

US Dollar Bond Fund: Class A & B

Quarter 3 2025

Objective

To maximise total return through income and capital gains by investing in medium to high-grade US dollar-denominated debt securities with a short to medium-term maturity profile.

Investment policy

The Fund will target a weighted average duration of 2.5 years and will enhance returns through sector and credit diversification.

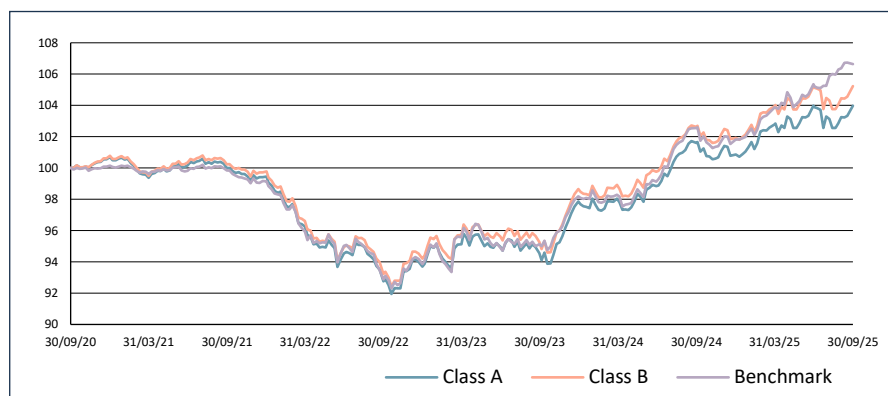
Investment process

The primary considerations for our fixed income investment choices are liquidity and safety of principal. Our philosophy is to focus on all elements of yield enhancement in order to incrementally outperform the benchmark on a consistent basis.

Key facts as at 30 September 2025

Currency	USD
Valuation	Weekly
Dealings	Wednesday
Front end fee	None
Units available	Income distribution Accumulating
Identifier	Class A - BUTUSBI BH Class B - BUTUSBB BH
Fiscal year end	30 June
Minimum investment	Class A - USD 10,000 Class B - USD 1,000,000
Total expense ratio	Class A - 0.76% Class B - 0.51%
NAV per share - Class A	USD 10.544
NAV per share - Class B	USD 10.760
Size of fund (millions)	USD 145.2
Risk rating	Low risk/Low return

Performance chart (Class A & B)



Average annual compound returns (Class A & B)

	QTD	YTD	1 year	3 years	5 years	7 years	10 years
Class A	1.42%	4.56%	3.80%	4.37%	1.07%	2.06%	1.66%
Class B	1.48%	4.76%	4.06%	4.63%	1.32%	2.31%	1.91%
Index	1.23%	4.74%	3.99%	4.71%	1.29%	2.41%	1.85%

Fund review

During the third quarter, the Fund's Class A shares returned 1.42% and Class B shares 1.48%, net of fees, outperforming the benchmark return of 1.23%. Active positioning added value across all major drivers - duration, yield curve, credit, and inflation exposures - all contributing positively to performance.

The third quarter opened against a backdrop of mounting political tension, looming tariff deadlines, and renewed debate over central-bank independence, and closed with the resumption of US monetary easing amid rising risks of a government shutdown. Short-dated Treasuries led the way as investors favoured carry opportunities and increased their expectations for faster policy rate cuts. Inflation expectations firmed modestly but remained well anchored, despite growing unease over the fiscal deficit and a still-robust macro backdrop.

On the US macro front, second-quarter GDP was revised up to an annualised 3.8%, while the Atlanta Fed's GDPNow estimate for the third quarter rose to around 3.9%, underscoring broad-based momentum even as employment indicators softened. The composition of growth remains critical: AI-related capital expenditure is driving output and productivity gains but contributing little to payrolls, leaving labour demand uneven. This imbalance sharpens the Fed's dilemma - resilient activity and sticky inflation argue against a rapid easing cycle, while weakening employment breadth strengthens the case for pre-emptive "insurance" cuts to prevent slack from becoming entrenched.

Standard & Poor's combined
Credit and Volatility rating

AA-f/S2



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Public pressure on the Fed's leadership intensified through August, complicating policy communication as several senior figures positioned themselves as potential successors ahead of Jerome Powell's term conclusion. The next major market catalyst lies in the US government funding timeline. A broad shutdown could result in a temporary data blackout, limiting policymakers' ability to gauge economic conditions, while a prolonged fiscal standoff leading to permanent departmental or payroll reductions could reshape the medium-term Treasury supply outlook.

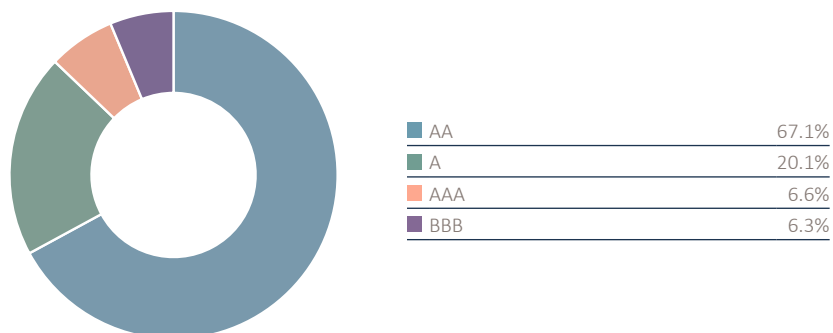
A smaller federal workforce and tighter spending would help narrow the fiscal deficit and ease future issuance pressures, while weaker aggregate demand would raise the probability of further Fed easing. On balance, that combination supports duration but is less favourable for risk assets, particularly as credit markets confront investment-grade spreads near multi-decade lows.

We remain cautiously constructive on risk assets but with tighter overall budgets. Global growth is stabilising as the "Liberation Day" drag fades, China remains subdued continuing to export disinflationary pressure, and US activity shows resilience despite softer employment breadth. With US nominal growth still running at solid levels, we added selective high-quality corporate credit exposure during the quarter to capture attractive carry opportunities, while maintaining a neutral stance on US duration and a modest preference for a flatter US yield curve.

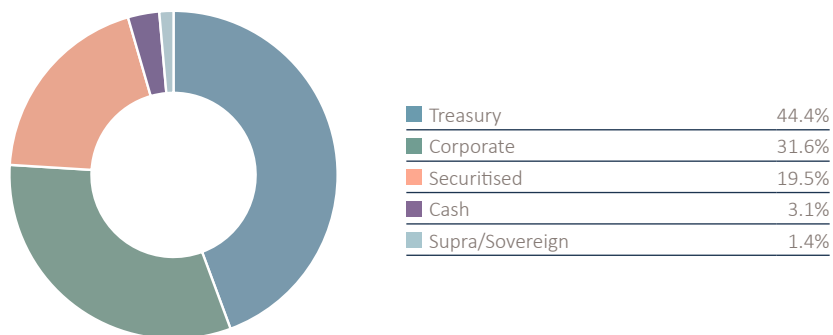
Average duration and volatility

Duration	2.45 yrs
Volatility (10 yrs)	2.24%

Credit ratings



Sector breakdown



Benchmark composition

B of A Merrill Lynch 1-5 Yr US Gov/Corp AAA-A Rated.

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