

**Butterfield International
Balanced Fund**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

INDEPENDENT AUDITORS' REPORT

To the unit holders of Butterfield International Balanced Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Butterfield International Balanced Fund (the "Fund"), which comprise the statement of assets and liabilities, including the schedule of investments, as at June 30, 2014, and the statements of operations and changes in net assets for the year then ended, (expressed in US Dollars) for the Fund and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

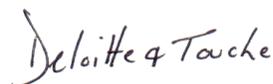
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2014, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Canada.



September 22, 2014

Butterfield International Balanced Fund

Trustee

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

Administrator, Registrar and Transfer Agent

MUFG Fund Services (Cayman) Limited*
Strathvale House, 2nd Floor, 90 North Church Street
George Town
P.O. Box 609, Grand Cayman KY1-1107, Cayman Islands
Tel: (345) 745-7600 Fax: (345) 745-7690

*Effective September 30, 2013, Butterfield Fulcrum Group (Cayman) Limited changed its name to MUFG Fund Services (Cayman) Limited

Sub-Administrator, Transfer Agent

MUFG Fund Services (Bermuda) Limited*
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda
Tel: (441) 299-3882 Fax: (441) 295-6759

*Effective September 30, 2013, Butterfield Fulcrum Group (Bermuda) Limited changed its name to MUFG Fund Services (Bermuda) Limited

Investment Advisor

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

Custodian and Banker

Butterfield Bank (Cayman) Limited
Butterfield House, 68 Fort Street
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Sales Agents

Butterfield Bank (Cayman) Limited
Butterfield House, 68 Fort Street
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Auditors

Deloitte & Touche
2nd Floor, One Capital Place
P.O. Box 1787, Grand Cayman KY1-1109, Cayman Islands
Tel: (345) 949-7500 Fax: (345) 949-8238

Legal Advisors and Listing Agent

Appleby
Clifton House, 75 Fort Street
P.O. Box 190, Grand Cayman KY1-1104, Cayman Islands
Tel: (345) 949-4900 Fax: (345) 949-4901

Butterfield International Balanced Fund

STATEMENT OF ASSETS AND LIABILITIES As at June 30, 2014 (Expressed in US Dollars)

	Notes	2014	2013
ASSETS			
Investments, at market value (Cost 2014 - \$25,898,022; 2013 - \$26,808,620)	2, 3, 4	\$ 29,761,040	\$ 28,845,990
Cash and cash equivalents		756,161	177,598
Bond interest receivable		67,283	72,541
Dividend income receivable		41,010	48,041
Prepaid expenses		4,431	4,976
Subscription receivable		-	1,192
		30,629,925	29,150,338
LIABILITIES			
Accrued expenses	6	101,846	109,537
Redemption payable		490,800	109,782
Subscriptions received in advance		50,000	-
		642,646	219,319
NET ASSETS		\$ 29,987,279	\$ 28,931,019
Number of units in issue	5	1,216,874	1,323,980
NET ASSET VALUE PER UNIT		\$ 24.64	\$ 21.85

On behalf of the Trustees:

Butterfield Bank (Cayman) Limited
As Trustee

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

STATEMENT OF OPERATIONS For the year ended June 30, 2014 (Expressed in US Dollars)

	Notes	2014	2013
INCOME			
Bond interest income	2	\$ 295,993	\$ 344,369
Net dividend income	2	267,380	424,704
Foreign exchange loss	2	(290)	(9,639)
Miscellaneous income		16	267
		563,099	759,701
EXPENSES			
Management fees	6	187,000	219,475
Administration fees		60,409	74,192
Custodian fees	6	71,923	84,409
Audit and legal fees		18,142	45,568
Sundry expenses		16,038	12,841
		353,512	436,485
NET INVESTMENT INCOME		209,587	323,216
REALISED AND UNREALISED GAIN ON INVESTMENTS			
Net realised gain on investments		1,438,114	1,730,381
Net change in unrealised appreciation on investments		1,825,889	561,730
NET GAIN ON INVESTMENTS		3,264,003	2,292,111
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 3,473,590	\$ 2,615,327

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2014

(Expressed in US Dollars)

	Notes	2014	2013
INCREASE IN NET ASSETS:			
From Operations			
Net investment income		\$ 209,587	\$ 323,216
Net realised gain on investments		1,438,114	1,730,381
Net change in unrealised appreciation on investments		1,825,889	561,730
		3,473,590	2,615,327
From Capital Transactions			
Issuance of units	5	2,288,915	2,158,466
Redemption of units	5	(4,706,245)	(12,565,536)
		(2,417,330)	(10,407,070)
NET INCREASE/(DECREASE) IN NET ASSETS		1,056,260	(7,791,743)
NET ASSETS – BEGINNING OF YEAR		28,931,019	36,722,762
NET ASSETS – END OF YEAR		\$ 29,987,279	\$ 28,931,019

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS As at June 30, 2014 (Expressed in US Dollars)

Investments	Holding/ Shares	Cost	Fair Value	% of Portfolio
Equities – Europe				
Adidas AG	2,730	\$ 176,639	\$ 276,830	0.93%
Fresenius SE & Company	4,130	510,600	614,733	2.07%
Total SA	8,410	475,675	607,760	2.04%
Total Equities Europe		\$ 1,162,914	\$ 1,499,323	5.04%
Equities – Switzerland				
Nestle SA	5,510	\$ 261,267	\$ 426,857	1.43%
Novartis AG	7,840	478,986	709,914	2.39%
Swatch Group AG	480	290,682	289,851	0.97%
Total Equities Switzerland		\$ 1,030,935	\$ 1,426,622	4.79%
Equities/ADRs – United States				
Accenture PLC - Class A	4,750	\$ 192,007	\$ 383,990	1.29%
BHP Billiton LTD - Sponsored ADR	2,810	182,366	192,345	0.65%
Caterpillar Inc.	3,760	367,009	408,599	1.37%
Chevron Corp.	4,200	362,049	548,310	1.84%
Cisco Systems Inc.	18,170	357,127	451,524	1.52%
EMC Corp.	14,960	337,142	394,046	1.32%
Fedex Corp.	2,120	188,627	320,926	1.08%
Intel Corp.	11,460	308,070	354,114	1.19%
International Business Machines Corp.	1,900	380,103	344,413	1.16%
Microsoft Corp.	12,030	314,283	501,651	1.69%
PepsiCo Inc.	4,910	326,295	438,659	1.47%
Procter & Gamble Company	5,090	288,690	400,023	1.34%
Royal Dutch Shell Plc - ADR	8,150	585,017	671,316	2.26%
Wal-Mart Stores Inc.	4,710	307,514	353,580	1.19%
Walt Disney Company	3,160	207,568	270,938	0.91%
Zimmer Holdings Inc.	8,180	466,162	849,575	2.85%
Total Equities/ADRs – United States		\$ 5,170,029	\$ 6,884,009	23.13%
Total Equities/ADRs		\$ 7,363,878	\$ 9,809,954	32.96%

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (CONT'D)

As at June 30, 2014

(Expressed in US Dollars)

Investments	Holding/ Shares	Cost	Fair Value	% of Portfolio
Fixed Incomes Securities – Australia				
Westpac Banking Corp 2.450% 11/28/16	365,000	\$ 370,840	\$ 378,155	1.27%
Total Fixed Income Securities – Australia		\$ 370,840	\$ 378,155	1.27%
Fixed Income Securities – Canada				
Bank of Montreal 2.625% 01/25/16	595,000	\$ 628,778	\$ 614,766	2.07%
Bank of Nova Scotia 2.050% 10/07/15	500,000	500,945	509,800	1.71%
Ontario (Province of) 2.000% 01/30/19	1,080,000	1,090,357	1,091,783	3.67%
Total Fixed Income Securities – Canada		\$ 2,220,080	\$ 2,216,349	7.45%
Fixed Income Securities – Europe				
Agence Francaise Develop 2.000% 03/18/19	420,000	\$ 417,148	\$ 422,890	1.42%
Bk Nederlandse Gemeenten 1.875% 06/11/19	500,000	499,750	501,895	1.69%
Caisse Centrale Desjardin 1.600% 03/06/17	699,000	701,209	710,694	2.39%
Caisse Francaise De Fin 5.250% 02/16/17	200,000	229,160	220,816	0.74%
Deder Waterschapsbank 3.000% 03/17/15	325,000	341,013	331,377	1.11%
European Investment Bank 1.250% 10/14/16	500,000	499,050	506,990	1.70%
Kommunalbanken AS 2.375% 01/19/16	590,000	611,948	608,107	2.04%
Rabobank Nederland 3.200% 03/11/15	850,000	893,945	866,813	2.91%
Shell International Finance 2.000% 11/15/18	330,000	332,280	334,891	1.14%
Sparebank 1 Boligkreditt 1.250% 05/02/18	200,000	195,616	197,286	0.66%
Total Capital International SA 0.750% 01/25/16	175,000	175,021	175,744	0.59%
Total Fixed Income Securities – Europe		\$ 4,896,140	\$ 4,877,503	16.39%
Fixed Income Securities – United Kingdom				
HSBC Bank Plc 3.500%06/28/15 SR:144A	470,000	\$ 490,323	\$ 484,255	1.63%
Total Fixed Income Securities – United Kingdom		\$ 490,323	\$ 484,255	1.63%
Fixed Income Securities – United States				
American Honda Finance 2.125% 10/10/18	200,000	\$ 202,228	\$ 203,162	0.68%
Bank of America Corp 1.250% 01/11/16	550,000	549,197	553,526	1.86%
Fannie Mae 1.875% 02/19/19	350,000	353,696	354,526	1.19%
Federal Home Loan Bank 4.750% 12/16/16	350,000	411,361	384,682	1.29%
Freddie Mac 1.000% 03/08/17	125,000	124,238	125,678	0.42%
Morgan Stanley 2.125% 04/25/18	450,000	449,919	454,977	1.53%
Novartis Capital Corp 2.900% 04/24/15	1,000,000	1,055,000	1,021,040	3.44%
Wells Fargo & Company 2.125% 04/22/19	550,000	551,150	551,694	1.85%
Total Fixed Income Securities – United States		\$ 3,696,789	\$ 3,649,285	12.26%
Total Fixed Income Securities		\$ 11,674,172	\$ 11,605,547	39.00%

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (CONT'D)

As at June 30, 2014

(Expressed in US Dollars)

Investments	Holding/ Shares	Cost	Fair Value	% of Portfolio
Exchange Traded Funds – United States				
Financial Select Sector SPDR Fund	38,090	\$ 756,122	\$ 866,167	2.91%
Health Care Select Sector	6,360	318,746	386,879	1.30%
iShares NASDAQ Biotechnology Fund	2,430	388,751	624,583	2.10%
iShares S&P Global Financials Sector Index Fund	22,570	1,035,406	1,291,455	4.34%
iShares S&P Global Industrials Sector Index Fund	3,090	149,362	255,137	0.76%
iShares S&P Global Telecommunications Sector Index Fund	3,632	242,860	229,020	0.77%
iShares S&P Global Utilities Sector Index Fund	2,731	116,666	137,418	0.46%
Market Vectors Gold Miners ETF	4,730	186,706	125,109	0.42%
Market Vectors Oil Service ETF	20,015	895,208	1,156,066	3.88%
Vanguard Consumer Discretionary Fund	4,900	457,316	534,982	1.80%
Vanguard Consumer Staple ETF	7,790	833,080	902,394	3.03%
Vanguard FTSE Emerging Market ETF	10,435	416,044	450,062	1.51%
Vanguard Industrials ETF	4,950	268,137	515,995	1.73%
Vanguard Materials ETF	3,800	358,200	424,688	1.43%
Wisdomtree Japan Hedged Equity Fund	9,635	437,368	475,584	1.60%
Total Exchange Traded Funds – United States		\$ 6,859,972	\$ 8,345,539	28.04%
Total Exchange Traded Funds		\$ 6,859,972	\$ 8,345,539	28.04%
Total Investments		\$ 25,898,022	\$ 29,761,040	100.00%

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS As at June 30, 2013 (Expressed in US Dollars)

Investments	Holding/ Shares	Cost	Fair Value	% of Portfolio
Equities – Europe				
Adidas AG	2,620	\$ 164,889	\$ 284,279	0.99%
Total SA	10,300	582,573	502,278	1.74%
Vivendi SA	7,563	231,507	143,066	0.50%
Total Equities – Europe		\$ 978,969	\$ 929,923	3.23%
Equities –Switzerland				
Nestle SA	5,300	\$ 245,312	\$ 347,408	1.20%
Novartis AG	8,190	493,488	581,472	2.02%
Swatch Group AG	160	91,645	87,525	0.30%
Total Equities – Switzerland		\$ 830,445	\$ 1,016,405	3.52%
Equities – United Kingdom				
Glaxosmithkline Plc	25,520	\$ 596,908	\$ 639,770	2.22%
Reckitt Benckiser Group Plc	6,300	268,241	445,444	1.54%
Total Equities – United Kingdom		\$ 865,149	\$ 1,085,214	3.76%
Equities/ADRs – United States				
Accenture Plc - Class A	4,570	\$ 177,243	\$ 328,857	1.14%
BHP Billiton Ltd - Sponsored ADR	3,960	256,949	228,334	0.79%
Caterpillar Inc.	3,610	352,511	297,789	1.03%
Chevron Corp.	5,270	447,862	623,652	2.16%
Cisco Systems Inc.	18,320	358,698	445,817	1.55%
Diageo Plc ADR	2,990	179,393	343,701	1.19%
EMC Corp.	18,220	406,771	430,356	1.49%
ENI SPA-Sponsored ADR	3,770	179,230	154,721	0.54%
Exxon Mobil Corp.	6,987	433,922	631,275	2.19%
Fedex Corp.	3,660	318,990	360,803	1.25%
Intel Corp.	11,020	297,044	267,015	0.93%
International Business Machines Corp	2,200	441,113	420,442	1.46%
Johnson & Johnson	7,910	522,700	679,153	2.35%
Microsoft Corp.	14,370	367,106	496,412	1.72%
PepsiCo Inc.	5,550	365,400	453,935	1.57%
Philip Morris International	3,680	212,394	318,762	1.11%
Procter & Gamble Company	5,770	321,878	444,232	1.54%
Wal-Mart Stores Inc.	2,740	159,633	204,103	0.71%
Walt Disney Company	3,040	198,003	191,976	0.67%
Zimmer Holdings Inc.	9,450	525,199	708,780	2.45%
Total Equities/ADRs – United States		\$ 6,522,039	\$ 8,029,515	27.84%
Total Equities/ADRs		\$ 9,196,602	\$ 11,061,057	38.35%

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (CONT'D)

As at June 30, 2013

(Expressed in US Dollars)

Investments	Holding/ Shares	Cost	Fair Value	% of Portfolio
Fixed Income Securities – Canada				
Bank of Montreal 2.625% 01/25/2016	800,000	\$ 845,416	\$ 835,200	2.90%
Bank of Nova Scotia 2.05% 10/07/2015	500,000	500,945	512,780	1.78%
Total Fixed Income Securities – Canada		\$ 1,346,361	\$ 1,347,980	4.68%
Fixed Income Securities – Europe				
Caisse Centrale Desjardin 1.6% 03/06/2017	920,000	922,907	927,772	3.21%
Caisse Francaise De Fin 5.25% 02/16/2017	200,000	229,160	224,436	0.78%
CIE Financement Foncier 2.5% 09/16/2015	700,000	707,350	723,156	2.51%
European Investment Bank 1.25% 10/14/2016	500,000	499,050	503,800	1.75%
HSBC Bank PLC 3.5% 06/28/2015	620,000	646,809	650,337	2.25%
Kommunalbanken AS 2.375% 01/19/2016	590,000	611,948	613,116	2.13%
L-Bank BWFoerderbank 2.75% 05/26/2015	200,000	208,780	208,136	0.72%
NederWaterschapsbank 3% 03/17/2015	525,000	550,867	546,830	1.90%
Rabobank Nederland 3.2% 03/11/2015	850,000	893,945	882,062	3.06%
Shell International Finance 4% 03/21/2014	450,000	471,257	461,336	1.60%
Statoil ASA 3.875% 04/15/2014	400,000	423,736	410,448	1.42%
Total Capital International SA 0.75% 01/25/2016	175,000	175,021	173,996	0.60%
Total Fixed Income Securities – Europe		\$ 6,340,830	\$ 6,325,425	21.93%
Fixed Income Securities – United States				
Bank of America Corp 1.25% 01/11/2016	550,000	549,197	543,989	1.89%
Fannie Mae 1.25% 03/28/2017	60,000	60,000	59,908	0.21%
Federal Home Loan Bank 4.75% 12/16/2016	375,000	440,744	424,369	1.47%
Freddie Mac 1% 03/08/2017	125,000	124,238	124,495	0.43%
JP Morgan Chase & Co 1.875% 03/20/2015	1,150,000	1,171,137	1,162,177	4.02%
Novartis Capital Corp 2.9% 04/24/2015	1,000,000	1,055,000	1,042,320	3.61%
Westpac Banking Corp 2.45% 11/28/2016	545,000	553,720	566,250	1.96%
Total Fixed Income Securities – United States		\$ 3,954,036	\$ 3,923,508	13.59%
Total Fixed Income Securities		\$ 11,641,227	\$ 11,596,913	40.20%

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

SCHEDULE OF INVESTMENTS (CONT'D)

As at June 30, 2013

(Expressed in US Dollars)

Investments	Holding/ Shares	Cost	Fair Value	% of Portfolio
Exchange Traded Funds - United States				
Financial Select Sector SPDR Fund	20,560	\$ 407,808	\$ 399,789	1.39%
iShares NASDAQ Biotechnology Fund	6,040	948,280	1,050,235	3.64%
iShares S&P Global Industrials Sector Index Fund	2,970	141,038	174,606	0.61%
iShares S&P Global Financial Sector Index fund	25,480	1,156,279	1,235,271	4.27%
iShares S&P Global Materials Sector Index Fund	5,432	303,919	288,931	1.00%
iShares S&P Global Telecommunications Sector Index Fund	2,206	144,592	131,001	0.45%
iShares S&P Global Utilities Sector Index Fund	2,701	114,912	113,541	0.39%
Market Vectors Gold Miners ETF	5,550	222,391	135,920	0.47%
Oil Services Holders Trust	18,375	812,246	786,082	2.73%
Vanguard Consumer Discretionary Fund	5,500	506,472	501,270	1.74%
Vanguard Industrials ETF	5,780	302,768	471,648	1.64%
Vanguard FTSE Emerging Market ETF	11,200	446,955	434,504	1.51%
Wisdomtree Japan Hedged Equity Fund	10,200	463,131	465,222	1.61%
Total Exchange Traded Funds – United States		\$ 5,970,791	\$ 6,188,020	21.45%
Total Exchange Traded Funds		\$ 5,970,791	\$ 6,188,020	21.45%
Total Investments		\$ 26,808,620	\$ 28,845,990	100.00%

The accompanying notes form an integral part of these financial statements.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

1. ORGANISATION AND OPERATIONS

Butterfield International Balanced Fund (the "Fund") was established as an open-ended multi-class Unit Trust under the laws of the Cayman Islands by a Trust Deed dated June 18, 1996 (the "Trust Deed ") executed by Butterfield Bank (Cayman) Limited as trustee (the "Trustee" and "Investment Advisor") and Butterfield Fund Services (Cayman) Limited (subsequently Butterfield Fulcrum Group (Cayman) Limited) as manager (the "Manager"). The Fund commenced operations on July 17, 1996 and is registered as a Mutual Fund under the Mutual Funds Law of the Cayman Islands. On January 30, 1998 the Fund was listed on the Cayman Islands Stock Exchange. On January 18, 2000, the Fund was listed on the Bermuda Stock Exchange.

On December 15, 2008 the Trust amended and restated the Trust Deed for the Fund, in which Butterfield Fulcrum Group (Cayman) Limited ceased being the Fund's Manager, and was immediately reappointed as the Fund's Administrator. Certain powers which had been delegated by the Trustee to the Manager were re-assumed by the Trustee.

On December 15, 2008 Butterfield Fulcrum Group (Cayman) Limited was appointed as the Fund's Administrator. On September 20, 2013, Butterfield Fulcrum Group (Cayman) Limited was acquired by Mitsubishi UFJ Financial Group and changed its name to MUFG Fund Services (Cayman) Limited and remains the Administrator of the Fund.

The Fund's objective is to achieve long-term capital growth by investing in a global portfolio of money market instruments, euro bonds, government bonds and equities.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from the estimates.

The significant accounting policies are as follows:

a) Valuation of Investments

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

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

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Investment Transactions and Income Recognition

The computation of the cost of sale of securities is made on the basis of the average cost. Purchases and sales of securities are accounted for on the transaction date, and the difference between the sale price and the cost is included in realised gain on investments in the Statement of Operations.

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. Interest income is accrued as earned and dividend income is recognised at ex-dividend date. The discount or premium on the purchase of fixed income securities is amortised based on the yield to maturity. The amortisation is included in interest income. Transaction costs incurred on portfolio expenses are recognised immediately in net income and presented on the Statement of Operations.

c) Foreign Currency Translation

The functional currency of the Fund is US Dollars.

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

d) Financial Assets and Liabilities

The fair value of securities is considered to be the market value, which is based principally on quoted market prices. The carrying value of other financial instruments approximates their fair value principally because of the short-term maturities of these instruments.

e) Adoption of New Accounting Standards

In January 2011, the Accounting Standards Board ("AcSB") amended the Introduction to Part I of the CICA Handbook-Accounting to allow investment companies, which include investment funds, to adopt International Financial Reporting Standards ("IFRS") for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2015. Investment companies electing to defer the first time adoption may continue to apply existing Canadian GAAP until the changeover to IFRS.

The Fund will defer the first time adoption and adopt IFRS beginning July 1, 2015. The Fund is currently evaluating the impact of this changeover.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

3. FINANCIAL RISK MANAGEMENT

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

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

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

a) Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Market risk is the risk that changes in interest rates, foreign exchange rates or equity prices will affect the positions held by the Fund making them less valuable or more onerous. The Fund is exposed to market risk on financial instruments that are valued at market prices.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The Fund's market risk is managed on a daily basis by the Investment Advisor in accordance with the policies and procedures in place. The Fund's Trustee reviews the performance of the Investment Advisor on a continuous basis.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than US Dollars. The Fund's policy is not to enter into any currency hedging transactions. The Investment Advisor manages currency risk by monitoring exposure to different geographical regions.

At June 30, 2014, if the exchange rates of relevant foreign currencies against the US Dollar had been 10% higher or lower with all other variables held constant, the net assets of the Fund would have increased/decreased by \$292,780 (2013: \$303,154). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

3. FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market Risk (Cont'd)

Currency Risk (cont'd)

As at June 30, 2014 and 2013, the Fund has the following currency exposure in US Dollar equivalents:

	2014		2013	
	USD	% of Net Assets	USD	% of Net Assets
CHF	1,426,622	4.76%	1,016,405	3.51%
EUR	1,499,323	5.00%	929,923	3.21%
GBP	1,856	0.01%	1,085,214	3.75%
Total	2,927,801	9.77%	3,031,542	10.47%

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to changes in interest rates relates primarily to the Fund's investments in fixed income securities. Fixed income securities account for 38.70% of the Fund's Net Asset Value (2013: 40.08%). As a result, the Fund is subject to fair value interest rate risk due to possible fluctuations in the prevailing levels of market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to cash and cash equivalents of \$756,161 (2013: \$177,598) for the Fund (2.52% of Net Assets (2013: 0.61%)). The Fund believes these balances do not expose the Fund to significant sensitivity to cash flow interest rate risk.

As at June 30, 2014, the carrying amount of the Fund's financial assets that bear fixed rates of interest amounted to \$11,605,547 (2013: \$11,596,913). As at June 30, 2014, if long term market interest rates had been 0.5% lower or higher with the other variables held constant, the net assets would have been \$140,084 (2013: \$131,802) lower or higher for the Fund resulting from changes in fair values of such financial assets. 0.5% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in market interest rates.

Price Risk

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

Price risk is managed by the Fund's Investment Advisor by constructing a diversified portfolio of investments traded on various markets. All of the Fund's equity investments at June 30, 2014 and 2013 are listed on stock exchanges.

As at June 30, 2014, the fair value of the Fund's investments in securities that are exposed to movement in equity prices amounted to \$18,155,493 (2013: \$17,249,077).

The Fund estimates that a reasonably possible movement in its equity portfolio for the Fund is calculated using the average performance of the Fund's benchmark over the past eight years of 8% (2013: 7%) adjusted to correlate to the actual investment portfolio held.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

3. FINANCIAL RISK MANAGEMENT (CONT'D)

a) Market Risk (Cont'd)

Price Risk (cont'd)

As at June 30, 2014, if the benchmark equity market prices had been 8% (2013: 7%) higher or lower with all other variables held constant, the Fund's net assets would have been \$1,238,283 (2013: \$1,076,100) higher or lower. The adjusted rate is the rate used when reporting price risk internally to key management personnel for the Fund.

b) Credit Risk

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

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

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk related to unsettled transactions, including dividends and interest accrued, is considered to be low due to the short settlement period involved and the high credit quality of the brokers used. The Fund monitors the credit rating of its brokers to mitigate this risk.

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

	Carrying amount	
	2014	2013
Investments at market value (Fixed income securities)	\$ 11,605,547	\$ 11,596,913
Cash and cash equivalents	\$ 756,161	\$ 177,598
Bond interest receivable	\$ 67,283	\$ 72,541
Dividend income receivable	\$ 41,010	\$ 48,041

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

Credit Rating	2014		2013	
	Market Value	Percentage	Market Value	Percentage
AAA	\$ 3,015,998	25.99%	\$ 5,148,696	44.40%
AA+	1,918,974	16.53%	608,771	5.25%
AA	757,781	6.53%	461,336	3.98%
A+	1,264,656	10.90%	512,780	4.42%
AA-	3,639,635	31.36%	3,159,162	27.24%
A-	1,008,503	8.69%	543,989	4.69%
A	-	-	1,162,179	10.02%
	\$ 11,605,547	100.00%	\$ 11,596,913	100.00%

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

3. FINANCIAL RISK MANAGEMENT (CONT'D)

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's financial liabilities at June 30, 2014 represent 2.14% of the Fund's Net Assets (2013: 0.76%) and fall due not later than one month. The Fund does not anticipate any significant liquidity concerns in funding redemption requests and other liabilities. The Fund's constitution provides for the weekly subscription and redemption of units and it is therefore exposed to the liquidity risk of meeting unit holders redemptions. However, all of the Fund's investments at June 30, 2014 and 2013 are actively traded. As such, they are considered to be highly realisable, mitigating the liquidity risk of the Fund as at June 30, 2014 and 2013.

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

4. FAIR VALUE OF FINANCIAL ASSETS

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

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

June 30, 2014

	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities/ADRs	\$ 9,809,954	\$ -	\$ -	\$ 9,809,954
Fixed Income Securities	-	11,605,547	-	11,605,547
Exchange Traded Funds	8,345,539	-	-	8,345,539
Total Financial Assets	\$ 18,155,493	\$ 11,605,547	\$ -	\$ 29,761,040

June 30, 2013

	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities/ADRs	\$ 11,061,057	\$ -	\$ -	\$ 11,061,057
Fixed Income Securities	-	11,596,913	-	11,596,913
Exchange Traded Funds	6,188,020	-	-	6,188,020
Total Financial Assets	\$ 17,249,077	\$ 11,596,913	\$ -	\$ 28,845,990

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

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

Transfers of assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being quoted in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 in the current or prior year. Financial assets and liabilities transferred from Level 2 to Level 1 might arise primarily as a result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 in the years ended June 30, 2014 and 2013.

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, 2014 and 2013.

5. UNITHOLDERS CAPITAL

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

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

	2014	2013
	No. of Units	No. of Units
Balance - beginning of year	1,323,980	1,806,885
Issue of units	97,662	101,507
Redemption of units	(204,768)	(584,412)
Balance - end of year	1,216,874	1,323,980

6. RELATED PARTY TRANSACTIONS

Butterfield Bank (Cayman) Limited (the "Sales Agent") is entitled to receive a sales commission on subscriptions of up to 2%. No sales commission was charged in 2014 and 2013.

Butterfield Bank (Cayman) Limited (the "Custodian") acts as custodian for the Fund and is entitled to receive a monthly fee, calculated at a rate of 0.25% per annum of the net asset value of the Fund, calculated and accrued weekly.

Custodian fees charged for the year ended June 30, 2014 were \$71,923 (2013: \$84,409) for the Fund, of which \$18,636 (2013: \$18,624) remained payable at year end and is included in accrued expenses.

Butterfield Bank (Cayman) Limited (the "Investment Advisor") is entitled to receive a management fee for providing investment advice to the Fund, calculated at a rate of 0.65% per annum of net asset value of the Fund calculated and accrued weekly.

Management fees for the year ended June 30, 2014 were \$187,000 (2013: \$219,475) for the Fund, of which \$48,452 (2013: \$48,423) remained payable at year end and is included in accrued expenses.

Employees of the Investment Advisor, its parent company and other affiliated companies, and their immediate family members may hold units of the Fund. These investment holdings would not be significant to the Fund.

7. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2014 through September 22, 2014, the date the financial statements were available to be issued. During this period, the Fund did not have any material recognisable subsequent events.

Butterfield International Balanced Fund

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

8. FINANCIAL HIGHLIGHTS

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

Per Unit Information		2014		2013
Net asset value, beginning of year	\$	21.85	\$	20.32
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Income from investment operations				
Net investment income		0.17		0.22
Net realised and unrealised gain on investments		2.62		1.31
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Total from investment operations		2.79		1.53
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Net asset value, end of year	\$	24.64	\$	21.85
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Total return		12.77%		7.53%

Ratios/supplemental data

Net assets, end of year	\$	29,987,279	\$	28,931,019
Ratio of expenses to weighted average net assets		1.23%		1.30%
Ratio of net investment income to weighted average net assets		0.73%		0.96%
Portfolio turnover rate*		50.81%		28.27%

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

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