

Bermuda Fund

Quarter 2 2025

Objective

To achieve long-term capital growth and income by investing in a diversified portfolio of Bermuda assets.

Investment policy

To invest mainly in the equity securities of companies incorporated in Bermuda or having a substantial presence in Bermuda.

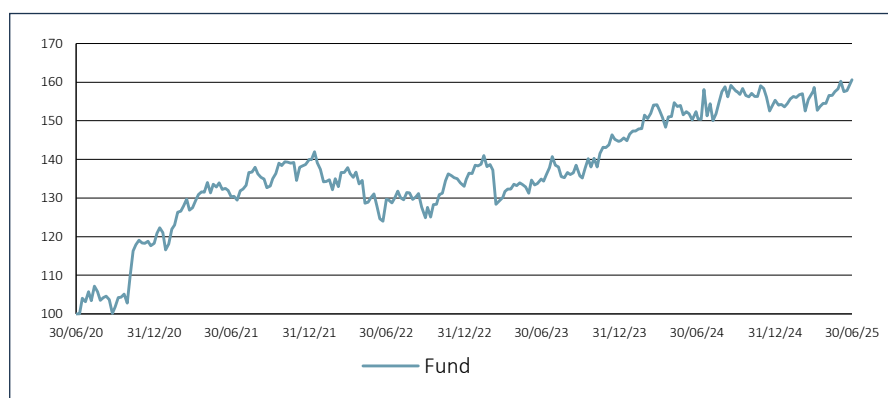
Investment process

A comprehensive analysis of the index companies is undertaken relative to their peers to ensure consistency. This is supplemented with a qualitative analysis of domestic conditions and forecasts.

Key facts as at 30 June 2025

Currency	BMD
Valuation	Weekly
Dealings	Thursday
Front end fee	None
Units available	Accumulation
Fiscal year end	30 June
Minimum investment	BMD 1,000
Total expense ratio	1.08%
Size of fund (millions)	BMD 25.42
NAV per share	BMD 48.04
Risk rating	High risk/High return

Performance chart



Average annual compound returns

	Quarter	1 year	3 years	5 years	10 years
Fund	2.24%	6.75%	8.88%	11.56%	10.95%

Fund review

In the second quarter, the Bermuda Fund added to positive Q1 performance with a quarterly return of +2.24% summing to a Year-to-Date Total Return of +4.09%. From a single stock perspective, Bank of N.T. Butterfield & Son (NTB US), AllShores Ltd (ALSH BH), and Bermuda Government debt holdings drove the fund's performance. From a sector perspective - Financials, Industrial, and Utilities holdings added to performance. After a steep sell-off following the "Liberation Day" policy announcement in early April, equity markets raced back toward all-time highs in the second half of the quarter. Bond-Equity correlations were negative at the end of Q1 before turning positive in the beginning of June and ultimately ending the quarter in positive territory. The fund benefitted as equities contributed 81.25% of the Q2 return. Fixed Income securities also contributed positive returns across almost all of our holdings despite the backdrop of an elevated interest rates environment, escalating geopolitical tensions, and fiscal policy fluidity. Within our Fixed Income holdings, performance was derived primarily from corporate debt positions; Overall, the Fixed Income component of the portfolio contributed to 18.75% of the quarterly return. The Fund declared a dividend of 15 cents per share for the quarter.

Throughout the second quarter, Standard & Poor's affirmed Bermuda's debt ratings, the OECD's effort to align tax regimes globally faced headwinds, and early projections for Q2 earnings were skewed positive as the quarter saw below-average catastrophes which should translate well for reinsurers operating earnings in the quarter. S&P Global Ratings affirmed Bermuda's 'A+' long-term sovereign credit and senior unsecured debt ratings as well as the Bermuda's 'A-1' short-term rating, and 'AA+' transfer and convertibility assessment. The rating reflects continued success in macro-related factors such as a healthy local economy, low relative debt, and a strong external asset position. However, the downside scenario outlines a weakened fiscal assessment and potential for downgrade if the government were to run sustained deficits amid a higher interest burden or if liquid reserve's fall to

Contact us

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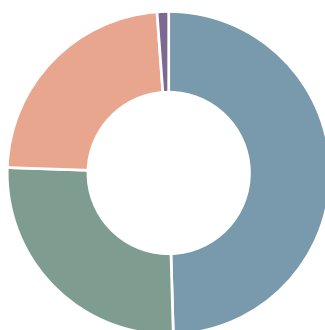
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less than 25% of GDP. Eyes are on the downside scenario of the S&P's evaluation of Bermuda as a sustained high interest rate environment continues and since the OECD's global minimum effective tax rate policy is facing challenges. At a summit in June, G-7 economies agreed not to levy minimum effective taxes against US companies. While Bermuda is not impacted directly, the island could come into scope through the relationship with the United Kingdom. Ultimately, the agreement puts into question whether Bermuda's Corporate Income Tax collections will actually be collected in its inaugural year.

Early projections of Q2 reinsurance earnings are optimistic as US primary insurers reported less severe catastrophe loss trends in April-May 2025 as compared to the same time period in 2023 and 2024. That said, the first half of 2025 has seen above-trend catastrophe losses of ~\$65bn in 1H25 vs. the 10-year historical average of ~\$50bn. The elevated 1H25 loss estimate (~\$53bn - ~\$56bn) is largely due to the higher-than-average loss contributed from the LA wildfires (~\$40bn). Approximately \$10bn of insured losses due to Severe Convective Storm activity was reported for the second quarter. Overall, fund performance remains solid thus far in 2025. Uncertainty remains a key market theme which the (re)insurance sector tends to thrive particularly in times of elevated interest rates, high inflation, full employment, and strong economic growth.

We remain constructive on fund performance and have our finger on the pulse going into the third quarter.

Asset allocation



International Equity	49.55%
Domestic Equity	25.98%
Income Securities	23.31%
Cash	1.15%

Top 10 holdings

1	Allshores Ltd	11.98%
2	Bank of NT Butterfield & Son L	9.79%
3	Chubb Ltd	7.62%
4	Arch Capital Group Ltd	6.85%
5	Axis Capital Holdings Ltd	4.31%
6	Assured Guaranty Ltd	4.14%
7	Markel Group Inc	4.11%
8	RenaissanceRe Holdings Ltd	3.94%
9	GOVT OF BERMUDA	3.51%
10	Aon Plc	2.89%

Benchmark composition

Under review.

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