

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

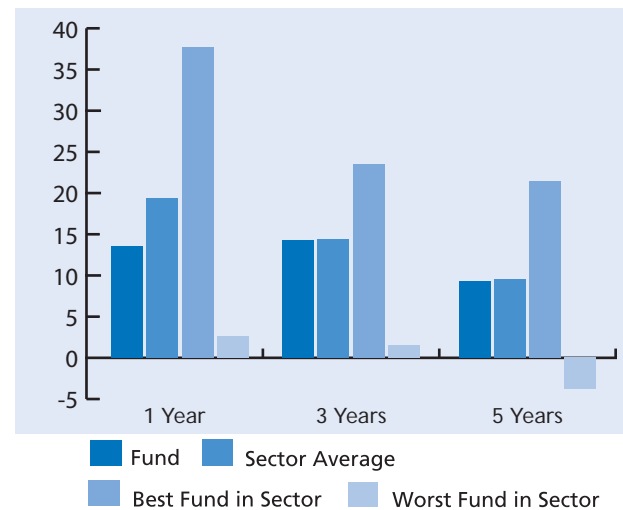
The net asset value (NAV) per share of the Fund increased from \$11.11 to \$11.95 over the quarter, an increase of +7.6% against a benchmark return of +8.4%. During the last three months, the major indices (S&P 500: +6.7%, Bloomberg European 500: +7.2% and the Nikkei 225: +6.9% - all returns expressed in local currency terms) all posted solid positive returns.

Equities worldwide continued to gather pace during this past quarter. Rising global short-term rates in previous years had limited the advance of major equity markets below the growth rate of earnings. However, in recent quarters, softer macroeconomic data have led investors to anticipate an end to central banks' tightenings and resulted in declining bond yields, inflation and inflation expectations. These are important stimuli for equities. In addition, increased M&A activity and takeover speculations (especially in Europe) have also provided fuel to the rally.

The odds of a recession are low, but a growth scare (and a short-term correction in equities) could still materialize in coming months as sentiment towards equities has risen. We believe that these potential bumps along the road could provide great opportunities to add to our favorite positions.

In the past three months, we liquidated our position in the Legg Mason - US Select Value Portfolio and replaced it with the UBAM - Neuberger Berman US Equity Value Fund. This new fund invests in the US markets and has consistently outperformed peers and benchmarks over time. The turnover ratio is low at 40% and the manager likes to take concentrated positions both at the stock and sector level. The investment process focuses on bottom-up analysis of companies and strongly encourages inputs from top tier analysts.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
13.49%	14.22%	9.29%	n/a	n/a

Asset Breakdown

Global

ACM Global Growth Trends
Orbis Global Equity Fund

North America

Ishares Russell Midcap Value Index Fund
Iunits S&P/TSX 60 Capped Index Fund
PowerShares Value Line Timeliness
Select Portfolio
SPDR Depository Receipts
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

UK/European

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

Asia

JPMorgan Funds - Japan
Equity Fund
Orbis Japan Equity Fund
Ishares MSCI Pacific ex-Japan
Ishares MSCI Japan

Bermuda

Butterfield Bermuda Fund

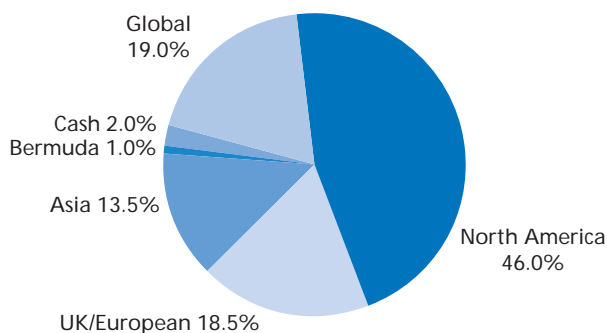
Liquid Assets

Butterfield Money Market Fund

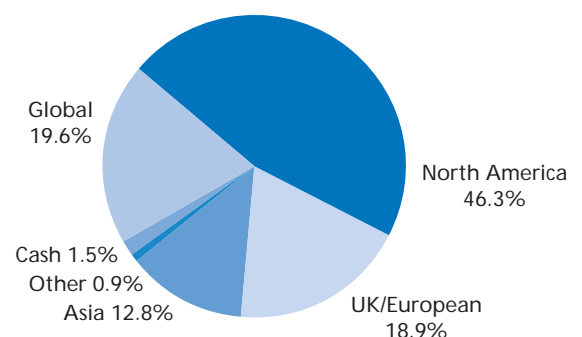
Benchmark Composition

100% MSCI World Index

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD

Units Available: Accumulation

Size of Fund (millions): USD 164.5

Fiscal Year End: June 30th

Min. Investment: USD 10,000

Valuation: Thursday

Dealings: Friday

Total Expense Ratio: 1.08%

NAV per share (29.12.2006): USD 11.95

Front End Fee: None

Identifier: BUTSLEQ BH

Past performance is not indicative of future performance.

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