

Select Fund: Fixed Income Class

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 \$15.16 to \$15.38 over the quarter, an increase of +1.5% against a benchmark return of +0.7%.

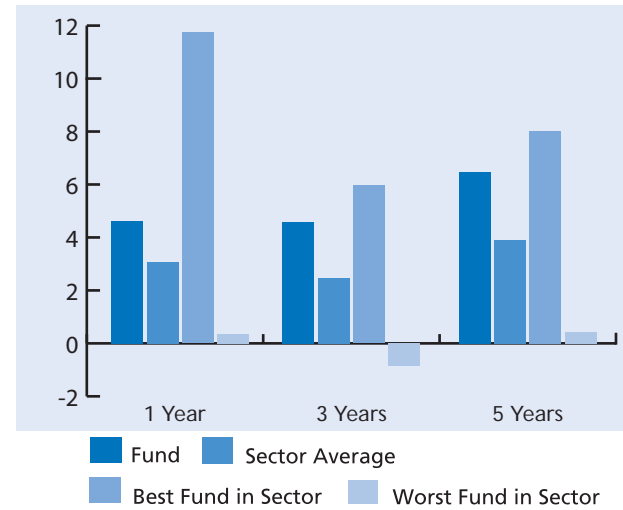
After strong returns in the third quarter, bond yields traded in a relatively tight range in the fourth quarter. Economic activity has slowed in recent quarters and even if it could be argued that economic risks are still on the downside for the first half of 2007, market participants have become increasingly convinced that a recession will be avoided and have therefore been reluctant to bid bond prices much higher in recent months.

The Fed kept short-term rates at 5.25% over the quarter. The latest FOMC statement was slightly more relaxed and the conditions for an eventual rate cut next year are falling in place. However, the Fed continues to talk tough and remains concerned about the possibility of higher core inflation. We have a positive view on inflation and actually believe that core inflation could surprise slightly on the downside in 2007. Secular powerful anti-inflation forces are at work and the persistence of low inflation around the world in recent years, especially given strong economic activity and an unprecedented run-up in energy and commodity prices, is impressive.

There were no significant investment activities during the past three months.

The Fund is well diversified geographically and strategically with a continued emphasis on absolute return/cash strategies. "Duration products" offer less attractive risk-reward ratios and their exposure has been kept to a minimum.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
4.63%	4.57%	6.47%	n/a	n/a

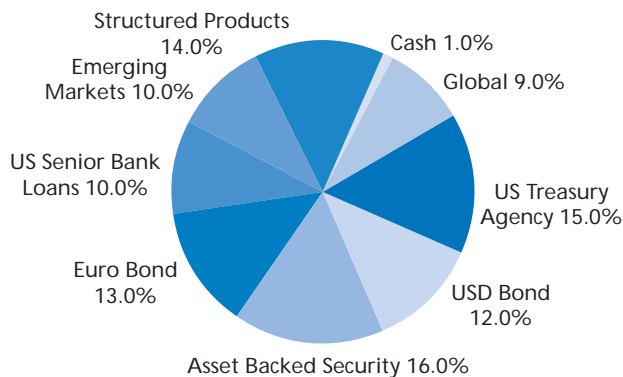
Asset Breakdown

- Global**
Schröder 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
- 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

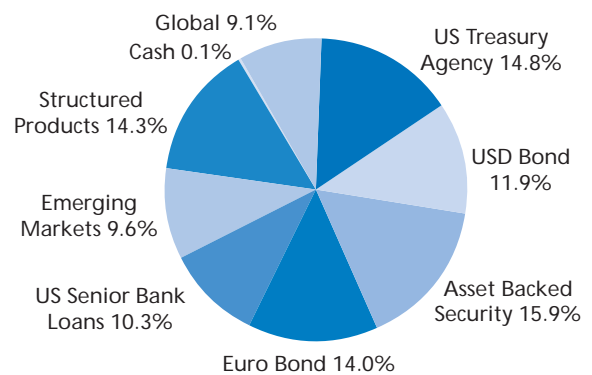
Benchmark Composition

- 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	Fiscal Year End: June 30 th	Dealings: Friday	Front End Fee: None
Units Available: Accumulation	Min. Investment: USD 10,000	Total Expense Ratio: 1.13%	Identifier: BUTSLFX BH
Size of Fund (millions): USD 94.0	Valuation: Thursday	NAV per share (29.12.2006): USD 15.38	

Past performance is not indicative of future performance.
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