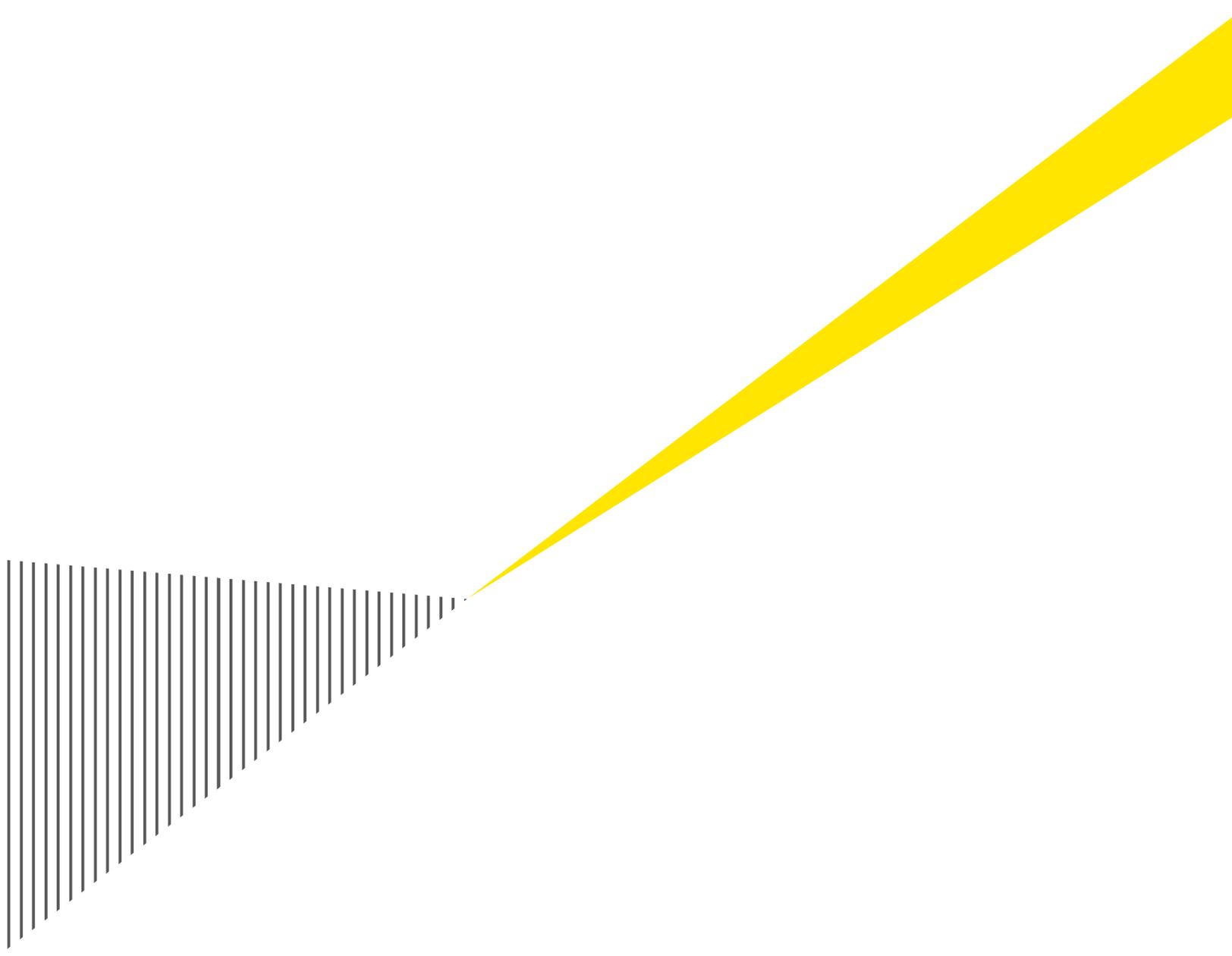


# Butterfield Select Invest Fund Limited

---

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2013



Ernst & Young Ltd.



# 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 \$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.

### Butterfield Select Global Fixed Income

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.

# Butterfield Select Invest Fund Limited

---

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 a 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.

Butterfield Select Global Fixed Income 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.

## **Butterfield Select Alternative**

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 Invest 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.

Michael Neff  
President  
Butterfield Select Invest Fund Limited

October 17, 2013

## **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, 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 Cautious Class, Conservative Class, Balanced Class, Dynamic Class and Growth 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.

*Ernst & Young Ltd.*

October 17, 2013

# 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  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

## **AUDITORS**

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF NET ASSETS

As at June 30, 2013

(Expressed in US Dollars)

|  | Notes | CAUTIOUS CLASS      |                     |
|--|-------|---------------------|---------------------|
|  |       | 2013                | 2012                |
| <b>ASSETS</b>                                  |       |                     |                     |
| Investments, at fair value                     |       |                     |                     |
| (Cost: 2013 - \$2,366,893; 2012 - \$1,976,451) | 3, 4  | \$ 2,599,423        | \$ 2,151,520        |
| Cash and cash equivalents                      | 2     | 20,967              | 4,292               |
| Prepaid expenses                               |       | 4,927               | 3,141               |
|  |       | <b>2,625,317</b>    | 2,158,953           |
| <b>LIABILITIES</b>                             |       |                     |                     |
| Redemption payable                             |       | -                   | 153,535             |
| Accrued expenses                               | 7     | 3,882               | 17,593              |
|  |       | <b>3,882</b>        | 171,128             |
| <b>NET ASSETS</b>                              |       | <b>\$ 2,621,435</b> | <b>\$ 1,987,825</b> |
| Number of common shares in issue               | 5     | 235,002             | 188,265             |
| <b>NET ASSET VALUE PER COMMON SHARE</b>        |       | <b>\$ 11.16</b>     | <b>\$ 10.56</b>     |

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, 2013

(Expressed in US Dollars)

|  | Notes | CONSERVATIVE CLASS  |                     |
|--|-------|---------------------|---------------------|
|  |       | 2013                | 2012                |
| <b>ASSETS</b>  |       |                     |                     |
| Investments, at fair value<br>(Cost: 2013 - \$2,583,480; 2012 - \$2,371,908) | 3, 4  | \$ 2,664,528        | \$ 2,398,685        |
| Cash   |       | 9,113               | 1,539               |
|  |       | <b>2,673,641</b>    | <b>2,400,224</b>    |
| <b>LIABILITIES</b>   |       |                     |                     |
| Accrued expenses   | 7     | 4,509               | 7,789               |
|  |       | <b>4,509</b>        | <b>7,789</b>        |
| <b>NET ASSETS</b>  |       | <b>\$ 2,669,132</b> | <b>\$ 2,392,435</b> |
| Number of common shares in issue   | 5     | <b>258,495</b>      | <b>237,503</b>      |
| <b>NET ASSET VALUE PER COMMON SHARE</b>                                      |       | <b>\$ 10.33</b>     | <b>\$ 10.07</b>     |

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, 2013

(Expressed in US Dollars)

|  |              | <b>BALANCED CLASS</b> |                     |
|--|--------------|-----------------------|---------------------|
|  | <b>Notes</b> | <b>2013</b>           | <b>2012</b>         |
| <b>ASSETS</b>  |              |                       |                     |
| Investments, at fair value<br>(Cost: 2013 - \$3,437,937; 2012 - \$2,453,222) | 3, 4         | \$ 3,621,093          | \$ 2,395,994        |
| Cash   |              | 10,833                | 1,543               |
|  |              | <b>3,631,926</b>      | <b>2,397,537</b>    |
| <b>LIABILITIES</b>   |              |                       |                     |
| Accrued expenses   | 7            | 4,996                 | 7,788               |
|  |              | <b>4,996</b>          | <b>7,788</b>        |
| <b>NET ASSETS</b>  |              | <b>\$ 3,626,930</b>   | <b>\$ 2,389,749</b> |
| Number of common shares in issue   | 5            | <b>339,929</b>        | <b>245,723</b>      |
| <b>NET ASSET VALUE PER COMMON SHARE</b>                                      |              | <b>\$ 10.67</b>       | <b>\$ 9.73</b>      |

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, 2013

(Expressed in US Dollars)

|  | Notes | DYNAMIC CLASS     |                   |
|--|-------|-------------------|-------------------|
|  |       | 2013              | 2012              |
| <b>ASSETS</b>  |       |                   |                   |
| Investments, at fair value<br>(Cost: 2013 - \$250,449; 2012 - \$254,250) | 3, 4  | \$ 275,664        | \$ 241,997        |
| Cash   |       | 3,780             | 597               |
|  |       | <b>279,444</b>    | <b>242,594</b>    |
| <b>LIABILITIES</b>   |       |                   |                   |
| Accrued expenses   | 7     | 917               | 6,442             |
|  |       | <b>917</b>        | <b>6,442</b>      |
| <b>NET ASSETS</b>  |       | <b>\$ 278,527</b> | <b>\$ 236,152</b> |
| Number of common shares in issue   | 5     | <b>25,638</b>     | 25,529            |
| <b>NET ASSET VALUE PER COMMON SHARE</b>                                  |       | <b>\$ 10.86</b>   | <b>\$ 9.25</b>    |

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, 2013

(Expressed in US Dollars)

|  | Notes | GROWTH CLASS   |            |
|--|-------|----------------|------------|
|  |       | 2013           | 2012       |
| <b>ASSETS</b>  |       |                |            |
| Investments, at fair value<br>(Cost: 2013 - \$460,655; 2012 - \$293,446) | 3, 4  | \$ 492,778     | \$ 280,818 |
| Cash   |       | 3,602          | 589        |
|  |       | <b>496,380</b> | 281,407    |
| <b>LIABILITIES</b>   |       |                |            |
| Accrued expenses   | 7     | 5,959          | 6,458      |
|  |       | <b>5,959</b>   | 6,458      |
| <b>NET ASSETS</b>  |       | \$ 490,421     | \$ 274,949 |
| Number of common shares in issue   | 5     | 46,501         | 29,451     |
| <b>NET ASSET VALUE PER COMMON SHARE</b>                                  |       | \$ 10.55       | \$ 9.34    |

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, 2013

(Expressed in US Dollars)

|  | Shares | 2013         |                | Shares | 2012         |                |
|--|--------|--------------|----------------|--------|--------------|----------------|
|  |        | Fair Value   | % of Portfolio |        | Fair Value   | % of Portfolio |
| <b>Investment Funds</b>  |        |              |                |        |              |                |
| Butterfield Select Fund Limited - Alternative Class                        | 18,046 | \$ 267,259   | 10.28%         | 21,100 | \$ 296,873   | 13.80%         |
| Butterfield Select Fund Limited - Equity Class                             | 83,725 | 911,762      | 35.08%         | 50,268 | 466,991      | 21.70%         |
| Butterfield Select Fund Limited - Global Fixed Income Class                | 81,982 | 1,420,402    | 54.64%         | 80,397 | 1,387,656    | 64.50%         |
| <b>TOTAL INVESTMENTS</b><br>(Cost: 2013 - \$2,366,893; 2012 - \$1,976,451) |        | \$ 2,599,423 | 100.00%        |        | \$ 2,151,520 | 100.00%        |

## STATEMENT OF PORTFOLIO INVESTMENTS - CONSERVATIVE CLASS

As at June 30, 2013

(Expressed in US Dollars)

|  | Shares  | 2013         |                | Shares  | 2012         |                |
|--|---------|--------------|----------------|---------|--------------|----------------|
|  |         | Fair Value   | % of Portfolio |         | Fair Value   | % of Portfolio |
| <b>Investment Funds</b>  |         |              |                |         |              |                |
| Butterfield Select Fund Limited - Alternative Class                        | 18,084  | \$ 267,831   | 10.05%         | 16,667  | \$ 234,502   | 9.78%          |
| Butterfield Select Fund Limited - Equity Class                             | 37,397  | 407,249      | 15.28%         | 24,008  | 223,033      | 9.30%          |
| Butterfield Select Fund Limited - Global Fixed Income Class                | 114,826 | 1,989,448    | 74.67%         | 112,465 | 1,941,150    | 80.92%         |
| <b>TOTAL INVESTMENTS</b><br>(Cost: 2013 - \$2,583,480; 2012 - \$2,371,908) |         | \$ 2,664,528 | 100.00%        |         | \$ 2,398,685 | 100.00%        |

## STATEMENT OF PORTFOLIO INVESTMENTS - BALANCED CLASS

As at June 30, 2013

(Expressed in US Dollars)

|  | Shares  | 2013         |                | Shares  | 2012         |                |
|--|---------|--------------|----------------|---------|--------------|----------------|
|  |         | Fair Value   | % of Portfolio |         | Fair Value   | % of Portfolio |
| <b>Investment Funds</b>  |         |              |                |         |              |                |
| Butterfield Select Fund Limited - Alternative Class                        | 24,053  | \$ 356,224   | 9.84%          | 17,240  | \$ 242,570   | 10.12%         |
| Butterfield Select Fund Limited - Equity Class                             | 199,400 | 2,171,462    | 59.96%         | 137,266 | 1,275,204    | 53.22%         |
| Butterfield Select Fund Limited - Global Fixed Income Class                | 63,109  | 1,093,407    | 30.20%         | 50,882  | 878,220      | 36.66%         |
| <b>TOTAL INVESTMENTS</b><br>(Cost: 2013 - \$3,437,937; 2012 - \$2,453,222) |         | \$ 3,621,093 | 100.00%        |         | \$ 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, 2013

(Expressed in US Dollars)

|   | Shares | 2013       |                | Shares | 2012       |                |
|---|--------|------------|----------------|--------|------------|----------------|
|   |        | Fair Value | % of Portfolio |        | Fair Value | % of Portfolio |
| <b>Investment Funds</b>                                     |        |            |                |        |            |                |
| Butterfield Select Fund Limited - Alternative Class         | 896    | \$ 13,270  | 4.81%          | 892    | \$ 12,553  | 5.19%          |
| Butterfield Select Fund Limited - Equity Class              | 22,892 | 249,297    | 90.44%         | 23,299 | 216,449    | 89.44%         |
| Butterfield Select Fund Limited - Global Fixed Income Class | 756    | 13,097     | 4.75%          | 753    | 12,995     | 5.37%          |
| <b>TOTAL INVESTMENTS</b>                                    |        |            |                |        |            |                |
| (Cost: 2013 - \$250,449; 2012 - \$254,250)                  |        | \$ 275,664 | 100.00%        |        | \$ 241,997 | 100.00%        |

## STATEMENT OF PORTFOLIO INVESTMENTS - GROWTH CLASS

As at June 30, 2013

(Expressed in US Dollars)

|   | Shares | 2013       |                | Shares | 2012       |                |
|---|--------|------------|----------------|--------|------------|----------------|
|   |        | Fair Value | % of Portfolio |        | Fair Value | % of Portfolio |
| <b>Investment Funds</b>                                     |        |            |                |        |            |                |
| Butterfield Select Fund Limited - Alternative Class         | 3,252  | \$ 48,165  | 9.77%          | 2,060  | \$ 28,988  | 10.32%         |
| Butterfield Select Fund Limited - Equity Class              | 36,528 | 397,790    | 80.72%         | 23,879 | 221,832    | 79.00%         |
| Butterfield Select Fund Limited - Global Fixed Income Class | 2,703  | 46,823     | 9.50%          | 1,738  | 29,998     | 10.68%         |
| <b>TOTAL INVESTMENTS</b>                                    |        |            |                |        |            |                |
| (Cost: 2013 - \$460,655; 2012 - \$293,446)                  |        | \$ 492,778 | 100.00%        |        | \$ 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, 2013 (Expressed in US Dollars)

|   | Notes | CAUTIOUS CLASS    |                  |
|---|-------|-------------------|------------------|
|   |       | 2013              | 2012             |
| <b>INVESTMENT INCOME</b>  |       |                   |                  |
| Other income  |       | \$ 10,301         | \$ -             |
|   |       | <b>10,301</b>     | <b>-</b>         |
| <b>EXPENSES</b>   |       |                   |                  |
| Administration fee  | 8     | 5,146             | 28,892           |
| Audit fee   |       | 2,300             | 10,800           |
| Corporate secretarial fee   |       | -                 | 3,024            |
| Custodian fee   | 7 b)  | 1,250             | 2,998            |
| Director fee  |       | 82                | -                |
| Exchange fee  |       | 2,622             | 4,406            |
| Government fee  |       | 3,415             | 2,464            |
| Management fee  | 7 a)  | -                 | 20,997           |
| Miscellaneous   |       | 273               | 2,441            |
| Investment services fee   |       | 2,533             | 1,213            |
|   |       | <b>17,621</b>     | <b>77,235</b>    |
| <b>NET INVESTMENT LOSS</b>  |       | <b>(7,320)</b>    | <b>(77,235)</b>  |
| <b>NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS</b> |       |                   |                  |
| Net realised gain on investments  | 6     | 66,607            | 900,794          |
| Net change in unrealised gain/(loss) on investments                     |       | 57,461            | (797,736)        |
| <b>NET GAIN ON INVESTMENTS</b>  |       | <b>124,068</b>    | <b>103,058</b>   |
| <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>             |       | <b>\$ 116,748</b> | <b>\$ 25,823</b> |

The accompanying notes are an integral part of these financial statements

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2013

(Expressed in US Dollars)

|   | Notes | CONSERVATIVE CLASS |                  |
|---|-------|--------------------|------------------|
|   |       | 2013               | 2012*            |
| <b>INVESTMENT INCOME</b>  |       |                    |                  |
| Other income  |       | \$ 4,534           | \$ -             |
|   |       | <b>4,534</b>       | <b>-</b>         |
| <b>EXPENSES</b>   |       |                    |                  |
| Administration fee  | 8     | 5,462              | 1,812            |
| Audit fee   |       | 2,300              | 3,748            |
| Custodian fee   | 7 b)  | 1,250              | 1,041            |
| Directors fee   |       | -                  | 510              |
| Exchange fee  |       | 740                | 867              |
| Management fee  | 7 a)  | -                  | 579              |
| Miscellaneous   |       | -                  | 693              |
|   |       | <b>9,752</b>       | <b>9,250</b>     |
| <b>NET INVESTMENT LOSS</b>  |       | <b>(5,218)</b>     | <b>(9,250)</b>   |
| <b>NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS</b> |       |                    |                  |
| Net realised gain/(loss) on investments                                 | 6     | 7,644              | (92)             |
| Net change in unrealised gain on investments                            |       | 54,271             | 26,777           |
| <b>NET GAIN ON INVESTMENTS</b>  |       | <b>61,915</b>      | <b>26,685</b>    |
| <b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>             |       | <b>\$ 56,697</b>   | <b>\$ 17,435</b> |

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

The accompanying notes are an integral part of these financial statements

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2013

(Expressed in US Dollars)

|  | Notes | BALANCED CLASS    |                    |
|--|-------|-------------------|--------------------|
|  |       | 2013              | 2012*              |
| <b>INVESTMENT INCOME</b>   |       |                   |                    |
| Other income   |       | \$ 4,460          | \$ -               |
|  |       | <b>4,460</b>      | <b>-</b>           |
| <b>EXPENSES</b>  |       |                   |                    |
| Administration fee   | 8     | 6,354             | 1,810              |
| Audit fee  |       | 2,300             | 3,748              |
| Custodian fee  | 7 b)  | 1,250             | 1,041              |
| Directors fee  |       | -                 | 508                |
| Exchange fee   |       | 875               | 867                |
| Management fee   | 7 a)  | -                 | 577                |
| Miscellaneous  |       | -                 | 694                |
|  |       | <b>10,779</b>     | <b>9,245</b>       |
| <b>NET INVESTMENT LOSS</b>   |       | <b>(6,319)</b>    | <b>(9,245)</b>     |
| <b>NET REALISED AND CHANGE IN UNREALISED GAIN/ (LOSS) ON INVESTMENTS</b> |       |                   |                    |
| Net realised gain/(loss) on investments                                  | 6     | 7,618             | (181)              |
| Net change in unrealised gain/(loss) on investments                      |       | 240,384           | (57,228)           |
| <b>NET GAIN/(LOSS) ON INVESTMENTS</b>                                    |       | <b>248,002</b>    | <b>(57,409)</b>    |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>   |       | <b>\$ 241,683</b> | <b>\$ (66,654)</b> |

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

The accompanying notes are an integral part of these financial statements

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2013

(Expressed in US Dollars)

|   | Notes | DYNAMIC CLASS    |                    |
|---|-------|------------------|--------------------|
|   |       | 2013             | 2012*              |
| <b>INVESTMENT INCOME</b>  |       |                  |                    |
| Other income  |       | \$ 6,089         | \$ -               |
|   |       | <b>6,089</b>     | <b>-</b>           |
| <b>EXPENSES</b>   |       |                  |                    |
| Administration fee  | 8     | 555              | 184                |
| Audit fee   |       | 500              | 3,748              |
| Custodian fee   | 7 b)  | 1,250            | 1,041              |
| Management fee  | 7 a)  | -                | 61                 |
| Exchange fee  |       | 76               | 867                |
| Miscellaneous   |       | -                | 694                |
|   |       | <b>2,381</b>     | <b>6,595</b>       |
| <b>NET INVESTMENT INCOME/(LOSS)</b>                                     |       | <b>3,708</b>     | <b>(6,595)</b>     |
| <b>NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS</b> |       |                  |                    |
| Net change in unrealised gain/(loss) on investments                     |       | 37,468           | (12,253)           |
| Net realised gain on investments  | 6     | 99               | -                  |
| <b>NET GAIN/(LOSS) ON INVESTMENTS</b>                                   |       | <b>37,567</b>    | <b>(12,253)</b>    |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>  |       | <b>\$ 41,275</b> | <b>\$ (18,848)</b> |

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

The accompanying notes are an integral part of these financial statements

# Butterfield Select Invest Fund Limited

## STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2013

(Expressed in US Dollars)

|   | Notes | GROWTH CLASS     |                    |
|---|-------|------------------|--------------------|
|   |       | 2013             | 2012*              |
| <b>INVESTMENT INCOME</b>  |       |                  |                    |
| Other income  |       | \$ 1,162         | \$ -               |
|   |       | <b>1,162</b>     | <b>-</b>           |
| <b>EXPENSES</b>   |       |                  |                    |
| Administration fee  | 8     | 792              | 207                |
| Audit fee   |       | 500              | 3,748              |
| Custodian fee   | 7 b)  | 1,250            | 1,041              |
| Exchange fee  |       | 114              | 867                |
| Management fee  | 7 a)  | -                | 61                 |
| Miscellaneous   |       | -                | 694                |
|   |       | <b>2,656</b>     | <b>6,618</b>       |
| <b>NET INVESTMENT LOSS</b>  |       | <b>(1,494)</b>   | <b>(6,618)</b>     |
| <b>NET REALISED AND CHANGE IN UNREALISED GAIN/(LOSS) ON INVESTMENTS</b> |       |                  |                    |
| Net realised gain/(loss) on investments                                 | 6     | 228              | (21)               |
| Net change in unrealised gain/(loss) on investments                     |       | 44,751           | (12,628)           |
| <b>NET GAIN/(LOSS) ON INVESTMENTS</b>                                   |       | <b>44,979</b>    | <b>(12,649)</b>    |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS</b>  |       | <b>\$ 43,485</b> | <b>\$ (19,267)</b> |

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

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, 2013  
(Expressed in US Dollars)

|   | <b>CAUTIOUS CLASS</b> |                     |
|---|-----------------------|---------------------|
|   | <b>2013</b>           | <b>2012</b>         |
| <b>NET INCREASE IN NET ASSETS<br/>RESULTING FROM OPERATIONS</b> | <b>\$ 116,748</b>     | <b>\$ 25,823</b>    |
| <b>CAPITAL STOCK TRANSACTIONS</b>                               |                       |                     |
| Issue of shares   | <b>720,418</b>        | 162,391             |
| Redemption of shares  | <b>(203,556)</b>      | (11,172,834)        |
| Net capital stock transactions                                  | <b>516,862</b>        | (11,010,443)        |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS FOR THE<br/>YEAR</b>   | <b>633,610</b>        | (10,984,620)        |
| <b>NET ASSETS - BEGINNING OF YEAR</b>                           | <b>1,987,825</b>      | 12,972,445          |
| <b>NET ASSETS - END OF YEAR</b>                                 | <b>\$ 2,621,435</b>   | <b>\$ 1,987,825</b> |

## STATEMENT OF CHANGES IN NET ASSETS - CONSERVATIVE CLASS

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

|   | <b>CONSERVATIVE CLASS</b> |                     |
|---|---------------------------|---------------------|
|   | <b>2013</b>               | <b>2012*</b>        |
| <b>NET INCREASE IN NET ASSETS<br/>RESULTING FROM OPERATIONS</b> | <b>\$ 56,697</b>          | <b>\$ 17,435</b>    |
| <b>CAPITAL STOCK TRANSACTIONS</b>                               |                           |                     |
| Issue of shares   | <b>220,000</b>            | 2,375,000           |
| Net capital stock transactions                                  | <b>220,000</b>            | 2,375,000           |
| <b>NET INCREASE IN NET ASSETS FOR THE YEAR/PERIOD</b>           | <b>276,697</b>            | 2,392,435           |
| <b>NET ASSETS - BEGINNING OF YEAR/PERIOD</b>                    | <b>2,392,435</b>          | -                   |
| <b>NET ASSETS - END OF YEAR/PERIOD</b>                          | <b>\$ 2,669,132</b>       | <b>\$ 2,392,435</b> |

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

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 year ended June 30, 2013 (Expressed in US Dollars)

|  | <b>BALANCED CLASS</b> |                     |
|--|-----------------------|---------------------|
|  | <b>2013</b>           | <b>2012*</b>        |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS<br/>RESULTING FROM OPERATIONS</b> | <b>\$ 241,683</b>     | <b>\$ (66,654)</b>  |
| <b>CAPITAL STOCK TRANSACTIONS</b>  |                       |                     |
| Issue of shares  | <b>1,026,352</b>      | 2,456,403           |
| Redemption of shares   | <b>(30,854)</b>       | -                   |
| Net capital stock transactions   | <b>995,498</b>        | 2,456,403           |
| <b>NET INCREASE IN NET ASSETS FOR THE YEAR/PERIOD</b>                      | <b>1,237,181</b>      | 2,389,749           |
| <b>NET ASSETS - BEGINNING OF YEAR/PERIOD</b>                               | <b>2,389,749</b>      | -                   |
| <b>NET ASSETS - END OF YEAR/PERIOD</b>                                     | <b>\$ 3,626,930</b>   | <b>\$ 2,389,749</b> |

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

|  | <b>DYNAMIC CLASS</b> |                    |
|--|----------------------|--------------------|
|  | <b>2013</b>          | <b>2012*</b>       |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS<br/>RESULTING FROM OPERATIONS</b> | <b>\$ 41,275</b>     | <b>\$ (18,848)</b> |
| <b>CAPITAL STOCK TRANSACTIONS</b>  |                      |                    |
| Issue of shares  | <b>1,100</b>         | 255,000            |
| Net capital stock transactions   | <b>1,100</b>         | 255,000            |
| <b>NET INCREASE IN NET ASSETS FOR THE YEAR/PERIOD</b>                      | <b>42,375</b>        | 236,152            |
| <b>NET ASSETS - BEGINNING OF YEAR/PERIOD</b>                               | <b>236,152</b>       | -                  |
| <b>NET ASSETS - END OF YEAR/PERIOD</b>                                     | <b>\$ 278,527</b>    | <b>\$ 236,152</b>  |

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

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 year ended June 30, 2013 (Expressed in US Dollars)

|  | GROWTH CLASS      |                    |
|--|-------------------|--------------------|
|  | 2013              | 2012*              |
| <b>NET INCREASE/(DECREASE) IN NET ASSETS<br/>RESULTING FROM OPERATIONS</b> | <b>\$ 43,485</b>  | <b>\$ (19,267)</b> |
| <b>CAPITAL STOCK TRANSACTIONS</b>  |                   |                    |
| Issue of shares  | 175,471           | 295,701            |
| Redemption of shares   | (3,484)           | (1,485)            |
| Net capital stock transactions   | 171,987           | 294,216            |
| <b>NET INCREASE IN NET ASSETS FOR THE YEAR/PERIOD</b>                      | <b>215,472</b>    | <b>274,949</b>     |
| <b>NET ASSETS - BEGINNING OF YEAR/PERIOD</b>                               | <b>274,949</b>    | <b>-</b>           |
| <b>NET ASSETS - END OF YEAR/PERIOD</b>                                     | <b>\$ 490,421</b> | <b>\$ 274,949</b>  |

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

The accompanying notes are an integral part of these financial statements

# Butterfield Select Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(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 and Custodian 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 funds, 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 the 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 ended June 30, 2013

(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

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.

# Butterfield Select Invest 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)

#### f) Adoption of New Accounting Standards (continued)

- 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 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.

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

#### Currency Risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. 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, 2013 and 2012, 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 0.80% (2012 - 0.22%) for Cautious Class, 0.34% (2012 - 0.06%) for the Conservative Class; 0.30% (2012 - 0.06%) for the Balanced Class; 1.36% (2012 - 0.25%) for the Dynamic Class and 7.34% (2012 - 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.

# Butterfield Select Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable units. 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 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, 2013 and 2012, all investments held by the Cautious, Conservative, Balanced, Dynamic and Growth Classes 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.

As at June 30, 2013 and 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, 2013 and 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 |            |
|--------------------|----------------------|------------|
|                    | 2013                 | 2012       |
| Cautious Class     | \$ 129,971           | \$ 107,576 |
| Conservative Class | \$ 133,226           | \$ 119,934 |
| Balanced Class     | \$ 181,055           | \$ 119,800 |
| Dynamic Class      | \$ 13,783            | \$ 12,100  |
| Growth Class       | \$ 24,639            | \$ 14,041  |

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 Invest 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 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, 2013 and 2012.

#### **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, 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.

#### **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, 2013 and 2012.

# Butterfield Select Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(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

|                             | 2013     | 2012        |
|-----------------------------|----------|-------------|
| Balance - beginning of year | 188,265  | 1,227,679   |
| Issue of common shares      | 65,271   | 15,409      |
| Redemption of common shares | (18,534) | (1,054,823) |
| Balance - end of year       | 235,002  | 188,265     |

#### CONSERVATIVE CLASS COMMON SHARES

|                             | 2013    | 2012    |
|-----------------------------|---------|---------|
| Balance - beginning of year | 237,503 | -       |
| Issue of common shares      | 20,992  | 237,503 |
| Redemption of common shares | -       | -       |
| Balance - end of year       | 258,495 | 237,503 |

#### BALANCED CLASS COMMON SHARES

|                             | 2013    | 2012    |
|-----------------------------|---------|---------|
| Balance - beginning of year | 245,723 | -       |
| Issue of common shares      | 97,087  | 245,723 |
| Redemption of common shares | (2,881) | -       |
| Balance - end of year       | 339,929 | 245,723 |

# Butterfield Select Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

### 5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

| <b>DYNAMIC CLASS COMMON SHARES</b> | <b>2013</b>   | <b>2012</b> |
|------------------------------------|---------------|-------------|
| Balance - beginning of year        | <b>25,529</b> | -           |
| Issue of common shares             | <b>109</b>    | 25,529      |
| Redemption of common shares        | -             | -           |
| <hr/>                              |               |             |
| Balance – end of year              | <b>25,638</b> | 25,529      |
| <hr/>                              |               |             |
| <b>GROWTH CLASS COMMON SHARES</b>  | <b>2013</b>   | <b>2012</b> |
| Balance - beginning of year        | <b>29,451</b> | -           |
| Issue of common shares             | <b>17,399</b> | 29,603      |
| Redemption of common shares        | <b>(349)</b>  | (152)       |
| <hr/>                              |               |             |
| Balance - end of year              | <b>46,501</b> | 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.

# Butterfield Select Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

### 6. NET REALISED GAIN ON INVESTMENTS

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

| <b>CAUTIOUS CLASS</b>                    | <b>2013</b> | <b>2012</b>   |
|--|-------------|---------------|
| Proceeds on sale of investments          | \$ 611,221  | \$ 11,119,299 |
| <hr/>                                    |             |               |
| Less cost of investments sold:           |             |               |
| Investments owned at beginning of year   | 1,976,451   | 12,032,203    |
| Investments purchased during year        | 935,056     | 162,753       |
| Investments owned at end of year         | 2,366,893   | 1,976,451     |
| <hr/>                                    |             |               |
| Investments sold during year             | 544,614     | 10,218,505    |
| <hr/>                                    |             |               |
| Net realised gain on investments         | \$ 66,607   | \$ 900,794    |
| <hr/>                                    |             |               |
| <b>CONSERVATIVE CLASS</b>                | <b>2013</b> | <b>2012*</b>  |
| Proceeds on sale of investments          | \$ 138,112  | \$ 3,000      |
| <hr/>                                    |             |               |
| Less cost of investments sold:           |             |               |
| Investments owned at beginning of period | 2,371,908   | -             |
| Investments purchased during period      | 342,040     | 2,375,000     |
| Investments owned at end of period       | 2,583,480   | 2,371,908     |
| <hr/>                                    |             |               |
| Investments sold during year             | 130,468     | 3,092         |
| <hr/>                                    |             |               |
| Net realised gain/(loss) on investments  | \$ 7,644    | \$ (92)       |
| <hr/>                                    |             |               |

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

# Butterfield Select Invest 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 (CONTINUED)

| <b>BALANCED CLASS</b>                   | <b>2013</b> |             | <b>2012*</b> |              |
|---|-------------|-------------|--------------|--------------|
| Proceeds on sale of investments         | \$          | 166,681     | \$           | 3,000        |
| Less cost of investments sold:          |             |             |              |              |
| Investments owned at beginning of year  |             | 2,453,222   |              | -            |
| Investments purchased during year       |             | 1,143,778   |              | 2,465,403    |
| Investments owned at end of year        |             | 3,437,937   |              | 2,453,222    |
| Investments sold during year            |             | 159,063     |              | 3,181        |
| Net realised gain/(loss) on investments | \$          | 7,618       | \$           | (181)        |
| <b>DYNAMIC CLASS</b>                    |             |             |              |              |
|   |             | <b>2013</b> |              | <b>2012*</b> |
| Proceeds on sale of investments         | \$          | 5,000       | \$           | -            |
| Less cost of investments sold:          |             |             |              |              |
| Investments owned at beginning of year  |             | 254,250     |              | -            |
| Investments purchased during year       |             | 1,100       |              | 254,250      |
| Investments owned at end of year        |             | 250,449     |              | 254,250      |
| Investments sold during year            |             | 4,901       |              | -            |
| Net realised gain on investments        | \$          | 99          | \$           | -            |
| <b>GROWTH CLASS</b>                     |             |             |              |              |
|   |             | <b>2013</b> |              | <b>2012*</b> |
| Proceeds on sale of investments         | \$          | 8,491       | \$           | 1,485        |
| Less cost of investments sold:          |             |             |              |              |
| Investments owned at beginning of year  |             | 293,446     |              | -            |
| Investments purchased during year       |             | 175,472     |              | 294,952      |
| Investments owned at end of year        |             | 460,655     |              | 293,446      |
| Investments sold during year            |             | 8,263       |              | 1,506        |
| Net realised gain/(loss) on investments | \$          | 228         | \$           | (21)         |

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

# Butterfield Select Invest 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 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 \$Nil (2012: \$22,275). Management fees incurred for the year/period for Cautious Class were \$Nil (2012: \$20,997), for Conservative Class were \$Nil (2012: \$579), for Balanced Class were \$Nil (2012: \$577), for the Dynamic Class were \$Nil (2012: \$61), and for the Growth Class \$Nil (2012: \$61). No management fees were charged for the Cautious, Conservative, Balanced, Dynamic and Growth Classes from March 31, 2012 to June 30, 2013.

#### b) Custodian Fee

The Custodian is related to the Fund through common directorship.

The custodian fee was charged at a rate of \$3,000 per annum until September 30, 2012. Effective October 1, 2012, pursuant to a new agreement, custody fee was charged on the market value of assets under administration at the rate of 3.25 basis points per annum, subject to a minimum of \$1,250 for each of the Select Invest classes. The custodian fee for the year/period was \$6,250 (2012: \$7,162). Custodian fees incurred for the year/period for Cautious Class were \$1,250 (2012: \$2,998), for Conservative Class were \$1,250 (2012: \$1,041), for Balanced Class were \$1,250 (2012: \$1,041), for the Dynamic Class were \$1,250 (2012: \$1,041), and for the Growth Class \$1,250 (2012: \$1,041), with \$1,142 (2012: \$5,414) being payable and included in accrued expenses at year/period end.

### 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. Administration fee for the year/period was \$18,309 (2012: \$32,905). Administration fees incurred for the year/period for Cautious Class were \$5,146 (2012: \$28,892), for Conservative Class were \$5,462 (2012: \$1,812), for Balanced Class were \$6,354 (2012: \$1,810), for the Dynamic Class were \$555 (2012: \$184), and for the Growth Class \$792 (2012: \$207), with \$3,779 (2012: \$3,851) being payable and included in accrued expenses at year/period end.

# Butterfield Select Invest Fund Limited

---

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended June 30, 2013**

**(Expressed in US Dollars)**

### **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 Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS

2013

|   | <b>Cautious<br/>Class</b> | <b>Conservative<br/>Class</b> | <b>Balanced<br/>Class</b> |
|---|---------------------------|-------------------------------|---------------------------|
| <b>Per Share Information</b>                    |                           |                               |                           |
| Net asset value - beginning of year             | \$ 10.56                  | \$ 10.07                      | \$ 9.73                   |
| Net investment income from operations           |                           |                               |                           |
| Net investment loss                             | (0.04)                    | (0.02)                        | (0.04)                    |
| Net realised and unrealised gain on investments | 0.64                      | 0.28                          | 0.98                      |
| Total from investment operations                | 0.60                      | 0.26                          | 0.94                      |
| Net asset value - end of year                   | \$ 11.16                  | \$ 10.33                      | \$ 10.67                  |

### Ratios / Supplemental Data

|  |              |              |              |
|--|--------------|--------------|--------------|
| Total net assets - end of year                   | \$ 2,621,435 | \$ 2,669,131 | \$ 3,626,930 |
| Weighted average net assets*                     | \$ 2,357,252 | \$ 2,491,542 | \$ 2,916,244 |
| Ratio of expenses to weighted average net assets | 0.75%        | 0.39%        | 0.37%        |
| Portfolio turnover rate**                        | 25.93%       | 5.54%        | 5.72%        |
| Annual rate of return***                         | 5.58%        | 2.58%        | 9.66%        |

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS (CONTINUED)

2013

|  |    | <b>Dynamic<br/>Class</b> |    | <b>Growth<br/>Class</b> |
|--|----|--------------------------|----|-------------------------|
| <b>Per Share Information</b>                     |    |                          |    |                         |
| Net asset value - beginning of the year          | \$ | <b>9.26</b>              | \$ | <b>9.34</b>             |
| Net investment income/(loss)                     |    | <b>0.14</b>              |    | <b>(0.12)</b>           |
| Net realised and unrealised gain on investments  |    | <b>1.46</b>              |    | <b>1.33</b>             |
| Total from investment operations                 |    | <b>1.60</b>              |    | <b>1.21</b>             |
| Net asset value - end of year                    | \$ | <b>10.86</b>             | \$ | <b>10.55</b>            |
| <b>Ratios / Supplemental Data</b>                |    |                          |    |                         |
| Total net assets - end of year                   | \$ | <b>278,527</b>           | \$ | <b>490,421</b>          |
| Weighted average net assets*                     | \$ | <b>253,873</b>           | \$ | <b>343,391</b>          |
| Ratio of expenses to weighted average net assets |    | <b>0.94%</b>             |    | <b>0.77%</b>            |
| Portfolio turnover rate**                        |    | <b>0.43%</b>             |    | <b>2.47%</b>            |
| Annual rate of return***                         |    | <b>17.28%</b>            |    | <b>12.95%</b>           |

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

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2013 (Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS (CONTINUED)

2012

|  | <b>Cautious<br/>Class</b> | <b>Conservative<br/>Class<sup>1</sup></b> | <b>Balanced<br/>Class<sup>1</sup></b> |
|--|---------------------------|---|---------------------------------------|
| <b>Per Share Information</b>                           |                           |   |                                       |
| Net asset value - 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/(loss) 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**                        | - %          | - %          | - %          |
| Annual rate of return***                         | (0.09)%      | (0.70)%      | (2.70)%      |

# Butterfield Select Invest Fund Limited

---

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2013

(Expressed in US Dollars)

### 10. FINANCIAL HIGHLIGHTS (CONTINUED)

2012

|   | Dynamic<br>Class <sup>1</sup> | Growth<br>Class <sup>1</sup> |
|---|-------------------------------|------------------------------|
| <b>Per Share Information</b>                    |                               |                              |
| 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                 | \$ 9.25                       | \$ 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**                        | - %        | - %        |
| 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.

<sup>1</sup> The ratios and rate of return for these classes have not been annualised.

### 11. SUBSEQUENT EVENTS

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.

Ernst & Young

Assurance | Tax | Transactions | Advisory

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 152,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

For more information, please visit [www.ey.com](http://www.ey.com)

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients.

