

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 increased from \$13.24 to \$13.62 over the quarter, an increase of +2.9%.

After partially failing to protect capital in Q3 and Q4 of 2008, it was pleasing to see a second consecutive quarter of reasonable absolute positive returns. On aggregate however, many hedge fund managers stayed conservatively positioned during the period leading to the industry underperforming equity markets on a relative basis. Anecdotal evidence suggests that inflows are picking up as institutional managers are putting money back to work with some hedge fund managers having to close their funds again.

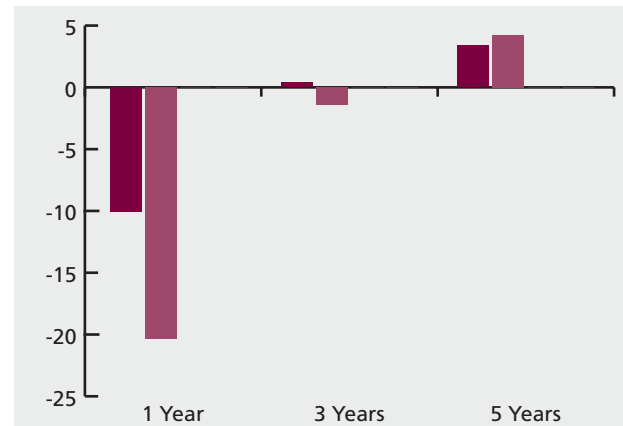
Some long-biased equity funds posted strong numbers with both Lansdowne UK Equity Fund and SEG Partners gaining over 10% during the quarter. However, some of the more defensively orientated long/short managers struggled during the period where short positions could be difficult to manage.

Funds that invest in debt performed well with Claren Road and JCAM Global Fund performing strongly.

Multi-strategy manager OZ Overseas Fund performed well as it started to selectively put its considerable cash position to work by gaining exposure to some distressed debt. CTA/Trend Follower holdings had a flat quarter but the strategy continues to prove its value for its low correlation to other strategies with attractive returns.

During the quarter, the manager continued to rationalize positions and has added a few holdings (in macro and fixed-income relative value) which will appear in Q3 2009. The Fund also continues to reduce its exposure to L/S equity managers and is therefore becoming less directionally exposed to asset (more specifically equity) markets.

Comparative Performance*



*Returns as at March 31,2009

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

Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years
-10.10%	0.39%	3.39%	3.86%

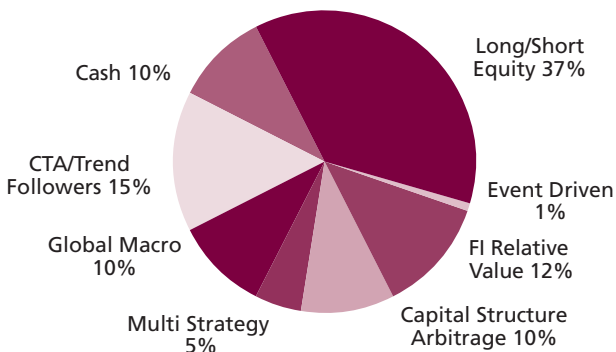
Asset Breakdown

- Long/Short Equity**
Alphagen Capella Fund
Egerton European Fund
Karsch Capital Ltd
Lansdowne UK Equity Fund
SCP Ocean
SEG Partners
- Event Driven**
Amber Fund
- Convertible Arbitrage**
Plexus Fund
- FI Relative Value**
JCAM Global Fund
- Capital Structure Arbitrage**
Claren Road Credit Fund
Prologue Feeder Fund
- Multi Strategy**
OZ Overseas Fund
MKM Multi-Strategy
- Global Macro**
Brevan Howard Fund
Drake Global Opportunities Fund
- CTA / Trend followers**
IAM Trading Fund
- Liquid Assets**
Butterfield Money Market Fund

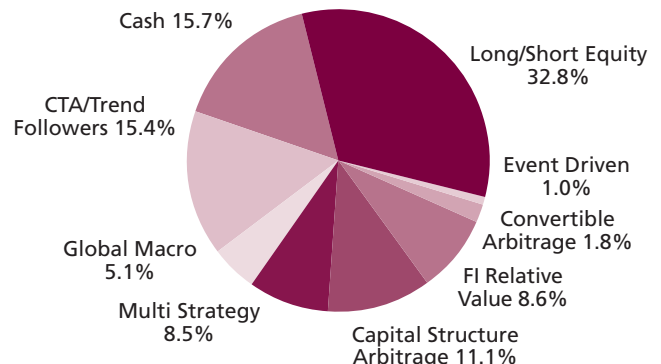
Benchmark Composition

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 86.0

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

Dealings: Friday
Total Expense Ratio: 1.67%
NAV per share (30.06.2009): USD 13.62

Front End Fee: None
Identifier: BUTSLAI BH