

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.

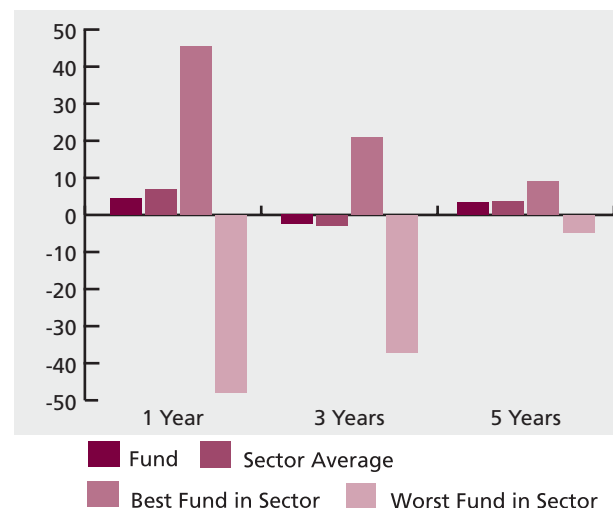
Fund Review

The NAV per share of the Fund decreased from 14.28 to 14.20 over the Quarter; a return of -.56%. The Benchmark return was -2.59% for the period.

Concerns over Sovereign risk dominated Market this quarter. Globally, most asset classes were more volatile than the previous quarters; an environment favorable to most of our Hedge fund strategies. In some strategies gains were modest to negative for most of the Quarter; as capital preservation was the key focus. The Fund performed especially well for unitholders during the closing weeks of the fund maintaining the capital protection theme of the fund.

There has been some activity within the portfolio, as we have issued redemption instructions to some of our constituent funds that have had disappointing performance relative to their peers. We have issued redemptions on Alydar and the OZ Fund; while using proceeds from previous redemptions to increase our position in Real Return Asia and adding a position in the Arrowgrass Multi-strategy fund. Most illiquid problems in the fund have been rectified, with a small Lehman Bros related problem progressing.

Comparative Performance



Average Annual Compound Returns

1 Year	3 Years	5 Years	7 Years	10 Years
4.26%	-7.13%	3.32%	3.00%	n/a

Top 10 Holdings

Rank	Holder	Fund (%)
1.	IAM Trading	9.9%
2.	OZ Overseas	5.5%
3.	JCAM Global Fund	4.9%
4.	PFM	4.7%
5.	Brevan Howard Fund	4.5%
6.	COMAC Global Marco	4.5%
7.	Diamondback Offshore	4.4%
8.	Capula RV Fund	4.4%
9.	Lansdowne UK Equity	4.4%
10.	Exane Funds-Templiers	4.3%

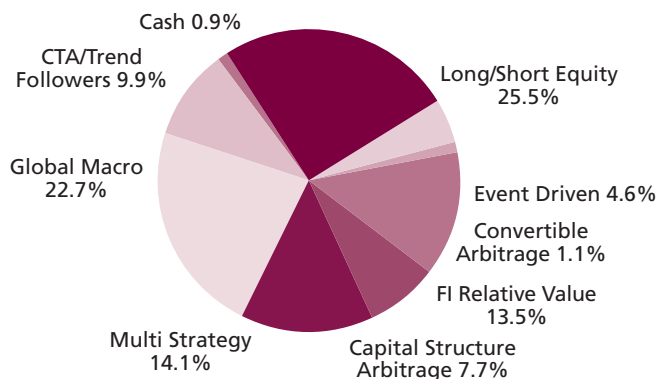
Benchmark Composition

100% HFRI Fund of Funds Diversified Index

Asset Breakdown

- Long/Short Equity**
 - Alydar Capital
 - Lansdowne UK Equity Fund
 - SCP Ocean
 - 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
 - Diamondback Offshore
 - PFM Diversified
 - Arrow Grass
- Global Macro**
 - Alphadyne Global Rates
 - Brevan Howard Fund
 - Drake Global Opportunities Fund
 - WCG Master
 - COMAC Global
 - Clive Capital
 - Woodbine
- 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 87.9

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

Dealings: Friday
Total Expense Ratio: 2.47%
NAV per share (30.06.2010): USD 14.20

Front End Fee: None
Identifier: BUTSLAI BH