

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.

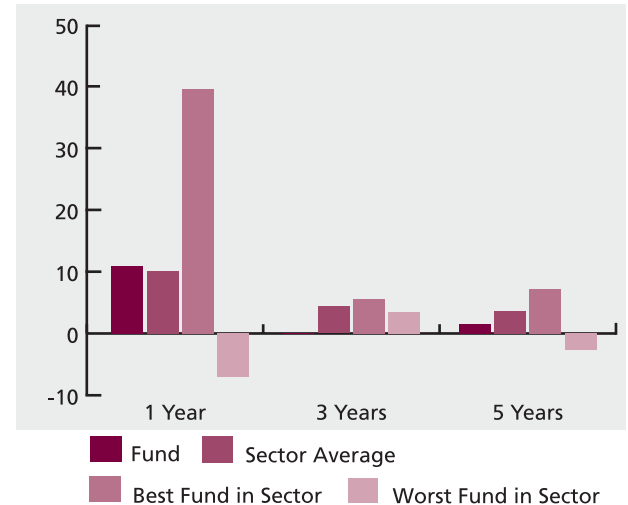
Fund Review

The net asset value (NAV) per share of the Fund decreased from \$15.46 to \$15.45 over the quarter, a decrease of 0.06% while the index lost 1.09%. For the full year 2009 the Fund recorded a return of 10.36% versus a Benchmark return of -2.95%.

The final Quarter of 2009 saw yield to maturity on the 10 year US Treasury Bonds increase 53bps with the 5 Year increasing only 37bps representing a continued steepening in the Yield Curve. Artificially low rates by the Fed and continued record Treasury offerings over the quarter have Wall Street Analysts questioning how long the appetite for US Treasuries can be maintained. Uncertainty as to how the Fed will wind up its various Liquidity programs (namely Agency MBS buying) is also cause for varied opinions from these analysts; with many lost on how they can do this with no effect on Markets. This plan is of critical importance and has yet to be released; something we find rather peculiar. We continue to monitor the Fed's actions as well as any Economic data that can shed light on this situation.

There have been a number of changes within the Fund in the last Quarter. We have sold out of all Asset Backed and Commercial Mortgage backed products and all Individual credit and Sovereign issues. This consolidates gains in these securities for the year. The large cash position mentioned in the previous Quarterly review has been deployed; having added both the Vanguard US Government Bond Index and Vanguard Euro Government Bond Index to the portfolio. The primary strategy for these actions was two fold: 1) to manage the Fund as a true Fund of Funds product, providing Unit holders with a more transparent product, and 2) to bring the Fund in line with our Benchmark allocation. Through utilising the Funds mentioned above with our current holdings we have also brought the Duration of the Fund below that of the target benchmark, thereby reducing volatility in the current unexpected future yield environment. We have also decided to liquidate the Ashmore Emerging Markets Liquid Portfolio; as the composition of the Fund does not meet the requirements for the Select Fixed Income transparency mandate. Benchmark exposure will be provided an Index ETF until a suitable manager is found. As Inflation expectations have now subsided we have liquidated (TIPS) position at a profitable level with a strategy to look for this trade in the future. CypressTree Leveraged Loan Fund is currently in suspension and we continue to be updated on a regular basis.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
10.36%	0.46%	1.56%	3.02%	n/a

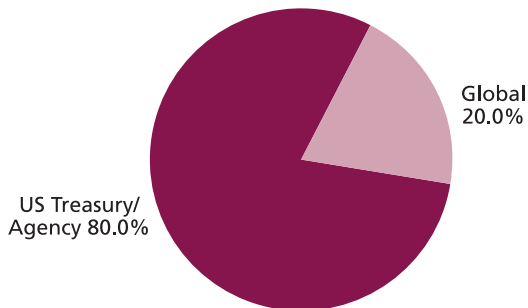
Top 10 Holdings

	Fund (%)
1. Vanguard US Gov Bond	32.9%
2. Vanguard Eur Investment Grade Index	18.0%
3. PIMCO Total Return Fund	12.8%
4. Vanguard Euro Gov Bond Index	8.1%
5. PIMCO Global Investment Grade Fund	6.4%
6. Vanguard US Agency MortgageSec Index	6.2%
7. Vanguard US Investment Grade Index	5.1%
8. Butterfield Money Market	2.2%
9. n/a	
10. n/a	

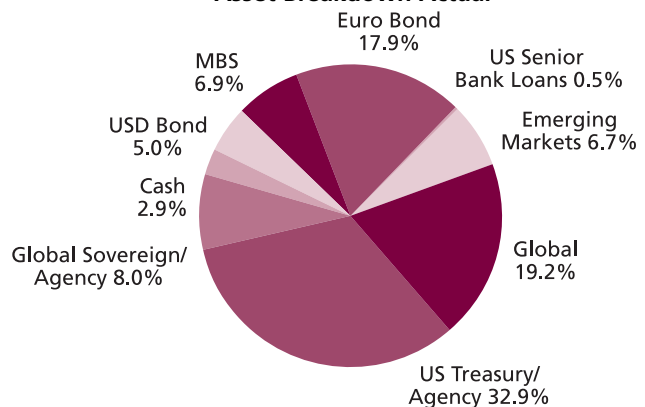
Benchmark Composition

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

Benchmark Allocation



Asset Breakdown Actual



General Information

Currency: USD
Units Available: Accumulation
Size of Fund (millions): USD 89.9

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

Dealings: Friday
Total Expense Ratio: 1.20%
NAV per share (31.12.2009): USD 15.45

Front End Fee: None
Identifier: BUTSLFX BH