

Objective

To offer a convenient vehicle for investing in an international portfolio of equity mutual funds, which are anticipated to provide the best opportunities for capital growth.

Investment Policy

To invest in a diverse range of top performing offshore equity mutual funds as well as a number of indexed products in order to control overall costs.

Investment Process

A quantitative analysis of fund performance is undertaken relative to peer groups to ensure the consistency of performance. This is followed with a qualitative analysis to understand the manager's philosophy, process and style.

Fund Review

The net asset value (NAV) per share of the Fund increased from \$12.29 to \$13.07 over the quarter, an increase of 6.35% against a benchmark return of 6.51%. In the second quarter the major indices performed well with local currency returns of: S&P 500: 6.28% Bloomberg European 500: 6.55% and the Nikkei 225: 4.97%

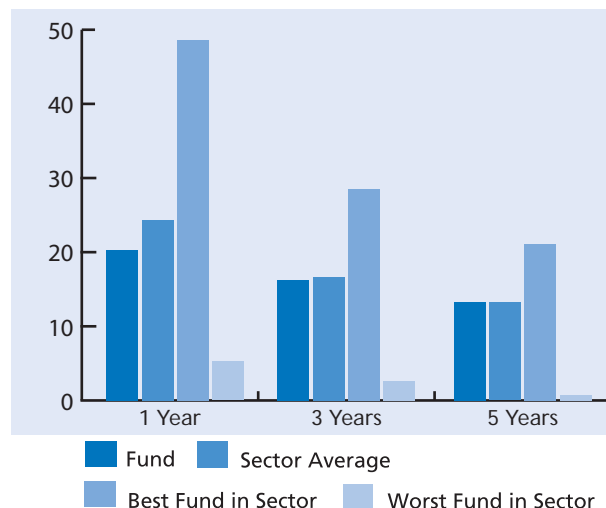
In a repeat of the first quarter, equity markets had a strong first couple of months before giving back some of their gains towards the end of the quarter. Signs that the US economy will only experience a "soft-landing" and global economic growth will reaccelerate during the second half of the year buoyed equity investors early in the quarter. However, reduced expectations for any interest rate cuts weighed on the markets in June.

The Fund benefited from an overweight exposure to Canadian equities as buoyant commodity markets combined with a strengthening currency produced double-digit returns. The Fund also benefited from its overweight exposure to Emerging markets and Asian markets. The Fund added a new position during the quarter to the Martin Currie Asia Pacific Fund.

The UBAM - Neuberger Berman US Equity Value had a particularly strong quarter as the manager's high exposure to energy stocks helped the fund to realize a 10% gain. Legg Mason Value Fund, which has recently been a laggard, benefited from its large position in Amazon.com which was up over 70% for the quarter.

Expectations of continued strong global economic growth combined with undemanding valuations mean that the Fund expects to keep its overweight exposure to more cyclical economies and sectors for the foreseeable future.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
20.35%	16.25%	13.27%	3.54%	n/a

Asset Breakdown

Global

ACM Global Growth Trends
Orbis Global Equity Fund

North America

Ishares S&P 500 Barra Value Fund
Iunits S&P/TSX 60 Capped Index Fund
PowerShares Value Line Timeliness
Select Portfolio
Davis Value Fund
Fidelity American Growth Fund
JPMorgan Funds - US Dynamic Fund
Legg Mason Value Fund
Merrill Lynch - US Flexible Equity Fund
UBAM - Neuberger Berman
US Equity Value
Oil Service HOLDERS Trust

UK/European

Fidelity European Growth Fund
JPMorgan Funds - Europe
Strategic Value Fund
Vanguard - European Stock Index Fund

Emerging Markets

Ishares MSCI Emerging Markets Index Fund
JPMorgan Funds - Emerging Markets
Equity Fund

Asia

JPMorgan Funds - Japan Equity Fund
Orbis Japan Equity Fund
Ishares MSCI Pacific ex-Japan
Ishares MSCI Japan
Martin Currie Asia Pacific Fund

Bermuda

Butterfield Bermuda Fund

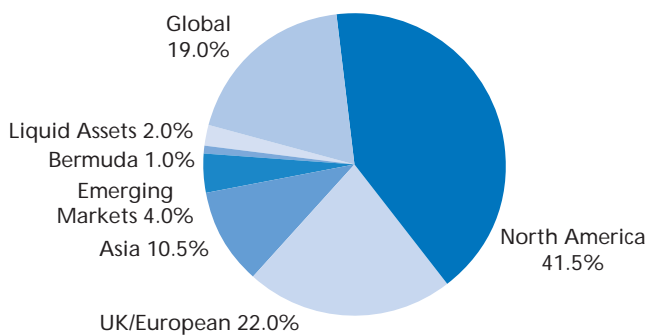
Liquid Assets

Butterfield Money Market Fund

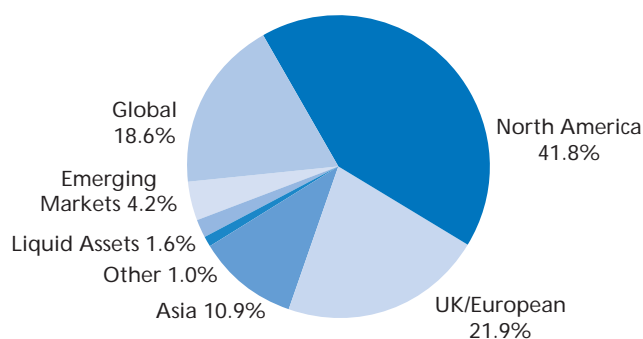
Benchmark Composition

100% MSCI World Index

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 197

Fiscal Year End: June 30th
Min. Investment: USD 10,000
Valuation: Thursday

Dealings: Friday
Total Expense Ratio: 1.08%
NAV per share (29.06.2007): USD 13.07

Front End Fee: None
Identifier: BUTSLEQ BH

Objective

To offer a convenient vehicle for investing in an international portfolio of fixed income mutual funds, which are anticipated to provide the best opportunities for income and capital growth.

Investment Policy

To invest in a diverse range of top performing offshore fixed income mutual funds as well as a number of top quality individual securities in order to control overall costs.

Investment Process

A quantitative analysis of fund performance is undertaken relative to peer groups to ensure the consistency of performance. This is followed with a qualitative analysis to understand the manager's philosophy, process and style.

Fund Review

The net asset value (NAV) per share of the Fund increased from \$15.66 to \$15.71 over the quarter, an increase of +0.32% against a benchmark return of -0.61%.

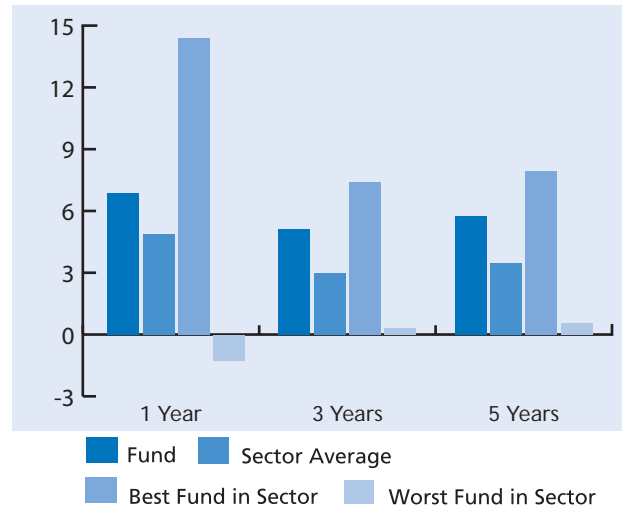
During the quarter, fears of "sticky inflation" combined with the perception that the worst is behind the US economy drove yields higher. The market has effectively removed expectations of rates cuts in the near term and the yield curve ended the period with a positive slope, with the 10 year US Treasury yielding 16bps more than the 2 year US Treasury. The yield spread differential of non-government securities over US Treasuries also widened as investors demanded increased yield for the risk of holding non-government debt.

The Fund's investments in absolute return/cash strategies performed well during this period, the Asia Recovery Fund had excellent performance with a return of over 3%. Our structured product asset - Argent Classic Convertible Class C - also had a strong quarter, returning 2.1%. Longer duration assets such as the Butterfield Capital Appreciation Bond Fund and the US Treasury holding were among our weaker performing assets.

During the quarter we reduced our exposure to investment grade corporate bonds and initiated a new position in mortgage backed securities (MBS) through the Vanguard U.S. Mortgage Backed Securities Bond Index Fund. This fund consists of mortgages which have been pooled by US agencies and then sold to the market. The credit quality of the fund is AAA and the mortgages purchased by these agencies are only of the "prime" borrowers. It is anticipated that this addition will add diversity and a good return to the Fund.

The Fund has added to its exposure (and expects to increase this further) of asset back securities particularly CMBS. Spreads have widened for this asset class, particularly at the end of the quarter, and offer relatively attractive returns for very high credit quality assets.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
6.87%	5.11%	5.75%	6.35%	n/a

Asset Breakdown

- Global**
Schroder Global Corporate Bond
- US Treasury/Agency**
10yr Treasury
Fannie Mae
Freddie Mac
- US Dollar Bond**
Butterfield Capital Appreciation Bond Fund
Butterfield USD Bond Fund
- Asset Backed Security**
CMBS - GE Capital
CMBS - Wachovia
CMBS - JPMorgan Chase
CMBS - UBS
HEL - Equity One
HEL - Residential Asset Mortgage
MBS - Vanguard MBS Index Fund

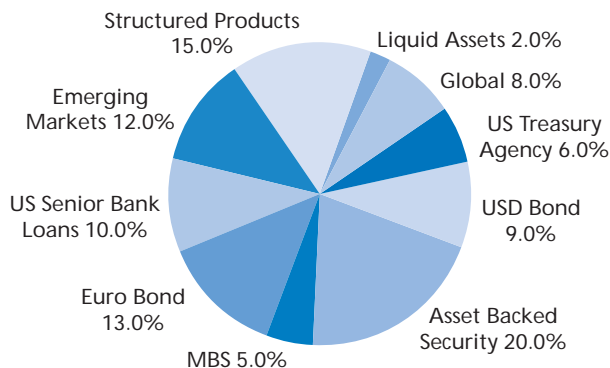
Euro Bond

- Vanguard Euro Investment Grade Bond Index
- US Senior Bank Loans**
CypreeTree Leveraged Alternative Income Fund
- Emerging Markets**
Ashmore Emerging Market Liquid Investment Portfolio
Ashmore Asian Recovery Fund
- Structured Products**
Argent Classic Convertible - Class C
- Liquid Assets**
Butterfield Money Market Fund
Butterfield Liquid Reserve

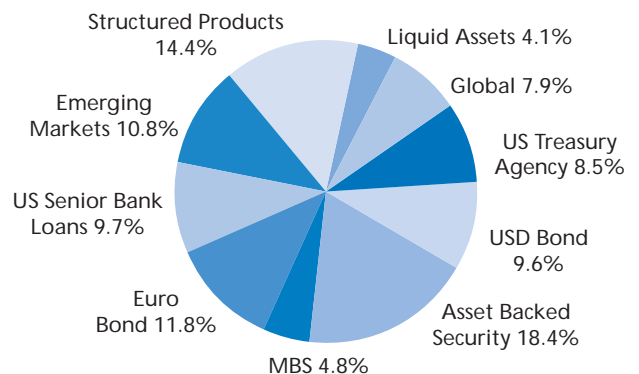
Benchmark Composition

- 80% JP Morgan Govt Bd - Local Currency US
- 20% JP Morgan Hedged USA Dollar GBI Ex USA

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD113

Fiscal Year End: June 30th
Min. Investment: USD 10,000
Valuation: Thursday

Dealings: Friday
Total Expense Ratio: 1.13%
NAV per share (29.06.2007): USD 15.71

Front End Fee: None
Identifier: BUTSLFX BH

Select Fund: Alternative Investment Class

Objective

To offer a convenient vehicle for investing in a diversified portfolio of alternative strategy investment managers, which are anticipated to provide the best opportunities for capital growth.

Investment Policy

To invest in a diverse range of top performing offshore alternative investment managers that target consistent and stable returns while controlling risk.

Investment Process

A quantitative analysis of fund performance is undertaken relative to peer groups to ensure the consistency of performance. This is followed with a qualitative analysis to understand the manager's philosophy, process and style. IAM, a professional hedge fund manager, act as the sub-advisor to this class of the Fund.

Fund Review

The net asset value (NAV) per share of the Fund increased from \$14.55 to \$15.29 over the quarter, an increase of 5.09%.

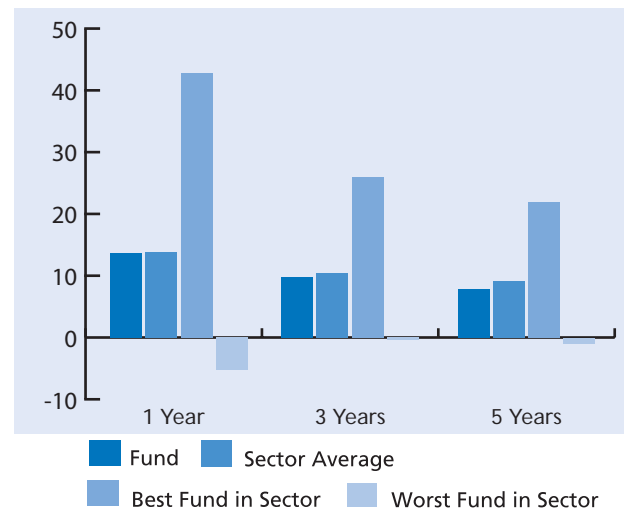
Alternative investments experienced a strong quarter with most of the underlying funds producing positive performance for the quarter. Long/short strategies had the best performance with managers correctly keeping high net exposure to the equity markets. Funds with exposure to cyclical stocks such as energy and mining or with exposure to emerging Asian economies produced the best returns.

Event Driven funds also performed well as continued M&A and LBO activity benefited these managers. Continued high issuance of convertible issues benefited our Convertible Arbitrage manager with the fund producing positive results each month of the quarter.

At the end of June, Bear Stearns had to bailout two of its hedge funds that had made bad bets on collateralized debt obligations (CDO's) and had their creditors threaten to sell the funds' assets. The threat of a large sale of the relatively illiquid CDO positions further depressed valuations. The Fund had no exposure to the Bear Stearns funds as, due to the complexity and risk of this type of fund, we have and will continue to avoid this type of CDO investment.

During the quarter the fund added to positions in several holdings, started a new position in M&G Episode (a Macro fund) and redeemed Trelus Offshore Fund. In the coming quarter, the manager also intends to add the Tantallon Fund (a Long/Short Asian fund) and redeem PK Japan. Exposure to current strategies should remain fairly static.

Comparative Performance



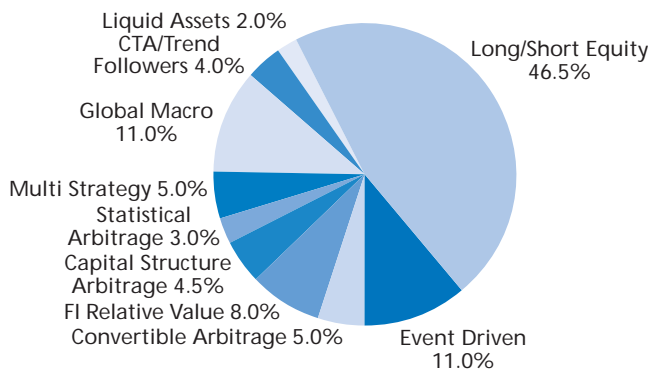
Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years
13.60%	9.87%	7.91%	6.21%

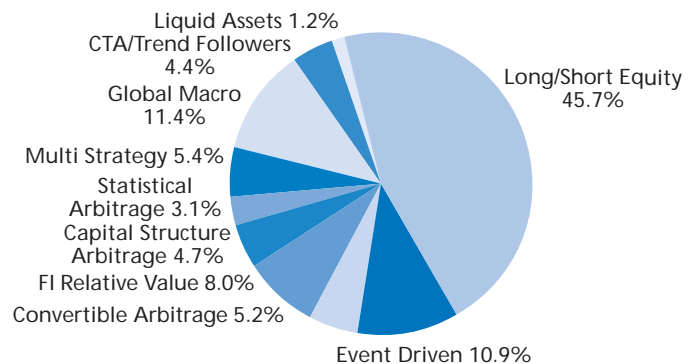
Asset Breakdown

- Long/Short Equity**
 - Alphagen Capella Fund
 - Amici Fund Int'l
 - Brahman Partners
 - Egerton European Fund
 - Karsch Capital Ltd
 - Lansdowne UK Equity Fund
 - LAPP Opportunity Fund
 - Pennant Winward Fund
 - PK Japan
 - SCP Overseas Fund
 - SEG Partners
 - SR Global Fund
- Event Driven**
 - Amber Fund
 - Centaurus Alpha Fund
 - York European Opportunities
- Convertible Arbitrage**
 - Plexus Fund
- FI Relative Value**
 - London Diversified Fund
 - Platinum Grove Contingent Capital Offshore Fund
- Capital Structure Arbitrage**
 - CQS Capital Structure Arbitrage Fund
- Statistical Arbitrage**
 - Goldman Sachs Global Equity Opportunities
- Multi Strategy**
 - OZ Overseas Fund
- Global Macro**
 - Brevar Howard Fund
 - Drake Global Opportunities Fund
 - Episode Inc
- CTA / Trend followers**
 - Winton Futures Fund Ltd
- Liquid Assets**
 - Butterfield Money Market Fund

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 180

Fiscal Year End: June 30th
Min. Investment: USD 10,000
Valuation: Thursday

Dealings: Friday
Total Expense Ratio: 1.71%
NAV per share (29.06.2007): USD 15.29

Front End Fee: None
Identifier: BUTSLAI BH

Objective

To provide investors with a high degree of diversification, flexibility and long-term capital growth via a feeder fund to three distinct asset classes in a cost efficient manner, while retaining the advantage of well chosen, professionally managed investments.

Investment Policy

To invest in fixed allocations to the three classes of the Butterfield Select Fund. The latter is not bound to any one particular fund management company and provides investors with a selection of truly independent, "best-of-the-best" mutual fund managers who excel in their field.

Investment Process

Allocations to the underlying classes of the Select Fund are monitored weekly and adjusted accordingly to ensure asset targets are maintained in accordance with the objective. Each of the underlying classes is managed through a quantitative and qualitative analysis to ensure performance is consistent and investment philosophy is sound.

Fund Review

The net asset value (NAV) per share of the Fund increased from \$11.19 to \$11.47 over the quarter, an increase of 2.5%. All three asset classes had a positive quarter with the best performance coming from equity.

The Equity class, for which there is a 28.64% allocation, increased 6.35%. In a repeat of the first quarter, equity markets had a strong first couple of months before giving back some of their gains towards the end of the quarter. Signs that the US economy will only experience a "soft-landing" and global economic growth will reaccelerate during the second half of the year buoyed equity investors early in the quarter. However, reduced expectations for any interest rate cuts weighed on the markets in June.

With an allocation of 55.51%, the Fixed Income class increased 0.32%. During the quarter, fears of "sticky inflation" combined with the perception that the worst is behind the US economy drove yields higher. The market has effectively removed expectations of rates cuts in the near term and the yield curve ended the period with a positive

Comparative Performance

Not available at this time

Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
10.61%	n/a	n/a	n/a	n/a

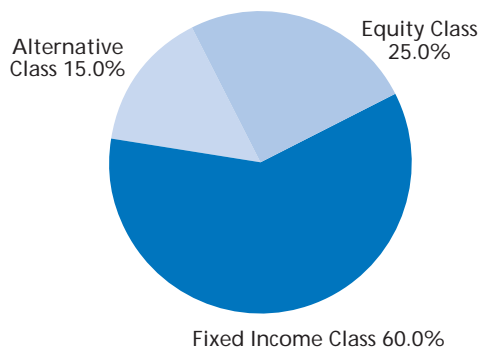
Asset Breakdown

Global	Liquid Assets
Butterfield Select Fund: Equity Class Fixed Income Class Alternative Class	Butterfield Money Market Fund

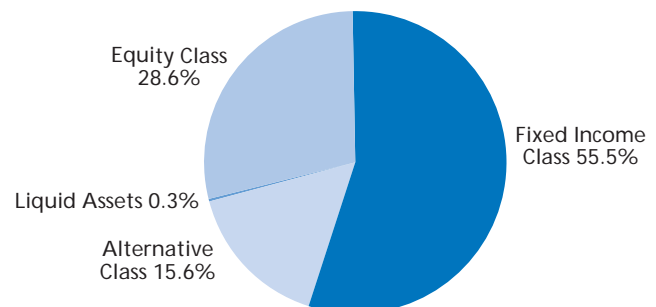
slope, with the 10 year US Treasury yielding 16bps more than the 2 year US Treasury. The yield spread differential of non-government securities over US Treasuries also widened as investors demanded increased yield for the risk of holding non-government debt.

The Alternative class of the Select Fund, of which Select Invest has an allocation of 15.60%, gained 5.09%. Alternative investments experienced a strong quarter with most of the underlying funds producing positive performance for the quarter. Long/short strategies had the best performance with managers correctly keeping high net exposure to the equity markets. Funds with exposure to cyclical stocks such as energy and mining or with exposure to emerging Asian economies produced the best returns.

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 14.8

Fiscal Year End: June 30th
Min. Investment: USD 1,000
Valuation: Thursday

Dealings: Friday
Total Expense Ratio: N/A
NAV per share (29.06.2007): USD 11.47

Front End Fee: None