

Butterfield Select Invest Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR/PERIOD ENDED
JUNE 30, 2012

Butterfield Select Invest Fund Limited

INVESTMENT MANAGER'S REPORT

Introduction

Butterfield Select Invest Fund Limited was launched on October 6, 2005. The fund invests in fixed allocations to the three classes of the Butterfield Select Fund Limited as follows:

Butterfield Select Equity

The net asset value (NAV) per share for the year, closed at \$9.29, representing a -9.28% return for the period.

The period June 30, 2011 - June 30, 2012 was met with familiar Macroeconomic news, namely a worsening situation in Europe and continued uncertainty in the US. The top news was obviously S&P's downgrade of the US Government debt from AAA to AA+. This downgrade, while more symbolic in nature, left many questions as to the future of the US as the world's economic leader and the global reserve currency. The second half of the period however was met with a more optimistic view, with European decision makers seemingly "getting it" and favorable economic numbers coming out of the US. While the second half did produce somewhat of a relief rally, it could not bring markets out of negative territory for the full year.

Select Equity fund made a number of portfolio changes over the period, favoring top rated Global Equity managers going forward for investors. The fund added positions in MFS Global Equity, BNY Mellon Long Term Global Equity, Schroder's QEP Global Quality and Vanguard Total World Stock Index. Notable subtractions were Orbis Global equity and Fidelity European Growth.

Butterfield Select Fixed Income

The Select Fixed Income fund rose 6.41% for the period for the period June 30, 2011 - June 30, 2012. The volatility in risk assets continues to buoy the fixed income markets, as investors chase yield in a low rate environment. The fund performed well during most of the period, the emerging market debt aided as a non dollar participant for the fund as did the new position in the iShares iBOXX US high yield aided index ETF. The most significant change in the portfolio has been the merger with the Butterfield Capital Appreciation fund. The new Global Select Fixed Income fund will at its core be comprised of Butterfields expertise in segregated investment grade credit securities, with a satellite strategy of adding both Emerging Market debt and High yield credit as opportunities are presented. This strategy aims to benefit investors by reducing fees in a low/zero interest rate environments.

Butterfield Select Alternative

The NAV for the Butterfield Select Alternative fund finished the fiscal year end at 14.07, representing a -4.29% return for the Year.

Credit was the top performer as corporate activity picked up throughout 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. Our Fixed Income Relative value provided the steady gains, sourced mostly from duration trading and volatility our Commodity heavy managers were

Butterfield Select Invest Fund Limited

also hurt during the period as commodities sold off on the back of a worsening economic outlook for the 1st half of the period. Our Trend Followers/CTA's also had mixed returns, with shorter term managers, able to shift direction as needed taking advantage of short term trends. Many L/S managers lead the way down, with more positive bias managers being forced lower by their beta. The fund is looking to make a number of changes to the portfolio, preferring to employ managers with idiosyncratic market strategies, rather than managers that are more broad in nature. The advisor believes that these strategies are more suitable to the fund in the current environment.

Michael Neff
President
Butterfield Select Invest Fund Limited

October 30, 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of
Butterfield Select Invest Fund Limited, comprising Cautious Class, Conservative Class, Balanced Class,
Dynamic Class and Growth Class (collectively referred to as the "Fund")

We have audited the accompanying statements of net assets and statements of portfolio investments of Butterfield Select Invest Fund Limited (the "Fund"), comprising of Cautious Class, Conservative Class, Balanced Class, Dynamic Class and Growth Class, as at June 30, 2012, and the related statements of operations and changes in net assets for the period from July 1, 2011 to June 30, 2012 for Cautious Class and for the period from February 24, 2012 to June 30, 2012 for the Conservative Class, Balanced Class, Dynamic Class and Growth 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 Canadian and Bermudian generally accepted accounting principles, 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 audits. We conducted our audits in accordance with Canadian and Bermudian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund's Cautious Class, Conservative Class, Balanced Class, Dynamic Class and Growth Class as at June 30, 2012, and the results of their operations and the changes in their net assets for the period from July 1, 2011 to June 30, 2012 for Cautious Class and for the period from February 24, 2012 to June 30, 2012 for Conservative Class, Balanced Class, Dynamic Class and Growth Class in accordance with Canadian and Bermudian generally accepted accounting principles.

Other Matters

The financial statements of the Fund's Cautious Class as at and for the year ended June 30, 2011 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 31, 2011.

Ernst + Young Ltd.

October 30, 2012

Butterfield Select Invest Fund Limited

DIRECTORS

Richard Saunders
Michael Neff
Andrew Baron

INVESTMENT ADVISER

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

CUSTODIAN

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

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

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

AUDITORS

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

AUDIT COMMITTEE

Barry Hanson
Michael Neff
Dawn Griffiths

Butterfield Select Invest Fund Limited

STATEMENT OF NET ASSETS

As at June 30, 2012

(Expressed in US Dollars)

	Notes	CAUTIOUS CLASS	
		2012	2011*
ASSETS			
Investments, at fair value (Cost: 2012 - \$1,976,451; 2011 - \$12,032,203)	3, 4	\$ 2,151,520	\$ 13,005,008
Cash and cash equivalents	2	4,292	3,605
Prepaid expenses		3,141	2,599
		2,158,953	13,011,212
LIABILITIES			
Redemption payable		153,535	-
Accrued expenses	7	17,593	38,767
		171,128	38,767
NET ASSETS		\$ 1,987,825	\$ 12,972,445
Number of common shares in issue	5	188,265	1,227,679
NET ASSET VALUE PER COMMON SHARE		\$ 10.56	\$ 10.57

*As at June 30, 2011, the Fund had only one class of common share. The existing shareholders were reallocated to Cautious Class subsequent to creation of new classes (see note 1).

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2012

(Expressed in US Dollars)

	Notes		CONSERVATIVE CLASS 2012
ASSETS			
Investments, at fair value (Cost: 2012 - \$2,371,908)	3, 4	\$	2,398,685
Cash			1,539
			<hr/>
			2,400,224
<hr/>			
LIABILITIES			
Accrued expenses	7		7,789
			<hr/>
			7,789
<hr/>			
NET ASSETS		\$	2,392,435
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Number of common shares in issue	5		237,503
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NET ASSET VALUE PER COMMON SHARE		\$	10.07
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The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2012

(Expressed in US Dollars)

	Notes	BALANCED CLASS 2012
ASSETS		
Investments, at fair value (Cost: 2012 - \$2,453,222)	3, 4	\$ 2,395,994
Cash		1,543
		<hr/>
		2,397,537
		<hr/>
LIABILITIES		
Accrued expenses	7	7,788
		<hr/>
		7,788
		<hr/>
NET ASSETS		\$ 2,389,749
		<hr/>
Number of common shares in issue	5	245,723
		<hr/>
NET ASSET VALUE PER COMMON SHARE		\$ 9.73

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2012

(Expressed in US Dollars)

	Notes		DYNAMIC CLASS 2012
ASSETS			
Investments, at fair value (Cost: 2012 - \$254,250)	3,4	\$	241,997
Cash			597
			<hr/>
			242,594
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LIABILITIES			
Accrued expenses	7		6,442
			<hr/>
			6,442
<hr/>			
NET ASSETS			\$ 236,152
<hr/>			
Number of common shares in issue	5		25,529
NET ASSET VALUE PER COMMON SHARE			<hr/>
			\$ 9.25

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

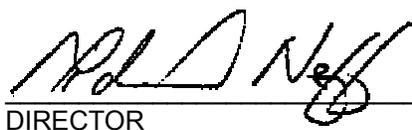
STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2012

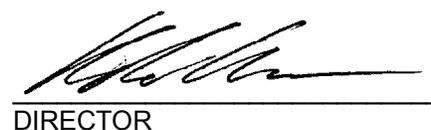
(Expressed in US Dollars)

	Notes		GROWTH CLASS 2012
ASSETS			
Investments, at fair value (Cost: 2012 - \$293,446)	3,4	\$	280,818
Cash and cash equivalents			589
			<hr/>
			281,407
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LIABILITIES			
Accrued expenses	7		6,458
			<hr/>
			6,458
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NET ASSETS			\$ 274,949
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Number of common shares in issue	5		29,451
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NET ASSET VALUE PER COMMON SHARE			\$ 9.34
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Signed on Behalf of the Board



DIRECTOR



DIRECTOR

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - CAUTIOUS CLASS

As at June 30, 2012

(Expressed in US Dollars)

Investment Funds	Shares	2012		Shares	2011	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
Butterfield Select Fund Limited - Alternative Class	21,100	\$ 296,873	13.80%	135,941	\$ 1,998,339	15.37%
Butterfield Select Fund Limited - Equity Class	50,268	466,991	21.70%	332,550	3,405,309	26.18%
Butterfield Select Fund Limited - Global Fixed Income Class	80,397	1,387,656	64.50%	468,641	7,601,360	58.45%
TOTAL INVESTMENTS (Cost: 2012 - \$1,976,451; 2011 - \$12,032,203)		\$ 2,151,520	100.00%		\$ 13,005,008	100.00%

STATEMENT OF PORTFOLIO INVESTMENTS - CONSERVATIVE CLASS

As at June 30, 2012

(Expressed in US Dollars)

Investment Funds	Shares	2012	
		Fair Value	% of Portfolio
Butterfield Select Fund Limited - Alternative Class	16,667	\$ 234,502	9.78%
Butterfield Select Fund Limited - Equity Class	24,008	223,033	9.30%
Butterfield Select Fund Limited - Global Fixed Income Class	112,465	1,941,150	80.92%
TOTAL INVESTMENTS (Cost: 2012 - \$2,371,908)		\$ 2,398,685	100.00%

STATEMENT OF PORTFOLIO INVESTMENTS - BALANCED CLASS

As at June 30, 2012

(Expressed in US Dollars)

Investment Funds	Shares	2012	
		Fair Value	% of Portfolio
Butterfield Select Fund Limited - Alternative Class	17,240	\$ 242,570	10.12%
Butterfield Select Fund Limited - Equity Class	137,266	1,275,204	53.22%
Butterfield Select Fund Limited - Global Fixed Income Class	50,882	878,220	36.66%
TOTAL INVESTMENTS (Cost: 2012 - \$2,453,222)		\$ 2,395,994	100.00%

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - DYNAMIC CLASS

As at June 30, 2012

(Expressed in US Dollars)

	Shares	2012 Fair Value	% of Portfolio
Investment Funds			
Butterfield Select Fund Limited - Alternative Class	892	\$ 12,553	5.19%
Butterfield Select Fund Limited - Equity Class	23,299	216,449	89.44%
Butterfield Select Fund Limited - Global Fixed Income Class	753	12,995	5.37%
TOTAL INVESTMENTS (Cost: 2012 - \$254,250)		\$ 241,997	100.00%

STATEMENT OF PORTFOLIO INVESTMENTS - GROWTH CLASS

As at June 30, 2012

(Expressed in US Dollars)

	Shares	2012 Fair Value	% of Portfolio
Investment Funds			
Butterfield Select Fund Limited - Alternative Class	2,060	\$ 28,988	10.32%
Butterfield Select Fund Limited - Equity Class	23,879	221,832	79.00%
Butterfield Select Fund Limited - Global Fixed Income Class	1,738	29,998	10.68%
TOTAL INVESTMENTS (Cost: 2012 - \$293,446)		\$ 280,818	100.00%

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF OPERATIONS For the year ended June 30, 2012 (Expressed in US Dollars)

	Notes	CAUTIOUS CLASS	
		2012	2011*
INVESTMENT INCOME		\$ -	\$ -
		-	-
EXPENSES			
Management fee	7 a)	20,997	32,410
Administration fee	7 c)	28,892	58,100
Audit fee		10,800	10,860
Exchange fee		4,406	-
Miscellaneous		3,654	6,214
Corporate secretarial fee	7 d)	3,024	5,121
Custodian fee	7 b)	2,998	2,828
Government fee		2,464	2,066
		77,235	117,599
NET INVESTMENT LOSS		(77,235)	(117,599)
NET REALISED AND CHANGE IN UNREALISED GAIN (LOSS) ON INVESTMENTS			
Net realised gain on investments	6	900,794	41,988
Net change in unrealised (loss) gain on investments		(797,736)	815,028
NET GAIN ON INVESTMENTS		103,058	857,016
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 25,823	\$ 739,417

*As at June 30, 2011, the Fund had only one class of common share. The existing shareholders were reallocated to Cautious Class subsequent to creation of new classes (see note 1).

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF OPERATIONS (CONTINUED) For the period from February 24, 2012 to June 30, 2012 (Expressed in US Dollars)

	Notes	CONSERVATIVE CLASS 2012
INVESTMENT INCOME		\$ -
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-		
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EXPENSES		
Audit fee		3,748
Administration fee	7 c)	1,812
Custodian fee	7 b)	1,041
Exchange fee		867
Miscellaneous		693
Management fee	7 a)	579
Directors fee		510
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		9,250
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NET INVESTMENT LOSS		(9,250)
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NET REALISED AND CHANGE IN UNREALISED GAIN (LOSS) ON INVESTMENTS		
Net realised loss on investments	6	(92)
Net change in unrealised gain on investments		26,777
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NET GAIN ON INVESTMENTS		26,685
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 17,435

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF OPERATIONS (CONTINUED)
For the period from February 24, 2012 to June 30, 2012
(Expressed in US Dollars)

	Notes	BALANCED CLASS 2012
INVESTMENT INCOME		\$ -
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-		
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EXPENSES		
Audit fee		3,748
Administration fee	7 c)	1,810
Custodian fee	7 b)	1,041
Exchange fee		867
Miscellaneous		694
Management fee	7 a)	577
Directors fee		508
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		9,245
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NET INVESTMENT LOSS		(9,245)
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NET REALISED AND CHANGE IN UNREALISED LOSS ON INVESTMENTS		
Net realised loss on investments	6	(181)
Net change in unrealised loss on investments		(57,228)
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NET LOSS ON INVESTMENTS		(57,409)
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NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ (66,654)

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF OPERATIONS (CONTINUED)
For the period from February 24, 2012 to June 30, 2012
(Expressed in US Dollars)

	Notes	DYNAMIC CLASS 2012
INVESTMENT INCOME		\$ -
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-		
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EXPENSES		
Audit fee		3,748
Custodian fee	7 b)	1,041
Exchange fee		867
Miscellaneous		694
Administration fee	7 c)	184
Management fee	7 a)	61
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		6,595
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NET INVESTMENT LOSS		(6,595)
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NET CHANGE IN UNREALISED LOSS ON INVESTMENTS		
Net change in unrealised loss on investments		(12,253)
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NET LOSS ON INVESTMENTS		(12,253)
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NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ (18,848)

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF OPERATIONS (CONTINUED)
For the period from February 24, 2012 to June 30, 2012
(Expressed in US Dollars)

	Notes	GROWTH CLASS 2012
INVESTMENT INCOME		\$ -
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-		
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EXPENSES		
Audit fee		3,748
Custodian fee	7 b)	1,041
Exchange fee		867
Miscellaneous		694
Administration fee	7 c)	207
Management fee	7 a)	61
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		6,618
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NET INVESTMENT LOSS		(6,618)
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NET REALISED AND CHANGE IN UNREALISED LOSS ON INVESTMENTS		
Net realised loss on investments	6	(21)
Net change in unrealised loss on investments		(12,628)
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NET LOSS ON INVESTMENTS		(12,649)
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NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ (19,267)

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF CHANGES IN NET ASSETS - CAUTIOUS CLASS

For the year ended June 30, 2012

(Expressed in US Dollars)

	CAUTIOUS CLASS	
	2012	2011*
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 25,823	\$ 739,417
CAPITAL STOCK TRANSACTIONS		
Issue of shares	162,391	244,843
Redemption of shares	(11,172,834)	(677,052)
Net capital stock transactions	(11,010,443)	(432,209)
NET (DECREASE) INCREASE IN NET ASSETS FOR THE YEAR	(10,984,620)	307,208
NET ASSETS - BEGINNING OF YEAR	12,972,445	12,665,237
NET ASSETS - END OF YEAR	\$ 1,987,825	\$ 12,972,445

*As at June 30, 2011, the Fund had only one class of common share. The existing shareholders were reallocated to Cautious Class subsequent to creation of new classes (see note 1).

STATEMENT OF CHANGES IN NET ASSETS – CONSERVATIVE CLASS

For the period from February 24, 2012 to June 30, 2012

(Expressed in US Dollars)

	2012 CONSERVATIVE CLASS
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 17,435
CAPITAL STOCK TRANSACTIONS	
Issue of shares	2,375,000
Net capital stock transactions	2,375,000
NET INCREASE IN NET ASSETS FOR THE YEAR	2,392,435
NET ASSETS - BEGINNING OF PERIOD	-
NET ASSETS - END OF PERIOD	\$ 2,392,435

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF CHANGES IN NET ASSETS - BALANCED CLASS

For the period from February 24, 2012 to June 30, 2012
(Expressed in US Dollars)

		2012 BALANCED CLASS
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$	(66,654)
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CAPITAL STOCK TRANSACTIONS		
Issue of shares		2,456,403
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Net capital stock transactions		2,456,403
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NET INCREASE IN NET ASSETS FOR THE YEAR		2,389,749
NET ASSETS - BEGINNING OF PERIOD		-
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NET ASSETS - END OF PERIOD	\$	2,389,749

STATEMENT OF CHANGES IN NET ASSETS – DYNAMIC CLASS

For the period from February 24, 2012 to June 30, 2012
(Expressed in US Dollars)

		2012 DYNAMIC CLASS
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$	(18,848)
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CAPITAL STOCK TRANSACTIONS		
Issue of shares		255,000
<hr/>		
Net capital stock transactions		255,000
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NET INCREASE IN NET ASSETS FOR THE YEAR		236,152
NET ASSETS - BEGINNING OF PERIOD		-
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NET ASSETS - END OF PERIOD	\$	236,152

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

STATEMENT OF CHANGES IN NET ASSETS - GROWTH CLASS
For the period from February 24, 2012 to June 30, 2012
(Expressed in US Dollars)

		2012 GROWTH CLASS
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$	(19,267)
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CAPITAL STOCK TRANSACTIONS		
Issue of shares		295,701
Redemption of shares		(1,485)
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Net capital stock transactions		294,216
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NET INCREASE IN NET ASSETS FOR THE YEAR		274,949
NET ASSETS - BEGINNING OF PERIOD		-
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NET ASSETS - END OF PERIOD	\$	274,949

The accompanying notes are an integral part of these financial statements

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

1. ABOUT THE FUND

Butterfield Select Invest Fund Limited (the "Fund") is a mutual fund which was incorporated as an exempted company with limited liability and with unlimited duration under the laws of Bermuda on September 1, 2005.

The Fund commenced operations on October 6, 2005. Butterfield Trust (Bermuda) Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). Butterfield Fulcrum Group (Bermuda) Limited acts as registrar and transfer agent and as accountants/administrator (the "Registrar and Transfer Agent" or "Administrator") for the Fund. The Custodian and Investment Adviser are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank").

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

The objective of the Fund is to act as a fund of fund, investing in the three classes of Butterfield Select Fund Limited (BFSL), an affiliated fund, which offers a convenient and efficient vehicle for investing in mutual funds and index instruments which are anticipated to provide the best opportunity for capital appreciation having regard to diversification. The Fund may also hold money market instruments or mutual funds for cash management purposes.

In December 2011, the Board of Directors resolved to create various share classes, with different risk guidelines. On February 24, 2012, the Fund created five new classes, namely, Cautious, Balanced, Conservative, Dynamic and Growth. Each of these share classes invests in various weightings of BFSL share classes in order to accomplish the risk objectives of the respective share classes of the Fund. The existing shareholders were reallocated to Cautious Class subsequent to creation of new classes. The existing shareholders who opted to invest in other classes were redeemed out of the Cautious Class and immediately subscribed into the other classes of the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and Bermuda ("GAAP"). The preparation of financial statements in accordance with GAAP 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 and the difference could be material. The following is a summary of significant accounting policies followed by the Fund:

a) Valuation of Investments

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

The net change in the period between fair value and cost is shown as net change in unrealised gain or loss on investments in the statement of operations.

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.

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Cash Equivalents

Cash equivalents are comprised primarily of shares in Butterfield Money Market Fund Limited, an affiliated money market fund, denominated in US\$ shares. Shares may be redeemed on 24 hours' notice. Interest income earned from cash and cash equivalent balances is recorded as earned.

d) Financial Assets and Liabilities

In addition to the estimated fair values of investments as disclosed in the statement of portfolio investments, the estimated fair values of the Fund's other financial instruments, including cash and cash equivalents and accrued expenses approximate their carrying values.

e) Translation of Foreign Currencies

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

The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realised and change in unrealised gains and losses from investments in the statement of operations.

f) Adoption of New Accounting Standards

International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which include investment funds and other reporting issuers. Under the general transition rules for publicly accountable enterprises, the Fund would adopt IFRS for its fiscal period beginning on or after January 1, 2011. On December 12, 2011, the Canadian Accounting Standards Board amended the requirement to prepare financial statements in accordance with IFRS as issued by the International Accounting Standards Board, permitting investment companies, which include investment funds, to defer adoption of IFRS to fiscal years beginning on or after January 1, 2013.

The Fund has elected to defer the adoption of IFRS and is still assessing the impact IFRS will have on its financial statements.

3. FINANCIAL RISK MANAGEMENT

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

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 cash and cash equivalents and balances held at brokers.

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit Risk (continued)

The value of such balances on the statement of net assets includes consideration of the credit worthiness 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. When the Fund enters into transactions which are denominated in currencies other than the Fund's reporting currency, the Investment Adviser attempts to mitigate the associated currency risk, which may include the use of forward currency contracts.

As at June 30, 2012 and 2011, the Fund's exposure to currencies other than the Fund's reporting currency was limited to small balances of cash and cash equivalents denominated in foreign currencies which are not significant to the class as a whole.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to its cash and cash equivalents which represent 0.22% for Cautious Class (2011 - 0.03%), 0.06% for the Conservative Class; 0.06% for the Balanced Class; 0.25% for the Dynamic Class and 0.21% for the Growth Class; of each of the respective Class' net assets. The Fund does not have any other significant interest-bearing assets or liabilities.

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 weekly cash redemptions of redeemable units. The Fund invests solely in other investment companies which could expose the Fund to increased liquidity risk. However, the Fund's entire portfolio of investments companies is realisable on a weekly basis which mitigates the risk related to weekly cash redemptions. The Fund also has credit facilities in place to assist the Fund in meeting short term liquidity requirements, which further mitigates this risk. The Fund may be exposed to additional liquidity risks in extraordinary cases where underlying investment companies had periods in which redemptions are suspended due to adverse market conditions.

As of June 30, 2012, all investments held by the Cautious, Conservative, Balanced, Dynamic and Growth Class offer redemptions on a weekly basis.

Price/Market Risk

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

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

As at June 30, 2012, all of the investments held in the Cautious, Conservative, Balanced, Dynamic and Growth classes were exposed to changes in portfolio prices. As at June 30, 2012, if the portfolio prices had been 5% higher or lower with all other variables held constant the net assets of each class would have been impacted as follows:

	Impact on net assets
Cautious Class	\$ 107,576
Conservative Class	\$ 119,934
Balanced Class	\$ 119,800
Dynamic Class	\$ 12,100
Growth Class	\$ 14,041

As at June 30, 2011, if underlying fund prices had been 5% higher or lower with all other variables held constant, the net assets of the Fund would have been \$650,251 higher or lower.

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

4. FAIR VALUE OF FINANCIAL ASSETS

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

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

All of the Fund's investments are classified within Level 2 of the fair value hierarchy as the value of these investments are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for the years ended June 30, 2012 and 2011.

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 between Level 1 and Level 2 during the years ended June 30, 2012 and 2011. Financial assets and liabilities transferred from Level 2 to Level 1 are the result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 during the years ended June 30, 2012 and 2011.

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, 2012 and 2011.

All investments held by the Fund at June 30, 2012 are considered to be level 2 investments.

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is as follows:

1,000,000,000 common shares of US\$0.00001 par value each, which have been designated as non-voting, participating shares.

100 organisational shares of US\$.01 par value each, which have been designated as voting, non-participating shares, allotted for cash at par to the Investment Adviser and its nominees.

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

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

CAUTIOUS CLASS COMMON SHARES

		2012		2011
Balance - beginning of year	\$	1,227,679	\$	1,269,441
Issue of common shares		15,409		23,496
Redemption of common shares		(1,054,823)		(65,258)
<hr/>				
Balance - end of year	\$	188,265	\$	1,227,679

CONSERVATIVE CLASS COMMON SHARES

		2012
Balance - beginning of period	\$	-
Issue of common shares		237,503
Redemption of common shares		-
<hr/>		
Balance - end of period	\$	237,503

BALANCED CLASS COMMON SHARES

		2012
Balance - beginning of period	\$	-
Issue of common shares		245,723
Redemption of common shares		-
<hr/>		
Balance - end of period	\$	245,723

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

DYNAMIC CLASS COMMON SHARES

		2012
Balance - beginning of period	\$	-
Issue of common shares		25,529
Redemption of common shares		-
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Balance - end of period	\$	25,529

GROWTH CLASS COMMON SHARES

		2012
Balance - beginning of period	\$	-
Issue of common shares		29,603
Redemption of common shares		(152)
<hr/>		
Balance - end of period	\$	29,451

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

6. NET REALISED GAIN ON INVESTMENTS

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

CAUTIOUS CLASS

		2012		2011
Proceeds on sale of investments	\$	11,119,299	\$	789,069
<hr/>				
Less cost of investments sold:				
Investments owned at beginning of year		12,032,203		12,534,909
Investments purchased during year		162,753		244,375
Investments owned at end of year		1,976,451		(12,032,203)
<hr/>				
Investments sold during year		10,218,505		747,081
<hr/>				
Net realised gain on investments	\$	900,794	\$	41,988

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

6. NET REALISED GAIN (LOSS) ON INVESTMENTS (CONTINUED)

CONSERVATIVE CLASS

		2012
Proceeds on sale of investments	\$	3,000
<hr/>		
Less cost of investments sold:		
Investments owned at beginning of period		-
Investments purchased during period		2,375,000
Investments owned at end of period		2,371,908
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Investments sold during period		3,092
<hr/>		
Net realised loss on investments	\$	(92)

BALANCED CLASS

		2012
Proceeds on sale of investments	\$	3,000
<hr/>		
Less cost of investments sold:		
Investments owned at beginning of period		-
Investments purchased during period		2,456,403
Investments owned at end of period		2,453,222
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Investments sold during period		3,181
<hr/>		
Net realised loss on investments	\$	(181)

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

6. NET REALISED GAIN (LOSS) ON INVESTMENTS (CONTINUED)

DYNAMIC CLASS

		2012
Proceeds on sale of investments	\$	-
<hr/>		
Less cost of investments sold:		
Investments owned at beginning of period		-
Investments purchased during period		254,250
Investments owned at end of period		254,250
<hr/>		
Investments sold during period		-
<hr/>		
Net realised gain (loss) on investments	\$	-

GROWTH CLASS

		2012
Proceeds on sale of investments	\$	1,485
<hr/>		
Less cost of investments sold:		
Investments owned at beginning of period		-
Investments purchased during period		294,952
Investments owned at end of period		293,446
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Investments sold during period		1,506
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Net realised loss on investments	\$	(21)

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

7. RELATED PARTY TRANSACTIONS

a) Management Fee

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

Under the terms of the management agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 0.25% per annum of the average valuation of the net assets of each class in each month, and will be paid on the last Valuation Day in each month.

Management fees incurred for the year/period were \$22,275 (2011: \$32,410). Management fees incurred for the year/period for Cautious Class were \$20,997 (2011: \$32,410), for Conservative Class were \$579 (2011: \$nil), for Balanced Class were \$577 (2011: \$nil), for the Dynamic Class were \$61 (2011: \$nil), and for the Growth Class \$61 (2011: \$nil). The management fees for the Cautious, Conservative, Balanced, Dynamic and Growth Classes were waived from March 31, 2012 to May 31, 2012.

b) Custodian Fee

The Custodian is related to the Fund through common directorship.

Custodian fees are charged at a maximum fee of \$3,000 per annum. The custodian fee for the year/period was \$7,162 (2011: \$2,828). Custodian fees incurred for the year/period for Cautious Class were \$2,998 (2011: \$2,828), for Conservative Class were \$1,041 (2011: \$nil), for Balanced Class were \$1,041 (2011: \$nil), for the Dynamic Class were \$1,041 (2011: \$nil), and for the Growth Class \$1,041 (2011: \$nil), with \$5,414 (2011: \$752) being payable and included in accrued expenses at year/period end.

c) Administration Fee (including Accounting Fee and Registrar and Transfer Agent Fee)

The Administrator was previously related to the Fund by way of the Administrator being owned by the Bank. In May 2011, the Administrator was purchased by unrelated parties and full ownership and control of the Administrator were transferred to such unrelated parties.

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Administration fee for the year/period was \$32,905 (2011: \$58,100). Administration fees incurred for the year/period for Cautious Class were \$28,892 (2011: \$58,100), for Conservative Class were \$1,812 (2011: \$nil), for Balanced Class were \$1,810 (2011: \$nil), for the Dynamic Class were \$184 (2011: \$nil), and for the Growth Class \$207 (2011: \$nil), with \$3,851 (2011: \$17,000) being payable and included in accrued expenses at year/period end.

d) Credit Facility

In October 2010, the Fund entered into a credit facility agreement with the Bank for \$10 million, to a maximum of 10% of the Fund's net asset value. The agreement was renewed in May 2012 and extended to May 31, 2013.

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

8. TAXATION

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

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011, allowing the Minister of Finance to grant assurance up to March 31, 2035.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS For the year/period ended June 30, 2012 (Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS

2012

	Cautious Class	Conservative Class ¹	Balanced Class ¹
Per Share Information			
Net asset value - beginning of year or upon issuance	\$ 10.57	\$ 10.00	\$ 10.00
Net investment income from operations			
Net investment loss	(0.11)	(0.04)	(0.04)
Net realised and unrealised gain on investments	0.10	0.11	(0.23)
Total from investment operations	0.01	0.07	(0.27)
Net asset value - end of year/period	\$ 10.56	\$ 10.07	\$ 9.73

Ratios / Supplemental Data

Total net assets - end of year/period	\$ 1,987,825	\$ 2,392,435	\$ 2,389,749
Weighted average net assets*	\$ 9,035,655	\$ 2,375,885	\$ 2,371,571
Ratio of expenses to weighted average net assets	(0.85%)	(0.39%)	(0.39%)
Portfolio turnover rate**	0.00%	0.00%	0.00%
Annual rate of return***	(0.09%)	0.70%	(2.70%)

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS (CONTINUED)

2012

		Dynamic Class ¹		Growth Class ¹
Per Share Information				
Net asset value – upon issuance	\$	10.00	\$	10.00
Net investment income from operations				
Net investment loss		(0.26)		(0.24)
Net realised and unrealised gain on investments		(0.48)		(0.43)
Total from investment operations		(0.74)		(0.66)
Net asset value - end of period	\$	9.26	\$	9.34

Ratios / Supplemental Data

Total net assets - end of period	\$	236,152	\$	274,949
Weighted average net assets*	\$	241,737	\$	266,646
Ratio of expenses to weighted average net assets		(2.73%)		(2.48%)
Portfolio turnover rate**		0.00%		0.00%
Annual rate of return***		(7.40%)		(6.60%)

* 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/period 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/period net asset value per share to the beginning of year/period net asset value per share.

¹The ratios and rate of return for these classes have not been annualised.

Butterfield Select Invest Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year/period ended June 30, 2012

(Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS (CONTINUED)

2011

**Cautious
Class**

Per Share Information

Net asset value - beginning of year	\$	9.98
Net investment income from operations		
Net investment loss		(0.09)
Net realised and unrealised gain on investments		0.68
Total from investment operations		0.59
Net asset value - end of year	\$	10.57

Ratios / Supplemental Data

Total net assets - end of year	\$	12,972,445
Weighted average net assets*	\$	12,996,403
Ratio of expenses to weighted average net assets		0.91%
Portfolio turnover rate**		1.88%
Annual rate of return***		5.91%

* 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/period 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 per share to the beginning of year net asset value per share.