

Select Invest Fund: Conservative Class

Quarter 2 2025

Objective

To offer a convenient vehicle for investing in an international portfolio of mutual funds or exchange traded funds, which are anticipated to provide the best opportunities for long-term capital growth and accumulated income across a range of risk tolerance classes.

Investment policy

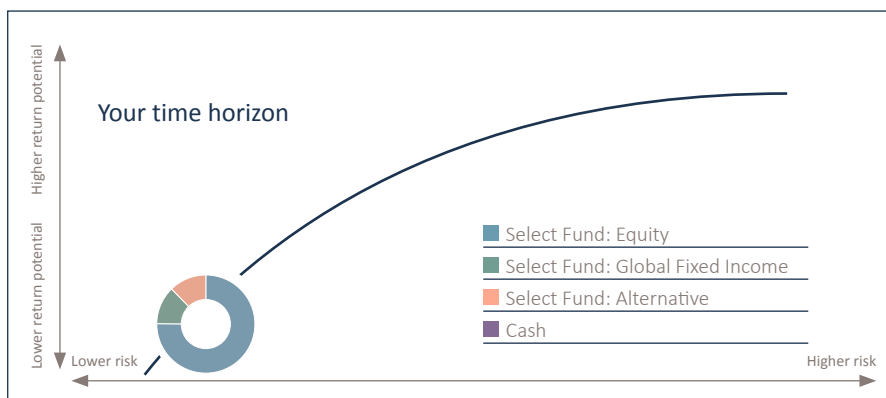
The Fund seeks to invest in various weightings of three broad asset classes; Equities, Fixed Income and Alternatives. The Fund achieves this by allocating its assets to either the Butterfield Select Fund's Share Classes or mutual funds and ETF's that invest in Equities, Fixed Income and Alternatives. Investments will be made on long-term strategic basis and allow for a short to medium term tactical shifts in keeping with the overall objective of each class.

Key facts as at 30 June 2025

Currency	USD
Valuation	Weekly
Dealings	Friday
Front end fee	None
Units available	Accumulation
Identifier	BSIFICO BH
Fiscal year end	30 June
Minimum investment	USD 1,000
Total expense ratio	0.67%
Size of fund (millions)	USD 1.411
NAV per share	USD 13.78
Risk rating	Low risk/Low return

**Does not include underlying fund fees*

Risk profile



Positioning

	Underweight	Neutral	Overweight
Equity			
Bonds			
Alternative			
Cash			

Average annual compound returns

	Quarter	Year to date	1 year	3 years	5 years
Total returns	2.29%	3.83%	5.02%	3.46%	1.11%
Index returns	3.30%	5.65%	8.23%	5.02%	1.82%

Fund review

Select Fund: Equity

The Select Equity Fund returned 10.4% in the second quarter of 2025, slightly behind the MSCI World Index, which returned 11.5%. For the first six months of the year, the Fund returned 9.6%, marginally ahead of the MSCI World Index, which returned 9.5%.

The second quarter began with a sharp sell-off in equity markets when the US announced tariffs on trading partners ranging from 10% to 54%. Markets were braced for tariffs, but the rates were much higher than expected. US Treasury yields also rose (prices fell), and the US dollar depreciated. These market moves triggered a policy reversal, where many of the announced tariffs were paused for 90 days. This was a catalyst for the rapid market recovery, which lasted from the middle of April right through to the end of the quarter.

The best performing sector was Information Technology, returning 23.2%, after being the worst performing sector in the first quarter. Earlier in the year, investors had been questioning the sustainability of the heavy spending in Artificial Intelligence (AI) by the large technology companies. A new AI model from Deepseek in China raised concerns that data centre spending may come under pressure. However, strong first quarter earnings from the large technology companies and positive commentary around demand for AI-related computing services provided reassurance that AI spending will continue well into next year. A number of holdings in the Fund benefitted from the recovery here, namely Broadcom, Nvidia, Arista Networks, Applied Materials, Meta, Amazon, Quanta Services, and Trane Technologies.

The first-quarter earnings season also demonstrated how these US technology companies are dominating the US equity markets. The seven largest names grew earnings by 28% in aggregate in the first quarter, far outstripping the 9% earnings growth achieved by the remaining 493 stocks in the S&P 500 Index. The market recovery was led by cyclical shares, with defensive stocks underperforming. Market-implied recession probabilities fell as the quarter progressed, and this helped cyclicals. The Fund is well diversified in terms of cyclical, so cyclical names benefitted, but more defensive names in Staples, Health Care, and Insurance lagged. This marked a reversal of fortunes from the first quarter, and is a reminder of the importance of diversified factor exposure.

After significant outperformance from European Equities in the first quarter, regional performance was much closer in the second quarter. The recovery in technology stocks benefitted US equities, which have more exposure, but this was offset by continued weakness in the US dollar. The Fund is slightly underweight US equities and overweight European and Japanese stocks, but the regional weight remains primarily a function of individual company considerations.

Select Fund: Global Fixed Income

The Global Fixed Income Class produced a return of 1.21%, net of fees, in Q2, underperforming the 1.86% return of the fund's benchmark.

Performance was impacted by the steepening of the US Treasury curve as long-dated Treasuries sold off on tariff tensions, mixed Fed signals, and fiscal rhetoric, while short maturities proved more resilient. Our overweight to inflation protection, which lagged nominals, also detracted. Although we added credit risk during the April/May sell-off, the subsequent rapid rally in risk assets outpaced our defensive stance.

The second quarter was defined by a volatile mix of policy surprises, geopolitical tensions, and shifting macroeconomic signals. Markets opened on the back foot as Washington's abrupt "Liberation Day" tariff announcement in April triggered a sharp flight to safety. Investor sentiment was further tested in June when direct military exchanges between Israel and Iran caused a temporary spike in oil prices and haven demand. In both cases, however, the market response proved short-lived. Energy supply remained largely unaffected, and a swift rebound in risk appetite followed. Volatility declined, credit spreads tightened, and credit markets closed the quarter on a stronger footing.

In addition, throughout the quarter the Federal Reserve remained a source of relative stability. The policy rate was left unchanged, and balance sheet runoff continued as expected. Despite geopolitical uncertainty and easing inflation pressures, the Fed stuck to its data-dependent messaging. Markets began to firm around expectations for two 25bp rate cuts beginning later this year. However, longer-dated Treasury yields stayed elevated, reflecting rising term premium, persistent fiscal concerns, and an improving outlook for nominal U.S. growth. Inflation expectations also eased as commodity prices fell and global input costs softened despite the pressure from rising tariffs.

Credit markets tracked equity volatility closely, with spreads widening sharply in April before compressing into quarter-end. Risk sentiment improved swiftly, and while valuations became less attractive, corporate fundamentals remained broadly stable. Commodities and currency markets reflected the same push-pull dynamic - oil and gold both spiked on geopolitical risk, though only gold held its gains. Meanwhile, the U.S. dollar weakened again, as investors

questioned the long-term implications of rising deficits and unilateral trade policy.

Against this backdrop, the Fund remains cautiously positioned. We continue to run a defensive risk profile, but have been selectively adding credit exposure - particularly at the short end of the curve, where carry is compelling and duration risk is minimal. In order to reduce tracking error we continue to selectively increase spread duration, as dovish monetary policy and solid nominal growth should help credit spreads remain anchored.

We remain neutral in overall duration, but see U.S. rates as attractive unless the growth outlook re-accelerates meaningfully. Fiscal risks remain a dominant theme, but they are now well understood by the market. A greater source of volatility ahead would likely come from an unexpected growth rebound or a scenario in which the Fed delivers no rate cuts in 2025 - developments that could prompt a disorderly repricing across rates and risk assets. As such, we remain nimble and focused on preserving flexibility as the late-cycle environment continues to evolve.

Select Fund: Alternative

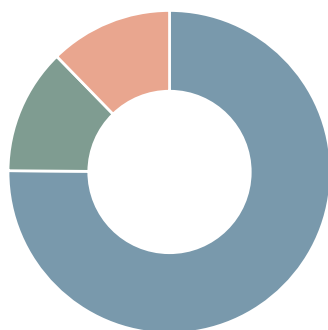
The Alternative Class returned +2.55% in Q2 of 2025, which outperformed the HFRX Global Hedge Fund Index return of +1.85%. Global equity market indices generated positive returns amid heightened volatility, as investors navigated trade policy uncertainties, geopolitical tensions, and mixed economic data. U.S. equities rebounded and posted positive performance despite market volatility, supported by easing trade tensions, ongoing tariff negotiations, and strong corporate earnings reports.

Within the fund, the equities and relative value strategies posted positive returns for the quarter. Within equities, long exposure to technology, industrials, and consumer discretionary names contributed to performance. Gains within relative value were driven by the equities and commodities sub-strategies. The quantitative strategy was flat for the quarter as gains from equity investments in the information technology, consumer discretionary, and financials sectors were partially offset by losses in futures trading.

Benchmark composition

75% B of A Merrill Lynch 5-10 Yr US Gov/Corp
AAA-A Rated, 15% MSCI World (Free),
10% HFRX Global Hedge Fund.

Asset allocation



Select Fund: Global Fixed Income	74.9%
Select Fund: Equity	12.5%
Select: Alternative	12.3%
Cash	0.3%

Top 10 holdings

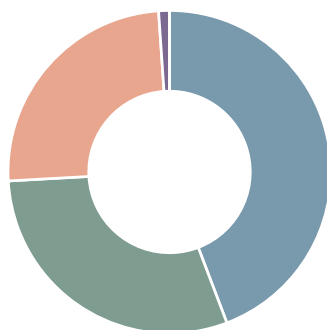
1	US TREASURY N/B 1.5 15/02/2030	0.54%
2	US TREASURY N/B .875 15/11/2030	0.43%
3	RENAISSANCERE FINANCE 3.45 01/07/2027	0.39%
4	US TREASURY N/B 0.625 15/05/2030	0.34%
5	US TREASURY N/B 1.125 15/05/2040	0.33%
6	US TREASURY STRIPS 0 15/11/2034	0.31%
7	US TREASURY STRIPS 0 15/11/2031	0.31%
8	US TSY INFL IX N/B 2.125 15/04/2029	0.29%
9	US TREASURY N/B .625 15/08/2030	0.29%
10	US TREASURY N/B 4.5 15/11/2033	0.28%

Contact us

Butterfield
Asset Management
Limited

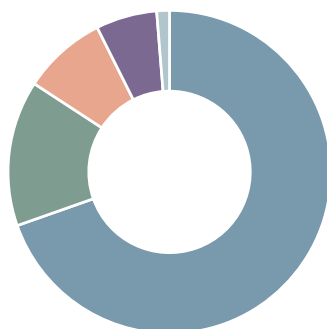
Tel: (441) 299 3817

Fixed income allocation



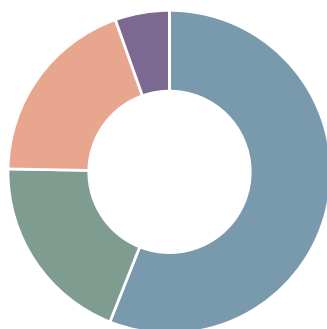
Government	44.2%
Corporate	29.9%
Securitised/Collateralised	24.8%
Cash	1.1%

Equity sector allocation



North America	69.6%
Europe developed	14.6%
Asia/Pacific	8.4%
UK	6.1%
Emerging markets	1.3%

Alternative strategy allocation



Long/Short Equity	56.0%
Relative Value	19.3%
Cash	19.3%
Quantitative	5.4%