

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%

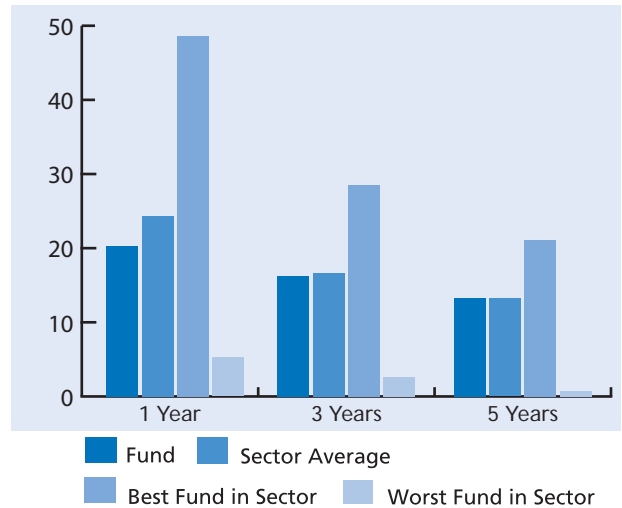
In a repeat of the first quarter, equity markets had a strong first couple of months before giving back some of their gains towards the end of the quarter. Signs that the US economy will only experience a "soft-landing" and global economic growth will reaccelerate during the second half of the year buoyed 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

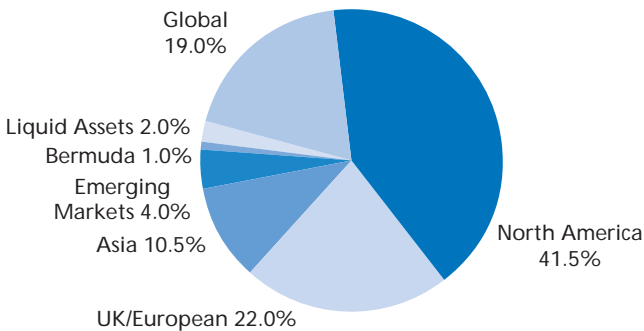
Liquid Assets

Butterfield Money Market Fund

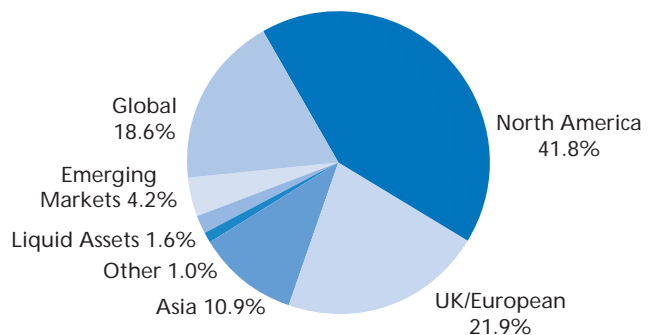
Benchmark Composition

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