

31 December 2010

# Fund Review



Butterfield

## SELECT FUND: FIXED INCOME CLASS

### OBJECTIVE

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

### INVESTMENT POLICY

To invest in a diverse range of top performing offshore fixed income mutual funds as well as a number of indexed products 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 was 15.89% - 0.94%, against a benchmark return of -1.03%. Year to date the Fund increased 2.85% vs. a benchmark return of 5.71%.

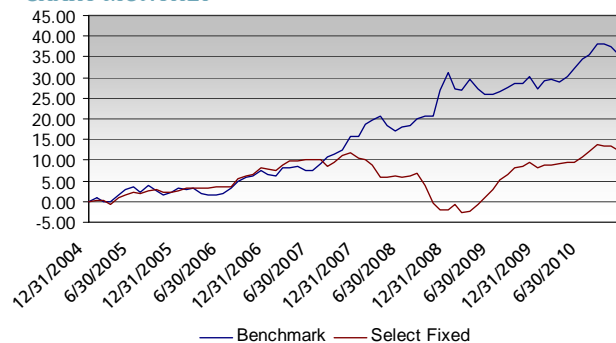
The bond rally subsided in December due to a plethora of news and actions that "pushed" investors into risk assets. Recent strength in US economic numbers, the US Congress' investment-friendly tax legislation and the Fed's \$600bn Quantitative Easing programme all contributed to a rising yield environment over the month. The Treasury curve has steepened, signalling the possibility of a more normalised environment ahead. However, many concerns still remain and we are mindful that the Eurozone could yet provide volatility and some unpleasant surprises.

While we are still below benchmark duration, the firm has moved upward to 95% from 90%. We are seeking options in more strategic areas of fixed income, that we believe will add to the risk adjust return of the fund.

### GENERAL INFORMATION

Currency: USD	Fiscal Year End: 30 June
Valuation: Thursday	Min. Investment: USD 10,000
Dealings: Friday	Total Expense Ratio: 1.16%
Front End Fee: None	Size of Fund (millions): USD 82.38
Units Available: Accumulation	NAV per share (31.12.2010): USD 15.89
Identifier: BUTSLFX BH	

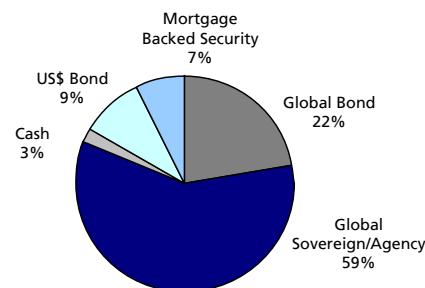
### CHART MONTHLY



### AVERAGE ANNUAL COMPOUND RETURNS

1 Year	3 Years	5 Years	7 Years	10 Years
2.85%	.21%	1.62%	2.41%	4.11%

### ASSET ALLOCATION



### TOP HOLDINGS

Name	% of Fund
1. Vanguard US Government Bond Fund	35.30
2. PIMCO Total Return Fund	15.5
3. Vanguard US Investment Grade Bond Fund	9.32
4. Vanguard Euro Investment Grade Credit	9.32
5. Vanguard Euro Government Bond	7.97
6. PIMCO Investment Grade Credit	7.91
7. Vanguard US MBS Fund	7.36
8. Western Asset Emerging Market Bond	5.32

### BENCHMARK COMPOSITION

80% JPM US Gov Bond 20% JPM Global Gov – EX US

REV. 13.1.11

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