson & Johnson	800	30,206	33,150	0.68%
Microsoft Corp.	2,665	53,960	43,163	0.89%
Netease.com Inc.	1,460	18,848	41,009	0.84%
PepsiCo Inc.	870	29,214	38,170	0.79%
Petroleo Brasileiro – Sponsored ADR	1,750	39,496	33,445	0.69%
Pfizer Pharmaceutical – Sponsored ADR	3,000	32,864	38,497	0.79%
Teva Pharmaceutical – Sponsored ADR	1,185	22,305	35,595	0.73%
Zimmer Holdings Inc.	400	12,597	15,749	0.32%
		570,623	873,570	17.98%
Total Equities		1,885,825	2,421,307	49.84%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

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

As at June 30, 2011

(Expressed in Pounds Sterling)

Investments	Nominal Holding/ Shares	Cost £	Market Value £	% of Portfolio %
Exchange Traded Funds - United States:				
iShares Dj US Oil Equip & SV	1,500	57,787	59,737	1.23%
iShares MSCI Japan Index Fund	30,800	195,711	200,115	4.12%
iShares MSCI Pacific Index Fund	3,825	58,079	113,442	2.34%
iShares S&P Global Consumer Discretionary Sector Index Fund	1,080	28,765	38,231	0.79%
iShares S&P Global Financials Sector Index Fund	3,775	94,330	107,961	2.22%
iShares S&P Global Telecommunications Sector Index Fund	1,240	41,538	46,801	0.96%
iShares S&P Global Utilities Sector Index Fund	1,860	55,418	53,217	1.10%
Market Vector Gold Miners	1,410	34,148	47,949	0.99%
Total Exchange Traded Funds		565,776	667,453	13.75%
Fixed Income Securities - Australia				
Suncorp Metway Ltd, 4%, 16/01/2014	200,000	210,992	211,448	4.35%
		210,992	211,448	4.35%
Fixed Income Securities - Canada:				
Province of Ontario, 2%, 12/10/2013	100,000	99,665	101,179	2.08%
Export Development Canada, 3.125%, 24/4/2014	100,000	70,594	66,055	1.36%
		170,259	167,234	3.44%
Fixed Income Securities - Europe:				
GE Capital UK Funding, 5.875%, 11/1/2012	150,000	159,305	157,800	3.25%
Landwirth Rentenbank, 2.125%, 15/07/2016	100,000	63,529	62,228	1.28%
Nationwide Building Society, 3.75%, 24/04/2014	150,000	155,484	151,707	3.12%
Ned Waterschapbk, 3%, 17/03/2015	70,000	47,959	45,519	0.94%
Rabobank Nederland, 4.625%, 31/05/2012	250,000	265,365	257,210	5.30%
Royal Bank of Scotland, 3%, 9/12/2011	125,000	82,358	78,751	1.62%
Total Capital SA, 4.625%, 07/03/2012	100,000	99,415	102,279	2.11%
Unilever PLC, 4%, 19/12/2014	150,000	158,915	159,285	3.28%
Vodafone Group PLC, 4.625%, 08/09/2014	100,000	103,465	105,975	2.18%
		1,135,795	1,120,754	23.08%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

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

As at June 30, 2011

(Expressed in Pounds Sterling)

Investments	Nominal Holding/ Shares	Cost	Market Value	% of Portfolio
		£	£	%
Fixed Income Securities – United States:				
ASIF II, 5.125%, 28/01/2013	200,000	203,031	206,406	4.25%
Phillip Morris International Inc. 2.5%, 16/05/2016	100,000	63,810	62,667	1.29%
		266,841	269,073	5.54%
Total Fixed Income Securities		1,783,887	1,768,508	36.41%
Total Investments		4,235,488	4,857,269	100.00%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (Pounds Sterling Class)

As at June 30, 2010

(Expressed in Pounds Sterling)

Investments	Shares	Cost £	Market Value £	% of Portfolio %
Equities - Brazil:				
Petroleo Brasileiro SA	1,750	39,496	34,895	0.76%
		39,496	34,895	0.76%
Equities - Europe:				
3i Group PLC	4,662	21,631	12,406	0.27%
Air Liquide SA	670	33,862	45,777	0.99%
Allianz SE	575	60,561	38,428	0.84%
Aviva PLC	3,250	24,169	10,208	0.22%
Barclays PLC	8,000	55,362	21,644	0.47%
BASF SE	1,180	17,587	43,585	0.95%
BG Group PLC	4,000	42,433	40,240	0.87%
BHP Billiton PLC	1,500	19,141	26,318	0.57%
British American Tobacco PLC	2,000	33,075	42,730	0.93%
Carlsberg AS	450	21,074	23,096	0.50%
Diageo PLC	3,590	38,790	38,054	0.83%
Essilor International PLC	1,130	32,108	45,318	0.98%
GlaxoSmithkline PLC	4,190	66,734	47,892	1.04%
HSBC Holdings PLC	6,815	46,786	41,926	0.91%
Lafarge SA	520	33,348	19,192	0.42%
Nestle SA	3,080	50,646	99,842	2.17%
Novartis AG	1,310	33,854	42,791	0.93%
PPR	485	26,922	40,724	0.89%
Prudential PLC	2,750	18,544	13,984	0.30%
Reckitt Benckiser Group PLC	1,090	21,866	34,139	0.74%
Rio Tinto PLC	1,476	43,133	43,815	0.95%
Rolls-Royce Group PLC	5,500	22,534	30,938	0.67%
Rolls-Royce Group PLC - Class C	495,000	-	331	0.01%
Royal Bank of Scotland PLC	20,124	67,567	8,337	0.18%
Royal Dutch Shell PLC	7,095	137,284	115,719	2.52%
Siemens AG	600	38,712	36,365	0.79%
Smith & Nephew PLC	8,200	49,747	52,111	1.13%
Smiths Group PLC	3,816	17,685	40,908	0.89%
Telefonica SA	1,850	20,559	23,108	0.50%
Tesco PLC	14,080	64,316	53,511	1.16%
Total SA	2,585	78,169	78,240	1.70%
Unilever PLC	1,000	17,501	18,010	0.39%
Vivendi SA	1,900	34,865	26,159	0.57%
Vodafone Group PLC	23,045	35,433	32,067	0.70%
WPP Group PLC	6,800	37,317	43,214	0.94%
Xstrata PLC	4,020	34,646	35,649	0.77%
		1,397,961	1,366,776	29.69%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

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

As at June 30, 2010

(Expressed in Pounds Sterling)

Investments	Shares	Cost £	Market Value £	% of Portfolio %
Equities - Israel:				
Teva Pharmaceutical Industries Limited	1,985	37,364	69,053	1.50%
		37,364	69,053	1.50%
Equities - United States:				
Accenture Limited	1,790	37,683	46,292	1.01%
Biogen Idec Inc.	1,580	42,424	50,165	1.09%
Caterpillar Inc.	1,050	26,380	42,204	0.92%
Checkpoint Software Technologies Limited	1,980	28,965	39,057	0.85%
Chevron Corp.	800	41,446	36,325	0.79%
Cisco Systems Inc.	3,070	35,496	43,775	0.95%
Citrix Systems Inc.	1,610	21,258	45,494	0.99%
EMC Corporation	3,800	28,828	46,531	1.01%
Exxon Mobil Corp.	2,360	64,703	90,121	1.96%
Fluor Corporation	680	19,278	19,338	0.42%
General Dynamics Corp.	610	11,116	23,902	0.52%
Johnson & Johnson	800	30,206	31,615	0.69%
Microsoft Corp.	2,665	53,960	41,032	0.89%
Netease.com Inc.	1,460	18,848	30,978	0.67%
Oil Service Holders Trust	700	40,604	44,328	0.96%
PepsiCo Inc.	870	29,214	35,481	0.77%
Pfizer Inc.	3,000	32,863	28,625	0.62%
		563,272	695,263	15.11%
Total Equities		2,038,093	2,165,987	47.06%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

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

As at June 30, 2010

(Expressed in Pounds Sterling)

Investments	Nominal Holding/ Shares	Cost £	Market Value £	% of Portfolio %
Exchange Traded Funds - United States:				
iShares MSCI Japan Index Fund	30,800	195,711	189,602	4.12%
iShares MSCI Pacific Index Fund	3,825	58,080	91,472	1.99%
iShares S&P Global Consumer Discretionary Sector Index Fund	1,530	40,751	42,230	0.92%
iShares S&P Global Financials Sector Index Fund	3,475	83,967	90,841	1.97%
iShares S&P Global Telecommunications Sector Index Fund	1,240	41,538	39,677	0.87%
iShares S&P Global Utilities Sector Index Fund	2,000	59,590	53,275	1.16%
Market Vectors Gold Mining	1,410	34,149	49,022	1.07%
Total Exchange Traded Funds		513,786	556,119	12.10%
Fixed Income Securities - Canada:				
Export Development Canada, 3.125%, 24/04/2014	100,000	70,594	70,543	1.53%
		70,594	70,543	1.53%
Fixed Income Securities - Europe:				
ASIF II, 5.125%, 28/01/2013	200,000	203,025	198,162	4.31%
Cie de Financement Foncier, 5.125%, 16/05/2011	100,000	100,915	103,221	2.24%
ENI Coordination Center, 4.875%, 09/12/2010	300,000	298,839	304,383	6.62%
GE Capital UK Funding, 4.75%, 15/12/2010	300,000	297,150	303,498	6.60%
L-Bank BW Forderbank, 4.25%, 15/09/2010	125,000	69,203	84,198	1.83%
Nationwide Building Society, 3.75%, 24/04/2014	150,000	155,484	155,054	3.37%
Nederlandse Watershopsbank, 3%, 17/03/2015	70,000	47,960	47,983	1.04%
Nestle Holdings Inc., 4%, 23/06/2011	200,000	101,096	137,890	3.00%
Rabobank Nederland, 4.625%, 31/05/2012	250,000	265,365	264,293	5.74%
Total Capital SA, 4.625%, 07/03/2012	100,000	99,415	105,142	2.29%
Vodafone Group PLC, 4.625%, 08/09/2014	100,000	103,465	104,411	2.27%
		1,741,917	1,808,235	39.31%
Total Fixed Income Securities		1,812,511	1,878,778	40.84%
Total Investments		4,364,390	4,600,884	100.00%

The accompanying notes form an integral part of these financial statements

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

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 (subsequently Butterfield Fulcrum Group (Cayman) Limited) as manager (the "Manager"). On December 15, 2008, the Trustee amended and restated the Trust Deed for the Fund, in which Butterfield Fulcrum Group (Cayman) Limited 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, 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. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"), 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 reporting period. Actual results could differ from the estimates.

The significant accounting policies are as follows:

a) Valuation of Investments

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

Securities for which there were no sales on that day are valued at the median price between the securities last bid price and asked price on the day of valuation.

The computation of the cost of sale of securities is made on the basis of the average cost. Purchases and sale of securities are accounted for on the transaction date, and the difference between the sale price and the cost is included in realised gain/(loss) on investments in the statement of operations. The difference between the fair value and the cost of the securities is recorded as unrealised appreciation/(depreciation) on investments in the statement of operations.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Valuation of Investments (cont'd)

The fair value of investments traded in active markets are based on quoted market prices at the close of trading on the period end date. The quoted market price used for investments held by the Fund is the last sales price reported by the principal securities exchange on which the issue is traded, or lacking any sales, at the closing bid price. An investment is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange. The fair value of investments not traded in active markets are based on quoted prices readily available from dealers, brokers, industry groups, pricing services, or regulatory agencies, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The net change during the year between these amounts and cost is shown as net change in unrealised appreciation and depreciation on investments in the statement of operations.

b) Income Recognition

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

c) Foreign currency translation

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

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

d) Financial Assets and Liabilities

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) Adoption of New Accounting Standards

In January 2011, the Accounting Standards Board ("AcSB") amended the Introduction to Part I of the CICA Handbook—Accounting to allow investment companies, which include investment funds, to adopt International Financial Reporting Standards ("IFRS") for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2013. Investment companies electing to defer the first time adoption may continue to apply existing Canadian GAAP until the changeover to IFRS.

The Fund will defer the first time adoption and adopt IFRS beginning July 1, 2013. The Fund is currently evaluating the impact of this changeover.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3. FINANCIAL RISK MANAGEMENT

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

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

The nature and extent of the financial instruments outstanding at the statement of assets and liabilities date and the risk management policies employed by the Fund are discussed below:

a) Market risk

Market risk embodies the potential for both 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 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.

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

At June 30, 2011, 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 \$935,930 (2010: \$1,230,114). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

At June 30, 2011, 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 Pounds Sterling Class would have increased/decreased by £257,534 (2010: £228,686). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3. FINANCIAL RISK MANAGEMENT (CONT'D)

CURRENCY RISK (cont'd)

As at June 30, 2011, the US Dollar Class has the following currency exposure in US Dollar equivalents:

	2011 USD	2011 % of Net Assets	2010 USD	2010 % of Net Assets
BRL	598,983	1.12%	247,790	0.50%
CHF	1,418,105	2.65%	629,324	1.28%
CNY	580,308	1.08%	-	-
DKK	430,770	0.80%	-	-
EUR	3,331,236	6.22%	2,440,192	4.96%
GBP	1,849,128	3.45%	1,377,565	2.80%
HKD	-	-	540,431	1.10%
ILS	1,150,770	2.15%	1,313,426	2.67%
Other	-	-	5,752,413	11.70%
Total	9,359,300	17.47%	12,301,141	25.01%

As at June 30, 2011, the Pound Sterling Class has the following currency exposure in GBP equivalents:

	2011 GBP	2011 % of Net Assets	2010 GBP	2010 % of Net Assets
CHF	145,082	2.8%	145,426	3.0%
DKK	30,501	0.6%	23,219	0.5%
EUR	506,257	9.8%	407,098	8.5%
USD	1,893,502	36.7%	1,711,121	35.6%
Total	2,575,342	49.9%	2,286,864	47.6%

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. Fixed income securities account for 34.05% of the US Dollar Class's Net Asset Value (2010: 45.9%), and 34.32% of the Pounds Sterling Class's Net Asset Value (2010: 40.8%). 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 (0% of the US Dollar Class's Net Assets (2010:3.20%) and 0% of the Pound Sterling Class' Net Assets (2010: 0%)) and cash and cash equivalents of \$4,523,342 for the US Dollar Class (8.44% of the US Dollar Class' Net Assets (2010:6.33%)), and £334,601 for the Pounds Sterling Class (6.49% of the Pounds Sterling Class' Net Assets (2010:3.84%)). The Fund believes these balances do not expose the Fund to significant sensitivity to cash flow interest rate risk.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3. FINANCIAL RISK MANAGEMENT (CONT'D)

INTEREST RATE RISK (cont'd)

As at June 30, 2011, the carrying amount of the Fund's financial assets that bear fixed rates of interest amounted to \$18,245,590 (2010: \$21,138,199) for the US Dollar Class and £1,794,762 (2010: £1,878,778) for the Pounds Sterling Class. As at June 30, 2011, if long term market interest rates had been 0.5% lower or higher with other variables held constant, the net assets would have been \$161,884 (2010: \$162,764) lower or higher for the US Dollar Class and £34,234 (2010: £13,506) lower or higher for the Pounds 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 reasonably possible changes in market interest rates.

PRICE RISK

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to a particular instrument, its issuer or all factors affecting all instruments traded in the market. The Fund is exposed to equity price risk on its investments.

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, 2011 and 2010 are listed on stock exchanges.

As at June 30, 2011, the fair value of the Fund's investments in securities that are exposed to movement in equity prices amounted to \$30,825,424 (2010: \$24,889,648) for the US Dollar Class and £3,087,419 (2010: £2,722,106) for the Pounds Sterling Class.

The Fund estimates that a reasonably possible movement in its equity portfolio for the US Dollar Class is calculated using the average performance of the US Dollar Class' benchmark over the past eight years of 8% (2010:4%) adjusted to correlate to the actual investment portfolio held. As at June 30, 2011, if the benchmark equity market prices had been 8% (2010:4%) higher or lower with all other variables held constant, the US Dollar Class' net assets would have been \$1,904,111 (2010: \$995,586) higher or lower. The adjusted rate is the rate used when reporting price risk internally to key management personnel for the US Dollar Class.

The Fund estimates that a reasonably possible movement in its equity portfolio for the Pounds Sterling Class is 4% (2010:4%). As at June 30, 2011, if portfolio equity prices had been 4% higher or lower for the Pounds Sterling Class, the net assets would have been £123,497 (2010:£108,884) higher or lower. 4% is the sensitivity rate used when reporting other price risk internally to key management personnel for the Pounds Sterling Class.

b) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Financial instruments that potentially expose the Fund to credit and counterparty risk consist primarily of fixed income investments and cash and cash equivalents.

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.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3. FINANCIAL RISK MANAGEMENT (CONT'D)

b) Credit Risk (cont'd)

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

	Carrying amount	
	2011	2010
Investments at market (Fixed income securities)	18,245,590	21,138,199
Cash and cash equivalents	4,523,342	3,108,292
Dividend income receivable	8,130	16,641
Bond interest receivable	142,285	188,443

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	2011		2010	
	Market Value	Percentage	Market Value	Percentage
A	\$ 3,135,741	17.19%	\$ 3,050,581	14.40%
AA-	4,226,621	23.17%	2,969,100	14.00%
AA	1,575,470	8.63%	1,565,884	7.40%
AA+	2,157,212	11.82%	1,942,651	9.20%
AAA	7,150,546	39.19%	5,023,384	23.80%
Not Rated	-	-	6,586,599	31.20%
	18,245,590	100.00%	\$ 21,138,199	100.00%

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

	Carrying amount	
	2011	2010
Investments at market value (Fixed income securities)	1,768,508	1,878,778
Cash and cash equivalents	334,601	184,272
Dividend income receivable	4,952	4,899
Bond interest receivable	28,696	32,459

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

Credit Rating	2011		2010	
	Market Value	Percentage	Market Value	Percentage
BBB+	£ 105,974	6.0%	£ 104,411	5.6%
A-	-	-	105,142	5.6%
A	62,667	3.5%	-	-
A+	365,991	20.7%	502,545	26.7%
AA-	203,458	11.5%	-	-
AA	-	-	137,890	7.3%
AA+	157,800	8.9%	303,498	16.2%
AAA	872,918	49.4%	641,094	34.1%
Not Rated	-	-	84,198	4.5%
	£ 1,768,508	100.0%	£ 1,878,778	100.0%

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

3. FINANCIAL RISK MANAGEMENT (CONT'D)

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's financial liabilities at June 30, 2011 represent 0.31% of the US Dollar Class's Net Assets (2010: 0.40%) and 1.43% of the Pounds Sterling Class's Net Assets (2010: 0.47%) and fall due not later than one month. The Fund does not anticipate any significant liquidity concerns in funding redemption requests and other 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, 2011 and 2010 are actively traded.

As such, they are considered to be highly realisable, mitigating the liquidity risk of the Fund as at June 30, 2011 and 2010.

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

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 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 Company's own assumptions in determining the fair value of investments.

June 30, 2011
US Dollar Class

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 18,538,541	\$ -	\$ -	\$ 18,538,541
Fixed Income Securities	-	18,245,590	-	18,245,590
Exchange Traded Funds	12,286,883	-	-	12,286,883
Total Financial Assets	\$ 30,825,424	\$ 18,245,590	\$ -	\$ 49,071,014

Pound Sterling Class

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	£ 2,421,307	£ -	£ -	£ 2,421,307
Fixed Income Securities	-	1,768,509	-	1,768,509
Exchange Traded Funds	667,453	-	-	667,453
Total Financial Assets	£ 3,088,760	£ 1,768,509	£ -	£ 4,857,269

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

4. FAIR VALUE OF FINANCIAL ASSETS (CONT'D)

June 30, 2010
US Dollar Class

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	\$ 17,785,072	\$ -	\$ -	\$ 17,785,072
Fixed Income Securities	-	21,138,199	-	21,138,199
Exchange Traded Funds	7,104,576	-	-	7,104,576
Total Financial Assets	\$ 24,889,648	\$ 21,138,199	\$ -	\$ 46,027,847

Pound Sterling Class

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	£ 2,215,009	£ -	£ -	£ 2,215,009
Fixed Income Securities	-	1,878,778	-	1,878,778
Exchange Traded Funds	507,097	-	-	507,097
Total Financial Assets	£ 2,722,106	£ 1,768,509	£ -	£ 4,600,884

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 quoted in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 in the current or prior year. Financial assets and liabilities transferred from Level 2 to Level 1 might arise primarily as a 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 in the years ended June 30, 2011 and 2010.

Reconciliation of financial asset and liability movement - Level 3

The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2011 and 2010.

5. UNITHOLDERS CAPITAL

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

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

US Dollar Class	2011 No. of Units	2010 No. of Units
Balance - beginning of year	2,722,601	2,815,342
Issue of units	71,968	165,003
Redemption of units	(236,517)	(257,744)
Balance - end of year	2,558,052	2,722,601

Pound Sterling Class	2011 No. of Units	2010 No. of Units
Balance - beginning of year	361,905	404,979
Issue of units	4,554	5,187
Redemption of units	(23,634)	(48,261)
Balance - end of year	342,825	361,905

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

6. 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

Administration fees charged for the year ended June 30, 2011 were \$204,251 (2010: \$188,705) for the US Dollar Class, of which \$20,131 (2010: \$35,667) remained payable at year end and is included in accrued expenses. Administration fees charged for the year ended June 30, 2011 were £22,300 (2010: £16,700) for the Pound Sterling Class, of which £4,903 (2010: £2,120) remained payable at year end and is included in accrued expenses. These amounts were measured at the exchange amount.

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 Pound Sterling Class. No sales commission was charged in 2011 and 2010.

The Custodian and Sub-Custodian, 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.

Custodian fees charged for the year ended June 30, 2011 were \$131,648 (2010: \$128,896) for the US Dollar Class, of which \$33,563 (2010: \$12,338) remained payable at year end and is included in accrued expenses. Custodian fees charged for the year ended June 30, 2011 were £12,732 (2010: £12,810) for the Pound Sterling Class, of which £1,046 (2010: £1,203) remained payable at year end and is included in accrued expenses. These amounts were measured at the exchange amount.

Butterfield Bank (Cayman) Limited (the “Investment Advisor”) and Butterfield Bank (Guernsey) Limited (the “Sub-Investment Advisor”) are entitled to receive a management 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 the US Dollar Class and 0.75% for the Pounds Sterling Class.

Management fees for the year ended June 30, 2011 were \$342,285 (2010: \$335,130) for the US Dollar Class, of which \$87,263 (2010: \$32,078) remained payable at year end and is included in accrued expenses. Management fees for the year ended June 30, 2011 were £38,200 (2010: £38,429) for the Pound Sterling Class, of which £3,139 (2010: £3,608) remained payable at year end and included is in accrued expenses. These amounts were measured at the exchange amount.

The Sales Agents, the Custodian and Sub-Custodian, and the Investment Advisor and Sub-Investment Advisor are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the “Bank”). The Bank held a significant interest in the Administrator and Sub-Administrator, until they were sold in February 2011.

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.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

7. FINANCIAL HIGHLIGHTS

US Dollar Class

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

	2011	2010
Net asset value, beginning of year	\$18.05	\$16.83
Income from investment operations		
Net investment income	0.23	0.20
Net realised and unrealised gain on investments	2.67	1.02
<hr/>		
Total from investment operations	2.90	1.22
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Net asset value, end of year	\$20.95	\$18.05
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Total return	16.07%	7.25%

Ratios/supplemental data

Net assets, end of year	\$53,580,972	\$49,150,823
Ratio of expenses to weighted average net assets	1.37%	1.41%
Ratio of net investment income to weighted average net assets	1.22%	1.10%
Portfolio turnover rate*	42.61%	44.61%

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

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

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

7. FINANCIAL HIGHLIGHTS (Cont'd)

Pound Sterling Class

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

	2011	2010
Net asset value, beginning of year	£13.27	£11.65
Income from investment operations		
Net investment income	0.15	0.48
Net realised and unrealised gain on investments	1.61	1.14
Total from investment operations	1.76	1.62
Net asset value, end of year	£15.03	£13.27
Total return	13.26%	13.91%
Ratios/supplemental data		
Net assets, end of year	£5,153,646	£4,801,476
Ratio of expenses to weighted average net assets	1.76%	1.66%
Ratio of net investment income to weighted average net assets	0.96%	3.60%
Portfolio turnover rate*	17.29%	17.17%

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

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