



# **Butterfield International Balanced Fund**

Financial statements  
for the year ended  
30, June 2022

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Butterfield International Balanced Fund

### *Opinion*

We have audited the financial statements of Butterfield International Balanced Fund (the "Fund"), which comprise the statements of financial position, including the schedules of investments, as at June 30, 2022 and 2021, and the statements of comprehensive income, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (all expressed in United states dollars).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2022 and 2021, and its financial performance, its changes in net assets and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

### *Basis for Opinion*

We conducted our audits in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

### *Risk:*

The valuation of the Fund's financial assets at fair value through profit or loss is a key audit matter because it significantly impacts the Fund's performance and net asset value and is quantitatively significant to the Fund.

### *Our response to the risk:*

We evaluated management's valuation methodology applied to determine the fair value of the Fund's financial assets and performed the following procedures, among others. We compared the values recorded by the Fund to independently quoted prices, observable trades and/or vendor prices, and we independently recalculated the fair value of all financial instruments at fair value through profit or loss which we compared to the Fund's recorded fair value.

## *Responsibilities of Management and those charged with governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieved fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.



*Auditor's Responsibility for the Audit of the Financial Statements (continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance<sup>4</sup>, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Odette Samson.

*Deloitte & Touche LLP*

Odette Samson  
Partner  
September 29, 2022

# Butterfield International Balanced Fund

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## **Trustee**

Butterfield Bank (Cayman) Limited  
12 Albert Panton Street  
P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands  
Tel: (345) 949-7055 Fax: (345) 949-7004

## **Administrator, Registrar and Transfer Agent**

MUFG Fund Services (Cayman) Limited  
MUFG House, 227 Elgin Avenue, PO Box 852  
George Town, Grand Cayman, KY1-1103, Cayman Islands  
Tel: (345) 745-7600 Fax: (345) 745-7690

## **Sub-Administrator**

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda  
Tel: (441) 299-3882 Fax: (441) 295-6759

## **Investment Advisor**

Butterfield Bank (Cayman) Limited  
12 Albert Panton Street  
P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands  
Tel: (345) 949-7055 Fax: (345) 949-7004

## **Custodian and Banker**

Butterfield Bank (Cayman) Limited  
12 Albert Panton Street  
P.O. Box 705, Grand Cayman KY1-1107, Cayman Islands  
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## **Sales Agent**

Butterfield Bank (Cayman) Limited  
12 Albert Panton Street  
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Tel: (345) 949-7055 Fax: (345) 949-7004

## **Auditors**

Deloitte & Touche LLP  
2nd Floor, One Capital Place  
P.O. Box 1787, Grand Cayman KY1-1109, Cayman Islands  
Tel: (345) 949-7500 Fax: (345) 949-8238

## **Legal Advisors and Listing Agent**

Appleby  
Clifton House, 71 Fort Street  
P.O. Box 190, Grand Cayman KY1-1104, Cayman Islands  
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# Butterfield International Balanced Fund

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## STATEMENT OF FINANCIAL POSITION As at June 30, 2022 (Expressed in U.S. Dollars)

	Notes	June 30, 2022	June 30, 2021
<b>ASSETS</b>			
Financial assets at fair value through profit or loss (Cost: 2022 - \$19,670,136 ; 2021 - \$17,819,165)	2, 3, 4	\$ 20,419,008	\$ 22,606,961
Cash and cash equivalents	2 i)	1,659,744	650,719
Bond interest receivable		27,169	42,532
Dividend income receivable		8,359	6,463
Prepaid expenses		11,331	13,179
		<b>22,125,611</b>	<b>23,319,854</b>
<b>LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>			
Accrued expenses	6, 7	61,352	63,250
Redemptions payable		5,483	1,200
		<b>66,835</b>	<b>64,450</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>\$ 22,058,776</b>	<b>\$ 23,255,404</b>
Number of units in issue	5	645,569	611,870
<b>NET ASSET VALUE PER UNIT</b>		<b>\$ 34.17</b>	<b>\$ 38.01</b>

On behalf of the Trustee:

Butterfield Bank (Cayman) Limited  
As Trustee

The accompanying notes form an integral part of these financial statements.

# Butterfield International Balanced Fund

## STATEMENT OF COMPREHENSIVE INCOME For the year ended June 30, 2022 (Expressed in U.S. Dollars)

	Notes	June 30, 2022	June 30, 2021
<b>Income</b>			
Bond interest income	2	\$ 170,334	\$ 167,905
Dividend income	2	287,954	227,871
Net realised gains on financial assets at fair value through profit or loss		1,477,991	1,340,833
Net change in unrealised (losses)/gains on financial assets at fair value through profit or loss		(4,038,924)	2,660,990
Net foreign currency losses	2	(4,264)	(4,711)
Interest income		762	73
<b>Total (loss)/income</b>		<b>(2,106,147)</b>	<b>4,392,961</b>
<b>Expenses</b>			
Management fees	6	155,286	140,562
Administration fees	7	33,499	30,166
Custodian fees	6	47,782	43,252
Audit and legal fees		25,584	31,226
Sundry expenses		22,470	19,195
<b>Total expenses</b>		<b>284,621</b>	<b>264,401</b>
<b>Net investment (loss)/income</b>		<b>(2,390,768)</b>	<b>4,128,560</b>
Withholding tax on dividend income		(77,142)	(61,638)
<b>(Decrease)/Increase in net assets attributable to unitholders from operations</b>		<b>\$ (2,467,910)</b>	<b>\$ 4,066,922</b>

The accompanying notes form an integral part of these financial statements.

# Butterfield International Balanced Fund

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## STATEMENT OF CHANGES IN NET ASSETS

For the year ended June 30, 2022

(Expressed in U.S. Dollars)

	June 30, 2022	June 30, 2021
<b>(Decrease)/Increase in net assets attributable to unitholders from operations</b>	<b>\$ (2,467,910)</b>	<b>\$ 4,066,922</b>
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<b>Capital transactions</b>		
Issuance of units	2,892,093	2,769,228
Redemption of units	(1,620,811)	(3,189,270)
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Increase/(Decrease) in net assets attributable to unitholders from capital transactions	1,271,282	(420,042)
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<b>Net (decrease)/increase in net assets attributable to unitholders</b>	<b>(1,196,628)</b>	<b>3,646,880</b>
<b>Net assets attributable to unitholders – beginning of year</b>	<b>23,255,404</b>	<b>19,608,524</b>
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<b>Net assets attributable to unitholders – end of year</b>	<b>\$ 22,058,776</b>	<b>\$ 23,255,404</b>
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The accompanying notes form an integral part of these financial statements.



# Butterfield International Balanced Fund

## STATEMENT OF CASH FLOWS For the year ended June 30, 2022 (Expressed in U.S. Dollars)

	June 30, 2022	June 30, 2021
<b>Cash flows from operating activities</b>		
(Decrease)/Increase in net assets attributable to unit holders from operations	\$ (2,467,910)	\$ 4,066,922
<i>Adjustments for:</i>		
Purchase of financial assets	(8,025,233)	(5,376,938)
Net proceeds from sale of financial assets	7,652,253	6,023,000
Net realised gains on financial assets at fair value through profit or loss	(1,477,991)	(1,340,833)
Net change in unrealised losses/(gains) on financial assets at fair value through profit or loss	4,038,924	(2,660,990)
Changes in:		
Bond interest receivable	15,363	2,344
Dividend income receivable	(1,896)	(3,547)
Prepaid expenses	1,848	(9,304)
Accrued expenses	(1,898)	(9,759)
<b>Net cash (used in)/provided by operating activities</b>	<b>(266,540)</b>	<b>690,895</b>
<b>Cash flows from financing activities</b>		
Redemptions payable	4,283	1,200
Proceeds from issuance of units	2,892,093	2,769,228
Paid on redemption of units	(1,620,811)	(3,189,270)
<b>Net cash provided by/(used in) financing activities</b>	<b>1,275,565</b>	<b>(418,842)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,009,025</b>	<b>272,053</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>650,719</b>	<b>378,666</b>
<b>Cash and cash equivalents – end of year</b>	<b>\$ 1,659,744</b>	<b>\$ 650,719</b>
<b>Supplemental cash flow information:</b>		
Interest received	\$ 186,459	\$ 170,322
Dividend received, net of withholding taxes	208,916	162,686

The accompanying notes form an integral part of these financial statements.

# Butterfield International Balanced Fund

## SCHEDULE OF INVESTMENTS

As at June 30, 2022

(Expressed in U.S. Dollars)

Financial assets	Holding/ Shares	Cost	Fair Value	% of Portfolio
<b>Equities/ADRs - Europe</b>				
E.ON SE	27,085	\$ 287,816	\$ 227,394	1.11%
Mercedes-Benz Group AG	2,662	195,366	154,110	0.75%
Moncler Spa	2,435	126,401	104,488	0.51%
Shell Plc - Sponsored ADR	2,735	147,726	143,013	0.70%
<b>Total Equities/ADRs - Europe</b>		<b>\$ 757,309</b>	<b>\$ 629,005</b>	<b>3.07%</b>
<b>Equities/ADRs - United Kingdom</b>				
BP Plc - Sponsored ADR	4,272	\$ 139,253	\$ 121,111	0.59%
Rio Tinto Plc - Sponsored ADR	2,137	126,266	130,357	0.64%
<b>Total Equities/ADRs - United Kingdom</b>		<b>\$ 265,519</b>	<b>\$ 251,468</b>	<b>1.23%</b>
<b>Equities/ADRs - Switzerland</b>				
Novartis AG	2,791	\$ 200,547	\$ 236,260	1.16%
Novartis AG - Sponsored ADR	2,895	260,492	244,714	1.20%
<b>Total Equities/ADRs - Switzerland</b>		<b>\$ 461,039</b>	<b>\$ 480,974</b>	<b>2.36%</b>
<b>Equities - United States</b>				
Advanced Micro Devices Inc.	1,113	\$ 123,654	\$ 85,111	0.41%
Air Products & Chemicals Inc.	1,058	311,182	254,428	1.24%
Alphabet Inc. - Class C	166	206,921	363,117	1.78%
Amazon.Com Inc.	3,160	279,687	335,624	1.64%
Apple Inc.	2,659	222,500	363,538	1.78%
Applied Materials Inc	1,102	61,341	100,260	0.49%
AT&T Inc.	5,782	127,387	121,191	0.59%
Chevron Corp.	990	95,036	143,332	0.70%
Cisco Systems Inc.	2,622	94,244	111,802	0.55%
The Coca-Cola Company	3,862	197,334	242,958	1.19%
ConocoPhillips	1,405	134,800	126,183	0.62%
Johnson & Johnson	1,419	213,072	251,887	1.23%
Mastercard Inc - Class A	1,201	255,102	378,891	1.86%
Merck & Co. Inc.	3,066	200,801	279,527	1.37%
Meta Platforms Inc. - Class A	747	186,158	120,454	0.59%
Microsoft Corp.	1,762	225,546	452,534	2.22%
Mondelez International Inc. - Class A	3,955	197,759	245,566	1.20%
Nike Inc. - Class B	1,440	140,990	147,168	0.72%
Northrop Grumman Corp.	711	230,706	340,263	1.67%
Nvidia Corp.	581	47,100	88,074	0.43%

The accompanying notes are an integral part of these financial statements.

# Butterfield International Balanced Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2022

(Expressed in U.S. Dollars)

Financial assets	Holding/ Shares	Cost	Fair Value	% of Portfolio
<b>Equities - United States (continued)</b>				
TJX Companies Inc.	3,106	\$ 132,612	\$ 173,470	0.85%
Trane Technologies Plc	1,457	106,367	189,221	0.93%
Union Pacific Corp.	1,109	225,296	236,528	1.16%
United Parcel Service Class B	1,305	153,526	238,215	1.17%
Unitedhealth Group Inc	428	100,930	219,834	1.08%
Walmart Inc.	1,537	178,297	186,868	0.92%
Walt Disney Co.	1,560	184,124	147,264	0.72%
<b>Total Equities - United States</b>		<b>\$ 4,632,472</b>	<b>\$ 5,943,308</b>	<b>29.11%</b>
<b>Total Equities/ADRs</b>		<b>\$ 6,116,339</b>	<b>\$ 7,304,755</b>	<b>35.77%</b>
<b>Fixed Income Securities - Canada</b>				
Royal Bank of Canada 1.950% 01/17/23 SR:GMTN	400,000	\$ 383,316	\$ 398,244	1.95%
<b>Total Fixed Income Securities - Canada</b>		<b>\$ 383,316</b>	<b>\$ 398,244</b>	<b>1.95%</b>
<b>Fixed Income Securities - United States</b>				
Apple Inc. 3.000% 06/20/27	200,000	\$ 199,584	\$ 195,864	0.96%
John Deere Capital Corp 2.150% 09/08/22	130,000	127,005	129,836	0.64%
JP Morgan Chase & Co. 3.250% 09/23/22	300,000	312,597	300,612	1.47%
Target Corp. 2.250% 04/15/25	250,000	264,285	241,678	1.18%
US Treasury N/B 0.250% 10/31/25	550,000	544,971	501,424	2.46%
US Treasury N/B 1.375% 08/31/23	900,000	932,344	883,916	4.33%
US Treasury N/B 1.500% 09/30/24	580,000	574,834	561,241	2.75%
US Treasury N/B 1.500% 11/30/24	450,000	460,002	434,268	2.13%
US Treasury N/B 1.625% 05/15/26	700,000	725,762	663,633	3.25%
US Treasury N/B 1.625% 11/30/26	850,000	871,756	799,996	3.92%
US Treasury N/B 1.750% 05/15/23	350,000	358,871	346,637	1.70%
US Treasury N/B 1.750% 12/31/26	1,000,000	1,033,711	945,664	4.63%
US Treasury N/B 2.000% 02/15/23	300,000	299,790	298,852	1.46%
US Treasury N/B 2.250% 08/15/27	350,000	335,480	336,205	1.65%
US Treasury N/B 2.875% 11/30/23	1,200,000	1,252,219	1,199,016	5.87%
<b>Total Fixed Income Securities - United States</b>		<b>\$ 8,293,211</b>	<b>\$ 7,838,842</b>	<b>38.40%</b>
<b>Total Fixed Income Securities</b>		<b>\$ 8,676,527</b>	<b>\$ 8,237,086</b>	<b>40.35%</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield International Balanced Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2022

(Expressed in U.S. Dollars)

Financial assets	Holding/ Shares	Cost	Fair Value	% of Portfolio
<b>Exchange Traded Funds - United States</b>				
Financial Select Sector SPDR Fund	12,134	\$ 281,445	\$ 381,614	1.87%
First Trust NASDAQ Cybersecurity ETF	7,686	424,827	309,285	1.51%
Ishares Biotechnology ETF	2,786	280,642	327,717	1.60%
Ishares Global Comm Services	1,508	102,614	92,260	0.45%
Ishares Global Consumer Staples ETF	2,566	161,141	148,366	0.73%
Ishares Global Financials ETF	9,506	554,646	624,924	3.06%
Ishares MSCI Japan ETF	16,812	1,091,382	888,178	4.35%
Ishares U.S. Medical Devices ETF	2,651	127,746	133,716	0.65%
SPDR S&P Health Care Equipment ETF	3,768	315,078	319,752	1.57%
SPDR S&P Regional Banking	6,600	459,475	383,394	1.88%
Technology Select Sector SPDR Fund	1,520	121,100	193,222	0.95%
Vanguard Consumer Discretionary ETF	694	111,603	157,857	0.77%
Vanguard Consumer Staple ETF	816	120,417	151,237	0.74%
Vanguard FTSE Emerging Markets ETF	7,752	326,874	322,871	1.58%
Vanguard Global EX - US Real Estate ETF	2,356	130,859	104,300	0.51%
Vanguard Materials ETF	1,155	133,066	185,044	0.91%
Vanguard Real Estate ETF	1,684	134,355	153,430	0.75%
<b>Total Exchange Traded Funds - United States</b>		<b>\$ 4,877,270</b>	<b>\$ 4,877,167</b>	<b>23.88%</b>
<b>Total Exchange Traded Funds</b>		<b>\$ 4,877,270</b>	<b>\$ 4,877,167</b>	<b>23.88%</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>\$ 19,670,136</b>	<b>\$ 20,419,008</b>	<b>100.00%</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield International Balanced Fund

## SCHEDULE OF INVESTMENTS

As at June 30, 2021

(Expressed in U.S. Dollars)

Financial assets	Holding/ Shares	Cost	Fair Value	% of Portfolio
<b>Equities/ADRs - Europe</b>				
Daimler AG	2,228	\$ 188,857	\$ 198,940	0.88%
E.ON SE	27,268	284,272	315,390	1.40%
Moncler Spa	2,628	125,105	177,815	0.79%
Royal Dutch Shell - Sponsored ADR	2,898	160,794	117,079	0.52%
<b>Total Equities/ADRs - Europe</b>		<b>\$ 759,028</b>	<b>\$ 809,224</b>	<b>3.59%</b>
<b>Equities/ADRs - United Kingdom</b>				
BP Plc - Sponsored ADR	4,255	\$ 144,392	\$ 112,417	0.50%
Rio Tinto Plc - Sponsored ADR	1,508	80,379	126,506	0.56%
<b>Total Equities/ADRs - United Kingdom</b>		<b>\$ 224,771</b>	<b>\$ 238,923</b>	<b>1.06%</b>
<b>Equities - Switzerland</b>				
Novartis AG	2,553	\$ 177,854	\$ 232,723	1.03%
<b>Total Equities - Switzerland</b>		<b>\$ 177,854</b>	<b>\$ 232,723</b>	<b>1.03%</b>
<b>Equities - United States</b>				
Air Products & Chemicals Inc.	808	\$ 242,807	\$ 232,445	1.02%
Alphabet Inc. - Class C	174	185,690	436,100	1.93%
Amazon.Com Inc.	119	120,542	409,379	1.81%
Apple Inc.	3,133	254,298	429,096	1.90%
Applied Materials Inc	2,129	104,257	303,170	1.34%
AT&T Inc.	4,406	134,545	126,805	0.56%
Chevron Corp.	1,038	98,857	108,720	0.48%
Cisco Systems Inc.	7,898	273,660	418,594	1.85%
The Coca-Cola Company	3,945	199,859	213,464	0.94%
Facebook Inc. - Class A	708	162,623	246,179	1.09%
Johnson & Johnson	1,370	202,856	225,694	1.00%
Lowe's Cos Inc.	827	101,617	160,413	0.71%
Mastercard Inc - Class A	1,021	169,873	372,757	1.65%
Merck & Co. Inc.	2,882	181,742	224,133	0.99%
Microsoft Corp.	2,677	294,198	725,199	3.21%
Mondelez International Inc. - Class A	3,940	192,435	246,014	1.09%
Nike Inc. - Class B	1,608	141,225	248,420	1.10%
Northrop Grumman Corp.	745	240,268	270,755	1.20%
Nvidia Corp.	234	46,200	187,223	0.83%
Organon & Co.	288	8,858	8,715	0.04%
TJX Companies Inc.	3,003	119,082	202,462	0.90%
Trane Technologies Plc	1,446	91,974	266,266	1.18%
Union Pacific Corp.	1,115	223,925	245,222	1.08%
United Parcel Service Class B	1,273	132,300	264,746	1.17%

The accompanying notes are an integral part of these financial statements.

# Butterfield International Balanced Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2021

(Expressed in U.S. Dollars)

Financial assets	Holding/ Shares	Cost	Fair Value	% of Portfolio
<b>Equities - United States (continued)</b>				
Unitedhealth Group Inc	480	\$ 107,155	\$ 192,211	0.85%
Walmart Inc.	1,445	164,125	203,774	0.90%
Walt Disney Co.	1,188	120,667	208,815	0.92%
<b>Total Equities - United States</b>		<b>\$ 4,315,638</b>	<b>\$ 7,176,771</b>	<b>31.74%</b>
<b>Total Equities/ADRs</b>		<b>\$ 5,477,291</b>	<b>\$ 8,457,641</b>	<b>37.42%</b>
<b>Fixed Income Securities - Canada</b>				
Royal Bank of Canada 1.950% 01/17/23 SR:GMTN	400,000	\$ 383,316	\$ 409,992	1.81%
<b>Total Fixed Income Securities - Canada</b>		<b>\$ 383,316</b>	<b>\$ 409,992</b>	<b>1.81%</b>
<b>Fixed Income Securities - Norway</b>				
Equinor ASA 3.150% 01/23/22	350,000	\$ 359,726	\$ 355,639	1.57%
<b>Total Fixed Income Securities - Norway</b>		<b>\$ 359,726</b>	<b>\$ 355,639</b>	<b>1.57%</b>
<b>Fixed Income Securities - United States</b>				
Intel Corp. 2.450% 07/29/20	300,000	\$ 289,170	\$ 301,290	1.33%
John Deere Capital Corp 2.150% 09/08/22	130,000	127,005	132,850	0.59%
JP Morgan Chase & Co. 3.250% 09/23/22	300,000	312,597	310,803	1.37%
Microsoft Corp. 2.700% 02/12/25	500,000	497,835	535,605	2.37%
Novartis Capital Corp 2.400% 09/21/22	300,000	290,520	307,740	1.36%
Target Corp. 2.250% 04/15/25	250,000	264,285	262,555	1.16%
US Treasury N/B 1.500% 09/30/24	580,000	574,834	598,442	2.65%
US Treasury N/B 0.250% 10/31/25	450,000	446,471	439,910	1.95%
US Treasury N/B 1.375% 08/31/23	900,000	932,344	921,410	4.08%
US Treasury N/B 1.625% 08/31/22	395,000	407,838	401,928	1.78%
US Treasury N/B 1.625% 05/15/26	500,000	517,441	518,164	2.29%
US Treasury N/B 1.625% 11/15/22	375,000	374,415	382,610	1.69%
US Treasury N/B 1.750% 05/15/22	300,000	302,181	304,359	1.35%
US Treasury N/B 1.750% 05/15/23	50,000	51,942	51,419	0.23%
US Treasury N/B 1.875% 03/31/22	265,000	273,260	268,571	1.19%
US Treasury N/B 2.000% 02/15/23	300,000	299,790	308,813	1.37%
US Treasury N/B 2.250% 04/15/22	650,000	653,675	661,159	2.92%
US Treasury N/B 2.875% 11/30/23	1,200,000	1,252,218	1,273,406	5.63%
<b>Total Fixed Income Securities - United States</b>		<b>\$ 7,867,821</b>	<b>\$ 7,981,034</b>	<b>35.31%</b>
<b>Total Fixed Income Securities</b>		<b>\$ 8,610,863</b>	<b>\$ 8,746,665</b>	<b>38.69%</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield International Balanced Fund

## SCHEDULE OF INVESTMENTS (CONTINUED)

As at June 30, 2021

(Expressed in U.S. Dollars)

Financial assets	Holding/ Shares	Cost	Fair Value	% of Portfolio
<b>Exchange Traded Funds - United States</b>				
Financial Select Sector SPDR Fund	10,851	\$ 211,489	\$ 398,123	1.76%
Ishares Biotechnology ETF	1,816	148,480	297,188	1.31%
Ishares Global Comm Services	1,290	84,018	111,675	0.49%
Ishares Global Financials ETF	10,146	536,213	787,431	3.48%
Ishares MSCI Japan ETF	5,012	267,603	338,510	1.50%
Ishares U.S. Medical Devices ETF	352	95,195	127,086	0.56%
SPDR S&P Regional Banking	5,690	394,260	372,866	1.65%
SPDR S&P Health Care Equipment ETF	2,486	169,681	321,241	1.42%
Technology Select Sector SPDR Fund	1,624	126,716	239,800	1.06%
Vanguard Consumer Discretionary ETF	844	118,276	265,024	1.17%
Vanguard Consumer Staple ETF	908	132,135	165,719	0.73%
Vanguard FTSE Emerging Markets ETF	6,324	254,269	343,456	1.52%
Vanguard Global EX - US Real Estate ETF	2,008	111,327	117,187	0.52%
Vanguard Industrials ETF	1,282	151,711	251,849	1.11%
Vanguard Materials ETF	2,163	230,038	391,049	1.73%
Vanguard Real Estate ETF	1,728	136,935	175,893	0.78%
Wisdomtree Japan Hedged ETF	11,448	562,665	698,558	3.10%
<b>Total Exchange Traded Funds - United States</b>		<b>\$ 3,731,011</b>	<b>\$ 5,402,655</b>	<b>23.89%</b>
<b>Total Exchange Traded Funds</b>		<b>\$ 3,731,011</b>	<b>\$ 5,402,655</b>	<b>23.89%</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>\$ 17,819,165</b>	<b>\$ 22,606,961</b>	<b>100.00%</b>

The accompanying notes are an integral part of these financial statements.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2022

(Expressed in U.S. Dollars)

### 1. CORPORATE INFORMATION

Butterfield International Balanced Fund (the "Fund") was established as an open-ended multi-class Unit Trust under the laws of the Cayman Islands by a Trust Deed dated June 18, 1996 (the "Trust Deed ") executed by Butterfield Bank (Cayman) Limited as trustee (the "Trustee" and "Investment Advisor") and Butterfield Fund Services (Cayman) Limited (subsequently Butterfield Fulcrum Group (Cayman) Limited and MUFG Fund Services (Cayman) Limited) as manager (the "Manager"). The Fund commenced operations on July 17, 1996 and is registered as a Mutual Fund under the Mutual Funds Act of the Cayman Islands. On January 30, 1998 the Fund was listed on the Cayman Islands Stock Exchange. On January 18, 2000, the Fund was listed on the Bermuda Stock Exchange.

On December 15, 2008 the Trust amended and restated the Trust Deed for the Fund, in which Butterfield Fulcrum Group (Cayman) Limited ceased being the Fund's Manager, and was immediately reappointed as the Fund's Administrator. Certain powers which had been delegated by the Trustee to the Manager were re-assumed by the Trustee. On September 20, 2013, Butterfield Fulcrum Group (Cayman) Limited was acquired by Mitsubishi UFJ Financial Group and changed its name to MUFG Fund Services (Cayman) Limited, a Cayman Islands licensed Mutual Fund Administrator, and remains the Administrator of the Fund.

The Fund's objective is to achieve long-term capital growth by investing in a global portfolio of money market instruments, euro bonds, government bonds and equities.

### 2. BASIS OF PREPARATION

#### Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss.

The financial statements are represented in United States dollars, which is the functional currency of the Fund and all values are rounded to the nearest dollar, except when otherwise stated.

#### Summary of significant accounting policies

##### a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Fund's management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in the financial statements, and accompanying notes. Management believes that the estimates and assumptions utilised in preparing the Fund's financial statements are reasonable and prudent. Actual results could differ from these estimates.

##### b) Investment entities

IFRS 10 defines and requires a reporting entity that meets the definition of an investment entity not to consolidate but instead to measure its investments at fair value through profit or loss in its financial statements.



# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (CONTINUED)

#### Summary of significant accounting policies (continued)

##### b) Investment entities (continued)

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments.

Management has determined that the Fund meets the definition of an investment entity and recognizes all investments at fair value through the fair value through profit or loss.

##### c) Financial instruments

###### i. Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

###### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

###### ***Financial assets measured at amortised cost***

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (CONTINUED)

#### Summary of significant accounting policies (continued)

#### c) Financial instruments (continued)

##### i. Classification (continued)

#### ***Financial assets measured at fair value through profit or loss (FVPL)***

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

*Debt instruments:* These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

*Instruments held for trading:* This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

#### **Financial liabilities**

#### ***Financial liabilities measured at fair value through profit or loss (FVPL)***

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Fund includes in this category, derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading.

#### ***Financial liabilities measured at amortised cost***

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category convertible bonds, debentures, and other short-term payables.

#### **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### **Other financial liabilities**

This category includes all financial liabilities, other than those classified at FVPL. The Fund includes in this category amounts for other short-term payables.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (CONTINUED)

#### Summary of significant accounting policies (continued)

##### c) Financial instruments (continued)

###### ii. Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

###### iii. Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

###### iv. Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Financial liabilities, other than those classified at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

###### v. Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either: the Fund has transferred substantially all the risks and rewards of the asset, or the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (CONTINUED)

#### Summary of significant accounting policies (continued)

##### c) Financial instruments (continued)

###### v. Derecognition (continued)

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

##### d) Fair value measurement

The Fund measures its investments in financial instruments, such as investment funds, exchange traded funds, equities, debentures and other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market. It is the policy of the Fund to value listed securities at closing market prices prevailing at the close of business on the Valuation Day.

##### e) Impairment of financial assets

The Fund holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. As at June 30, 2022 and 2021, the Fund had no ECLs and had, therefore, not recognised a loss allowance.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (CONTINUED)

#### Summary of significant accounting policies (continued)

**f) Functional and presentation currency**

The Fund's functional currency is the United States Dollar, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in United States Dollars. Therefore, the United States Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the United States Dollar.

**g) Offsetting and financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

As at June 30, 2022 and 2021 there were no assets and liabilities offset in the Statement of Financial Position, nor were there any assets or liabilities available for offset. The Fund does not have a legally enforceable right to offset, nor does it have master netting agreements or similar arrangements that would allow for related amounts to be set off.

**h) Foreign currency translations**

Assets and liabilities that are denominated in foreign currencies are translated into United States dollars at rates of exchange on the period end date. Transactions during the period are translated at the rate in effect at the date of the transaction. Foreign currency translation gains and losses are included in the Statement of Comprehensive Income.

**i) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

**j) Interest income and expense**

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments using the effective interest method.

**k) Dividend income and expense**

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

**l) Realised and change in unrealised gains and losses**

Realised and change in unrealised gains/(losses) on financial assets at fair value through profit or losses are recognised in the Statement of Comprehensive Income. The cost of investments sold is accounted for using the average cost basis.

**m) Expenses**

All expenses (including management fees) are recognized in the Statement of Comprehensive Income on an accrual basis.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2022

(Expressed in U.S. Dollars)

### 2. BASIS OF PREPARATION (CONTINUED)

#### Summary of significant accounting policies (continued)

##### n) Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

##### o) Redeemable units

Units are redeemable at the unit holder's option and are classified as financial liabilities. Unitholders may arrange to redeem all or part of their Units on any Redemption Day at the prevailing redemption price of the Units. A Redemption Day is normally Wednesday of each week, or the following Business Day if Wednesday is not a Business Day. The prevailing redemption price of Units will be net asset value per Unit of the relevant Class as at the preceeding Valuation Day which is normally the Business Day preceeding the Redemption Day. No Units may be redeemed whilst the calculation of net asset value is suspended.

##### p) New standards, amendments and interpretations effective after July 1, 2022 and have not been early adopted

There are no new standards, amendments to standards or interpretations that are effective starting after July 1, 2022 that are expected have a material effect on the financial statements of the Fund.

### 3. FINANCIAL RISK MANAGEMENT

The Fund maintains positions in a variety of non-derivative financial instruments as dictated by its investment management strategy. The Fund's investment portfolio is comprised of quoted investment instruments and fixed income securities.

Asset allocation is determined by the Investment Advisor with reference to the target asset allocation set out in the Fund's prospectus. The Investment Advisor manages the distribution of the assets to achieve its investment objective. Divergence from target asset allocations and the composition of the portfolio is monitored by the Investment Advisor. In instances where the portfolio has diverged from target asset allocations, the Investment Advisor will rebalance the portfolio to fall in line with the target asset allocations.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Fund are discussed below:

##### a) Market Risk

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Market risk is the risk that changes in interest rates, foreign exchange rates or equity prices will affect the positions held by the Fund making them less valuable or more onerous. The Fund is exposed to market risk on financial instruments that are valued at market prices.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective. The Fund's market risk is managed on a daily basis by the Investment Advisor in accordance with the policies and procedures in place. The Fund's Trustee reviews the performance of the Investment Advisor on a continuous basis.

# Butterfield International Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2022

(Expressed in U.S. Dollars)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a) Market Risk (continued)

##### *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than US Dollars. The Fund's policy is not to enter into any currency hedging transactions. The Investment Advisor manages currency risk by monitoring exposure to different geographical regions.

At June 30, 2022, if the exchange rates of relevant foreign currencies against the US Dollar had been 10% higher or lower with all other variables held constant, the net assets of the Fund would have increased/decreased by \$72,225 (2021: \$92,584). 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates.

As at June 30, 2022 and 2021, the Fund has the following currency exposure in US Dollar equivalents:

	2022		2021	
	USD	% of Net Assets	USD	% of Net Assets
CHF	236,260	1.07%	232,723	1.00%
EUR	485,992	2.20%	692,145	2.98%
GBP	-	0.00%	970	0.00%
<b>Total</b>	<b>722,252</b>	<b>3.27%</b>	<b>925,838</b>	<b>3.98%</b>

##### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to changes in interest rates relates primarily to the Fund's investments in fixed income securities. Fixed income securities account for 37.34% of the Fund's Net Asset Value (2021: 37.61%). As a result, the Fund is subject to fair value interest rate risk due to possible fluctuations in the prevailing levels of market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to cash and cash equivalents of \$1,659,744 (2021: \$650,719) for the Fund 7.52% of Net Assets (2021: 2.80%). The Fund believes these balances do not expose the Fund to significant sensitivity to cash flow interest rate risk.

As at June 30, 2022, the carrying amount of the Fund's financial assets that bear fixed rates of interest amounted to \$8,237,086 (2021: \$8,746,665). As at June 30, 2022, if long term market interest rates had been 0.5% lower or higher with the other variables held constant, the net assets would have been \$103,104 (2021: \$92,167) higher or lower for the Fund resulting from changes in fair values of such financial assets. 0.5% is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible changes in market interest rates.

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2022

(Expressed in U.S. Dollars)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### a) Market Risk (continued)

##### *Price Risk*

Price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to a particular instrument, its issuer or all factors affecting all instruments traded in the market. The Fund is exposed to equity price risk on its equity investments and exchange traded funds.

Price risk is managed by the Fund's Investment Advisor by constructing a diversified portfolio of investments traded on various markets. All of the Fund's equity investments at June 30, 2022 and 2021 are listed on stock exchanges.

As at June 30, 2022, the fair value of the Fund's investments in securities that are exposed to movement in equity prices amounted to \$12,181,922 (2021: \$13,860,296).

The Fund estimates that a reasonably possible movement in its equity portfolio for the Fund is calculated using the average performance of the Fund's benchmark, which is also the Fund's effective rate, over the past eight years of 8% (2021: 9%) adjusted to correlate to the actual investment portfolio held.

As at June 30, 2022, if the benchmark equity market prices had been 8% (2021: 10%) higher or lower with all other variables held constant, the Fund's net assets would have been \$1,041,133 higher or \$1,041,133 lower (2021: \$1,097,003 higher or \$1,097,003 lower). The adjusted rate is the rate used when reporting price risk internally to key management personnel for the Fund.

##### *Financial risk related to COVID-19*

The Investment Adviser continues to monitor developments related to the COVID-19 pandemic and the potential impact on the financial performance of the Fund. The Investment Adviser has evaluated the impact of these events on the financial statements for the year ended June 30, 2022 and has determined the impact of COVID-19 has been taken into account where necessary and no material events have been identified which would require further adjustment to or disclosure in the financial statements.

#### b) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Financial instruments that potentially expose the Fund to credit and counterparty risk consist primarily of fixed income investments, unsettled transaction balances held at the brokers, and cash and cash equivalents.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk related to unsettled transactions, including dividends and interest accrued, is considered to be low due to the short settlement period involved and the high credit quality of the brokers used. The Fund monitors the credit rating of its brokers to mitigate this risk.



# Butterfield International Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b) Credit Risk (continued)

At the reporting date, the Fund's financial assets exposed to credit risk were as follows in USD:

	Carrying amount	
	2022	2021
Financial assets at fair value (Fixed income securities)	\$ 8,237,086	\$ 8,746,665
Cash and cash equivalents	\$ 1,659,744	\$ 650,719
Bond interest receivable	\$ 27,169	\$ 42,532
Dividend income receivable	\$ 8,359	\$ 6,463

At the reporting date, the USD values of the fixed income securities exposed to credit risk stratified by credit rating are as follows:

Credit Rating	2022		2021	
	Market Value	Percentage	Market Value	Percentage
AAA	\$ -	-	\$ 535,605	6.12%
AA+	8,237,086	100.00%	6,130,191	70.09%
AA-	-	-	663,379	7.58%
A	-	-	1,106,687	12.65%
A-	-	-	310,803	3.56%
	\$ 8,237,086	100.00%	\$ 8,746,665	100.00%

#### c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund's financial liabilities at June 30, 2022 represent 0.30% of the Fund's Net Assets (2021: 0.28%) and fall due not later than one month. The Fund does not anticipate any significant liquidity concerns in funding redemption requests and other liabilities. The Fund's constitution provides for the weekly subscription and redemption of units and it is therefore exposed to the liquidity risk of meeting unit holders' redemptions. However, all of the Fund's investments at June 30, 2022 and 2021 are actively traded. As such, they are considered to be highly realisable, mitigating the liquidity risk of the Fund as at June 30, 2022 and 2021.

The Fund's liquidity risk is managed on a daily basis by the Investment Advisor in accordance with the policies and procedures in place.

### 4. FAIR VALUE OF FINANCIAL ASSETS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

# Butterfield International Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

- Level 3 – inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments.

#### June 30, 2022

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equities/ADRs	\$ 7,304,755	\$ -	\$ -	\$ 7,304,755
Fixed Income Securities	-	8,237,086	-	8,237,086
Exchange Traded Funds	4,877,167	-	-	4,877,167
Total Financial Assets	\$ 12,181,922	\$ 8,237,086	\$ -	\$ 20,419,008

#### June 30, 2021

	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Equities/ADRs	\$ 8,457,641	\$ -	\$ -	\$ 8,457,641
Fixed Income Securities	-	8,746,665	-	8,746,665
Exchange Traded Funds	5,402,655	-	-	5,402,655
Total Financial Assets	\$ 13,860,296	\$ 8,746,665	\$ -	\$ 22,606,961

#### Transfers of assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being quoted in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 in the current or prior year. Financial assets and liabilities transferred from Level 2 to Level 1 might arise primarily as a result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 in the years ended June 30, 2022 and 2021.

The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2022 and 2021.

### 5. UNITHOLDERS CAPITAL

The Fund may issue an unlimited number of units, which are redeemable at the option of the unitholders.

Details of units issued, redeemed and outstanding during the year are as follows:

	2022 No. of Units	2021 No. of Units
Balance - beginning of year	611,870	624,028
Issue of units	76,944	78,508
Redemption of units	(43,245)	(90,666)
Balance - end of year	645,569	611,870

# Butterfield International Balanced Fund

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2022

(Expressed in U.S. Dollars)

### 6. RELATED PARTY TRANSACTIONS

Butterfield Bank (Cayman) Limited (the “Custodian”) acts as custodian for the Fund and is entitled to receive a monthly fee, calculated at a rate of 0.20% (2021: 0.20%) per annum of the net asset value of the Fund, calculated and accrued weekly.

Custodian fees charged for the year ended June 30, 2022 were \$47,782 (2021: \$43,252) for the Fund, of which \$11,289 (2021: \$11,544) remained payable at year end and is included in accrued expenses.

Butterfield Bank (Cayman) Limited (the “Investment Advisor”) is entitled to receive a management fee for providing investment advice to the Fund, calculated at a rate of 0.65% per annum of net asset value of the Fund calculated and accrued weekly.

Management fees for the year ended June 30, 2022 were \$155,286 (2021: \$140,562) for the Fund, of which \$36,687 (2021: \$37,516) remained payable at year end and is included in accrued expenses.

Employees of the Investment Advisor, its parent company and other affiliated companies, and their immediate family members may hold units of the Fund. These investment holdings are not significant to the Fund.

### 7. ADMINISTRATION FEE (INCLUDING ACCOUNTING FEE AND REGISTRAR AND TRANSFER AGENT FEE)

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Administration fee for the year ended June 30, 2022 was \$33,499 (2021: \$30,166) of which \$2,549 (2021: \$3,203) was payable at year end and is included in accrued expenses.

# Butterfield International Balanced Fund

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended June 30, 2022 (Expressed in U.S. Dollars)

### 8. FINANCIAL HIGHLIGHTS

Per unit operating performance  
(For a unit outstanding throughout the year)

<b>Per Unit Information</b>	<b>2022</b>	<b>2021</b>
<b>Net asset value per unit, beginning of year</b>	<b>\$ 38.01</b>	<b>\$ 31.42</b>
<b>Income from investment operations</b>		
Net investment income	<b>0.15</b>	0.11
Net realised and unrealised (loss)/gain on financial assets at fair value through profit and loss and foreign currency	<b>(3.99)</b>	6.48
<b>Total from investment operations</b>	<b>(3.84)</b>	6.59
<b>Net asset value per unit, end of year</b>	<b>\$ 34.17</b>	<b>\$ 38.01</b>
<b>Total return</b>	<b>(10.10)%</b>	20.97%

#### Ratios/supplemental data

Net assets, end of year	<b>\$ 22,058,776</b>	<b>\$ 23,255,404</b>
Ratio of expenses to weighted average net assets	<b>1.20%</b>	1.22%
Ratio of net investment income to weighted average net assets	<b>0.41%</b>	0.32%
Portfolio turnover rate*	<b>33.02%</b>	25.01%

\*Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

An individual investor's return and ratios may vary from the above returns and ratios based on the timing of capital transactions.

### 9. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2022 through September 29, 2022, the date the financial statements were available to be issued.

Since June 30, 2022 the Fund received subscriptions of \$231,948 and paid redemptions of \$135,833.

### 10. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee on September 29, 2022.