

Select Fund: Alternative Investment Class

Objective

To offer a convenient vehicle for investing in a diversified portfolio of alternative strategy investment managers, which are anticipated to provide the best opportunities for capital growth.

Investment Policy

To invest in a diverse range of top performing offshore alternative investment managers that target consistent and stable returns while controlling risk.

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. IAM, a professional hedge fund manager, act as the sub-advisor to this class of the Fund.

Fund Review

The net asset value (NAV) per share of the Fund decreased from \$15.55 to \$14.91 over the quarter, a decrease of -4.12%.

Hedge Funds had a difficult 1st quarter as managers struggled to deal with increased volatility, tightening credit from prime brokers and limited liquidity in fixed income markets.

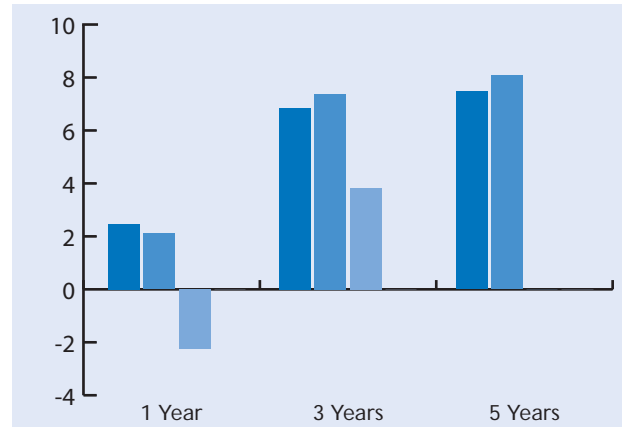
Long/Short managers, which make up the largest investment type within the Fund, finished the quarter flat to slightly negative. Over the quarter, managers continued to reduce their net exposure to the market as well as decreasing their levels of leverage. This should further reduce the correlation to equity market returns enabling the managers to exhibit their ability to correctly stock pick. Event Driven managers had poor returns with our European manager, Amber, suffering a particularly disappointing quarter as competitors liquidating their holdings in shared positions drove market prices down.

The Fund's macro positions had a mixed quarter as Brevan Howard had strong returns with indications of double digit positive returns. Drake Global Opportunities continued to decline as the manager tries to sell illiquid positions to meet redemption demands. It should be noted that this is now a small holding for the Fund.

The Fund benefited from a strong quarter by both of its CTA/Trend managers, Winton Futures Fund, and, a new holding, BlueTrend, both of which had double digit returns.

The strategy that was most problematic was Convertible Arbitrage, with Plexus Fund having a particularly poor quarter as the manager was forced to liquidate holdings at massively discounted prices to meet redemption requests. One exception to the poor performance of most Fixed Income strategies was the new holding, Claren Road, which had positive performance with low volatility.

Comparative Performance*



*Returns as at March 31, 2008

■ Fund ■ Sector Average
■ Best Fund in Sector ■ Worst Fund in Sector

Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years
2.47%	6.86%	7.47%	5.68%

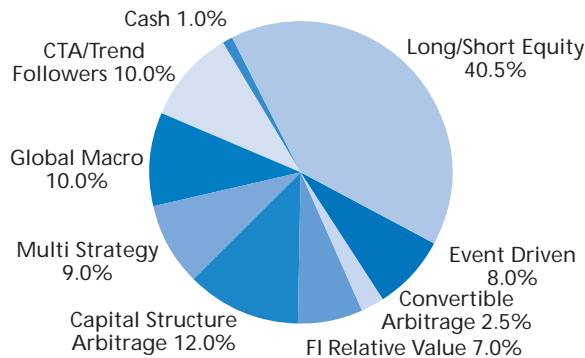
Asset Breakdown

- Long/Short Equity**
 - Alphagen Capella Fund
 - Amici Fund Int'l
 - Egerton European Fund
 - Karsch Capital Ltd
 - Lansdowne UK Equity Fund
 - SCP Overseas Fund
 - SEG Partners
 - Southport Millenium
 - SR Global Fund
 - Tantallon Fund
- Capital Structure Arbitrage**
 - CQS Capital Structure Arbitrage Fund
 - Claren Road Credit Fund
 - Prologue Feeder Fund
- Multi Strategy**
 - OZ Overseas Fund
 - MKM Longboat
- Global Macro**
 - Brevan Howard Fund
 - Drake Global Opportunities Fund
 - Episode Inc
- Event Driven**
 - Amber Fund
 - York European Opportunities
- Convertible Arbitrage**
 - Plexus Fund
- FI Relative Value**
 - London Diversified Fund
 - Platinum Grove Contingent Capital
 - Offshore Fund
- CTA / Trend followers**
 - Winton Futures Fund Ltd
 - BlueTrend
- Liquid Assets**
 - Butterfield Money Market Fund

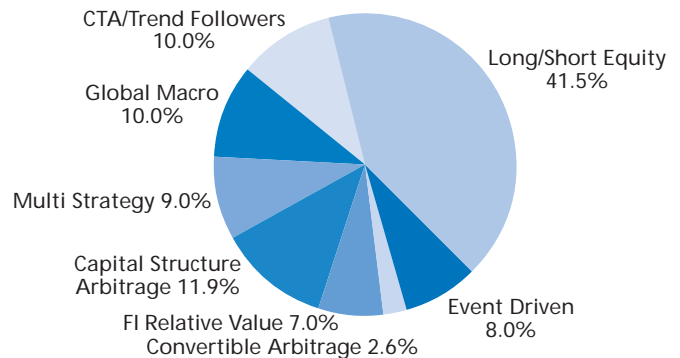
Benchmark Composition

100% HFRI Fund of Funds Diversified Index

Asset Breakdown Target



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 175.1

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

Dealings: Friday
Total Expense Ratio: 1.67%
NAV per share (31.03.2008): USD 14.91

Front End Fee: None
Identifier: BUTSLAI BH

Past performance is not indicative of future performance.

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