

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

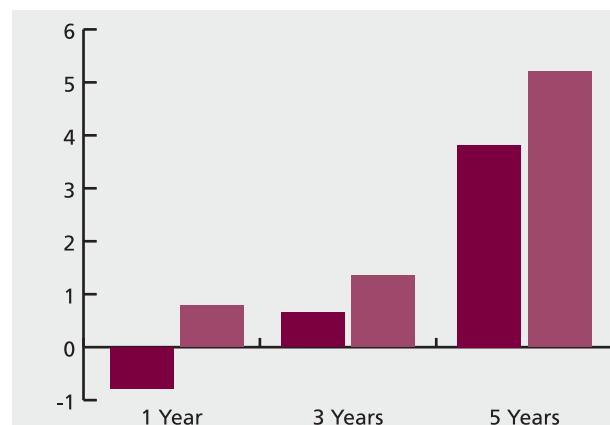
The net asset value (NAV) per share of the Fund increased from \$13.97 to \$14.08 over the quarter, an increase of 0.79%. The benchmark return was 0.85% for the quarter. For the full year 2009, the Fund returned 7.24% versus the Benchmark return of 10.68%. This underperformance was largely attributed to the large cash position taken by the Fund in the first 3 Quarters of the year

Markets continued their recovery through the end of the year; such that most Equity, Credit and Commodity markets finished 2009 near their highs of the year. US investors were encouraged by better than expected (but still bad) Economic data (Employment, retail sales and Industrial production) which continue to increase investor demand for risk assets. This demand should remain as long as central banks and Economic data remain supportive.

Within the Fund there has been a greater level of dispersion of returns in the L/S equity strategy than is normal for the year. Best performers have been managers in US, Emerging Markets and Global Equity spaces. Returns by our Fixed Income RV strategies continue to perform, albeit at slightly lower average levels of return compared to earlier in the year. Macro and Credit strategies also performed well, despite their cautious stance. Multi Strategy and Event driven were basically flat. For the first time this year (in December) CTA's were the best performer; with the vast majority of managers positive within the Trading Fund.

The manager has now taken the Fund to 95% invested, with opportunities presenting themselves in the final quarter of the year. A number of the illiquid positions within the Fund have the ability to send Funds back to their investors and we are gradually receiving the proceeds. We continue to monitor each illiquid position.

Comparative Performance



■ Fund ■ Sector Average

Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
7.24%	-0.07%	3.45%	4.56%	n/a

Top 10 Holdings

	Fund (%)
1. IAM Trading	12.5%
2. OZ Overseas	4.8%
3. Exane Funds-Templiers	4.5%
4. JCAM Global Fund	4.2%
5. Lansdowne UK Equity	4.1%
6. Brevan Howard Fund	4.0%
7. COMAC Global Marco	3.9%
8. Diamondback Offshore	3.9%
9. Capula RV Fund	3.7%
10. DB Equilibria Japan	3.7%

Benchmark Composition

100% HFRI Fund of Funds Diversified Index

Asset Breakdown

Long/Short Equity
 Alphagen Capella Fund
 Alydar Capital
 Egerton European Fund
 Karsch Capital Ltd
 Lansdowne UK Equity Fund
 SCP Ocean
 SEG Partners
 Exane Templiers
 DB Equilibria
 Real Return Asia

Event Driven
 Amber Fund
 York European

Convertible Arbitrage
 Plexus Fund

FI Relative Value
 JCAM Global Fund
 Capula Relative Value
 Green T G2 Fund

Capital Structure Arbitrage

Prologue Feeder Fund
 Claren Road Credit Fund

Multi Strategy

OZ Overseas Fund
 MKM Multi-Strategy
 Diamondback Offshore

Global Macro

Alphadyne Global Rates
 Brevan Howard Fund
 Drake Global Opportunities Fund
 WCG Master
 COMAC Global
 Clive Capital
 Woodbine
 O'Connor Currency Rates

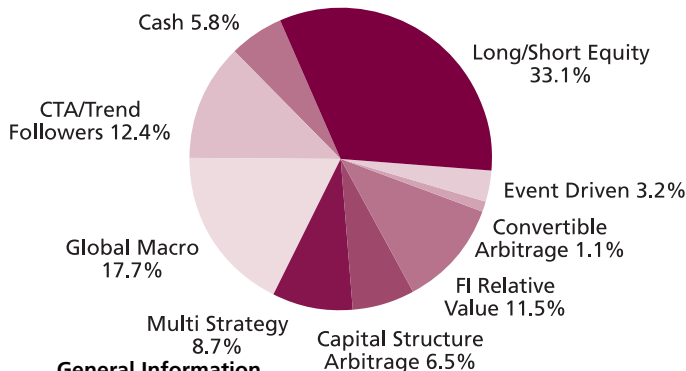
CTA / Trend followers

IAM Trading Fund

Liquid Assets

Butterfield Money Market Fund

Strategy Allocation



General Information

Currency: USD
 Units Available: Accumulation
 Size of Fund (millions): USD 92.0

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

Dealings: Friday
 Total Expense Ratio: 2.47%
 NAV per share (31.12.2009): USD 14.08

Front End Fee: None
 Identifier: BUTSLAI BH