

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.

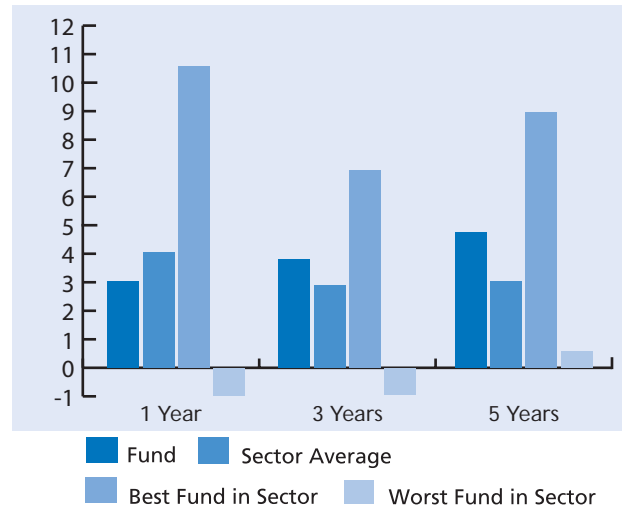
Fund Review

The net asset value (NAV) per share of the Fund decreased from \$15.71 to \$15.62 over the quarter, a decrease of 0.57% against a benchmark return of 3.70%.

This was a difficult quarter for the Fund as global credit markets struggled with a liquidity crisis and the resulting increase in risk aversion. The fixed income markets initially feared that the collateralized debt obligations (CDO's) of sub prime mortgages would suffer from higher than expected defaults. This resulted in an almost complete withdrawal of buyers of all CDO's and a collapse in prices. As hedge funds and other investors were forced to sell their positions, to meet margin requirements and redemptions, they were also forced to sell other credit product assets. This quickly drove down the price of these other securities causing further selling as leveraged funds faced additional margin calls. Eventually the values of most fixed income asset classes dropped in comparison to Government issues of the same maturity. These events led to the situation where the value of some of Select Fund's assets were impacted by unforeseen technical conditions (i.e. lack of liquidity in the markets) as opposed to fundamental conditions – which remain relatively strong. During this period we increased our allocation to US Treasuries, which benefited from the flight to safety. We also took the opportunity to selectively add to our asset-backed security holdings.

It is our belief that, provided the US economy avoids a recession, we will see a steady improvement in the value of the Fund's assets which were impacted largely by technical factors – primarily our bank loan fund the CypressTree Leveraged Alternative Income Fund.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
3.03%	3.79%	4.74%	6.11%	n/a

Asset Breakdown

Global
Schroder Global Corporate Bond

US Treasury/Agency

5yr Treasury
Fannie Mae
Freddie Mac
5yr TIPS
1yr TIPS

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
ABS - Hertz
MBS - Vanguard MBS Index Fund

Euro Bond

Vanguard Euro Investment Grade Bond Index

US Senior Bank Loans

CypressTree Leveraged Alternative Income Fund

Emerging Markets

Ashmore Emerging Market Liquid Investment Portfolio
Ashmore Asian Recovery Fund

Structured Products

Argent Classic Convertible - Class C

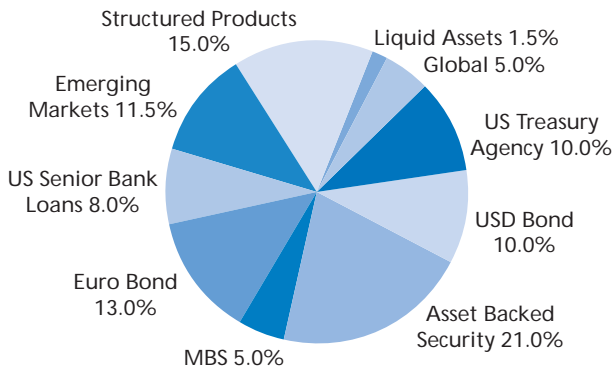
Liquid Assets

Butterfield Money Market Fund

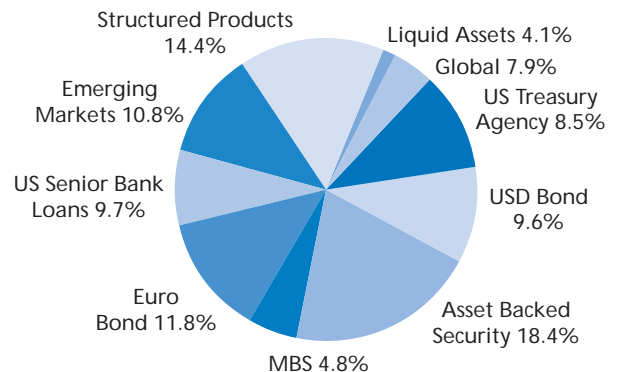
Benchmark Composition

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
Units Available: Accumulation
Size of Fund (millions): USD107

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

Dealings: Friday
Total Expense Ratio: 1.16%
NAV per share (28.09.2007): USD 15.62

Front End Fee: None
Identifier: BUTSLFX BH