

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

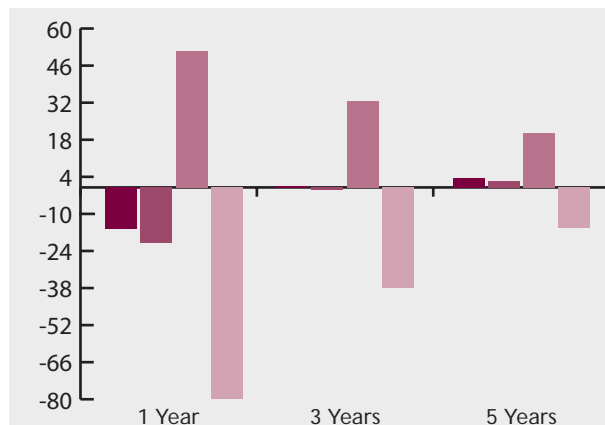
The net asset value (NAV) per share of the Fund decreased from \$14.08 to \$13.13 over the quarter, a decrease of 6.7%.

The fourth quarter proved to be a brutal quarter for hedge fund managers and their investors as funds continued to be rocked by massive redemptions, illiquidity in the markets, continued fall out from the Lehman Brothers bankruptcy, unwinding of leverage and then, finally, the "Madoff Scandal" - which appears to be the largest fraud in investor history. However, although negative returns are always disappointing, the Fund performed well relative to its peer group and to other asset classes. The MSCI Hedge Invest Index dropped 13.9% and the HFR Fund of Funds index dropped -8.48.

The strategies which experienced the most difficulties during the fourth quarter were debt strategies which employed large amounts of leverage. The Fund had reduced its exposure to these strategies but was somewhat affected when Platinum Grove, a fund run by Nobel Prize winner Myron Scholes, was forced to suspend redemptions. Another disappointment was York Opportunities Fund which was affected by the unusual behaviour of Volkswagen in the fourth quarter. Porsche announced that it planned to raise its ownership of Volkswagen to 75% which caused short sellers (like York Opportunities) to cover their shorts for massive losses. The shares then rose 400% in two days and the company became the worlds second largest by market value (behind Exxon Mobile) before Deutsche Bourse capped its weighting to 10% of the DAX - resulting in a 50% decline for the car maker.

The Fund did benefit from strong performance from its CTA/Trend Followers with both Winton and Blue Trend recording double digit gains. The Fund ends the quarter defensively positioned with a large cash position affording investors protection from any unexpected redemptions. Finally, we credit the strong process that Butterfield Asset Management and our sub-advisor International Asset Management undertake when doing due diligence on investments for helping the Fund avoid any exposure to the Madoff Funds.

Comparative Performance*



*Returns as at March 31, 2008

Legend:
 Fund (Dark Purple)
 Sector Average (Medium Purple)
 Best Fund in Sector (Light Purple)
 Worst Fund in Sector (Very Light Purple)

Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years
-15.56%	0.49%	3.42%	3.40%

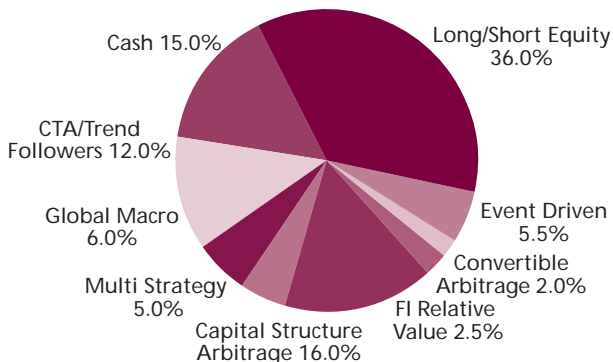
Asset Breakdown

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

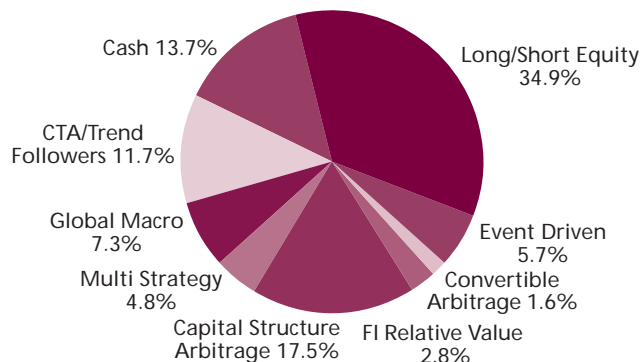
Benchmark Composition

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 118.7

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

Dealings: Friday
 Total Expense Ratio: 1.67%
 NAV per share (31.12.2008): USD 13.13

Front End Fee: None
 Identifier: BUTSLAI BH

Past performance is not indicative of future performance.
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