

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

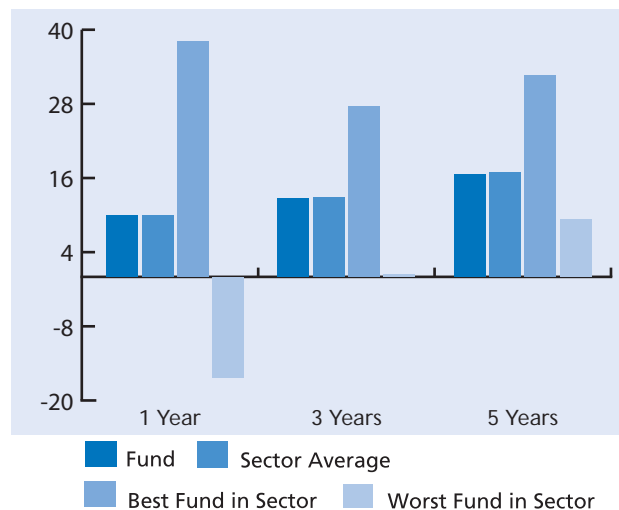
The net asset value (NAV) per share of the Fund decreased from \$13.32 to \$13.14 over the quarter, a decrease of -1.4% against a benchmark return of -2.4%. In the fourth quarter the major indices were mixed with local currency returns of: S&P 500: -3.3% Bloomberg European 500: -2.8% and the Nikkei 225: -8.8%

The fourth quarter, much like the third, was quite volatile with the markets weighing the positives of easing central banks and continued strong corporate earnings versus the decline of the housing market in both the US and UK, massive write off's of sub-prime CDO holdings by various financial institutions and a slowing US consumer.

The markets started the quarter strongly, and were close to all time highs at the end of October, as investors anticipated the Federal Reserve would act strongly to prevent a possible recession in the US. However, on October 31st, the Fed disappointed the markets with a smaller than expected rate cut and, more importantly, an outlook that saw risks to future growth as balanced. The markets sold off with the S&P 500 reaching its August lows before rallying in front of a December rate cut by the Fed. Although the fourth quarter was disappointing the markets had a good 2007 and the Fund finished up 10.0% for the year.

During the quarter, we continued to reduce the position in Legg Mason Value Fund which has not met expectations over the last couple of years. We also added to our holding in Martin Currie Asia Pacific Fund and started a new position in SHCM Global Fund. While this is a relatively new fund the manager has an impressive track record and we expect that we will continue to add to this holding through 2008.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
9.96%	12.66%	16.59%	5.08%	n/a

Asset Breakdown

Global

Orbis Global Equity Fund
SHCM Global Fund

North America

Ishares Russell 1000 Growth Index 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 HOLDRs Trust

UK/European

Fidelity European Growth Fund
JPMorgan Funds - Europe
Strategic Value Fund
Vanguard - European Stock Index Fund
Martin Currie - Pan European
Opportunities Fund

Emerging Markets

Ishares MSCI Emerging Markets Index 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

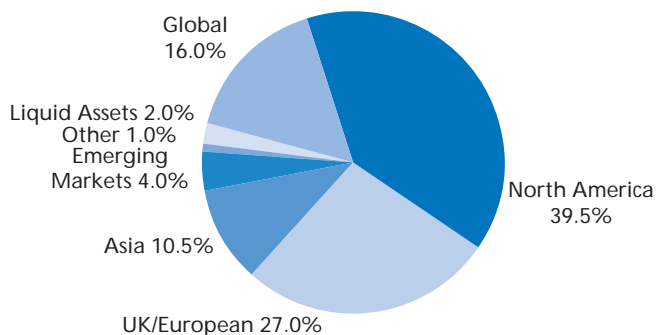
Liquid Assets

Butterfield Money Market Fund

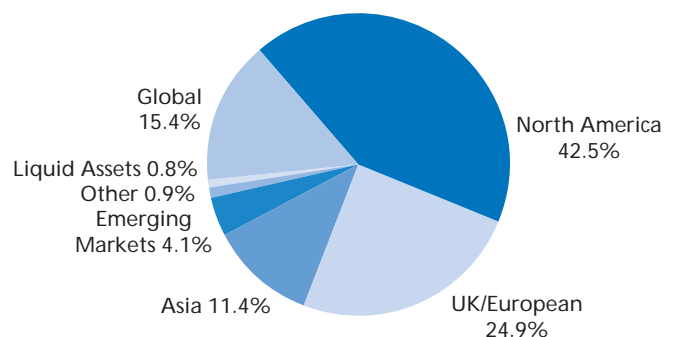
Benchmark Composition

100% MSCI World Index

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD

Units Available: Accumulation

Size of Fund (millions): USD 200.9

Fiscal Year End: June 30th

Min. Investment: USD 10,000

Valuation: Thursday

Dealings: Friday

Total Expense Ratio: 1.04%

NAV per share (31.12.2007): USD 13.14

Front End Fee: None

Identifier: BUTSLEQ BH

Past performance is not indicative of future performance.

Butterfield Asset Management Limited is licensed to conduct Investment Business by the Bermuda Monetary Authority.
Butterfield Bank (Cayman) Limited is licensed to conduct Investment Business by the Cayman Islands Monetary Authority.