

Objective

To offer a convenient vehicle for investing in an international portfolio of fixed income mutual funds, which are anticipated to provide the best opportunities for income and capital growth.

Investment Policy

To invest in a diverse range of top performing offshore fixed income mutual funds as well as a number of top quality individual securities 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 \$14.68 to \$15.46 over the quarter, an increase of 5.31% while the index gained 2.155%.

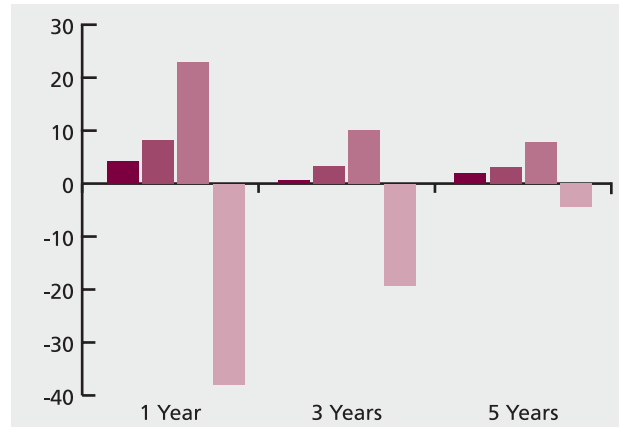
During the second quarter, the 10 year US Treasury bond yield fell from 3.54% to 3.30% apparently dampening any worries Investors had that the US Government will have to raise yields to attract future purchasers. The Fund continues to add positions in Investment grade credit and continue to offer attractive returns; The position in Inflation Protected Treasuries (TIPS) has added to the excess return over the Benchmark and inflation expectations will continue to be monitored going forward largely due to the massive Quantitative easing still being utilized by the Federal Reserve and US Treasury Department.

There is a large position of cash in the Fund due to the maturity of the securitized issues and the liquidation of the Capital Appreciation Bond Fund and the USD Bond Fund. The Fund will continue to allow the Securitized issues to mature and is currently exploring the Fixed Income universe for suitable places for this cash. It is expected to deploy funds in the near future. High Yield bonds remain an investable sector for the Fund and the team is presently searching for suitable managers in this area. The Argent Classic Convertible Fund has been wound up and the proceeds have been returned to the Fund. CypressTree Leveraged Loan Fund is currently in suspension and we continue to be updated on a regular basis.

Benchmark Composition

80% JP Morgan Govt Bd - Local Currency US
20% JP Morgan Hedged USA Dollar GBI Ex USA

Comparative Performance



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

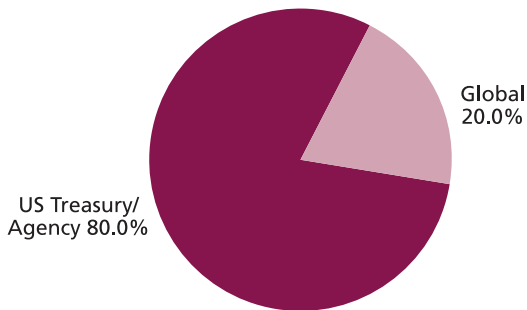
Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
4.18%	0.66%	2.05%	3.92%	n/a

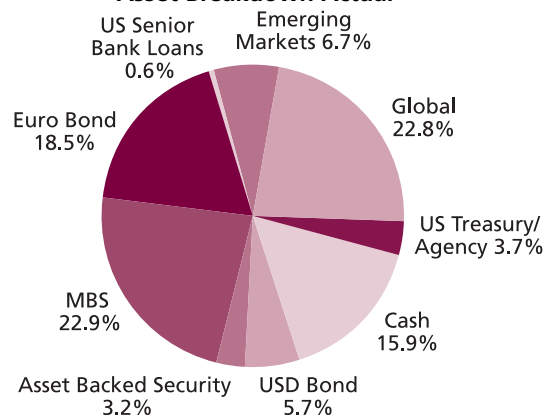
Asset Breakdown

- Global**
PIMCO Global Total Return
PIMCO Global Investment Grade Credit
- US/Treasury/Agency**
Federal Home Loan Banks
Treasury Inflation-Protected Security
- US Dollar Bond**
Butterfield USD Bond Fund
Vanguard US Investment Grade Bond Index
SWEDBANK
DEXIA CR LOC SOCIETE
Province of Ontario
- Asset Backed Security**
HEL - Equity One
HEL - GRMT
ABS - ARG Funding
ABS - Hertz
- Euro Bond**
Vanguard Euro Investment Grade Bond Index
- US Senior Bank Loans**
CypressTree Leveraged Alternative Income Fund
- Emerging Markets**
Ashmore Emerging Markets Liquid Investment Portfolio
- Liquid Assets**
Butterfield Money Market Fund
- Mortgage Backed Security**
Vanguard US MBS Index Fund
Freddie Mac
- Commercial Mortgage Backed Securities**
GE Capital
Wachovia
JPMorgan Chase
UBS

Benchmark Allocation



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 88.2

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

Dealings: Friday
Total Expense Ratio: 1.20%
NAV per share (30.09.2009): USD 15.46

Front End Fee: None
Identifier: BUTSLFX BH