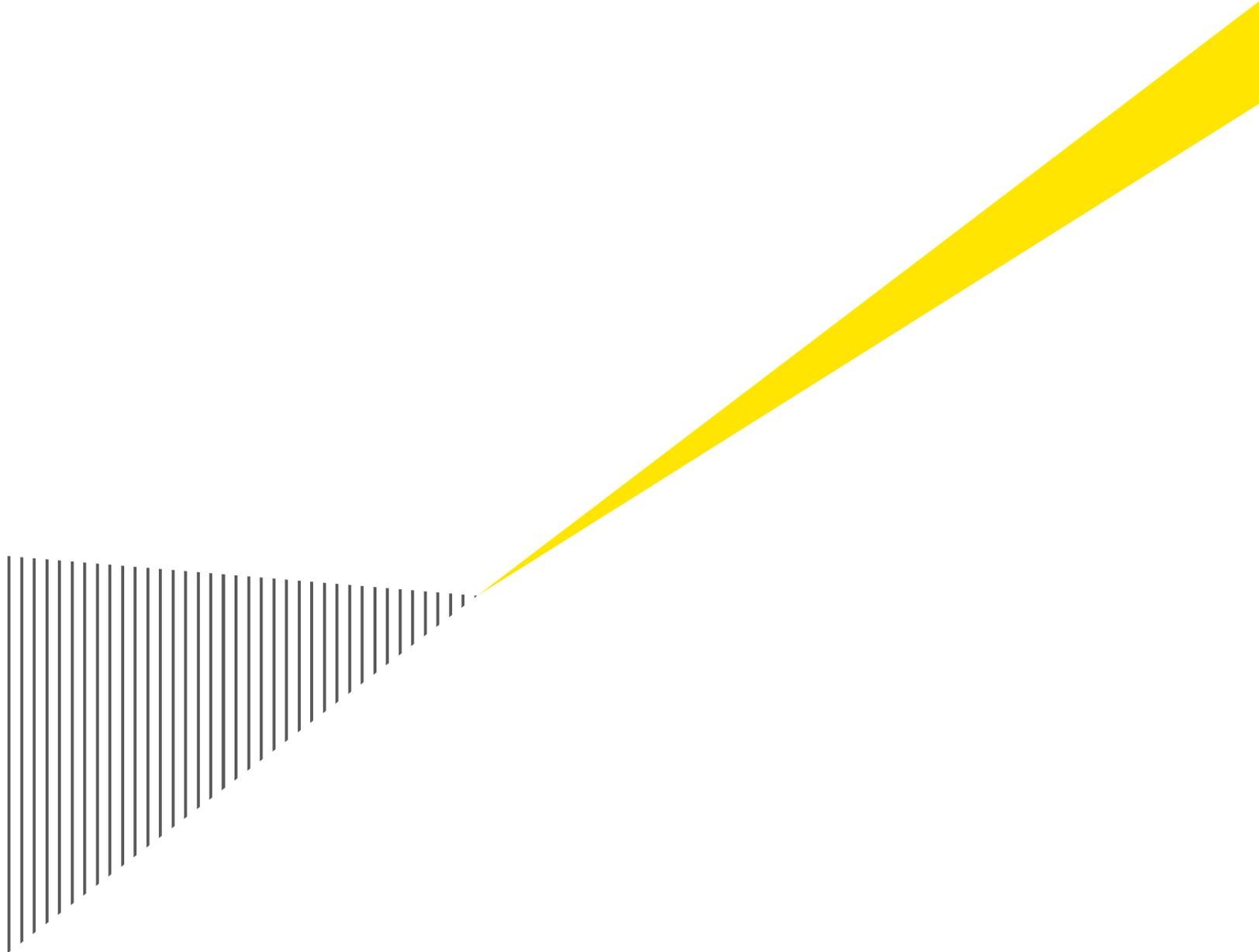


Butterfield Select Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013



Ernst & Young Ltd.



Butterfield Select Fund Limited

INVESTMENT MANAGER'S REPORT

Select Equity Share Class

The net asset value (NAV) per share for the year, closed at \$10.89 at the end of the fiscal year, representing a +17.22% return for the period.

During the June 2012 - June 2013 period equity markets performed well with the MSCI World Index recording a +18.58% total return for the period. In the second half of 2012 most risk assets were positive, with the majority of the equity indices posting double digit returns. An improvement in the US economic environment was supportive, but conversely there was little improvement in the macro and economic environment in Europe and China. This trend continued for most of the first half of 2013 with two key highlights. First, in Japan, economic, fiscal and monetary reforms dubbed "Abenomics" by market participants and named for the new Premier, have led to a major re-rating of Japanese Equities. The Topix Index was the top performing equity market for the first six months of 2013. Second, the US Federal Reserve Chairman prepared the markets for the potential that Fed may begin to reduce or "taper" their bond purchase program, also known as Quantitative Easing (QE). The potential for less of a tailwind from supportive monetary policy negatively impacted the equity markets to end the fiscal year, with the MSCI World losing some of its gains during June 2013.

There was considerable trading activity in the Select Fund - Equity Class over the fiscal year. The portfolio is positioned in line with our in-house asset allocation and sector allocation policy. The two most significant changes were that the portfolio moved to overweight North America and underweight European Financials. There were also several changes at the fund selection level, where we added the Morgan Stanley Global Brands Fund, the American Century Global Growth Fund, the Artisan US Value Equity Fund and several passive ETF positions. Over the year we liquidated the Orbis Global Equity Fund, all Canadian ETFs, Market Vectors Gold Miners ETF, the JP Morgan European Strategic Fund and the Blackrock Global Equity Fund.

Select Alternative Share Class

The net asset value (NAV) per share closed at \$14.81 at the end of the fiscal year, representing a +5.26% return for the year.

The objective of the Portfolio is to generate consistent returns whilst protecting capital in market downturns and the manager has emphasized several core themes to achieve this result. While the portfolio is still designed to generate a consistent return profile, several changes have been implemented in order to capture additional upside without giving up the downside protection. The portfolio has increased its exposure to the event driven and credit strategies, whilst it has eliminated its investments in Commodity Trading Advisor's.

Over the fiscal year, the top performing strategy has been long/short equity as every region has contributed positively to returns. In the US, the manager favored more positive biases due to the improving economic environment and this has proven to be beneficial for performance. Within Europe and several specific sectors, the Portfolio is focused on higher-alpha strategies and is positioned to capitalize on the elevated levels of market dispersion. Event driven has also been a meaningful contributor. The strategy has generated positive returns from Residential Mortgage Backed Securities, event driven equities, and distressed investments.

Conversely, the macro and CTA strategies have detracted from performance as currency and commodity trading has been more challenging. The macro strategy remains a source of both downside protection and uncorrelated returns, however, fewer potential downside risks have led the manager to reduce the portfolio's defensive exposure. As a result, the macro strategy has focused on more nimble, specialized managers who should be a source of more consistent performance going forward. We have eliminated the CTA exposure due to the headwinds that exist for the strategy.

Butterfield Select Fund Limited

Going forward, the level of equity-friendly corporate activity is expected to continue to trend higher as companies look for ways to return capital to shareholders and improve earnings in a lower growth environment. Several of the portfolio's recent investments are positioned to benefit from this theme, and the manager is rotating some of the RMBS exposure into more idiosyncratic special situation investments. Despite running with a less directional approach, the credit strategy has also been a meaningful contributor due to the performance divergence between corporate and structured credit.

Select Global Fixed Income Share Class

The net asset value (NAV) per share closed at \$17.33 at the end of the fiscal year, representing a +0.41% return for the year, versus the portfolio's benchmark return of -1.30% over the same period.

Over the past fiscal year, the U.S. Treasury market remained mostly range-bound and uneventful, however during May and June of 2013 there were some dramatic increases in yields with the 10 year part of the curve rising to 2.49% at the end of June 2013. This adversely affected the performance of the portfolio, and Fixed Income assets in general, although we remained underweight duration versus the benchmark index and managed to avoid the full impact of rising rates.

Aside from the impact of the Treasury market in Q2 2013, credit spreads tightened significantly during 2012 with the higher-beta asset classes such as BBB rated Corporate Bonds, Emerging Market debt and High Yield reaching new lows as investors chased high yielding assets, real yields of U.S. Treasuries turned negative and economic sentiment improved.

The U.S. economy continued its slow improvement, with quarterly annualized growth ranging from +0.4% to +3.1% and the unemployment rate ticking down from 8.2% to 7.6%, whilst inflation remained subdued. The housing market also (finally) found a firm footing, helped by record low mortgage rates, depressed values and the improving economy. The nascent housing recovery, and to some extent the rising equity market, has led to rising consumer confidence and increased domestic spending. With this positive momentum it is no surprise that the Federal Reserve is contemplating scaling back its purchases of MBS and U.S. Treasuries, however actual interest rate rises are unlikely before 2015 and any talk of major tightening is misplaced in the absence of a much lower unemployment rate.

Emerging Markets lost some of their shine throughout the year as the breakneck growth of the BRIC economies slowed and structural problems became more apparent. The underlying demand for the asset class continued until Q2 2013 when the prospect of a reduction in global monetary liquidity was hinted at by the Federal Reserve, prompting a sell-off. However, with low external debt, healthy current account balances and the Japanese QE program that is just beginning, the risks of an Emerging Market crisis is low. Growth rates may be slowing, but they are still much higher than the developed world and the appeal of the higher yielding asset class should remain for now.

High Yield debt performed exceptionally well over the year with spreads tightening significantly. Performance was also boosted by the high coupon yield and low duration of the asset class which helped to protect the gains made early in the year from the U.S. Treasury rates correction in May and June.

The fund continues to invest in segregated investment grade credit securities at its core with additional exposure to Emerging Market debt and High Yield credit via mutual funds or exchange traded funds (ETF's). Duration as at the end of June 2013 was 5.5 years which is 87% of the benchmark index. The overall credit quality of the fund is stable and rated BBB- by S&P.

Michael Neff
President
Butterfield Select Fund Limited

October 17, 2013

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Directors of
Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class and Alternative Investment Class (collectively referred to as the "Fund")

We have audited the accompanying statements of net assets and statements of portfolio investments of Butterfield Select Fund Limited (the "Fund"), comprising of Equity Class, Global Fixed Income Class and Alternative Investment Class, as at June 30, 2013, and the related 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 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

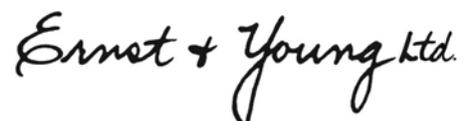
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian and Bermudian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain 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 Equity Class, Global Fixed Income Class and Alternative Investment Class as at June 30, 2013, and the results of their operations and the changes in their net assets for the year then ended in accordance with Canadian and Bermudian generally accepted accounting principles.



October 17, 2013

Butterfield Select Fund Limited

DIRECTORS

Barry Hanson
Dawn Griffiths
Michael Neff (President)
Elizabeth Denman (Alternate)
Richard Foley

INVESTMENT ADVISER

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

CUSTODIAN

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

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 Fund Limited

STATEMENT OF NET ASSETS

As at June 30, 2013

(Expressed in US Dollars)

		EQUITY CLASS	
	NOTES	2013	2012
ASSETS			
Investments, at fair value (Cost: 2013 - \$106,393,081; 2012 - \$84,970,844)	3, 4	\$ 117,966,852	\$ 86,422,451
Cash and cash equivalents	2	2,105,083	9,827,215
Dividends receivable		34,257	16,743
Other assets		5,442	5,600
		120,111,634	96,272,009
LIABILITIES			
Accrued expenses	7	228,650	330,736
Unrealized loss on forward foreign exchange contract		72,767	-
Other liabilities		4,489	6,000
Redemptions payable		-	3,042
Subscriptions received in advance		500	-
		306,406	339,778
		119,805,228	95,932,231
Organisational shares		12,000	12,000
NET ASSETS		\$ 119,793,228	\$ 95,920,231
Number of common shares in issue	5	10,997,880	10,329,360
NET ASSET VALUE PER COMMON SHARE		\$ 10.89	\$ 9.28

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2013

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
	NOTES	2013	2012
ASSETS			
Investments, at fair value (Cost: 2013 - \$59,895,751; 2012 - \$59,271,342)	3, 4	\$ 61,903,773	\$ 65,812,418
Cash and cash equivalents	2	1,245,618	3,653,757
Interest receivable		554,689	376,274
Other assets		12,936	5,856
Redemption paid in advance		4,980	-
		63,721,996	69,848,305
LIABILITIES			
Bank overdraft		444,259	-
Accrued expenses	7	106,144	101,320
		550,403	101,320
NET ASSETS		\$ 63,171,593	\$ 69,746,985
Number of common shares in issue	5	3,646,121	4,040,000
NET ASSET VALUE PER COMMON SHARE		\$ 17.33	\$ 17.26

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2013

(Expressed in US Dollars)

		ALTERNATIVE INVESTMENT CLASS	
	NOTES	2013	2012
ASSETS			
Investments at fair value (Cost: 2013 - \$49,167,385; 2012 - \$53,886,705)	3, 4	\$ 57,345,552	\$ 58,327,087
Cash and cash equivalents	2	313,019	1,042,748
Other assets		6,377	7,922
Receivable for investments sold /subscription in advance		2,126,195	911,209
		59,791,143	60,288,966
LIABILITIES			
Accrued expenses	7	138,929	126,000
		138,929	126,000
NET ASSETS		\$ 59,652,214	\$ 60,162,966
Number of common shares in issue	5	4,027,540	4,275,045
NET ASSET VALUE PER COMMON SHARE		\$ 14.81	\$ 14.07

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, 2013

(Expressed in US Dollars)

INVESTMENTS	Nominal	2013		Nominal	2012	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
Investment Funds						
ACI GLOBAL GROWTH EQUITY- CL I	607,364	\$ 7,731,747	6.55%	-	\$ -	-
ARTISAN VALUE FUND ON XNMS	622,924	7,823,920	6.63%	-	-	-
BGF-GLOBAL EQUITY FUND-\$X2	-	-	-	1,145,869	6,898,131	7.98%
BNY MELLON LONG TERM GLOBAL EQUITY FUND USD C	6,410,843	7,723,143	6.55%	6,410,843	6,523,033	7.55%
JPMORGAN F-EURO STRAT VL-C	-	-	-	499,730	6,930,886	8.02%
MFS MER-GLOBAL EQUITY-I1\$	56,286	9,987,989	8.47%	47,739	6,819,546	7.89%
MORGAN ST INV F-GLB BRNDS- CL Z	219,292	8,355,013	7.08%	-	-	-
OMIGSA ACADIAN GLOBAL EQ A	-	-	-	521,095	6,289,976	7.28%
OMIGSA ACADIAN GLOBAL EQ A	521,095	7,348,914	6.23%	-	-	-
ORBIS GLOBAL EQUITY	-	-	-	72,861	8,425,601	9.75%
ORBIS JAPAN EQUITY US\$ FUND	248,892	8,539,492	7.24%	-	-	-
ORBIS SICAV-JAPAN EQUITY-YEN	-	-	-	175,214	4,738,841	5.48%
SISF-QEP GLOBAL QUALITY-C\$A	69,916	7,788,653	6.60%	69,916	6,667,899	7.72%
UBAM NB US EQUITY VALUE-IC	8,007	7,070,341	5.99%	9,740	7,039,082	8.14%
		\$ 72,369,212	61.35%		\$ 60,332,995	69.81%
Exchange Trades Funds						
ISHARES MSCI CANADA	-	\$ -	-	9,000	\$ 232,560	0.27%
ISHARES S&P/TSX CAPPED COMPO	-	-	-	323,600	5,806,083	6.72%
MARKET VECTORS GOLD MINERS	-	-	-	40,000	1,790,800	2.07%
SPDR DJIA TRUST	49,500	7,353,225	6.23%	85,000	10,918,250	12.63%
SPDR S&P 500 ETF TRUST	40,400	6,480,968	5.49%	7,600	1,034,398	1.20%
VANGUARD DIVIDEND APPREC ETF	98,500	6,520,700	5.53%	-	-	-
VANGUARD ENERGY ETF	-	-	-	8,500	826,965	0.96%
VANGUARD S&P 500 ETF	225,000	16,501,500	13.99%	-	-	-
VANGUARD TOT WORLD STK ETF	169,700	8,741,247	7.41%	120,000	5,480,400	6.34%
		\$ 45,597,640	38.65%		\$ 26,089,456	30.19%
TOTAL INVESTMENTS(Cost: 2013 - \$106,393,081;2012 - \$84,970,844)		\$ 117,966,852	100.00%		\$ 86,422,451	100.00%
Forward Foreign Exchange Contract						
Sell EUR/Buy USD Aug 16, 2013	7,065,968	\$ (72,767)	100%	-	\$ -	-
UNREALISED LOSS ON FORWARD FOREIGN EXCHANGE CONTRACT		\$ (72,767)	100%		\$ -	-

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - GLOBAL FIXED INCOME CLASS

As at June 30, 2013

(Expressed in US Dollars)

INVESTMENTS	2013			2012		
	Nominal	Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio
Corporate and Government						
Debt Securities						
ASIAN DEVELOPMENT BANK 1.000% 05/17/18 SR:EMTN	1,500,000	\$ 1,447,062	2.34%	1,500,000	\$ 1,475,400	2.24%
AUST & NZ BANKING GROUP 2.400% 11/23/16	-	-	-	1,000,000	1,023,911	1.56%
AUST & NZ BANKING GROUP 2.400% 11/23/2016	-	-	-	500,000	511,956	0.78%
BARCLAYS BANK PLC 5.125% 01/08/20	1,500,000	1,659,435	2.68%	1,500,000	1,627,748	2.47%
BARRICK GOLD CORP 4.100% 05/01/23 SR:REGS	1,500,000	1,276,095	2.06%	-	-	-
BERKSHIRE HATHAWAY INC 3.750% 08/15/21	1,000,000	1,031,194	1.67%	2,000,000	2,133,562	3.24%
BHP BILLITON FIN USA LTD 2.875% 02/24/22	-	-	-	1,000,000	1,010,499	1.54%
CAISSE FRANCAISE DE FIN 5.250% 02/16/17 SR:EMTN	1,500,000	1,687,640	2.73%	1,000,000	1,057,630	1.61%
CCCIT 2003-A7 A7 4.150% 07/07/17 SR:A7 Tranche:A7	1,000,000	1,067,757	1.72%	1,000,000	1,098,743	1.67%
CIE FINANCEMENT FONCIER 5.625% 06/19/17 SR:EMTN	1,500,000	1,717,745	2.77%	-	-	-
CIE FINANCEMENT FONCIER FLOATING 04/17/14	-	-	-	1,500,000	1,459,110	2.22%
CITIGROUP INC 3.500% 05/15/23	2,000,000	1,796,264	2.90%	-	-	-
CITIGROUP INC 6.125% 11/21/17	-	-	-	1,500,000	1,661,885	2.53%
CORP ANDINA DE FOMENTO 4.375% 06/15/22	1,500,000	1,527,434	2.47%	-	-	-
CORP ANDINA DE FOMENTO 5.750% 01/12/17	-	-	-	1,000,000	1,123,100	1.71%
DEXIA CREDIT LOCAL 2.750% 04/29/14	-	-	-	1,000,000	980,700	1.49%
EQUITY ONE ABS INC 10/25/34	-	-	-	276,647	262,214	0.40%
FEDEX CORP 1998 PASS TST 6.720% 01/15/22 SR:981A	1,670,213	2,004,255	3.24%	1,180,977	1,399,457	2.13%
FIFTH THIRD CAP TRUST IV FLOATING 6.500% 04/15/37	1,050,000	1,046,063	1.69%	-	-	-
GENERAL ELEC CAP CORP 4.650% 10/17/21	-	-	-	1,000,000	1,110,526	1.69%

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - GLOBAL FIXED INCOME CLASS (CONTINUED) As at June 30, 2013 (Expressed in US Dollars)

INVESTMENTS (CONTINUED)	2013			2012		
	Nominal	Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio
Corporate and Government						
Debt Securities (CONTINUED)						
GENERAL ELEC CAP CORP 5.300% 02/11/21	1,500,000	\$1,645,457	2.66%	-	\$ -	-
GENERAL ELEC CAP CORP 5.625% 05/01/18	-	-	-	1,200,000	1,379,448	2.10%
GOLDMAN SACHS GROUP INC 6.150% 04/01/18	1,500,000	1,690,260	2.73%	1,200,000	1,300,896	1.98%
GOVT OF BERMUDA 5.603% 07/20/20 SR:144A	1,500,000	1,627,500	2.63%	400,000	457,600	0.70%
HSBC BANK PLC 4.750% 01/19/21 SR:144A	750,000	818,003	1.32%	-	-	-
INTL BK RECON & DEVELOP 0.000% 05/01/18 SR:MTNB	500,000	449,401	0.73%	500,000	450,618	0.68%
JOHN HANCOCK GLOB FDG II 5.250% 02/25/15 SR:144A	500,000	532,935	0.86%	500,000	536,159	0.81%
JPMORGAN CHASE & CO 3.375% 05/01/23	1,000,000	931,160	1.50%	-	-	-
JPMORGAN CHASE & CO 5.150% 10/01/15	-	-	-	500,000	536,536	0.82%
LBUBS 2004-C2 A4 4.367% 03/15/36 SR:C2 Tranche:A4	1,000,000	1,017,472	1.64%	1,000,000	1,045,579	1.59%
LLOYDS TSB BANK PLC 6.500% 09/14/20 SR:REGS	1,500,000	1,599,176	2.58%	-	-	-
MERRIL LYNCH & CO 0.000% 09/25/18	-	-	-	100,000	73,051	0.11%
MERRILL LYNCH & CO 0.000% 08/30/13	-	-	-	750,000	715,968	1.09%
MET LIFE GLOB FUNDING I 3.875% 04/11/22 SR:144A	1,700,000	1,722,263	2.78%	1,500,000	1,557,465	2.37%
MONTPELIER RE HOLDINGS L 4.700% 10/15/22	1,000,000	983,090	1.59%	-	-	-
MORGAN STANLEY 7.300% 05/13/19	1,250,000	1,452,018	2.35%	-	-	-
MORGAN STANLEY FLT 05/14/13 SR:GMTN	-	-	-	1,000,000	998,631	1.52%
NORD/LB COVERED FIN BNK 5.375% 06/05/17 SR:EMTN	1,500,000	1,673,016	2.70%	-	-	-
PRINCIPAL LIFE GLOBAL 5.050% 03/15/15	-	-	-	1,000,000	1,084,970	1.65%
RABOBANK NEDERLAND 3.950% 11/09/22	1,300,000	1,243,154	2.01%	-	-	-

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - GLOBAL FIXED INCOME CLASS (CONTINUED)

As at June 30, 2013

(Expressed in US Dollars)

INVESTMENTS (CONTINUED)	2013			2012		
	Nominal	Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio
Corporate and Government						
Debt Securities (CONTINUED)						
RCI BANQUE SA 4.600%						
04/12/16 SR:REGS	1,500,000	\$ 1,564,050	2.53%	-	\$ -	-
RIO TINTO FIN USA LTD 3.500%						
03/22/22	1,500,000	1,446,446	2.34%	1,000,000	1,053,916	1.60%
SHELL INTERNATIONAL FIN 4.375%						
03/25/20	1,000,000	1,111,601	1.80%	-	-	-
STANDARD CHARTERED PLC 3.950%						
01/11/23 SR:144A	1,000,000	930,246	1.50%	-	-	-
STRIPS 0.000% 08/15/20	-	-	-	2,000,000	1,779,986	2.70%
STRIPS 0.000% 08/15/21	-	-	-	2,000,000	1,719,178	2.61%
STRIPS 0.000% 08/15/22	1,400,000	1,115,586	1.80%	2,000,000	1,661,216	2.52%
STRIPS 0.000% 08/15/23	1,000,000	762,523	1.23%	1,000,000	799,154	1.21%
SW AIRLINES 07-1 TRUST 6.150%						
08/01/22 SR:07-1	1,635,293	1,909,204	3.08%	1,239,855	1,413,434	2.15%
SWEDBANK HYPOTEK AB 1.375%						
03/28/18 SR:REGS	1,500,000	1,451,550	2.34%	-	-	-
VALE OVERSEAS LIMITED 4.625%						
09/15/20	1,500,000	1,481,546	2.39%	-	-	-
WACHOVIA BANK COMMERCIAL MORTGAGE TRUST 2003-C5 A2 3.990% 06/15/2035	-	-	-	432,079	439,002	0.66%
WACHOVIA BANK COMMERCIAL MORTGAGE TRUST 2004-C10 A4 4.7500% 2/15/2041	806,164	817,081	1.32%	865,618	908,037	1.37%
WESTLB AG NY 4.796% 07/15/15	1,199,000	1,281,954	2.07%	1,199,000	1,257,305	1.90%
		\$ 47,517,630	76.76%		\$ 39,104,590	59.42%
Investment Funds						
ISHARES USD HY CORP BND	30,000	\$,263,850	5.27%	30,000	\$ 3,240,300	4.92%
LM-WA EMRG MRKTS BD-FA\$	30,000	3,631,200	5.87%	-	-	-
LM-WA EM MK-FA\$ (ID)	-	-	-	40,000	4,826,800	7.33%
PIMCO GBL INV GRADE-INS \$ACC	350,000	5,260,500	8.50%	487,502	7,054,152	10.72%
VANGUARD-\$ INV GRD IDX -INS\$	14,500	2,230,593	3.60%	34,667	5,269,093	8.01%
VANGUARD-\$ MORT BACK SC BD-I	-	-	-	42,236	6,317,483	9.60%
		\$ 14,386,143	23.24%		\$ 26,707,828	40.58%
TOTAL INVESTMENTS (Cost: 2013 - \$ 59,895,751; 2012 - \$59,271,342)		\$ 61,903,773	100%		\$ 65,812,418	100%

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, 2013

(Expressed in US Dollars)

INVESTMENTS	Nominal	2013		Nominal	2012	
		Fair Value	% of Portfolio		Fair Value	% of Portfolio
Investment Funds						
Arcem Global Offshore Ltd. Class B Series 2	1,199	\$ 1,241,830	2.17%	-	\$ -	-
Capula Global Relative Value Fund Ltd. Class C	-	-	-	23,405	4,159,881	7.13%
Claren Road Credit Fund B1	623	1,275,752	2.22%	623	1,096,333	1.88%
Claren Road Credit Fund B	1,910	3,158,321	5.51%	1,910	2,714,555	4.65%
Clive Fund Limited Class B	12,954	1,629,416	2.84%	18,877	2,805,443	4.81%
Comac Global Macro Fund Limited	-	-	-	20,582	3,270,456	5.61%
Criterion Capital Partners Ltd. - Class B - Series 0312	18,000	1,789,267	3.12%	18,000	1,781,300	3.05%
Criterion Capital Partners Ltd. - Class B - Series 0412	6,500	634,156	1.11%	6,500	630,534	1.08%
Criterion Capital Partners Ltd. - Class B - Series 0512	5,000	494,836	0.86%	5,000	492,083	0.84%
Dabroes Offshore Investment Fund Ltd	-	-	-	2,430	2,230,511	3.82%
Dabroes Offshore Investment Fund Ltd - Series D/10	-	-	-	650	616,635	1.06%
Dragon Billion China Fund	12,215	2,184,042	3.81%	-	-	-
Dymon Asia Macro - Class P Restricted ECF Value Fund International Ltd. Series 1	1,034	1,651,692	2.88%	1,500	1,517,955	2.60%
Global Undervalued Securities Fund, Ltd. Series 1	211	1,395,494	2.43%	-	-	-
Global Undervalued Securities Fund, Ltd.	-	-	-	180	1,625,153	2.79%
Global Undervalued Securities Fund, Ltd. - Series May 2012	-	-	-	65	616,973	1.06%
Halcyon Offshore Asset-Backed Value Fund Ltd. - Initial Series Restricted Class	1,794	3,731,221	6.51%	1,423	2,513,715	4.31%
Halcyon Offshore Asset-Backed Value Fund Ltd. - April 2012 Special	-	-	-	-	178	-
Halcyon Offshore Asset-Backed Value Fund Ltd. - Class Restricted USD April 2012	-	-	-	650	654,618	1.12%
IAM Trading Fund Class O Shares USD	-	-	-	35,896	3,759,413	6.45%
JCAM Global Fund Ltd Class F Ex Series	124	114,302	0.20%	315	325,439	0.56%
King Street Capital - Class A - Series 7	3,870	505,708	0.88%	-	-	-
King Street Europe Ltd. Class A - Series 7	19,176	2,506,020	4.37%	-	-	-
Lakewood Capital Offshore Fund Ltd	2,906	4,190,997	7.31%	3,500	3,590,930	6.16%

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS - ALTERNATIVE INVESTMENT CLASS

(CONTINUED)

As at June 30, 2013

(Expressed in US Dollars)

INVESTMENTS (CONTINUED)	Nominal	2013		Nominal	2012	
		Fair Value	Portfolio		Fair	Portfolio
Investment Funds (Continued)						
Lansdowne UK Equity Fund	7,933	\$ 3,699,948	6.45%	7,933	\$,896,927	4.97%
Lioneye OffShore fund Ltd. Class A Series 2013-02	12,000	1,215,617	2.12%	-	-	-
Lioneye OffShore fund Ltd. Class A Series 2013-04	10,000	1,004,837	1.75%	-	-	-
Majedie Tortoise Fund - Class G	-	-	-	912,306	1,965,876	3.37%
Malta MLC Offshore Ltd. Class B-1 Series 1	684	1,257,598	2.19%	-	-	-
Malta MLC Offshore Ltd. Class B-1 Series 11	1,200	1,230,124	2.15%	-	-	-
MidOcean Credit Opportunity Offshore Fund, Ltd. - Class B	2,000	2,152,727	3.75%	2,000	2,000,000	3.43%
MKM Longboat Multi Strategy	371	-	-	371	-	-
Ortus Fund (Cayman) Limited - Series 82	-	-	-	8,595	2,454,702	4.21%
Pamli Global Credit Strategies Offshore Ltd. - Class B, Sub Class B-1 - Series 04-2012	1,200	1,196,874	2.09%	1,200	1,205,534	2.07%
Pamli Global Credit Strategies Offshore Ltd. - Class B, Sub Class B-1 - Series 07-2012	1,000	978,204	1.71%	-	-	-
PFM Diversified Offshore Fund, Ltd	1,280	2,458,008	4.29%	1,983	3,285,343	5.63%
Prologue Feeder Fund Ltd. Class A - Series 0513	1,800	1,819,026	3.17%	-	-	-
Saba Capital Offshore Fund Ltd Class A Sub Class 2 - Series 30	2,500	2,534,143	4.42%	2,500	2,580,559	4.42%
Stelliam Offshore Fund Ltd.	1,200	1,287,583	2.24%	-	-	-
Stelliam Offshore fund Ltd. Class A Series R	1,500	1,521,110	2.65%	-	-	-
The Drake Global Opportunities Fund	72	76,181	0.13%	84	78,771	0.14%
Triskele China Fund - Class B	-	-	-	92,272	2,152,715	3.69%
WCG Offshore Fund Ltd. - Class C	2,699	3,409,622	5.95%	2,699	3,139,447	5.38%
York European Opportunities Unit Trust A10 - 2009	150,459	2,394,679	4.18%	150,459	2,165,108	3.71%
TOTAL INVESTMENTS						
(Cost: 2013 - \$49,167,385; 2012 - \$53,886,705)		\$ 57,345,552	100.00%		\$ 58,327,087	100.0%

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF OPERATIONS For the year ended June 30, 2013 (Expressed in US Dollars)

		EQUITY CLASS	
	Notes	2013	2012
INVESTMENT INCOME			
Interest		\$ 11,707	\$ 9,445
Dividends (net of withholding taxes)		724,572	400,234
Other income		17,127	76,642
		753,406	486,321
EXPENSES			
Management fee	7 a)	919,718	763,859
Administration fee	8	239,223	203,819
Miscellaneous		83,152	100,847
Audit fee		16,050	15,000
Custodian fee	7 b)	30,082	9,990
Government fee		4,997	4,189
Corporate secretarial fee		-	1,487
		1,293,222	1,099,191
NET INVESTMENT LOSS		\$ (539,816)	\$ (612,870)
NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY			
Net realised gain on investments	6	7,106,349	5,549,921
Net change in unrealised gain/(loss) on investments		10,046,623	(14,542,131)
Net realised gain/(loss) on foreign currency		55,665	(440,450)
NET GAIN/(LOSS) ON INVESTMENTS		17,208,637	(9,432,660)
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 16,668,821	\$ (10,045,530)

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF OPERATIONS (CONTINUED) For the year ended June 30, 2013 (Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
	Notes	2013	2012
INVESTMENT INCOME			
Bond interest		\$ 1,218,606	\$ 494,810
Dividends (net of withholding taxes)		202,749	149,957
Other income		34	55
		1,421,389	644,822
EXPENSES			
Management fee	7 a)	574,905	554,159
Administration fee	8	150,599	139,575
Miscellaneous		34,659	30,830
Audit fee		14,050	15,000
Custodian fee	7 b)	18,673	9,991
Government fee		10,168	9,137
Corporate secretarial fee		-	2,222
		803,054	760,914
NET INVESTMENT GAIN/(LOSS)		\$ 618,335	\$ (116,092)
NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY			
Net realised gain on investments	6	4,358,005	5,935,899
Net change in unrealised (loss) on investments		(4,533,369)	(2,298,173)
Net realised gain on foreign currency		-	598,946
NET (LOSS)/GAIN ON INVESTMENTS		(175,364)	4,236,672
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 442,971	\$ 4,120,580

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

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

		ALTERNATIVE INVESTMENT CLASS	
	Notes	2013	2012
INVESTMENT INCOME			
Interest		\$ 1,138	\$ 2,022
Other income		675	16,053
		1,813	18,075
EXPENSES			
Management fee	7 a)	864,902	914,845
Administration fee	8	130,363	133,224
Miscellaneous		39,571	36,715
Audit fee		19,050	15,000
Custodian fee	7 b)	16,581	9,991
Government fee		2,453	9,079
Corporate secretarial fee		-	2,367
		1,072,920	1,121,221
NET INVESTMENT LOSS		(1,071,107)	(1,103,146)
NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY			
Net realised gain on investments	6	390,320	3,773,466
Net change in unrealised gain/(loss) on investments		3,737,784	(5,501,096)
Net realised (loss)/gain on foreign currency		(36,335)	70,263
NET GAIN/(LOSS) ON INVESTMENTS		4,091,769	(1,657,367)
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS		\$ 3,020,662	\$ (2,760,513)

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS
For the year ended June 30, 2013
(Expressed in US Dollars)

	EQUITY CLASS	
	2013	2012
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 16,668,821	\$ (10,045,530)
<hr/>		
CAPITAL STOCK TRANSACTIONS		
Issue of shares	25,187,531	23,700,889
Redemption of shares	(17,983,355)	(22,427,051)
<hr/>		
Net capital stock transactions	7,204,176	1,273,838
<hr/>		
NET INCREASE/(DECREASE) IN NET ASSETS FOR THE YEAR	23,872,997	(8,771,692)
NET ASSETS - BEGINNING OF YEAR	95,920,231	104,691,923
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NET ASSETS - END OF YEAR	\$ 119,793,228	\$ 95,920,231

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)
For the year ended June 30, 2013
(Expressed in US Dollars)

	GLOBAL FIXED INCOME CLASS	
	2013	2012
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 442,971	\$ 4,120,580
<hr/>		
CAPITAL STOCK TRANSACTIONS		
Issue of shares	6,246,024	25,119,984
Redemption of shares	(13,264,387)	(21,171,978)
<hr/>		
Net capital stock transactions	(7,018,363)	3,948,006
<hr/>		
(DECREASE)/INCREASE IN NET ASSETS FOR THE YEAR	(6,575,392)	8,068,586
NET ASSETS - BEGINNING OF YEAR	69,746,985	61,678,399
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NET ASSETS - END OF YEAR	\$ 63,171,593	\$ 69,746,985

The accompanying notes are an integral part of these financial statements

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)

For the year ended June 30, 2013

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2013	2012
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,020,662	\$ (2,760,513)
<hr/>		
CAPITAL STOCK TRANSACTIONS		
Issue of shares	4,338,378	9,829,824
Redemption of shares	(7,869,791)	(24,974,772)
<hr/>		
Net capital stock transactions	(3,531,413)	(15,144,948)
<hr/>		
NET DECREASE IN NET ASSETS FOR THE YEAR	(510,751)	(17,905,461)
NET ASSETS - BEGINNING OF YEAR	60,162,965	78,068,426
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NET ASSETS - END OF YEAR	\$ 59,652,214	\$ 60,162,965

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, 2013

(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 (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 and Bank each maintains separate business units, roles and responsibilities to ensure segregation between different functions.

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

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

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

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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Valuation of Investments (continued)

The fair values of investments in debt securities traded in active markets are based on quoted market prices at the close of trading on the period end date. The quoted market price used for investments held by the Fund is the bid price reported by the principal securities exchange on which the issue is traded. An investment is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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.

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 comprised 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. The fair value of the Fund's holding in the money market fund at June 30, 2013 was \$1,770,525 (2012 - \$9,518,094) for the Equity Class and \$1,245,618 (2012 - \$3,652,377) for the Global Fixed Income Class, and \$227,486 (2012 - \$976,226) for the Alternative Investment Class. Interest income earned from 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 as the difference between the original contract amount and the fair value on the last business day of the reporting period. Realised and changes in unrealised gains and losses on forward contracts are reflected in the statement of operations.

e) Translation of Foreign Currencies

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

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Adoption of New Accounting Standards

Investment companies that are publicly accountable enterprises are required to adopt International Financial Reporting Standards ("IFRS") for the first time for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014. As a result, the Fund will adopt IFRS beginning July 1, 2014 and publish its first financial statements, prepared in accordance with IFRS, for the annual period ending June 30, 2015. The 2015 annual financial statements will include 2014 comparative financial statements and an opening statement of net assets as of July 1, 2013, also prepared in accordance with IFRS.

The Investment Adviser has developed a transition plan to changeover to IFRS and meet the required timetable. As at June 30, 2013, the expected impact to the financial statements based on the Investment Adviser's assessment of the differences between GAAP and IFRS are as follows:

- IFRS 13 *Fair Value Measurement* permits the use of mid-market prices or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, net assets for financial reporting purposes (NAV) may be impacted and could align with the value used to price unitholder transactions (Transaction NAV), eliminating the need for a reconciliation.
- Shares of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. As a result, shareholders' equity may be required to be presented as a liability in the statements of net assets with related distributions presented as an expense in the statements of operations. Alternatively, equity presentation would require additional disclosure of the components of equity.
- IFRS requires the presentation of a statement of cash flows, including comparatives. The Fund has not previously presented this statement as permitted by GAAP.

3. FINANCIAL RISK MANAGEMENT

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

Credit Risk

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

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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Debt Securities by Credit Rating	% of Portfolio 2013	% of Portfolio 2012
AAA	20.32	32.83
AA+	7.47	11.82
AA+/*-	-	2.71
AA	7.97	2.51
AA/*-	-	0.67
AA-	13.11	6.52
A+	-	12.39
A	6.11	-
A-	20.71	23.41
BBB+	8.00	-
BBB	8.05	-
BBB-	3.37	-
BB+	2.20	-
Not Rated by S&P	2.69	7.14
	100.00	100.00

* On credit watch with negative implications

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Debt Securities by Credit Rating	% of Portfolio 2013	% of Portfolio 2012
Aa1	2.69	3.22
Aaa	-	3.92
	2.69	7.14

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, 2013 and 2012 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	
			2013	2012
Equity Class	CAD	5%	\$ 10	\$ 305,371
	EUR	5%	370,063	663,591
	JPY	5%	-	236,887
Global Fixed Income Class	CAD	5%	2	2
	EUR	5%	67	85
Alternative Investment Class	CAD	5%	67	69
	EUR	5%	25	31
	GPB	5%	3	98,296

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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. 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, 2013, investment funds held by the Equity Class representing \$109,427,360 (93%) offer redemptions on a daily basis and \$8,539,492 (7%) offer redemptions on a weekly basis. As of June 30, 2012, investment funds held by the Equity Class representing \$73,258,008 (85%) offer redemptions on a daily basis and \$13,164,443 (15%) offer redemptions on a weekly basis. The Equity Class also has a credit facility in place to further mitigate liquidity risk.

As of June 30, 2013 and 2012, all investment funds (2013 - \$14,386,143; 2012 - \$26,707,828) held by the Global Fixed Income Class offer redemptions on a daily basis. The Global Fixed Income Class also has a credit facility in place to further mitigate liquidity risk.

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

Debt Securities by Maturity	Fair Value	
	2013	2012
Less than 1 year	\$ -	\$ 998,631
1 - 3 years	3,378,939	4,060,939
3 - 5 years	10,735,030	5,510,438
Greater than 5 years	31,076,152	21,335,411
Non-interest bearing	2,327,509	7,199,171
	\$ 47,517,630	\$ 39,104,590

As of June 30, 2013, investment funds held by the Alternative Investment Class representing \$47,619,716 (83%) offer redemptions on a quarterly basis, \$9,511,729 (16.6%) offer redemptions on a monthly basis, and \$214,107 (0.4%) has redemption restrictions. As of June 30, 2012, investment funds held by the Alternative Investment Class representing \$36,831,860 (63%) offer redemptions on a quarterly basis, \$18,956,085 (33%) offer redemptions on a monthly basis and \$1,965,876 (3%) offer redemptions on a daily basis and \$573,266 (1%) has redemption restriction. The Alternative Investment Class also has a credit facility in place to further mitigate liquidity risk.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Price/Market Risk

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

As at June 30, 2013, all of the Equity Class' investments were exposed to changes in portfolio prices. As at June 30, 2013, 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 \$5,898,343 (2012 - \$4,321,123) higher or lower.

As at June 30, 2013, all of the Global Fixed Income Class' investments were exposed to changes in portfolio prices. As at June 30, 2013, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Global Fixed Income Class would have been \$3,095,189 (2012 - \$3,290,621) higher or lower.

As at June 30, 2013, all of the Alternative Investment Class' investments were exposed to changes in portfolio prices. As at June 30, 2013, 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 \$2,867,278 (2012 - \$2,916,354) 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(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 market observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments.

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

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

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

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

2013

EQUITY CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 72,369,212	\$ -	\$ 72,369,212
Exchange traded funds	45,597,640	-	-	45,597,640
Total Financial Assets	\$ 45,597,640	\$ 72,369,212	\$ -	\$ 117,966,852

Classification	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Forward foreign exchange contract	\$ -	\$ (72,767)	\$ -	\$ (72,767)
Total Financial Liabilities	\$ -	\$ (72,767)	\$ -	\$ (72,767)

GLOBAL FIXED INCOME CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Corporate and government debt securities	\$ -	\$ 47,517,630	\$ -	\$ 47,517,630
Investment funds	-	14,386,143	-	14,386,143
Total Financial Assets	\$ -	\$ 61,903,773	\$ -	\$ 61,903,773

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 57,131,445	\$ 214,107	\$ 57,345,552
Total Financial Assets	\$ -	\$ 57,131,455	\$ 214,107	\$ 57,345,552

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

2012

EQUITY CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 60,332,995	\$ -	\$ 60,332,995
Exchange traded funds	26,089,456	-	-	26,089,456
Total Financial Assets	\$ 26,089,456	\$ 60,332,995	\$ -	\$ 86,422,451

GLOBAL FIXED INCOME CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Corporate and government debt securities	\$ -	\$ 39,104,590	\$ -	\$ 39,104,590
Investment funds	-	\$ 26,707,828	-	\$ 26,707,828
Total Financial Assets	\$ -	\$ 65,812,418	\$ -	\$ 65,812,418

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	\$ -	\$ 57,753,821	\$ 573,266	\$ 58,327,087
Total Financial Assets	\$ -	\$ 57,753,821	\$ 573,266	\$ 58,327,087

Transfers of Assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being traded in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 during the years ended June 30, 2013 and 2012. 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, 2013 and 2012.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

Reconciliation of Financial Asset and Liability Movement - Level 3

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

	2013	2012
Beginning balance	\$ 573,266	\$ -
Purchases	-	-
Sales/redemptions	(382,687)	(3,102,595)
Transfers in	-	4,046,323
Transfers out	-	-
Realised gain	(822)	196,814
Net change in unrealised loss	24,350	(567,276)
Ending balance	\$ 214,107	\$ 573,266
Net change in unrealised loss included in the statement of operations related to Level 3 investments still held at year end	\$ (4,678)	\$ (31,558)

The Fund's Equity Class and Global Fixed Income Class did not hold any Level 3 investments at the beginning, during, or at the end of the year ended June 30, 2013 and June 30 2012.

5. SHARES ISSUED AND OUTSTANDING

The authorised 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 non-participating, voting organisational shares and have been allotted for cash at par to the Investment Adviser and its nominees.

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

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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

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

EQUITY CLASS COMMON SHARES

	2013	2012
Balance - beginning of year	10,329,360	10,220,310
Issue of common shares	2,464,732	2,482,428
Redemption of common shares	(1,796,212)	(2,373,378)
Balance - end of year	10,997,880	10,329,360

GLOBAL FIXED INCOME CLASS COMMON SHARES

	2013	2012
Balance - beginning of year	4,040,000	3,801,954
Issue of common shares	351,089	1,498,511
Redemption of common shares	(744,968)	(1,260,465)
Balance - end of year	3,646,121	4,040,000

ALTERNATIVE INVESTMENT CLASS COMMON SHARES

	2013	2012
Balance - beginning of year	4,275,045	5,310,650
Issue of common shares	304,777	689,675
Redemption of common shares	(552,282)	(1,725,280)
Balance - end of year	4,027,540	4,275,045

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

6. NET REALISED GAIN (LOSS) ON INVESTMENTS

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

EQUITY CLASS		2013		2012	
Proceeds on sale of investments	\$	54,357,992	\$		50,700,773
Less cost of investments sold:					
Investments owned at beginning of year		84,970,844			83,937,250
Investments purchased during year		68,673,880			46,184,446
Investments owned at end of year		(106,393,081)			(84,970,844)
Investments sold during year		47,251,643			45,150,852
Net realised gain on investments	\$	7,106,349	\$		5,549,921
GLOBAL FIXED INCOME CLASS		2013		2012	
Proceeds on sale of investments	\$	41,496,361	\$		43,386,359
Less cost of investments sold:					
Investments owned at beginning of year		59,271,342			51,912,409
Investments purchased during year		37,762,765			44,809,393
Investments owned at end of year		(59,895,751)			(59,271,342)
Investments sold during year		37,138,356			37,450,460
Net realized gain on investments	\$	4,358,005	\$		5,935,899
ALTERNATIVE INVESTMENT CLASS		2013		2012	
Proceeds on sale of investments	\$	37,268,540	\$		41,369,764
Less cost of investments sold:					
Investments owned at beginning of year		53,886,705			62,187,573
Investments purchased during year		32,158,900			29,295,430
Investments owned at end of year		(49,167,385)			(53,886,705)
Investments sold during year		36,878,220			37,596,298
Net realised gain on investments	\$	390,320	\$		3,773,466

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(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 1% per annum of the net asset value of each of the Equity and Global 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 Global Fixed Income Classes and 1.5% per annum for the Alternative Investment Class.

Management fee for the year was \$919,718 (2012: \$763,859) for Equity Class, \$574,905 (2012: \$554,159) for Global Fixed Income Class and \$864,902 (2012: \$914,845) for Alternative Investment Class; with \$108,763 (2012: \$60,918) for Equity Class, \$57,452 (2012: \$47,199) for Global Fixed Class, and \$91,199 (2012: \$73,618) for Alternative Investment Class, being payable and included in accrued expenses at year end.

b) Custodian Fee

The Custodian is related to the Fund through common directorship.

Up to September 30 2012, custodian fee was paid at 0.1% per annum, paid quarterly. Effective October 1, 2012, in accordance with the new custodian agreement, the Custodian receives a fee based on the market value of assets under administration at the rate of 3.25 basis points per annum, subject to a minimum of \$10,000 for each of the Fund's classes. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. The custodian fee for the year was \$30,082 (2012: \$9,990) for Equity Class, \$18,673 (2012: 9,991) for Global Fixed Income Class and \$16,581 (2012: \$9,991) for Alternative Investment Class; with \$6,791 (2012: \$4,166) for Equity Class, \$3,525 (2012: \$5,000) for Global Fixed Income Class and \$2,894 (2012: \$4,167) for Alternative Investment Class, being payable and included in accrued expenses at year end.

c) Investment Transactions

As of June 30, 2013, Butterfield Select Invest Fund Limited ("Select Invest") held 379,941 shares (2012: 57,959) having a fair value of \$4,137,561 (2012: \$815,486) in the Equity Class, 263,376 shares (2012: 246,235) having a fair value of \$4,563,176 (2012: \$4,250,019) in the Global Fixed Income Class and 64,331 shares (2012: 258,720) having a fair value of \$952,745 (2012: \$2,403,510) in the Alternative Investment Class. Select Invest is related through common directorship. In addition, Select Invest is also managed by the Fund's Investment Adviser.

d) Credit Facility

On October 7, 2010, the Fund entered into an unsecured credit facility with the Bank for up to \$21.5 million. Notwithstanding this aggregate total, the individual classes of the Fund will be limited to \$5 million for Equity Class, \$5 million for Global Fixed Income Class and \$11.5 million for Alternative Investment Class; subject to a maximum of 10% of the class' net assets, except for Alternative Investment Class which is subject to a maximum of 20% of the class' net assets. The agreement bears an interest rate of 1% per annum of the higher of the LIBOR or the fund cost incurred by the bank in making the revolving facility available on any date of drawdown with accrued interest payable monthly in arrears. In May 2012, the agreement was renewed and extended to May 31, 2013. See Note 11.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

8. ADMINISTRATION FEE (INCLUDING ACCOUNTING FEE AND REGISTRAR AND TRANSFER AGENT FEE)

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. The administration fee for the year was \$239,223 (2012: \$203,819) for Equity Class, \$150,599 (2012: \$139,575) for Global Fixed Income Class, and \$130,363 (2012: \$133,224) for Alternative Investment Class, with \$48,910 (2012: \$40,707) for Equity Class, \$25,918 (2012: \$27,329) for Global Fixed Income Class and \$23,587 (2012: \$24,176) for Alternative Investment Class being payable and included in accrued expenses at year end

9. 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS

2013

		EQUITY CLASS		GLOBAL FIXED INCOME CLASS		ALTERNATIVE INVESTMENT CLASS
Per Share Information						
Net asset value - beginning of year	\$	9.28	\$	17.26	\$	14.07
Net investment income from operation:						
Net investment (loss)/gain		(0.05)		0.26		(0.26)
Net realised and change in unrealised gain/(loss) on investments		1.66		(0.19)		1.00
Total from investment operations		1.61		0.07		0.74
Net asset value - end of year	\$	10.89	\$	17.33	\$	14.81

Ratios / Supplemental Data

Total net assets - end of year	\$	119,793,228	\$	63,171,593	\$	59,652,214
Weighted average net assets*	\$	108,974,666	\$	67,092,786	\$	59,324,765
Ratio of expenses to weighted average net assets		1.19%		1.20%		1.81%
Portfolio turnover rate**		51.36%		58.75%		57.17%
Annual rate of return***		17.22%		0.41%		5.26%

*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 to the beginning of year net asset value.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS (CONTINUED)

2012		EQUITY CLASS	GLOBAL FIXED INCOME CLASS	ALTERNATIVE INVESTMENT CLASS
Per Share Information				
Net asset value - beginning of year	\$	10.24	\$ 16.22	\$ 14.70
Net investment income from operations				
Net investment loss		(0.06)	(0.04)	(0.25)
Net realised and change in unrealised gain/(loss) on investments		(0.90)	1.08	(0.38)
Total from investment operations		(0.96)	1.04	(0.63)
Net asset value - end of year	\$	9.28	\$ 17.26	\$ 14.07
Ratios / Supplemental Data				
Total net assets - end of year	\$	95,920,231	\$ 69,746,985	\$ 60,162,966
Weighted average net assets*	\$	94,495,392	\$ 66,024,664	\$ 61,970,272
Ratio of expenses to weighted average net assets		1.16%	1.15%	1.81%
Portfolio turnover rate**		52.69%	68.32%	46.79%
Annual rate of return***		(9.28%)	6.41%	(4.35%)

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

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

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

11. SUBSEQUENT EVENTS

On July 15, 2013, the unsecured credit facility agreement, which bears an interest rate of 1% per annum above the higher of the LIBOR or the funding cost incurred by the Bank in making the revolving facility available on any date of drawdown with accrued interest payable monthly in arrears, was renegotiated and a \$28,000,000 credit facility was approved to June 30, 2014. The individual classes of the Fund will be limited to \$9,500,000 for Equity Class, \$7,500,000 for Global Fixed Income Class, and \$11,500,000 for Alternative Investment Class. Advances will be limited to 10% of the class net asset value, except for Alternative Investment Class which will be limited to 20% of its net asset value.

The Fund's Administrator was acquired by Mitsubishi UFJ Trust and Banking Corporation as at September 20, 2013. The Administrator is now named Mitsubishi UFG Fund Services.

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