



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 \$11.63 to \$11.73 over the quarter, an increase of 0.85% against a benchmark return of -1.66%. In the second quarter the major indices were mixed with local currency returns of: S&P 500: -2.72%, Bloomberg European 500: -2.98% while the Nikkei 225 gained 7.7%.

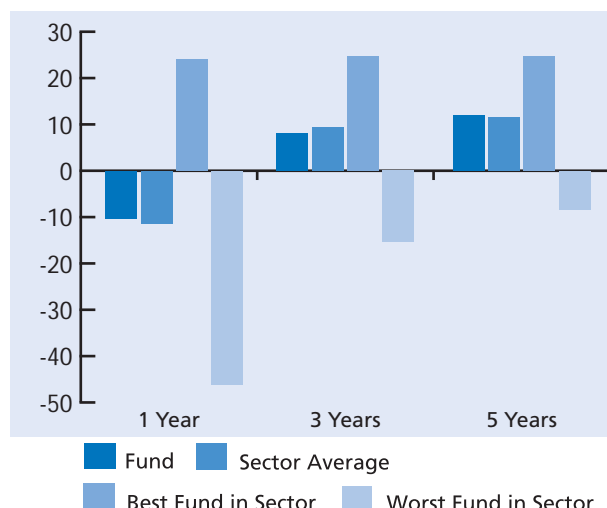
The second quarter started on a positive note as the markets rose in anticipation that the aggressive rate cuts by the US Federal Reserve would enable the US, and the rest of the world's major economies, to avoid recession. However, a 40% rise in the price of oil by end of the quarter caused fears of stagflation – low levels of economic growth combined with high levels of inflation. This led to increasing rhetoric regarding inflation from central bankers and, when combined with poor profit outlooks from economic bellwether stocks such as Federal Express, caused the markets to end the quarter at their lows for the year.

The Fund benefited from its investments in mutual funds such as the Neuberger Berman US Equity Value, which finish the quarter flat as well as Fidelity Funds - American Growth Fund which had over a 5% gain. Both of these managers were rewarded for strong stock picking in the energy sector. The Fund also enjoyed positive performance from its overweight exposure to Canada as this country's stock markets are heavily tilted towards energy stocks.

Managers with a focus on value tended to find this a more difficult quarter. Many of these managers have a large percentage of holdings in financial companies which generally struggled as shown by heavy weights such as AIG, Citigroup and Royal Bank of Scotland all dropping over 20%.

Looking forward the manager expects to maintain exposure to the beneficiaries of strong commodity prices such as the emerging markets and Canada.

Comparative Performance



Average Annual Compound Returns

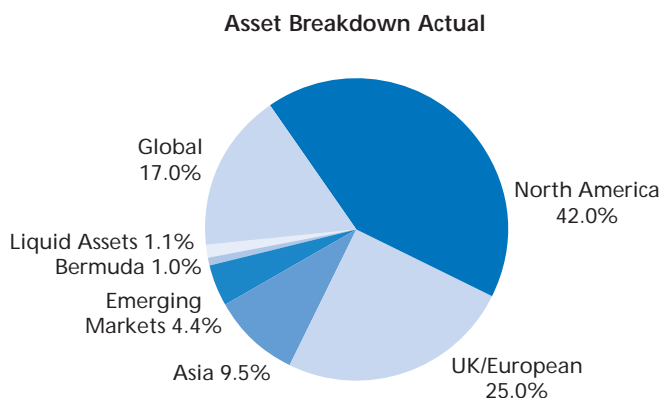
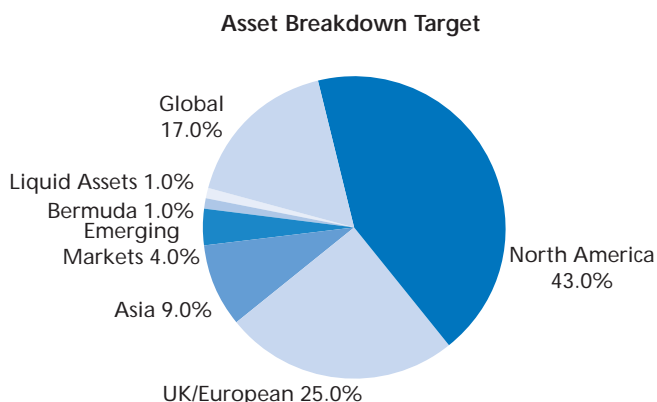
1 Year	3 Years	5 Years	7 Years	10 Years
-10.25%	8.20%	11.89%	5.14%	n/a

Asset Breakdown

- Global**
 - Orbis Global Equity Fund
 - SHCM Global Fund
- North America**
 - iShares Russell Mid-Cap Growth Index Fund
 - iUnits S&P/TSX 60 Capped Index Fund
 - Butterfield Systematic Equity Fund - CD\$ Class
 - PowerShares Value Line Timeliness Select Portfolio
 - Davis Value Fund
 - Fidelity American Growth Fund
 - JPMorgan Funds - US Dynamic 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
 - Martin Currie - Pan European Opportunities Fund
- Emerging Markets**
 - iShares MSCI Emerging Markets Index Fund
- Asia**
 - 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



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: 1.04%	Identifier: BUTSLEQ BH
Size of Fund (millions): USD 171.7	Valuation: Thursday	NAV per share (30.06.2008): USD 11.73	

Past performance is not indicative of future performance.
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