

Butterfield Select Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2011

Butterfield Select Fund Limited

Butterfield Select Equity

The net asset value (NAV) per share for the period, closed at \$10.24, representing a 20.1% return for the period.

The period July 1, 2010 - June 30, 2011 was dominated by continued market reaction to government intervention by developed economies, the continued crisis in the European Union as well as the disaster in Japan and unrest in MENA. While the global economy has recovered since the depths of 2009, it has been a tepid one that has continually needed support from central banks. The wind down of the first quantitative easing program was followed by continued softening in economic numbers; to the point where risk assets and in this case, equity markets, sold off on the worries that another recession was the likely scenario. In August, Ben Bernanke hinted at possible action during his Jackson Hole speech. Finally in November, QE2 was announced; to the sum of 600 Billion dollars in purchases. All risk assets were buoyed as a result. As this stimulus wore off however, economic data again dropped and the key factors, unemployment and housing were still at dangerously depressed levels. Equity markets peaked in April of 2011 as, despite pristine balance sheets on most companies and earnings overshoot analyst expectations, the continued worry is "where will future growth come from in the absence of government intervention?"

Select Equity fund participated in this rally albeit a muted versus the benchmark index performance. We believe that there are both economic and systemic risks in asset markets and have positioned the fund accordingly. We are certainly not at 2008 levels in either of these areas but remain cautious, as we have yet to witness the global economy sustain itself without the support of governments of the developed economy.

Butterfield Select Fixed Income

The Select Fixed Income fund rose 2.53% for the period ending June 30, 2011.

Risk assets continued to rise for much of the period, as central bank intervention again whetted appetites for risk. With QE1 stimulus wearing off and economic numbers signaling a chance of a double dip recession, the Fed announced another \$600 Billion of asset purchases, giving investors no real alternative other than non US Treasuries. Towards the end of the first quarter of 2012 however, markets again experienced volatility and a flight to quality ensued. Economic numbers softened, with housing and jobs still worrisome on a globe wide scale. Eurozone worries continued, with contagion spreading to the larger peripheries, Italy and Spain, giving investors even more cause for concern. Unrest in MENA kept oil prices high, while the Japanese earthquake caused severe disruptions in output. Many of these incidents alone would cause great strain on the global economy; a combination of all provided a true test and leaves many questions as to how the western world will respond.

The fund performed well during most of the period, with a higher weighting to risk assets relative to benchmark. The Euro sovereign weighting in the fund was taken to zero on the back of contagion spreading throughout the zone and the allocation to Emerging Market debt aided as a non dollar participant for the fund. While we are cautious going forward, we believe the next year provides opportunity in carefully selected credit areas that allow us to reverse our view in an efficient manner.

Butterfield Select Alternative

The NAV for the Butterfield Select Alternative fund finished the fiscal year end at \$14.70, representing a 3.52% return for the Year.

Much of the year was met with a definite "Risk-on" approach for the hedge fund space, as central bank intervention allowed many managers to take advantage of the stimulus provided by developed governments. Quantitative easing improved sentiments for equity markets, as evidenced by the performance of our long biased L/S Equity managers post Jackson Hole. As further fiscal stimulus began, economic improvements continued, adding to speculation of interest rates rising near term.

Butterfield Select Fund Limited

As stimulus wore off however, we were again met with many headwinds. Throughout it all, many L/S managers sought out inefficiencies in their selected strategies and took advantage of them within their fund.

Our fixed income relative value provided the steadiest gains, sourced mostly from duration trading and volatility. Credit also performed well as corporate activity picked up through out the period, and credit spreads moved in response to market conditions. Macro managers returns were more dispersed, as various trading vehicles in the strategies performed differently. This was evidenced by our commodity heavy macro managers, where a sharp rally in the first 3 quarters was met with a sharp selloff in the final one. Our trend followers/CTA's also had mixed returns, with shorter term managers who are more nimble and able to change direction in the volatile sessions, outperforming long term managers.

In all, the Butterfield Select Alternative fund maintained its strategy of providing steady return in a low volatility fund.

A handwritten signature in black ink, appearing to read "Michael Neff". The signature is stylized and cursive, with the first name "Michael" written in a more legible, blocky style and the last name "Neff" in a more fluid, cursive script.

Michael Neff
President
Butterfield Select Fund Limited

October 31, 2011

Butterfield Select Fund Limited

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Butterfield Select Fund Limited

Report on the Financial Statements

We have audited the accompanying financial statements of the Butterfield Select Fund Limited (the "Fund"), which comprise the statement of net assets, including the statement of portfolio investments, as at June 30, 2011, and the statements of operations and changes in net assets for the year 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 accounting principles generally accepted in Canada and Bermuda, 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 and Bermuda. 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 and Bermuda.

Deloitte + Touche Ltd.

DELOITTE & TOUCHE LTD.

Hamilton, Bermuda

October 31, 2011

Butterfield Select Fund Limited

DIRECTORS

Barry Hanson
Curtis Dickinson (Resigned June 15, 2011)
Dawn Griffiths
Sheila Brown (Resigned June 30, 2011)
David Stewart
Michael Neff (President) (Appointed June 15, 2011)
Andrew Baron (Appointed June 30, 2011)

INVESTMENT ADVISOR

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

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

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

AUDITORS

Deloitte & Touche Ltd.
P.O. Box HM 1556
Hamilton HM FX
Bermuda

AUDIT COMMITTEE

Barry Hanson

Butterfield Select Fund Limited

STATEMENT OF NET ASSETS

As at June 30, 2011

(Expressed in US Dollars)

	2011 EQUITY CLASS	2010 EQUITY CLASS
ASSETS		
Investments, at current value	\$ 100,419,662	\$ 95,933,282
Cash and cash equivalents	5,021,978	5,802,615
Receivable for investments sold	-	3,965,072
Accrued dividends receivable	62,897	198,531
Unrealised gain on forward exchange contract	-	-
Other assets	5,892	4,174
	105,510,429	105,903,674
LIABILITIES		
Accrued expenses	295,274	228,139
Subscriptions received in advance	5,400	119,491
Unrealised loss on forward exchange contract	505,832	337,102
	806,506	684,732
Organisational shares	104,703,923 12,000	105,218,942 12,000
FUND NET ASSETS	\$ 104,691,923	\$ 105,206,942
Number of common shares in issue	10,220,310	12,393,036
NET ASSET VALUE PER COMMON SHARE	\$ 10.24	\$ 8.49

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

2011 FIXED INCOME CLASS		2010 FIXED INCOME CLASS		2011 ALTERNATIVE INVESTMENT CLASS		2010 ALTERNATIVE INVESTMENT CLASS	
\$	60,754,648	\$	84,535,434	\$	72,087,288	\$	85,822,676
	1,017,875		4,429,642		4,981,925		927,208
	-		463,822		1,113,860		1,454,198
	-		-		-		-
	-		535,192		41,763		-
	5,891		11,582		6,378		16,186
61,778,414		89,975,672		78,231,214		88,220,268	
97,215		124,121		162,788		180,953	
-		22,000		-		136,077	
2,800		-		-		53,895	
100,015		146,121		162,788		370,925	
61,678,399		89,829,551		78,068,426		87,849,343	
-		-		-		-	
\$	61,678,399	\$	89,829,551	\$	78,068,426	\$	87,849,343
3,801,954		5,678,150		5,310,650		6,186,103	
\$	16.22	\$	15.82	\$	14.70	\$	14.20

Signed on Behalf of the Board



DIRECTOR



DIRECTOR

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - EQUITY CLASS

As at June 30, 2011

(Expressed in US Dollars)

	Shares	2011 Current Value	% of Portfolio	Shares	2010 Current Value	% of Portfolio
Investment Funds						
Blackrock Global Funds US Flexible Equity Fund	- \$	-	-	595,374 \$	8,650,784	9.02%
Blackrock Global Funds Global Equity Fund	1,144,262	8,078,490	8.04%	-	-	-
Butterfield Bermuda Fund	158	2,648	-	62,727	997,358	1.04%
Davis Value Fund	-	-	-	261,514	6,012,215	6.27%
Fidelity Funds – European Growth Fund	748,493	10,848,137	10.80%	730,054	7,892,000	8.23%
JP Morgan EUR Strategic Value Fund	499,730	8,776,214	8.74%	499,730	6,420,952	6.69%
Martin Currie Global Asia Pacific Fund	548,302	6,206,776	6.18%	544,764	4,832,055	5.04%
Martin Currie Global North American Fund	552,652	4,697,539	4.68%	550,465	3,770,684	3.93%
Omigsa Acadian Global Equity Fund	521,095	6,536,730	6.51%	-	-	-
Orbis Global Equity Fund	125,705	15,822,542	15.76%	125,705	12,686,191	13.22%
Orbis Japan Equity Fund	175,214	4,643,523	4.62%	277,798	6,480,076	6.75%
RIC OMIGSA Acadia Global Equity Fund	-	-	-	259,793	2,435,177	2.54%
Spencer House Capital Management Global Equity	-	-	-	40,324	2,878,217	3.00%
UBAM Neuberger Berman US Equity Value	9,740	7,215,465	7.19%	9,740	5,513,085	5.75%
Vanguard European Stock Index Fund	-	-	-	544,564	6,460,383	6.73%
		72,828,064	72.52%		75,029,177	78.21%
Exchange Traded Funds						
iShares MSCI Canada Index Fund	9,000	285,030	0.28%	9,000	223,830	0.23%
iShares MSCI Emerging Markets Index Fund	-	-	-	169,500	6,325,740	6.59%
iShares Russell Mid Cap Value Index Fund	20,000	955,000	0.95%	-	-	-
iShares S&P 500 Value Index Fund	20,000	1,240,000	1.23%	20,000	993,200	1.04%
iShares S&P/TSX 60 Capped Composite Index Fund	323,600	7,026,896	7.00%	323,600	5,426,795	5.66%
Market Vectors Gold Miners Fund	40,000	2,183,600	2.17%	10,000	519,600	0.54%
Powershares Dynamic Large Cap Value Portfolio	-	-	-	245,000	3,853,850	4.02%
SPDR S&P 500 ETF Trust	80,100	10,570,797	10.53%	34,500	3,561,090	3.71%
SPDR S&P Emerging Europe ETF	5,000	257,900	0.26%	-	-	-
Vanguard Energy ETF	8,500	939,675	0.94%	-	-	-
Vanguard MSCI Emerging Market	85,000	4,132,700	4.12%	-	-	-
		27,591,598	27.48%		20,904,105	21.79%
TOTAL INVESTMENTS AT CURRENT VALUE (Cost 2011 - \$83,937,250; 2010 - \$100,630,415)		100,419,662	100.00%		95,933,282	100.00%
Foreign Currency Forward Contract Sell EUR/Buy USD July 18, 2011 Sell EUR/Buy USD August 9, 2010	18,338,970	(505,832)		14,472,810	(337,102)	
UNREALISED LOSS ON FOREIGN CURRENCY FORWARD CONTRACT	\$	(505,832)		\$	(337,102)	

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - FIXED INCOME CLASS

As at June 30, 2011

(Expressed in US Dollars)

Investment Funds	2011			2010		
	Shares	Current Value	% of Portfolio	Shares	Current Value	% of Portfolio
Legg Mason Western Asset Emerging Markets Bond Fund	40,000	\$ 4,484,000	7.38%	40,000	\$ 3,968,800	4.69%
Pimco Global Investment Grade Credit Fund	487,502	6,552,025	10.78%	487,502	6,064,523	7.17%
Pimco Global Total Return Bond	359,426	8,662,167	14.26%	529,494	12,098,939	14.31%
Vanguard Euro Government Bond Index Fund	-	-	-	31,455	6,358,518	7.52%
Vanguard Euro Investment Grade Bond Index Fund	25,686	6,095,705	10.03%	72,274	14,249,451	16.86%
Vanguard US Government Bond Index Fund	133,242	21,267,617	35.01%	198,991	31,132,895	36.84%
Vanguard US Investment Grade Credit Index Fund	54,748	7,671,554	12.63%	36,681	4,845,909	5.73%
Vanguard US Mortgage Backed Securities Bond Index Fund	42,236	6,021,580	9.91%	42,236	5,816,399	6.88%
		60,754,648	100.00%		84,535,434	100.00%
TOTAL INVESTMENTS AT CURRENT VALUE (Cost 2011 - \$51,912,409; 2010 - \$78,350,319)		60,754,648	100.00%		84,535,434	100.00%
Foreign Currency Forward Contract Sell EUR/Buy USD July 11, 2011	5,071,850	(2,800)	-	-	-	-
Sell EUR/Buy USD July 26, 2010	-	-	-	21,150,922	535,192	-
UNREALISED (LOSS) GAIN ON FOREIGN CURRENCY FORWARD CONTRACT	\$	(2,800)		\$	535,192	

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - ALTERNATIVE INVESTMENT CLASS

As at June 30, 2011

(Expressed in US Dollars)

Investment Funds	2011			2010		
	Shares	Current Value	% of Portfolio	Shares	Current Value	% of Portfolio
Alphadyne Global Rates Fund Ltd. – B-USD-1 - Series 2009-12	1,043	\$ 1,265,170	1.76%	1,137	\$ 1,189,283	1.39%
Alphadyne Global Rates Fund Ltd. – B-USD-2 - Series 2009-12	843	954,086	1.32%	863	900,678	1.05%
Alydar Fund Limited - Class H1	-	-	-	20,084	2,472,017	2.88%
Amber Fund (Cayman) Ltd.	-	-	-	7,563	150,902	0.18%
Arrowgrass International Fund Ltd Class B	28,086	3,843,460	5.33%	37,000	3,700,000	4.31%
Brevan Howard Fund Ltd. Class A	7,469	2,001,613	2.78%	14,938	3,905,352	4.55%
Capula Global Relative Value Fund Ltd. Class C	23,405	3,962,970	5.50%	23,405	3,812,522	4.44%
Claren Road Credit Fund B25	1,910	2,524,678	3.50%	1,910	2,307,270	2.69%
Claren Road Credit Fund B1	623	869,347	1.21%	623	760,697	0.89%
Clive Fund Limited Class B	15,177	2,163,834	3.00%	21,960	2,846,880	3.32%
Comac Global Macro Fund Limited	20,582	3,224,957	4.47%	23,709	3,875,915	4.51%
Dabroes Offshore Investment Fund Ltd	2,430	2,323,201	3.22%	-	-	-
DB Equilibria Japan Fund	-	-	-	16,580	3,589,987	4.18%
Diamondback Offshore Fund Ltd Tranche D	3,072	4,298,015	5.96%	3,072	3,836,442	4.47%
Exane Funds 1 - Templers Funds	86	2,161,298	3.00%	180	3,723,376	4.34%
Green T G2 Fund Limited Class A	17,543	3,224,614	4.47%	20,285	3,683,457	4.29%
IAM Trading Fund Class O Shares USD	64,502	6,781,754	9.41%	87,977	8,619,151	10.04%
JCAM Global Fund Ltd Class F Ex Series	3,152	3,765,116	5.22%	3,563	4,204,599	4.90%
Lakewood Capital Offshore Fund Ltd	3,500	3,524,917	4.89%	-	-	-
Lansdowne UK Equity Fund	10,116	3,760,197	5.22%	10,116	3,802,293	4.43%
MKM Longboat Multi Strategy	371	-	-	371	-	-
Oz Overseas Fund II, Ltd.	-	-	-	3,021	4,757,256	5.54%
PFM Diversified Offshore Fund, Ltd	2,415	4,378,099	6.07%	2,415	4,108,519	4.79%
Prologue Feeder Fund	1,993	3,310,142	4.59%	2,299	3,669,889	4.27%
Real Return Asian Class B	10,919	2,751,205	3.82%	12,917	3,029,023	3.53%
SCP Ocean Fund Ltd. Series AR	-	-	-	442	1,171,813	1.37%
SCP Ocean Fund Ltd. Series AAR	-	-	-	1,426	2,197,300	2.56%
The Drake Global Opportunities Fund	141	131,443	0.18%	270	205,409	0.24%
Triskele China Fund – Class B	131,416	3,715,122	5.15%	-	-	-
WCG Offshore Fund Ltd. Class C	2,699	3,178,237	4.41%	2,699	3,186,051	3.71%
Woodbine Capital Fund Ltd Class A	-	-	-	1,900	1,803,236	2.10%
York European Opportunities Unit Trust A9 - 2009	-	-	-	226,767	3,226,896	3.76%
York European Opportunities Unit Trust A10 - 2009	260,920	3,973,813	5.52%	75,659	1,086,463	1.27%
TOTAL INVESTMENTS AT CURRENT VALUE (Cost 2011 - \$62,187,573; 2010 - \$76,171,595)		72,087,288	100.00%		85,822,676	100.00%
Foreign Currency Forward Contract						
Sell EUR/Buy USD July 5, 2011	2,202,369	41,763		-	-	
Sell EUR/Buy USD August 16, 2010	-	-		3,692,670	(53,895)	
UNREALISED GAIN (LOSS) ON FOREIGN CURRENCY FORWARD CONTRACT		\$ 41,763			\$ (53,895)	

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

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

	2011	2010
	EQUITY	EQUITY
	CLASS	CLASS
INVESTMENT INCOME		
Interest	\$ 4,460	\$ 9,681
Dividends (net of withholding taxes)	442,163	481,206
Bond interest income	-	-
Other income	93,826	198,102
	540,449	688,989
EXPENSES		
Management fee	943,458	974,468
Registrar & transfer agent fee	159,578	157,854
Management fee – Blackrock	77,036	78,354
Accounting fee	48,200	46,115
Miscellaneous	25,158	18,438
Audit fee	15,302	20,465
Custodian fee	10,603	10,000
Secretarial fee	2,155	8,851
Government fee	2,140	8,706
	1,283,630	1,323,251
NET INVESTMENT LOSS	(743,181)	(634,262)
Net realised gain (loss) on investments	3,779,604	(5,297,114)
Net change in unrealised gain on investments	21,179,545	12,667,789
Net (loss) gain on foreign currency forward contracts	(2,829,142)	991,934
NET GAIN ON INVESTMENTS	22,130,007	8,362,609
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 21,386,826	\$ 7,728,347

Butterfield Select Fund Limited

The accompanying notes are an integral part of these financial statements

2011 FIXED INCOME CLASS		2010 FIXED INCOME CLASS		2011 ALTERNATIVE INVESTMENT CLASS		2010 ALTERNATIVE INVESTMENT CLASS	
\$	2,564	\$	9,244	\$	2,077	\$	8,857
	5,299		33,646		-		128,994
	-		489,111		-		-
	-		45		-		2,690
	7,863		532,046		2,077		140,541
	650,141		777,642		1,181,057		1,447,794
	105,577		137,312		116,499		143,102
	-		-		-		-
	48,300		48,136		57,203		54,583
	18,400		29,305		25,597		35,451
	15,262		17,121		15,262		17,121
	9,655		10,000		9,981		10,000
	2,722		3,485		2,872		5,689
	4,886		4,366		2,568		495
	854,943		1,027,367		1,411,039		1,714,235
	(847,080)		(495,321)		(1,408,962)		(1,573,694)
	2,688,387		(7,443,359)		4,301,039		6,413,713
	2,657,124		12,307,632		248,634		(599,137)
	(2,678,551)		2,131,181		(324,605)		(75,313)
	2,666,960		6,995,454		4,225,068		5,739,263
\$	1,819,880	\$	6,500,133	\$	2,816,106	\$	4,165,569

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS For the years ended June 30, 2011 (Expressed in US Dollars)

	2011 EQUITY CLASS	2010 EQUITY CLASS
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 21,386,826	\$ 7,728,347
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CAPITAL STOCK TRANSACTIONS		
Issue of shares	11,515,313	12,922,935
Redemption of shares	(33,417,158)	(12,697,344)
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Net capital stock transactions	(21,901,845)	225,591
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NET (DECREASE) INCREASE IN NET ASSETS	(515,019)	7,953,938
NET ASSETS - BEGINNING OF YEAR	105,206,942	97,253,004
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NET ASSETS - END OF YEAR	\$ 104,691,923	\$ 105,206,942

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

	2011 FIXED INCOME CLASS		2010 FIXED INCOME CLASS		2011 ALTERNATIVE INVESTMENT CLASS		2010 ALTERNATIVE INVESTMENT CLASS
\$	1,819,880	\$	6,500,133	\$	2,816,106	\$	4,165,569
	8,871,555		10,903,489		4,969,798		17,909,181
	(38,842,587)		(10,467,375)		(17,566,821)		(20,252,966)
	(29,971,032)		436,114		(12,597,023)		(2,343,785)
	(28,151,152)		6,936,247		(9,780,917)		1,821,784
	89,829,551		82,893,304		87,849,343		86,027,559
\$	61,678,399	\$	89,829,551	\$	78,068,426	\$	87,849,343

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, 2011

(Expressed in US Dollars)

1. ABOUT THE FUND

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. Butterfield Asset Management Limited acts as Investment Advisor. Butterfield Fulcrum Group (Bermuda) Limited acts as Registrar and Transfer Agent and as Accountants for the Fund. Butterfield Trust (Bermuda) Limited and Butterfield Asset Management Limited are wholly owned subsidiaries of the Bank of N.T. Butterfield & Son Limited (the "Bank"), and the Bank held a significant interest in Butterfield Fulcrum Group (Bermuda) Limited, until it was sold in February 2011.

The objective of the Fund is to offer 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 equity mutual funds and international equity index-linked instruments.

For the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and Bermuda. The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Fund.

a) Valuation of Investments

Investments in underlying funds are recorded at their fair values, determined by management at the date of the statement of net assets using the latest available net asset values obtained from the administrators of the respective underlying funds. The net change in the period between these amounts and cost is shown as net change in unrealised gain or loss on investments in the statement of operations.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Gains or losses arising from the sale of investments are determined using the average cost basis..

The Fund holds positions in investment funds which offer varying periods in which shareholders may redeem their holdings.

c) Cash and Cash Equivalents

Cash equivalents are primarily comprised of shares in Butterfield Money Market Fund, an affiliated money market fund, denominated in US\$ shares. Shares may be redeemed on a same day notice. Interest income earned from these cash and cash equivalent balances is recorded as earned.

d) Foreign Currency Forward Contracts

Foreign currency forward contracts are recorded on the trade date and are reflected in the statement of net assets at the difference between the original contract amount and the market value on the last business day of the reporting period. Realised and unrealised gains and losses on forward contracts are reflected in the statement of operations.

e) Financial Assets and Liabilities

In addition to the estimated fair values of investments as disclosed in the statements of portfolio of investments, the estimated fair value of the Fund's other financial instruments, including cash and cash equivalents, accrued dividends receivable, bond interest receivable, prepayment of investments, other assets, accrued expenses and subscriptions received in advance approximate their carrying value.

f) 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.

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 Advisor 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 and balances held at brokers.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (Cont'd)

The value of such balances on the statement of net assets includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund. The Fund monitors the credit rating of its broker to mitigate this risk.

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.

The table below indicates the currencies to which the Fund had significant exposure at June 30, 2011 and 2010 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the US Dollar on the net assets, with all other variables held constant.

Class	Currency	Change in Currency Rate	Effect on Net Assets	
			2011	2010
Equity Class	CAD	5%	\$ 361,122	\$ 96,886
	EUR	5%	368,556	324,004
	JPY	5%	232,176	320,364
Fixed Income Class	EUR	5%	51,056	491
Alternative Class	CAD	5%	-	-
	EUR	5%	63	1,234

An equivalent decrease in each of the aforementioned currencies against the US Dollar would have resulted in an equivalent but opposite impact.

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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

Price/market risk

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

As at June 30, 2011, all of the Equity Class' investments were exposed to changes in portfolio prices. As at June 30, 2011, 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 \$5,020,983 (2010 - \$4,796,664) higher or lower.

As at June 30, 2011, all of the Fixed Income Class' investments were exposed to changes in portfolio prices. As at June 30, 2011, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Fixed Income Class would have been \$3,037,732 (2010 - \$4,226,772) higher or lower.

As at June 30, 2011, all of the Alternative Investment Class' investments were exposed to changes in portfolio prices. As at June 30, 2011, 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 \$3,604,364 (2010 - \$4,291,134) higher or lower.

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

Liquidity Risk

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

As of June 30, 2011, investments held by the Equity Class representing \$79,953,597 (81%) offer redemptions on a daily basis and \$20,466,065 (19%) offer redemptions on a weekly basis. As of June 30, 2010, investments held by the Equity Class representing \$72,891,440 (76%) of the investments in the Equity Class offer redemptions on a daily basis and \$23,041,842 (24%) offer redemptions on a weekly basis.

As of June 30, 2011, investment funds held by the Fixed Income Class representing \$60,754,648 (100%) of investments in the Fixed Income Class offer redemptions on a daily basis. As of June 30, 2010, investment funds held by the Fixed Income Class representing \$84,535,434 (100%) of investments in the Fixed Income Class offer redemptions on a daily basis.

As of June 30, 2011, investment funds held by the Alternative Investment Class representing \$31,197,111 (49%) of investments in the Alternative Investment Class offer redemptions on a quarterly basis, \$34,753,976 (40%) offer redemptions on a monthly basis and \$6,136,201 (11%) offer redemptions on a weekly basis. As of June 30, 2010, investment funds held by the Alternative Investment Class representing \$36,799,738 (43%) of investments in the Alternative Investment Class offer redemptions on a monthly basis, \$44,943,251 (53%) offer redemptions on a quarterly basis and \$3,723,376 (4%) offer redemptions on a weekly basis. The Alternative Investment Class also has a credit facility to further mitigate this risk.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

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.

2011

EQUITY CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 72,828,064	\$ -	\$ 72,828,064
Exchange traded funds	27,591,598	-	-	27,591,598
Foreign currency forward contract	-	(505,832)	-	(505,832)
Total Financial Assets	\$ 27,591,598	\$ 72,322,232	-	\$ 99,913,830

FIXED INCOME CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 60,754,648	\$ -	\$ 60,754,648
Foreign currency forward contract	-	(2,800)	-	(2,800)
Total Financial Assets	\$ -	\$ 60,751,848	\$ -	\$ 60,751,848

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 72,087,288	\$ -	\$ 72,087,288
Foreign currency forward contract	-	41,763	-	41,763
Total Financial Assets	\$ -	\$ 72,129,051	\$ -	\$ 72,129,051

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

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

2010

EQUITY CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 75,029,177	\$ -	\$ 75,029,177
Exchange traded funds	20,904,105	-	-	20,904,105
Foreign currency forward contract	-	(337,102)	-	(337,102)
Total Financial Assets	\$ 20,904,105	\$ 74,692,075	\$ -	\$ 95,596,180

FIXED INCOME CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 84,535,434	\$ -	\$ 84,535,434
Foreign currency forward contract	-	535,192	-	535,192
Total Financial Assets	\$ -	\$ 85,070,626	\$ -	\$ 85,070,626

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 85,822,676	\$ -	\$ 85,822,676
Foreign currency forward contract	-	(53,895)	-	(53,895)
Total Financial Assets	\$ -	\$ 85,768,781	\$ -	\$ 85,768,781

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 in the current period. 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 in the years ended June 30, 2011 and 2010.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

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

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. SHARES ISSUED AND OUTSTANDING

The present authorized share capital of the Fund is \$100,000,000 divided into 1,000,000,000 shares of \$0.10 par value each, of which 120,000 shares of \$0.10 par value have been designated as 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 non-voting participating shares of \$0.10 divided into three classes designated as Equity Class Shares, Fixed Income Class Shares, and Alternative Investment Class Shares.

Details of shares issued and outstanding during the year are as follows:

EQUITY CLASS COMMON SHARES

	2011	2010
Balance - beginning of year	12,393,036	12,367,307
Issue of common shares	1,180,422	1,442,734
Redemption of common shares	(3,353,148)	(1,417,005)
<hr/>		
Balance - end of year	10,220,310	12,393,036

FIXED INCOME CLASS COMMON SHARES

	2011	2010
Balance - beginning of year	5,678,150	5,647,438
Issue of common shares	567,401	705,434
Redemption of common shares	(2,443,597)	(674,722)
<hr/>		
Balance - end of year	3,801,954	5,678,150

ALTERNATIVE INVESTMENT CLASS COMMON SHARES

	2011	2010
Balance - beginning of year	6,186,103	6,316,715
Issue of common shares	355,857	1,298,312
Redemption of common shares	(1,231,310)	(1,428,924)
<hr/>		
Balance - end of year	5,310,650	6,186,103

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING (CONT'D)

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 there from an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

6. NET REALISED GAIN (LOSS) ON INVESTMENTS

EQUITY CLASS

The net realised gain (loss) on sale of investments was as follows:

	2011	2010
Proceeds on sale of investments	\$ 52,901,942	\$ 35,819,740
<hr/>		
Less cost of investments sold:		
Investments owned at beginning of year	100,630,415	112,229,041
Investments purchased during year	32,429,173	29,518,228
Investments owned at end of year	(83,937,250)	(100,630,415)
<hr/>		
Investments sold during year	49,122,338	41,116,854
<hr/>		
Net realised gain (loss) on investments	\$ 3,779,604	\$ (5,297,114)

FIXED INCOME CLASS

The net realised gain (loss) on sale of investments was as follows:

	2011	2010
Proceeds on sale of investments	\$ 31,631,255	\$ 55,866,173
<hr/>		
Less cost of investments sold:		
Investments owned at beginning of year	78,350,319	85,835,088
Investments purchased during year	2,504,958	55,824,763
Investments owned at end of year	(51,912,409)	(78,350,319)
<hr/>		
Investments sold during year	28,942,868	63,309,532
<hr/>		
Net realised gain (loss) on investments	\$ 2,688,387	\$ (7,443,359)

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

6. NET REALISED (LOSS) GAIN ON INVESTMENTS (CONT'D)

ALTERNATIVE INVESTMENT CLASS

The net realised gain on sale of investments was as follows:

	2011	2010
Proceeds on sale of investments	\$ 43,123,613	\$ 90,629,034
Less cost of investments sold:		
Investments owned at beginning of year	76,171,595	55,900,435
Investments purchased during year	24,838,552	104,486,481
Investments owned at end of year	(62,187,573)	(76,171,595)
Investments sold during year	38,822,574	84,215,321
Net realised gain on investments	\$ 4,301,039	\$ 6,413,713

7. RELATED PARTY TRANSACTIONS

a) Management Fee

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 Fixed Income Classes and 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 Fixed Income Classes and 1.5% per annum for the Alternative Investment Class. Management fees incurred for the year were \$2,774,656 (2010: 3,199,904) of which \$243,873 (2010: \$285,591) remained payable and included in accrued expenses at year end. These amounts were measured at the exchange amount. The Fund and the Investment Adviser are related through common directorship.

b) Custodian Fee

Custodian fees are charged on a time spent basis at their normal rates. Custodian fees incurred for the year for the year were \$30,239 (2010: \$30,000) of which \$7,527 (2010: \$7,287) remained payable and included in accrued expenses at year end. These amounts were measured at the exchange amount, which is the agreed upon between the related parties. The Custodian and the Fund are related through common directorship.

c) Accounting Fee and Registrar and Transfer Agent Fee

Accounting fees and Registrar and Transfer Agent fees were charged at a rate of 20 basis points per annum up to \$100 million of the net asset value of the Fund and 2.5 basis points on the excess, and is accrued on a weekly basis. Accounting fees incurred for the year were \$153,703 (2010: \$148,843) of which \$35,850 (2010: \$22,347). Registrar and Transfer Agent fees incurred for the year were \$381,654 (2010: \$438,268), of which \$59,554 (2010: \$46,432) remained payable and included in accrued expenses at year end.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

7. RELATED PARTY TRANSACTIONS (CONT'D)

d) Investment Transactions

As of June 30, 2011 the Butterfield Select Invest Fund Limited held 135,941 shares (2010 – 141,134) having a fair value of \$1,998,339 (2010 - \$2,004,104) in the Alternative Class, 468,641 shares (2010 - 490,072) having a fair value of \$7,601,360 (2010 - \$7,752,933) in the Fixed Income Class and 332,550 shares (2010 - 345,777) having a fair value of \$3,405,309 (2010 - \$2,935,649) in the Equity Class. The Butterfield Select Invest Fund is related through common directorship.

The Equity Class held 0.02% of the Class A (2010 - 6.2%) shares of Butterfield Bermuda Fund Limited. The Butterfield Bermuda Fund is related common directorship.

e) Credit Facility

On August 24, 2010, the Fund entered into a revolving standby credit facility with the Bank of nil for Equity Class, nil for Fixed Income Class and \$15.5 million for Alternative Investment Class to a maximum of 10% of the Fund's net asset value which expired on October 31, 2010. The facility is intended to assist the Fund in meeting short term liquidity. The interest rate on the facility will be determined at the time the facility is utilized. Amounts borrowed by the Alternative Investment Class are secured against the assets of the Alternative Investment Class.

On October 7, 2010, the Fund renewed the credit facility with the Bank for \$5 million for Equity Class, \$5 million for Fixed Income Class and \$11.5 million for Alternative Investment Class for the same terms and conditions as above, which expired on July 31, 2011. No amounts were drawn at the year-ended June 30, 2011 or 2010.

8. TAXATION

Under current Bermuda law, the Company is not obligated to pay taxes in Bermuda on either income or capital gains. The Company 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 Company 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

9. FINANCIAL HIGHLIGHTS

2011 Per Share Information

	EQUITY CLASS	FIXED INCOME CLASS	ALTERNATIVE INVESTMENT CLASS
Net asset value – beginning of year \$	8.49 \$	15.82 \$	14.20
Net investment income from operations			
Net investment loss	(0.07)	(0.18)	(0.26)
Net realised and unrealised gain on investments	1.82	0.58	0.76
Total from investment operations	1.75	0.40	0.50
Net asset value – end of year \$	10.24 \$	16.22 \$	14.70

2011 Ratios / Supplemental Data

Total net assets - end of year	\$ 104,691,923	\$ 61,678,399	\$ 78,068,426
Weighted average net assets*	\$ 111,098,369	\$ 74,855,999	\$ 80,562,183
Ratio of expenses to weighted average net assets	1.16%	1.14%	1.75%
Portfolio turnover rate**	30.33%	3.41%	32.34%
Annual rate of return***	20.66%	2.53%	3.53%

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

(Expressed in US Dollars)

9. FINANCIAL HIGHLIGHTS (CONT'D)

2010 Per Share Information

	EQUITY CLASS	FIXED INCOME CLASS	ALTERNATIVE INVESTMENT CLASS
Net asset value – beginning of year	\$ 7.86	\$ 14.68	\$ 13.62
Net investment income from operations			
Net investment loss	(0.05)	(0.10)	(0.23)
Net realised and unrealised gain on investments	0.68	1.24	0.81
Total from investment operations	0.63	1.14	0.58
Net asset value – end of year	\$ 8.49	\$ 15.82	\$ 14.20

2010 Ratios / Supplemental Data

Total net assets - end of year	\$ 105,206,942	\$ 89,829,551	\$ 87,849,343
Weighted average net assets*	\$ 111,162,693	\$ 89,045,484	\$ 96,778,393
Ratio of expenses to weighted average net assets	1.19%	1.15%	1.77%
Portfolio turnover rate**	28.06%	70.00%	106.82%
Annual rate of return***	8.02%	7.77%	4.26%

*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 multiplied by the beginning of the year number of shares to the beginning of year net asset value multiplied by the beginning of the year number of shares.