

## Money Market Fund: GBP Class

Quarter 2 2025

### Objective

To seek as high an overall rate of return as is consistent with maintaining liquidity and security of principal.

### Investment policy

To invest in a range of British pound-denominated money market instruments, the issuers of which will have first-class credit ratings. Instruments will consist of cash equivalents and a range of debt securities.

### Investment process

Seek out short-term, high quality money market instruments that offer attractive spreads on the respective overnight rate according to currency.

### Key facts as at 30 June 2025

Currency	GBP
Valuation	Daily
Dealings	Daily
Front end fee	None
Units available	Accumulation
Identifier	BUTMMSI BH
Fiscal year end	30 June
Minimum investment	Class A - GBP 10,000 Class B - GBP 5,000,000
Total expense ratio	Class A - 0.565% Class B - 0.465%
Size of fund (millions)	GBP 31.032
NAV per share - Class A	GBP 22.8738
NAV per share - Class B	GBP 23.4167
Risk rating	Low risk/Low return

### Average annual compound returns (Class A & B)

	1 year	3 years	5 years	7 years	10 years
Class A	4.23%	3.73%	2.24%	1.71%	1.20%
Class B	4.33%	3.83%	2.30%	1.78%	1.26%

### 7-day yield (30 June 2025)

Class A	3.51%
Class B	3.61%

### Fund review

2025 is proving to be a challenging year for the Bank of England (BoE) to navigate. On the one hand, inflation has jumped up to 3.6% in June. This is well above the target range and inflation remains a top concern for the BoE. The central bank's forecast is that inflation will remain elevated in 2025 before falling back towards target in the medium term. Nonetheless, two quarters of paltry growth led the members to cut official rate by 25bps overnight. The BoE have reiterated that a gradual reduction in the official rate is the best course at this time. Indeed, Q1 growth bounced back to 0.7% which is a great number for the UK economy. Growth came from the services component which is very encouraging if growth continues on this path. Yet, the unemployment rate continued to climb, reaching 4.7% in May. A struggling labor market could hinder the economy's ability to grow over the medium term. Add to that, the conflicts in the Middle East and the ambiguity of Trump's tariff policies on trade and it becomes difficult to forecast how 2025 will end up for the UK.

Credit quality is excellent in the GBP Class with only one Euro-commercial paper rated A-1. The rest of the portfolio holds the top S&P rating of A-1+ due mostly to the portfolio being dominated by UK Treasury bills. The two holdings of zero coupon CDs will mature in August. Average life fell from 48 days to 36 days because short term rates now reflect additional cuts to the official rate. This removed the benefit of extending maturities. The 25bps rate cut from this quarter is reflected in the Class A 7-day yield which declined to 3.51% by quarter end as maturities were reinvested into lower short-term yields. The Class size was also lower ending the period at £31 million.

Standard & Poor's  
Principal Stability rating

**AAAm**[www.butterfieldgroup.com](http://www.butterfieldgroup.com)

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**Average duration and credit rating**

Duration	36 days
Credit rating	S&P AAAm

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**Fund allocation**