

**Butterfield Select Invest Fund  
Limited**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2023

# Butterfield Select Invest Fund Limited

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## **INVESTMENT MANAGER'S REPORT**

For the year ended June 30, 2023

### **Select Invest - Equity**

The net asset value (NAV) per share rose from \$18.6830 to \$21.8424 over the fiscal year to June 30, 2023, representing a 16.92% return for the year, net of all fees and expenses. The benchmark for the Class, the MSCI World Free Net Total Return Index returned 18.51%.

Global equity markets had a challenging year in 2022, but bounced back in the fourth quarter and continued to recover through the first six months of 2023. Markets were supported by easing commodity prices and inflationary pressures more broadly. The reopening of China also supported sentiment, as did resilient US economic growth. Corporate earnings also remained resilient relative to expectations, particularly in Europe.

Growth equities suffered meaningful drawdowns in the first half of 2022, as valuations compressed. This was especially the case for more speculative technology orientated companies yet to reach profitability. However, the turn of the calendar year marked an inflection point, as Growth stocks again performed well relative to Value equities. Over the twelve months to June 30, 2023 the Russell 1000 Growth Index returned 25.80%, while the Russell 1000 Value Index returned 8.98%.

The BNY Mellon Long Term Global Equity Fund, managed by Walter Scott performed well over the year. Performance was helped by having very little exposure to Banks, which suffered from strains in the Regional Banks sector in the first quarter of 2023. An important theme during the period was the narrowness of the market rally, such that the term "Magnificent 7" was coined to describe the seven, Large Technology-orientated stocks driving market returns. The Artisan Value Fund performed well, helped by exposure to a number of the "Magnificent 7" stocks.

In contrast, the narrowness of the equity rally was a challenge for active managers with sizeable underweights to the "Magnificent 7". The Lazard US Equity Concentrated Fund and the American Century Global Growth lagged their respective benchmarks, as did the more defensively positioned MFS Global Equity Fund. The Nomura Japan Strategic Value Fund was added during the period, and has outperformed since being added to the Fund.

### **Select Invest - Global Fixed Income**

The net asset value (NAV) per share decreased from \$20.8935 to \$20.8329 over the fiscal year to 30 June 2023, representing a -0.29% return for the year, net of all fees and expenses. Although absolute returns were negative the Fund outperformed the BofA Merrill Lynch 5-10 Year AAA-A US Corporate and Government Benchmark Index by +152bps primarily due to the Fund's lower exposure to interest rate risk and higher exposure to corporate credit which has provided a good risk premium spread over US Treasuries.

The past 12 months was a particularly difficult time for fixed income markets with the Federal Reserve continuing to raise the US base rate by an additional 350bps to 525bps by the end of June 2023, its highest level since 2006, as US economic activity remained much more buoyant than expected which in turn has led to a stickier inflationary environment. Monetary policy is failing to transmit through to the real economy unlike in previous cycles as corporates and the consumer have locked in debt at fixed rates for extended periods.

# Butterfield Select Invest Fund Limited

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## **Select Invest - Global Fixed Income (continued)**

In addition, employment continues to remain strong with shortages of workers across many industries leading to solid wage growth – boosting incomes further US fiscal policy continues to remain ultra-easy. As a result, central bankers find themselves having to raise base rates at a much more rapid pace driving government bond yields substantially higher with 2-year US Treasury nominal yields reaching a high of 5.07% in March from a low of 0.10% at the start of 2021. The Fund managed to proactively avoid the most damaging parts of the yield curve and combined with the high level of investment income now flowing into the Fund's holdings we managed, despite this backdrop, to produce a positive return for the year.

During Q1 the volatility surrounding the US banking system provided the Fund an opportunity to exit some higher risk longer duration holdings such as preference shares as US dollar liquidity exploded effectively removing the tail risk that a major credit event would develop in addition, the market priced in US base rate cuts by year end leading to a rally in US Treasury yields. As a result, we permitted interest rate risk to decline as we doubted the Federal Reserve would be able to deliver these expectations and further reduced credit risk adding to cash, inflation protection and longer dated US Treasury exposure.

With US real yields ending the quarter at their highest level since 2008 and global growth ex-US grinding lower the improvement in risk sentiment has been puzzling from a pure macro perspective but global liquidity remains a key driver of asset prices. In a sign that US base rates may have to remain at these levels for some time the Bank of England turned hawkish in June in response to firmer inflation data which caused UK terminal base rate expectations to rise from 4.5% to 6% raising the probability of a recession over the coming 12 months. Throughout the rest of the world there is a growing realization that core inflation will remain higher for longer with Australia and Canada also surprising markets abandoning their policy pause and raising base rates – services inflation continues to defy expectations globally. Fixed income investors are therefore understandably exercising caution.

Looking forward we continue to prefer high quality spread products such as US mortgage backed securities which have very positive investment characteristics and the potential for a large capital gain in the event the US economy falls into recession. In addition, we are increasing our inflation hedges with US inflation expectations in line with the 2% target set by the Federal Reserve allowing us to add to our current position at fair value in order to hedge against a re-acceleration of price pressures and the risk that central bankers may be willing to allow a higher inflation ceiling than in previous cycles.

Fund duration at the end of June 2023 was 5.9 years which is 94% of the benchmark index, the overall credit quality of the Fund is stable with an S&P rating of A-. The Fund holds an allocation of 31% in nominal US Treasuries and 19% in high quality agency US mortgage backed securities. Given the elevated level of risk-free yields and rising macro-economic risks we now have the ability to reduce credit risk even further without sacrificing yield and are actively positioning to minimize the potential for drawdown in the coming months.

## **Select Invest – Alternative Investment**

The net asset value (NAV) per share increased from \$16.7834 to \$17.7409 over the fiscal year to June 30, 2023, representing a 5.72% return for the year, net of all fees and expenses. In comparison, the Hedge Fund Research HFRX Global Hedge Fund benchmark returned 1.31%.

The Class is sub-advised by GCM Grosvenor and as at June 30, 2023 was allocated to 13 investment managers with an average allocation of approximately 8% to each manager, with the largest allocation to any single manager being just over 19%. The largest sector allocation the Fund had as at June 30, 2023 was to the Equities strategy at around 52%. The equities strategy is allocated across directional, low net equity, fundamental market neutral, event driven and specialist managers.

# Butterfield Select Invest Fund Limited

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## **Select Invest – Alternative Investment (continued)**

Relative Value strategies, which included the largest position in the Fund, performed well and contributed to overall returns. These strategies were well placed to exploit market mispricing opportunities. Equity strategies contributed to overall performance over the period, as small losses in the third quarter of 2022 were more than offset by positive returns over the balance of the fiscal year. Global Macro exposure performed well in 2022, but struggled in the first half of 2023.

The return of inflation, economic volatility and sector/geographic dispersion within markets has provided a much better backdrop for Hedge Funds. The Fund has managed to benefit from these trends and outperformed the HFR Global Hedge Index over the year. Net assets finished the year at \$15.66 million.

## **Select Invest – Alternative Investment Institutional**

The net asset value (NAV) per share rose from \$10.4472 to \$11.1587 over the fiscal year to June 30, 2023, representing a 6.79% return for the year, net of all fees and expenses. The benchmark for the Class, the Hedge Fund Research HFRX Global Hedge Fund returned 1.31%.

The Class was allocated to 18 investment managers with an average position size of approximately 5%, with the largest allocation to any single manager being around 11%. The Equities strategy was the largest at around 42%. Equity strategies contributed to overall performance over the period, benefiting from the recovery in equity markets and the dispersion between sectors and individual companies. Relative Value strategies also performed well and contributed to overall returns, as they were able to exploit market mispricing opportunities.

Macro strategies performed well in 2022, but struggled in the first half of 2023. Volatility in bond markets around the time of stress in the banking sector in the first quarter detracted from returns. Credit managers generated small positive returns, while Quantitative managers performed consistently well throughout the period.

The return of inflation, economic volatility and sector/geographic dispersion within markets has provided a much better backdrop for Hedge Funds. The Fund has managed to benefit from these trends and outperformed the HFR Global Hedge Index over the year. Net assets finished the year at \$98.9 million.

**Jeffrey Abbott, CFA**  
**Director**  
**Butterfield Select Invest Fund Limited**  
**November 24, 2023**

## Independent Auditor's Report

The Board of Directors  
Butterfield Select Invest Fund Limited, comprising Cautious Class,  
Conservative Class, Balanced Class and Growth Class

### Opinion

We have audited the financial statements of Butterfield Select Invest Fund Limited, comprising Cautious Class, Conservative Class, Balanced Class and Growth Class (collectively referred to as the Fund), which comprise the statement of financial position as at June 30, 2023, and the statement of comprehensive income, statement of changes in net assets attributable to shareholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information Included in the Fund's 2023 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the annual report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 Responsibilities 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 Canadian generally accepted auditing standards 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.

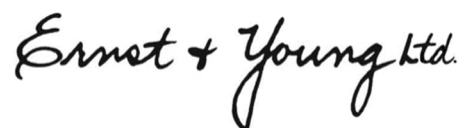
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 audit 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 achieves fair presentation.

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

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.

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



November 24, 2023

# Butterfield Select Invest Fund Limited

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## COMPANY INFORMATION

### DIRECTORS

Dwayne Outerbridge (resigned on October 12, 2023)  
Jeffrey Abbott (alternative: Michael Neff)  
Richard Foley (resigned on September 20, 2023)  
Andrew Rossiter (appointed on October 23, 2023)  
Nigel Garrard (appointed on October 23, 2023)

### INVESTMENT ADVISER

Butterfield Asset Management Limited  
65 Front Street  
Hamilton HM 12  
Bermuda

### CUSTODIAN

The Bank of N.T. Butterfield & Son Limited  
65 Front Street  
Hamilton HM 12  
Bermuda

### REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

MUFG Fund Services (Bermuda) Limited  
Cedar House, 4th Floor North  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

### AUDITORS

Ernst & Young Ltd.  
3 Bermudiana Road  
Hamilton HM 08  
Bermuda

# Butterfield Select Invest Fund Limited

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## STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

(Expressed in US Dollars)

		<b>CAUTIOUS CLASS</b>	
		June 30, 2023 US\$	June 30, 2022 US\$
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	28,453	10,296
Financial assets at fair value through profit or loss (Cost: 2023 - \$4,678,927; 2022 - \$4,293,296)	3, 4	5,168,943	4,545,516
Prepaid expenses		1,502	1,108
<b>Total assets</b>		<b>5,198,898</b>	<b>4,556,920</b>
<b>Liabilities</b>			
Redemptions payable		-	3,000
Accrued expenses	6, 7, 8	7,724	4,801
Subscriptions received in advance		-	525
<b>Total liabilities</b>		<b>7,724</b>	<b>8,326</b>
<b>Net assets attributable to shareholders</b>		<b>5,191,174</b>	<b>4,548,594</b>
Number of redeemable shares in issue	5	341,582	315,395
<b>Net asset value per redeemable share</b>		<b>15.1974</b>	<b>14.4219</b>

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



# Butterfield Select Invest Fund Limited

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2023

(Expressed in US Dollars)

		<b>CONSERVATIVE CLASS</b>	
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	<b>8,484</b>	23,380
Financial assets at fair value through profit or loss (Cost: 2023 - \$867,571; 2022 - \$1,321,600)	3, 4	<b>976,642</b>	1,473,254
Prepaid expenses		<b>317</b>	453
<b>Total assets</b>		<b>985,443</b>	1,497,087
<b>Liabilities</b>			
Accrued expenses	6, 7, 8	<b>4,499</b>	3,466
<b>Total liabilities</b>		<b>4,499</b>	3,466
<b>Net assets attributable to shareholders</b>		<b>980,944</b>	1,493,621
Number of redeemable shares in issue	5	<b>77,511</b>	120,105
<b>Net asset value per redeemable share</b>		<b>12.6555</b>	12.4360

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2023

(Expressed in US Dollars)

		<b>BALANCED CLASS</b>	
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	<b>37,708</b>	55,428
Financial assets at fair value through profit or loss (Cost: 2023 - \$6,263,829; 2022 - \$6,623,416)	3, 4	<b>7,505,898</b>	7,374,588
Prepaid expenses		<b>2,421</b>	3,390
Other assets		-	3,109
<b>Total assets</b>		<b>7,546,027</b>	7,436,515
<b>Liabilities</b>			
Accrued expenses	6, 7, 8	<b>15,859</b>	10,963
Subscriptions received in advance		<b>6,500</b>	636
<b>Total liabilities</b>		<b>22,359</b>	11,599
<b>Net assets attributable to shareholders</b>		<b>7,523,668</b>	7,424,916
Number of redeemable shares in issue	5	<b>467,014</b>	501,623
<b>Net asset value per redeemable share</b>		<b>16.1102</b>	14.8018

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2023

(Expressed in US Dollars)

		<b>GROWTH CLASS</b>	
		<b>June 30, 2023</b>	<b>June 30, 2022</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Notes</b>		
<b>Assets</b>			
Cash and cash equivalents	2 h)	<b>35,831</b>	-
Financial assets at fair value through profit or loss (Cost: 2023 - \$4,193,261; 2022 - \$4,050,439)	3, 4	<b>4,988,461</b>	4,304,548
Prepaid expenses		<b>1,437</b>	1,329
<b>Total assets</b>		<b>5,025,729</b>	4,305,877
<b>Liabilities</b>			
Bank overdraft		-	7,528
Accrued expenses	6, 7, 8	<b>5,352</b>	2,673
Subscriptions received in advance		<b>2,598</b>	5,349
<b>Total liabilities</b>		<b>7,950</b>	15,550
<b>Net assets attributable to shareholders</b>		<b>5,017,779</b>	4,290,327
Number of redeemable shares in issue	5	<b>277,009</b>	268,090
<b>Net asset value per redeemable share</b>		<b>18.1141</b>	16.0033

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

# Butterfield Select Invest Fund Limited

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## SCHEDULE OF PORTFOLIO INVESTMENTS

As at June 30, 2023

(Expressed in US Dollars)

### CAUTIOUS CLASS

		2023	
	Number of Shares	Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	31,325	\$ 555,703	10.75%
Butterfield Select Fund Limited – Equity Class	86,421	1,887,424	36.51%
Butterfield Select Fund Limited – Global Fixed Income Class	130,860	2,725,816	52.74%
<b>TOTAL INVESTMENTS</b> (Cost: 2023 - \$4,678,927)		\$ 5,168,943	100.00%

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### CONSERVATIVE CLASS

		2023	
	Number of Shares	Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	5,927	\$ 105,145	10.77%
Butterfield Select Fund Limited – Equity Class	6,376	139,253	14.26%
Butterfield Select Fund Limited – Global Fixed Income Class	35,153	732,244	74.97%
<b>TOTAL INVESTMENTS</b> (Cost: 2023 - \$867,571)		\$ 976,642	100.00%

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### BALANCED CLASS

		2023	
	Number of Shares	Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	46,190	\$ 819,403	10.92%
Butterfield Select Fund Limited – Equity Class	192,087	4,195,170	55.89%
Butterfield Select Fund Limited – Global Fixed Income Class	119,603	2,491,325	33.19%
<b>TOTAL INVESTMENTS</b> (Cost: 2023 - \$ 6,263,829 )		\$ 7,505,898	100.00%

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

# Butterfield Select Invest Fund Limited

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## SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2023

(Expressed in US Dollars)

### GROWTH CLASS

		2023	
	Number of Shares	Fair Value	% of Portfolio
<b>Investment Funds</b>			
Butterfield Select Fund Limited – Alternative Class	27,128	\$ 481,249	9.65%
Butterfield Select Fund Limited – Equity Class	185,151	4,043,707	81.06%
Butterfield Select Fund Limited – Global Fixed Income Class	22,252	463,505	9.29%
<b>TOTAL INVESTMENTS</b>			
(Cost: 2023 - \$4,193,261)		\$ 4,988,461	100.00%

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2023

(Expressed in US Dollars)

		<b>CAUTIOUS CLASS</b>	
		<b>2023</b>	<b>2022</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Notes</b>		
<b>Income</b>			
Net realised gain on financial assets at fair value through profit or loss		<b>51,874</b>	162,671
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		<b>237,796</b>	(806,469)
<b>Total income/(loss)</b>		<b>289,670</b>	(643,798)
<b>Expenses</b>			
Management fee	6 a)	<b>11,879</b>	13,105
Administration fee	7	<b>6,645</b>	7,356
Audit fee		<b>1,300</b>	1,282
Custodian fee	6 b)	<b>2,376</b>	2,621
Exchange fee		<b>670</b>	296
Government fee		<b>534</b>	435
Other expenses		<b>2,424</b>	2,203
<b>Total expenses</b>		<b>25,828</b>	27,298
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>263,842</b>	(671,096)

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

		CONSERVATIVE CLASS	
		2023 US\$	2022 US\$
	Notes		
<b>Income</b>			
Net realised gain on financial assets at fair value through profit or loss		49,502	58,619
Net change in unrealised loss on financial assets at fair value through profit or loss		(42,584)	(232,051)
<b>Total income/(loss)</b>		<b>6,918</b>	<b>(173,432)</b>
<b>Expenses</b>			
Management fee	6 a)	2,854	4,215
Administration fee	7	1,598	2,365
Audit fee		1,300	1,285
Custodian fee	6 b)	571	843
Exchange fee		294	207
Government fee		154	298
Other expenses		1,293	1,863
<b>Total expenses</b>		<b>8,064</b>	<b>11,076</b>
<b>Net decrease in net assets resulting from operations attributable to shareholders</b>		<b>(1,146)</b>	<b>(184,508)</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

		<b>BALANCED CLASS</b>	
		<b>2023</b>	<b>2022</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Notes</b>		
<b>Income</b>			
Net realised gain on financial assets at fair value through profit or loss		<b>185,885</b>	375,112
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		<b>490,896</b>	(1,545,976)
<b>Total income/(loss)</b>		<b>676,781</b>	(1,170,864)
<b>Expenses</b>			
Management fee	6 a)	<b>18,568</b>	21,819
Administration fee	7	<b>10,381</b>	12,250
Audit fee		<b>3,400</b>	2,900
Custodian fee	6 b)	<b>3,714</b>	4,364
Exchange fee		<b>2,054</b>	2,402
Government fee		<b>893</b>	956
Other expenses		<b>5,164</b>	4,462
<b>Total expenses</b>		<b>44,174</b>	49,153
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>632,607</b>	(1,220,017)

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



# Butterfield Select Invest Fund Limited

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

		<b>GROWTH CLASS</b>	
		<b>2023</b>	<b>2022</b>
		<b>US\$</b>	<b>US\$</b>
	<b>Notes</b>		
<b>Income</b>			
Net realised gain on financial assets at fair value through profit or loss		<b>72,464</b>	104,244
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		<b>541,090</b>	(891,795)
<b>Total income/(loss)</b>		<b>613,554</b>	(787,551)
<b>Expenses</b>			
Management fee	6 a)	<b>11,792</b>	12,211
Administration fee	7	<b>6,588</b>	6,859
Audit fee		<b>900</b>	540
Custodian fee	6 b)	<b>2,358</b>	2,442
Exchange fee		<b>718</b>	168
Government fee		<b>524</b>	28
Other expenses		<b>2,485</b>	1,763
<b>Total expenses</b>		<b>25,365</b>	24,011
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>		<b>588,189</b>	(811,562)

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended June 30, 2023

(Expressed in US Dollars)

	<b>CAUTIOUS CLASS</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>263,842</b>	<b>(671,096)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	707,782	484,636
Redemption of redeemable shares	(329,044)	(848,533)
Increase/(decrease) in net assets attributable to shareholders from transactions in shares	<b>378,738</b>	<b>(363,897)</b>
<b>Net increase/(decrease) in net assets attributable to shareholders</b>	<b>642,580</b>	<b>(1,034,993)</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>4,548,594</b>	<b>5,583,587</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>5,191,174</b>	<b>4,548,594</b>

	<b>CONSERVATIVE CLASS</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Net decrease in net assets resulting from operations attributable to shareholders</b>	<b>(1,146)</b>	<b>(184,508)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	13,500	98,500
Redemption of redeemable shares	(525,031)	(167,812)
Decrease in net assets attributable to shareholders from transactions in shares	<b>(511,531)</b>	<b>(69,312)</b>
<b>Net decrease in net assets attributable to shareholders</b>	<b>(512,677)</b>	<b>(253,820)</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>1,493,621</b>	<b>1,747,441</b>
<b>Net assets attributable to shareholders – end of year</b>	<b>980,944</b>	<b>1,493,621</b>

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

	<b>BALANCED CLASS</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>632,607</b>	<b>(1,220,017)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	<b>189,302</b>	988,935
Redemption of redeemable shares	<b>(723,157)</b>	(1,227,419)
Decrease in net assets attributable to shareholders from transactions in shares	<b>(533,855)</b>	(238,484)
<b>Net increase/(decrease) in net assets attributable to shareholders</b>	<b>98,752</b>	<b>(1,458,501)</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>7,424,916</b>	8,883,417
<b>Net assets attributable to shareholders – end of year</b>	<b>7,523,668</b>	7,424,916

	<b>GROWTH CLASS</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Net increase/(decrease) in net assets resulting from operations attributable to shareholders</b>	<b>588,189</b>	<b>(811,562)</b>
<b>Capital stock transactions</b>		
Issue of redeemable shares	<b>607,117</b>	831,010
Redemption of redeemable shares	<b>(467,854)</b>	(499,368)
Increase in net assets attributable to shareholders from transactions in shares	<b>139,263</b>	331,642
<b>Net increase/(decrease) in net assets attributable to shareholders</b>	<b>727,452</b>	<b>(479,920)</b>
<b>Net assets attributable to shareholders – beginning of year</b>	<b>4,290,327</b>	4,770,247
<b>Net assets attributable to shareholders – end of year</b>	<b>5,017,779</b>	4,290,327

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

# Butterfield Select Invest Fund Limited

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## STATEMENT OF CASH FLOWS

For the year ended June 30, 2023

(Expressed in US Dollars)

	<b>CAUTIOUS CLASS</b>	
	<b>2023</b>	2022
	<b>US\$</b>	US\$
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	<b>263,842</b>	(671,096)
<i>Adjustments for:</i>		
Purchase of financial assets	<b>(957,781)</b>	(583,886)
Net proceeds from sale of financial assets	<b>624,024</b>	948,533
Net realised gain on financial assets	<b>(51,874)</b>	(162,671)
Net change in unrealised (gain)/loss on financial assets	<b>(237,796)</b>	806,469
Changes in:		
Prepaid expenses	<b>(394)</b>	(335)
Accrued expenses	<b>2,923</b>	(657)
<b>Net cash (used in)/provided by operating activities</b>	<b>(357,056)</b>	336,357
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	<b>707,257</b>	484,961
Payments on redemption of shares	<b>(332,044)</b>	(845,533)
<b>Net cash provided by/(used in) financing activities</b>	<b>375,213</b>	(360,572)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,157</b>	(24,215)
<b>Cash and cash equivalents – beginning of year</b>	<b>10,296</b>	34,511
<b>Cash and cash equivalents – end of year</b>	<b>28,453</b>	10,296

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

# Butterfield Select Invest Fund Limited

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## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

	CONSERVATIVE CLASS	
	2023 US\$	2022 US\$
<b>Cash flows from operating activities</b>		
Net decrease in net assets resulting from operations attributable shareholders	(1,146)	(184,508)
<i>Adjustments for:</i>		
Purchase of financial assets	(145,501)	(163,500)
Net proceeds from sale of financial assets	649,031	232,812
Net realised gain on financial assets	(49,502)	(58,619)
Net change in unrealised loss on financial assets	42,584	232,051
Changes in:		
Prepaid expenses	136	707
Accrued expenses	1,033	29
<b>Net cash provided by operating activities</b>	<b>496,635</b>	<b>58,972</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	13,500	98,500
Payments on redemption of shares	(525,031)	(167,812)
<b>Net cash used in financing activities</b>	<b>(511,531)</b>	<b>(69,312)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(14,896)</b>	<b>(10,340)</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>23,380</b>	<b>33,720</b>
<b>Cash and cash equivalents – end of year</b>	<b>8,484</b>	<b>23,380</b>

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

# Butterfield Select Invest Fund Limited

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## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

	BALANCED CLASS	
	2023 US\$	2022 US\$
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	<b>632,607</b>	(1,220,017)
<i>Adjustments for:</i>		
Purchase of financial assets	<b>(952,147)</b>	(1,287,540)
Net proceeds from sale of financial assets	<b>1,497,618</b>	1,528,481
Net realised gain on financial assets	<b>(185,885)</b>	(375,112)
Net change in unrealised (gain)/loss on financial assets	<b>(490,896)</b>	1,545,976
Changes in:		
Prepaid expenses	<b>969</b>	(486)
Other assets	<b>3,109</b>	(3,109)
Accrued expenses	<b>4,896</b>	(1,117)
<b>Net cash provided by operating activities</b>	<b>510,271</b>	187,076
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	<b>195,166</b>	716,771
Payments on redemption of shares	<b>(723,157)</b>	(1,227,419)
<b>Net cash used in financing activities</b>	<b>(527,991)</b>	(510,648)
<b>Net decrease in cash and cash equivalents</b>	<b>(17,720)</b>	(323,572)
<b>Cash and cash equivalents – beginning of year</b>	<b>55,428</b>	379,000
<b>Cash and cash equivalents – end of year</b>	<b>37,708</b>	55,428

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

# Butterfield Select Invest Fund Limited

## STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2023

(Expressed in US Dollars)

	<b>GROWTH CLASS</b>	
	<b>2023</b>	<b>2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Cash flows from operating activities</b>		
Net increase/(decrease) in net assets resulting from operations attributable shareholders	<b>588,189</b>	(811,562)
<i>Adjustments for:</i>		
Purchase of financial assets	<b>(880,553)</b>	(860,961)
Net proceeds from sale of financial assets	<b>810,194</b>	529,368
Net realised gain on financial assets	<b>(72,464)</b>	(104,244)
Net change in unrealised (gain)/loss on financial assets	<b>(541,090)</b>	891,795
Changes in:		
Prepaid expenses	<b>(108)</b>	(563)
Accrued expenses	<b>2,679</b>	(1,206)
<b>Net cash used in operating activities</b>	<b>(93,153)</b>	(357,373)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	<b>604,366</b>	822,109
Payments on redemption of shares	<b>(467,854)</b>	(504,368)
<b>Net cash provided by financing activities</b>	<b>136,512</b>	317,741
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>43,359</b>	(39,632)
<b>Cash and cash equivalents – beginning of year</b>	<b>(7,528)</b>	32,104
<b>Cash and cash equivalents – end of year</b>	<b>35,831</b>	(7,528)

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

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2023

### 1. CORPORATE INFORMATION

Butterfield Select Invest Fund Limited (the “Fund”) is a mutual fund which was incorporated as an exempted company with limited liability and with unlimited duration under the laws of Bermuda on September 1, 2005.

The Fund commenced operations on October 6, 2005. The Bank of N. T. Butterfield & Son Limited acts as custodian (the “Custodian” or the “Bank”). Butterfield Asset Management Limited acts as investment adviser (the “Investment Adviser”). MUFG Fund Services (Bermuda) Limited acts as registrar and transfer agent and as accountants/administrator (the “Registrar and Transfer Agent” or “Administrator”) for the Fund. The Investment Adviser is a wholly owned subsidiary of the Bank.

The registered address of the Fund is c/o MUFG Fund Services (Bermuda) Limited, Cedar House, 4<sup>th</sup> Floor North, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

The Investment Adviser and Custodian maintain separate business units, roles and responsibilities to ensure segregation between different functions.

The objective of the Fund is to act as a fund of funds, allocating its assets to either the Butterfield Select Fund Limited’s (BFSL) Share Classes, an affiliated fund, which offers a convenient and efficient vehicle for investing in mutual funds and index instruments which are anticipated to provide the best opportunity for capital appreciation having regard to diversification; or mutual funds and exchange traded funds. The Fund may also hold money market instruments, other investments or mutual funds for cash management purposes.

The Fund offers five classes, namely, Cautious, Balanced, Conservative, Dynamic and Growth. Each of the Cautious, Balanced, Conservative, and Growth share classes invests in various weightings of BFSL share classes. The Dynamic Class is currently inactive.

### 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 held at fair value through profit or loss.

The financial statements are presented 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.

The Fund presents its statement of financial position in order of liquidity.

#### 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 materially from these estimates.



# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 2. BASIS OF PREPARATION (CONTINUED)

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

##### b) 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 financial asset 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.

##### ***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 the gains and losses on them on different bases.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### BASIS OF PREPARATION (CONTINUED)

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

#### b) Financial instruments (continued)

##### i. Classification (continued)

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

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 fair value through profit or loss 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 other short-term payables.

#### **Receivables and loans**

Receivables and Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category collateral on derivatives, securities borrowed and other short-term receivables.

#### **Other financial liabilities**

This category includes all financial liabilities, other than those classified at FVPL. The Fund includes in this category debentures, collateral on derivatives, securities lent and other short-term payables.

##### ii. Initial 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.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 2. BASIS OF PREPARATION (CONTINUED)

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

##### b) Financial instruments (continued)

###### 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 as FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net change in unrealised gain or loss on financial assets at fair value through profit or loss in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income 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 ("EIR"). Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the amortisation process.

The 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 on when 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 the Fund has:

- (a) Transferred substantially all of the risks and rewards of the asset, or
- (b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 2. BASIS OF PREPARATION (CONTINUED)

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

##### b) 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.

##### c) Fair value measurement

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 dealer price quotations, without any deduction for transaction costs.

It is the policy of the Fund to value any asset quoted, listed, traded or dealt with on an exchange or market by reference to the last traded price on or prior to the relevant Valuation Day on the major exchange or market in which the assets are dealt, to the extent that such valuation is based on a price within the bid-ask spread that is most representative of fair value on valuation date.

In circumstances where the last traded price is not within the bid-ask spread, the Directors will determine the point within the bid-ask spread that is most representative of fair value.

Investments in underlying funds are carried at fair value, which is based on the net asset value ("NAV") of each share of the Fund's investments in or the pro-rata interest in the net assets of such investment funds as published or otherwise reported by the investment fund's administrators. The underlying investments of each fund are accounted for at fair value as described in each investment fund's financial statements.

The Directors at their absolute discretion may permit some other method of valuation to that described above if they consider such valuation better reflects the fair value of any investment.

##### d) 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, 2023 and 2022, 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.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 2. BASIS OF PREPARATION (CONTINUED)

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

##### d) Impairment of financial assets (continued)

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.

##### e) Functional and presentation currency

The Fund's functional currency is the United States Dollar (US 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 US Dollars. Therefore, the US 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 US Dollars.

##### f) 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.

Management has determined that, as at June 30, 2023 and 2022, 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.

##### g) 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.

The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included in the net realised and change in unrealised gain/(loss) on investments in the statement of comprehensive income.

##### h) Cash and cash equivalents

Cash and cash equivalents 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. Bank overdrafts (if any) are shown in liabilities in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable. As at June 30, 2023 and 2022, there was no restricted cash and cash equivalents held.

##### i) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the EIR.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 2. BASIS OF PREPARATION (CONTINUED)

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

**j) 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. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

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

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

**l) Expenses**

All expenses (including management fees) are recognised in the statement of comprehensive income on an accrual basis.

**m) Going concern**

The Fund's management has assessed 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.

**n) Redeemable participating shares**

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. The redeemable participating shares can be put back to the Fund on any dealing day (normally the next business day following the Valuation Day, which is on Thursday in each week) at a value equal to a proportionate share of the Fund's NAV. The Fund's net asset value per share is calculated by dividing the net assets attributable to shareholders with the total number of outstanding redeemable shares.

**o) Investment entity**

IFRS 10 defines an investment entity 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.

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 on a fair value basis.

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

**p) Impact of new accounting pronouncements**

For the year ended June 30, 2023, there are no new accounting pronouncements that are expected to have a material impact on the financial statements.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 2. BASIS OF PREPARATION (CONTINUED)

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

##### q) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

##### *Fair value*

For fair value of financial instruments please refer to Note 4.

##### r) Comparative information

Where necessary, comparative figures are adjusted to comply with changes in presentation in the current year.

### 3. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management approach includes formal guidelines to govern the extent of exposure to various types of risk. The Investment Adviser also has various internal controls to oversee the Fund's investment activities, including monitoring compliance with the investment objective and strategies, internal guidelines and securities regulations.

#### **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 cash and cash equivalents and balances held at brokers.

The value of such balances on the statement of financial position includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

Substantially all of the assets of the Fund are held by the Fund's Custodian. The Fund monitors its risk by monitoring the credit quality of the Custodian. As at June 30, 2023, the credit rating of the Custodian, as provided by Standard and Poor's, was BBB+ (2022 – BBB+).

#### **Currency Risk**

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. When the Fund enters into transactions which are denominated in currencies other than the Fund's reporting currency, the Investment Adviser attempts to mitigate the associated currency risk, which may include the use of forward currency contracts.

As at June 30, 2023 and 2022, the Fund's exposure to currencies other than the Fund's reporting currency was not significant; thus, any risks associated are likewise not significant to the Fund as a whole.

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's exposure to cash flow interest rate risk is limited to its cash and cash equivalents or bank overdrafts which represent 0.55% (2022 – 0.23%) for Cautious Class, 0.86% (2022 – 1.57%) for the Conservative Class; 0.50% (2022 – 0.75%) for the Balanced Class; and 0.71% (2022 – 0.18%) for the Growth Class; of each of the respective Class' net assets. The Fund does not have any other significant interest-bearing assets or liabilities.

#### Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable shares. The Fund invests primarily in other investment companies which could expose the Fund to increased liquidity risk. The investments in the Fund's portfolio are realizable on a daily or a weekly basis which mitigates the risk related to weekly cash redemptions. The Fund may be exposed to additional liquidity risks in extraordinary cases where underlying investment companies had periods in which redemptions are suspended due to adverse market conditions.

As of June 30, 2023 and 2022, all investments held by the Cautious, Conservative, Balanced and Growth Classes offer redemptions on a daily or weekly basis.

#### Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. All investments of the Fund are exposed to price/market risk. The Investment Adviser attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy.

As at June 30, 2023 and 2022, all of the investments held in the Cautious, Conservative, Balanced, and Growth Classes were exposed to changes in portfolio prices. As at June 30, 2023 and 2022, if the portfolio prices had been 5% higher or lower with all other variables held constant the net assets of each class would have been impacted as follows:

	Impact on Net Assets	
	2023	2022
	US\$	US\$
Cautious Class	258,447	227,276
Conservative Class	48,832	73,663
Balanced Class	375,295	368,729
Growth Class	249,423	215,227

A sensitivity rate of 5% is used when reporting other price/market risk internally to key management personnel and represents management's assessment of possible change in market prices.



# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 4. FAIR VALUE OF FINANCIAL ASSETS

The following 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 market observable for the asset or liability, either directly or indirectly; and
- 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.

For the year ended June 30, 2023, all of the investments held in the Cautious, Conservative, Balanced and Growth Classes were classified as Level 2. For the year ended June 30, 2022, all of the investments held in the Cautious, Conservative, Balanced and Growth Classes were classified as Level 2.

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being traded in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 during the years ended June 30, 2023 and 2022. Financial assets and liabilities transferred from Level 2 to Level 1 are the 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 during the years ended June 30, 2023 and 2022. The Fund did not hold any level 3 investments at the beginning, during, or at the end of the years ended June 30, 2023 and 2022.

### 5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is US\$10,001 (2022 – US\$10,001) divided into:

1,000,000,000 redeemable shares of US\$0.00001 par value each, which have been designated as non-voting, participating shares.

100 organisational shares of US\$.01 par value each, which have been designated as voting, non-participating shares, allotted for cash at par to the Investment Adviser and its nominees.

Under the By-laws, the organisational shares have only nominal rights if and so long as there are any other shares of the Fund in issue.

Details of shares issued and outstanding during the years ended June 30, 2023 and 2022 are as follows:

#### CAUTIOUS CLASS REDEEMABLE SHARES

	2023	2022
Balance – beginning of year	315,395	338,775
Issue of redeemable shares	48,025	29,748
Redemption of redeemable shares	(21,838)	(53,128)
Balance – end of year	<u>341,582</u>	<u>315,395</u>

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

#### CONSERVATIVE CLASS REDEEMABLE SHARES

	2023	2022
Balance – beginning of year	120,105	125,315
Issue of redeemable shares	1,081	7,015
Redemption of redeemable shares	(43,675)	(12,225)
Balance – end of year	77,511	120,105

#### BALANCED CLASS REDEEMABLE SHARES

	2023	2022
Balance – beginning of year	501,623	516,479
Issue of redeemable shares	12,467	57,545
Redemption of redeemable shares	(47,076)	(72,401)
Balance – end of year	467,014	501,623

#### GROWTH CLASS REDEEMABLE SHARES

	2023	2022
Balance – beginning of year	268,090	250,389
Issue of redeemable shares	36,323	44,720
Redemption of redeemable shares	(27,404)	(27,019)
Balance – end of year	277,009	268,090

Redeemable shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the class. Redeemable shares may be redeemed for an amount equal to the net asset value per share as at the close of business on the Valuation Day, following receipt of the properly completed request for redemption, subject to the power of the directors to deduct therefrom an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

#### Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's Prospectus.

### 6. RELATED PARTY TRANSACTIONS

#### a) Management Fee

The Investment Adviser is related to the Fund through common directorship.

Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 1.0% per annum of the average valuation of the net assets of each class in each month, 0.25% was charged during the year (2022: 0.25%) and will be paid on the last Valuation Day in each month.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 6. RELATED PARTY TRANSACTIONS (CONTINUED)

#### a) Management Fee (continued)

Class	Management fees charged		Management fees payable	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
<b>Cautious</b>	<b>11,879</b>	13,105	<b>1,315</b>	1,103
<b>Conservative</b>	<b>2,854</b>	4,215	<b>242</b>	360
<b>Balanced</b>	<b>18,568</b>	21,819	<b>1,840</b>	1,819
<b>Growth</b>	<b>11,792</b>	12,211	<b>1,218</b>	1,057

#### b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based on the fair value of assets under administration at the rate of 3.25 basis points per annum, subject to a minimum of \$1,250 for each of the Select Invest classes. On March 1, 2018 this rate increased to 5 basis points per annum. Details of custodian fees charged and payable, as at June 30, 2023 and 2022 for each class are set out in the table below.

Class	Custodian fees charged		Custodian fees payable	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
<b>Cautious</b>	<b>2,376</b>	2,621	<b>263</b>	221
<b>Conservative</b>	<b>571</b>	843	<b>48</b>	72
<b>Balanced</b>	<b>3,714</b>	4,364	<b>368</b>	364
<b>Growth</b>	<b>2,358</b>	2,442	<b>244</b>	211

The Fund also invests in BFSL, a related party. Please refer to the schedule of portfolio investments for further details.

### 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 was \$25,212 (2022: \$28,830). Details of administration fees charged and payable, as at June 30, 2023 and 2022 for each class are set out in the table below. Administration fees payable at June 30, 2023 and 2022 are included in accrued expenses in the statements of financial position.

Class	Administration fees charged		Administration fees payable	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
<b>Cautious</b>	<b>6,645</b>	7,356	<b>2,489</b>	622
<b>Conservative</b>	<b>1,598</b>	2,365	<b>583</b>	203
<b>Balanced</b>	<b>10,381</b>	12,250	<b>3,617</b>	1,028
<b>Growth</b>	<b>6,588</b>	6,859	<b>2,392</b>	599

# Butterfield Select Invest Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 8. OTHER PAYABLES

Other payables to various third parties as of June 30, 2023 and 2022 are included in accrued expenses in the statements of financial position are set out in the table below.

Class	Other payables	
	2023 US\$	2022 US\$
Cautious	3,657	2,855
Conservative	3,626	2,831
Balanced	10,034	7,751
Growth	1,498	806

### 9. TAXATION

Under current Bermuda law, the Fund is not obligated to pay taxes in Bermuda on either income or capital gains. The Fund has received an undertaking from the Minister of Finance in Bermuda, pursuant to the provisions of the exempted undertaking Tax Protection Act, 1966 which exempted the Fund from any such Bermuda taxes up to March 28, 2016.

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011, allowing the Minister of Finance to grant assurance up to March 31, 2035. On January 29, 2015 the Minister of Finance granted assurance to the Fund up to that date.

In accordance with IFRIC 23 'Uncertainty over income tax treatments' ("IFRIC 23"), the Fund has analysed its tax positions and has concluded that no asset/liability for unrecognised tax benefits/obligations should be recorded relating to uncertain tax positions for the year ended June 30, 2023. Currently, the only taxes recorded by the Fund are withholding taxes applicable to certain income. For the year ended June 30, 2023 and 2022, no other income tax liability or expense has been recorded in the accompanying financial statements.

### 10. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2023 (2022: none).

### 11. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2023 through November 24, 2023 the date the financial statements were available to be issued, and concluded that there are no other subsequent events requiring disclosure in the financial statements.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 12. FINANCIAL HIGHLIGHTS

2023

	Cautious Class	Conservative Class	Balanced Class	Growth Class
<b>Per Share Information</b>				
<b>Net asset value - beginning of year</b>	\$ 14.4219	\$ 12.4360	\$ 14.8018	\$ 16.0033
<b>Net investment income from operations</b>				
Net investment loss****	(0.0797)	(0.0791)	(0.0910)	(0.0906)
Net realised and unrealised gain or loss on investments	0.8552	0.2986	1.3994	2.2014
Total from investment operations	0.7755	0.2195	1.3084	2.1108
<b>Net asset value - end of year</b>	\$ 15.1974	\$ 12.6555	\$ 16.1102	\$ 18.1141

#### Ratios / Supplemental Data

Total net assets - end of year	\$ 5,191,174	\$ 980,944	\$ 7,523,668	\$ 5,017,779
Weighted average net assets*	\$ 4,746,230	\$ 1,125,184	\$ 7,427,522	\$ 4,732,365
Ratio of expenses to weighted average net assets	0.54%	0.72%	0.59%	0.54%
Portfolio turnover rate**	13.24%	13.02%	12.83%	17.32%
Annual rate of return***	5.29%	1.77%	8.84%	13.19%

\* Weighted average net assets are calculated using net assets on the last valuation date of each month.

\*\* 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.

\*\*\* Annual rate of return is calculated by comparing the end of year net asset value to the beginning of year net asset value.

\*\*\*\*Net investment gain/loss represents other income less expenses.

# Butterfield Select Invest Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2023

### 12. FINANCIAL HIGHLIGHTS (CONTINUED)

2022

	Cautious Class	Conservative Class	Balanced Class	Growth Class
<b>Per Share Information</b>				
<b>Net asset value - beginning of year</b>	\$ 16.4817	\$ 13.9435	\$ 17.2000	\$ 19.0513
<b>Net investment income from operations</b>				
Net investment loss****	(0.0836)	(0.0879)	(0.0947)	(0.0918)
Net realised and unrealised gain on investments	(1.9762)	(1.4196)	(2.3035)	(2.9562)
<b>Total from investment operations</b>	<b>(2.0598)</b>	<b>(1.5075)</b>	<b>(2.3982)</b>	<b>(3.0480)</b>
<b>Net asset value - end of year</b>	\$ 14.4219	\$ 12.4360	\$ 14.8018	\$ 16.0033
<b>Ratios / Supplemental Data</b>				
Total net assets - end of year	\$ 4,548,594	\$ 1,493,621	\$ 7,424,916	\$ 4,290,327
Weighted average net assets*	\$ 5,210,807	\$ 1,679,506	\$ 8,676,867	\$ 4,862,515
Ratio of expenses to weighted average net assets	0.52%	0.66%	0.57%	0.49%
Portfolio turnover rate**	11.24%	9.88%	14.96%	10.88%
Annual rate of return***	(12.50)%	(10.76)%	(13.95)%	(16.01)%

\* Weighted average net assets are calculated using net assets on the last valuation date of each month.

\*\* 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.

\*\*\* Annual rate of return is calculated by comparing the end of year net asset value to the beginning of year net asset value.

\*\*\*\*Net investment gain/loss represents other income less expenses.

### 13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on November 24, 2023.