

International Balanced Fund: USD Class

Quarter 3 2025

Objective

To achieve long-term capital growth whilst exposing the investor to a moderate level of risk.

Investment policy

To hold a global portfolio of money market instruments, eurobonds, domestic government bonds and international equities. This combination of investment and geographical spread provides the Fund with the necessary diversification to reduce risk and maximise returns for the US dollar-based investor.

Investment process

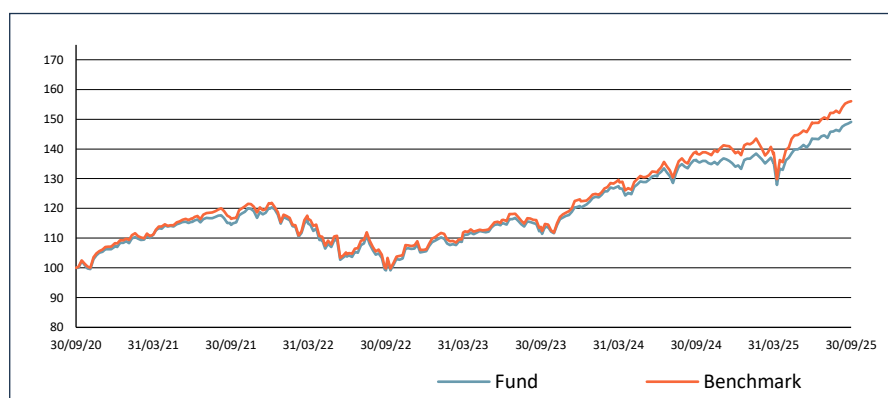
Benchmarked against a portfolio of 60% international equities and 40% US dollar fixed income. The primary consideration for our fixed income strategy is liquidity and safety of principal. The duration will move to facilitate this capital preservation objective. The equity process is to focus on large capitalisation companies with market leadership positions and a history of consistent earnings growth.

Key facts as at 30 September 2025

Currency	USD
Valuation	Weekly
Dealings	Tuesday
Front end fee	None
Units available	Accumulation
Identifier	BUTIBLI KY
Fiscal year end	30 June
Minimum investment	USD 5,000
Total expense ratio	1.14%
Size of fund (millions)	USD 29.7
NAV per share	USD 49.08
Risk rating	Moderate risk/ Moderate return



Performance chart



Average annual compound returns

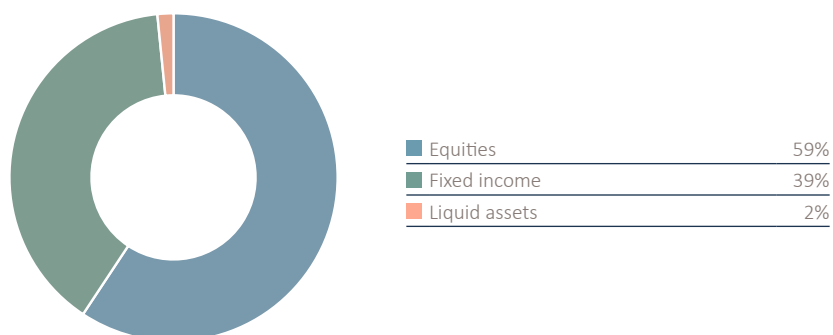
	1 year	3 years	5 years	7 years	10 years
Fund	9.36%	14.56%	8.32%	7.45%	7.76%
Benchmark	12.07%	16.00%	9.26%	8.41%	8.53%

Fund review

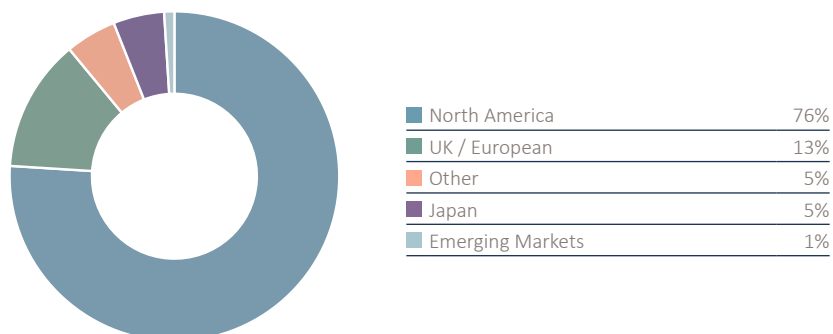
The third quarter began with rising political pressure, looming tariff deadlines, renewed questions over central-bank independence and ended with a resumption of US monetary easing alongside growing risks of a government shutdown. Short-dated Treasuries outperformed, as investors leaned into carry and the probability of rapid base rate cuts increased. Inflation expectations firmed but remained relatively well anchored despite concerns over the fiscal deficit and a stronger macro backdrop. Policy moves across major economies underscored the continuation of the global easing cycle. After nearly a year on hold, the Federal Reserve lowered its base rate by 25 bps to 4.25%, as did the Bank of England, while both the European Central Bank and the Bank of Japan left policy unchanged. By quarter-end, futures markets were expecting another 25 bps US cut in October and had fully priced a glide path toward a 3% policy rate by end-2026, consistent with the Fed's estimate of the neutral rate of interest. On the US macro front, the final second quarter GDP print was revised up to an annualised 3.8%, while the Atlanta Fed's GDPNow estimate for the third quarter closed the quarter up at around 3.9%, highlighting broad-based momentum even as employment trends remained weak. The next major catalyst for markets is the US government funding timeline. A broad-based shutdown would create a near-term data blackout, limiting policymakers' ability to gauge the health of the domestic economy, while a prolonged standoff that triggers permanent departmental or headcount reductions could alter the medium-term bond market outlook. A smaller federal payroll and tighter spending would help narrow the deficit and reduce expected Treasury supply, while weaker aggregate demand would increase the likelihood of further Fed easing. The MSCI World Index delivered its fifth consecutive month of positive returns in September, marking its strongest September in the past twelve years; a notable achievement given the typically weak seasonality for the month. Equities maintained their

momentum, posting an impressive quarterly return of 7.3%, following an 11.5% gain in the second quarter and a negative result in the first. Year-to-date, the MSCI World Index is up 17.4%, positioning itself for potentially another outstanding year for equity investors. Technology stocks once again led sector performance in the third quarter, though there was considerable variation within subsectors. Technology Hardware emerged as the best-performing subsector, returning 22%. The Consumer Staples sector was the worst performer, declining by 2%, as defensive stocks lagged and tariffs began to impact business. While Consumer Discretionary outperformed the broader index, largely due to Tesla's shares rallying 40%. The second quarter earnings season exceeded expectations, with S&P 500 earnings growing by 11% year-on-year; well above analysts' projections of 4%. Notably, 58% of companies raised their 2025 guidance, double the proportion seen in the first quarter. This outperformance was partly attributed to a weaker dollar, given that international sales account for 28% of S&P 500 revenues, as well as resilient profit margins. Following "Liberation Day", analysts reduced earnings forecasts due to tariff concerns, although these effects have yet to materialise. Earnings have been the primary driver of the S&P 500's year-to-date total returns, and with historically high earnings multiples, future gains are likely to be driven by continued earnings growth. Looking ahead, we remain cautiously constructive on risk assets but with tighter budgets. Global growth appears broadly stable as the "Liberation Day" drag fades. China remains weak, but continues to export disinflation, while US activity shows little sign of slowing, even as employment breadth softens. Tariff noise has eased, though the inflation pass-through is still uncertain given limited corporate pricing power. With valuations stretched and Fed easing likely fully priced, we have dialled back broad risk exposure. However, with the US economy still expected to deliver close to 5% nominal growth this year and next, we will continue to add high-quality carry when we see any equity-led weakness, prioritising liquidity and downside protection.

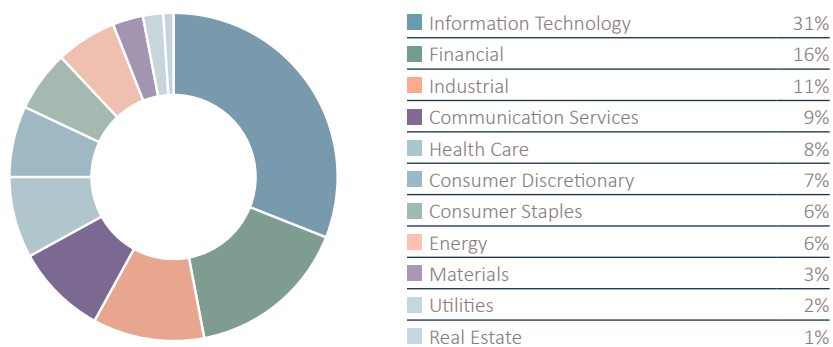
Asset allocation



Geographic allocation



Equity sector allocation



Note: Regional index tracking products have been excluded.

Contact us

**Butterfield
Bank (Cayman)
Limited**

Tel: (345) 949 7055

Average duration and credit rating

Duration	2.58 Yrs
Average coupon	1.67%
Credit rating	S&P AA
Yield to maturity	3.55%

Top 10 holdings

1	NVIDIA CORP	Information Technology	7.16%
2	APPLE COMPUTER INC	Information Technology	4.71%
3	MICROSOFT CORP	Information Technology	4.65%
4	ALPHABET INC CLASS C	Communication Services	3.73%
5	AMAZON COM INC	Consumer Discretionary	2.81%
6	META PLATFORMS INC-CLASS A	Communication Services	2.66%
7	NOVARTIS A G	Health Care	2.40%
8	SIEMENS AG	Industrial	2.15%
9	E.ON SE NPV	Utilities	2.10%
10	SAP SE-SPONSORED ADR	Information Technology	1.97%

Note: Index tracking products have been excluded.

Benchmark composition

60% MSCI World Index / 40% ICE BofAML 1-5 Year AAA-A US Corp & Govt Index.

All benchmark components are calculated on a total return basis i.e. dividends included and net of appropriate withholding taxes.

Note: As at 1 July 2018 the Equity benchmark changed from the S&P Global 100 to the MSCI World.