

Select Invest Fund: Cautious Class

Quarter 4 2025

Objective

To offer a convenient vehicle for investing in an international portfolio of mutual funds or exchange traded funds, which are anticipated to provide the best opportunities for long-term capital growth and accumulated income across a range of risk tolerance classes.

Investment policy

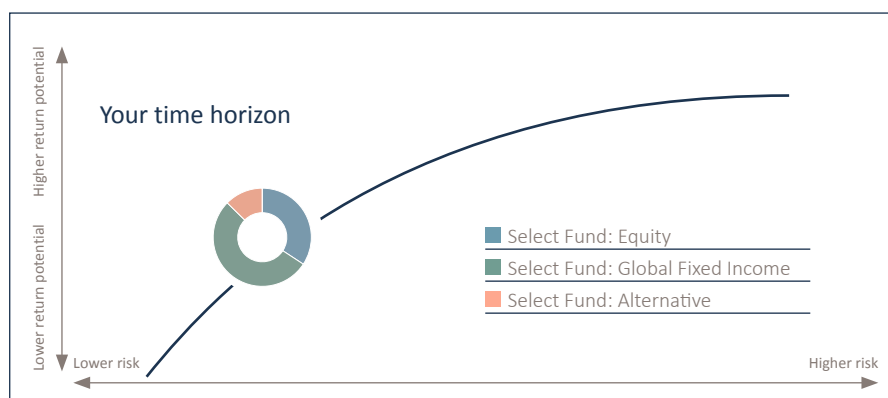
The Fund seeks to invest in various weightings of three broad asset classes; Equities, Fixed Income and Alternatives. The Fund achieves this by allocating its assets to either the Butterfield Select Fund's Share Classes or mutual funds and ETF's that invest in Equities, Fixed Income and Alternatives. Investments will be made on long-term strategic basis and allow for a short to medium term tactical shifts in keeping with the overall objective of each class.

Key facts as at 31 December 2025

Currency	USD
Valuation	Weekly
Dealings	Friday
Front end fee	None
Units available	Accumulation
Identifier	BUTSLIN BH
Fiscal year end	30 June
Minimum investment	USD 1,000
Total expense ratio	0.61%
Size of fund (millions)	USD 4.858
NAV per share	USD 18.14
Risk rating	Low risk/Low return

**Does not include underlying fund fees*

Risk profile



Target Positioning

	Underweight	Neutral	Overweight
Equity			
Bonds			
Alternative			

Average annual compound returns

	Quarter	Year to date	1 year	3 years	5 years
Total returns	1.42%	9.98%	9.98%	7.91%	2.56%
Index returns	1.81%	12.71%	12.71%	10.52%	4.26%

Fund review

Select Fund: Equity

The Select Equity Fund returned 1.9% in the fourth quarter of 2025, slightly behind the MSCI World Index, which returned 3.1%. Over the full year 2025, the Fund returned 18.8% versus a 21.1% return for the MSCI World Index.

Global growth held up better than expected in 2025. One of the main stories last year was the US imposing trade tariffs of around 18%. However, multiple exemptions help explain why actual tariff rates have been lower than expected, at closer to 12%. Other factors include re-routing of trade and supply chain management, for example, the utilisation of the United States-Mexico-Canada Agreement (USMCA). One of the key risks from tariffs was inflation. Some companies have been quick to pass higher costs onto consumers, while others have been more reticent. The US core PCE inflation rate was 2.8% in 2025, which is higher than the central bank target. Goldman Sachs estimates that, excluding tariffs, the underlying



inflation rate is back to 2.3% This helps to explain why the Federal Reserve felt confident enough to cut interest rates by 0.25% three times in 2025.

We have recently passed the three-year anniversary of ChatGPT, which was the catalyst for a wave of new investment into semiconductors, data centres, and power infrastructure. There has been a lot of dispersion within the Technology sector and the market has been discriminating between winners and losers of the AI revolution. Facebook owner Meta, saw their share price fall in October after releasing their earnings results. Meta is already benefiting from deploying AI to target content and advertising more efficiently, but they are also spending a huge amount of money with the aim of building a “leading frontier AI lab”. Conversely, Google’s parent Alphabet saw strong gains the fourth quarter linked to the impressive rollout of their latest AI model, Gemini 3. Broadly speaking, the Fund has significant exposure to the AI investment theme, which helped drive returns, but the benchmark is also heavily exposed to AI.

The Software and Professional Services both underperformed last year, as AI is seen as a threat to margins. In some cases, we have seen material falls in stock prices, even though expectations for corporate earnings have been revised higher. The Fund has some exposure in these areas, but valuations now appear attractive. AI was not the only theme of last year. European Financials and Emerging Market equities both performed very well and our overweight to Emerging Markets Excluding China contributed positively. Equities are expensive compared to history, but corporates have demonstrated an impressive ability to deliver profits, which we expect to continue.

Select Fund: Global Fixed Income

The Global Fixed Income Class produced a return of 0.95%, net of fees, in Q4, slightly underperforming the 1.05% return of the fund’s benchmark. The fund remained neutral interest rate duration over the quarter and did not take any large position on the yield curve. Where the fund was active was within credit markets as an increased allocation to spread product offset some of the performance drag from higher long dated bond yields. US mortgage backed securities

performed very well in 2025 and the fund maintained a significant allocation given attractive risk adjusted benefits. Finally, inflation protection was a small detractor over the quarter as energy prices continued to decline.

The last quarter of 2025 saw mixed market behaviour with several pressure points. The US government shutdown earlier in the quarter left a hole in key data releases, driving policy uncertainty and raising the odds of an unpredictable end to the year from a US growth perspective. The macro data that we do have indicates that the global economy improved in the fourth quarter, led by the US, Europe, and Japan. Europe’s data surprised to the upside, Japan’s improved even more, and China’s picture stayed mixed, with better surprises at the margin but weaker underlying momentum. The US remained the standout, as the economy grew by 4.3% on an annualised basis. Nominal growth (real growth plus inflation) ran close to 8%, which is a reminder that financial conditions remain supportive.

Overall headline volatility in fixed income markets fell, and this capped a solid year for bond market returns.

The Federal Reserve, Bank of England, and Reserve Bank of New Zealand each delivered 25bp cuts to their base rates in the fourth quarter, while Japan moved the other way with a 25bp hike. This was another step in Japan’s long exit from very low interest rates. However, outside the UK and US, the global easing impulse now looks increasingly close to an end. New Zealand has explicitly signalled it is likely at, or close to, the end of its cutting phase, and sentiment in Europe has shifted too. Japan remains the outlier and is still the most hawkish developed market central bank. Corporate credit stayed resilient, with investment-grade and high yield spreads (premium that companies pay to borrow) essentially unchanged.

Geopolitics mattered more through confidence channels than through direct price shocks. The situation in Ukraine remains uncertain, while pressure around Venezuela built as the US increased focus on the region. This is relevant mainly via energy risk premia and the market’s broader sensitivity to oil supply. The more immediate issue for markets was the US shutdown and its aftermath. Lost or delayed

data releases clouded the outlook and pushed investors back toward narratives and positioning, rather than clean macro signals. One upside in the US inflation story is what didn’t happen. Tariffs have only partially translated into consumer price inflation, with companies generally sounding cautious on aggressive price increases.

Looking ahead to 2026, the set-up for growth still looks good. Higher government spending is expected across the US, China, and Europe, while the mix of low interest rates and a more deregulatory US stance is supportive of risk assets, even if valuations remain rich. Despite tight credit spreads, we remain invested for now, with a neutral interest rate duration stance. Although short-dated US yields already fully price several more US interest rate cuts, the bar to not deliver those cuts looks high given a cooling labour market and the political incentive to keep the economy going into the mid-term elections.

Select Fund: Alternative

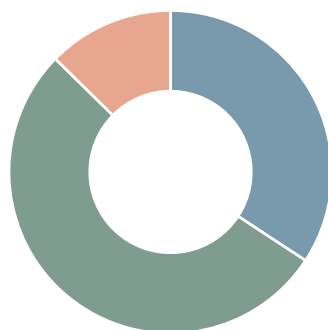
The Alternative Class returned +3.51% in Q4 of 2025, which outperformed the HFRX Global Hedge Fund Index return of +1.41%. Global equity markets posted positive performance in the fourth quarter of 2025, supported by continued investments in artificial intelligence (“AI”) and resilient economic data, despite heightened geopolitical tensions. U.S. equities ended the fourth quarter in positive territory, following reports of strong corporate earnings and the Federal Reserve’s December rate cut, which outweighed pressures from the prolonged government shutdown and indications of a cooling labor market.

Within the fund, the equities and relative value strategies were positive for the quarter. Within equities, the long book was the primary contributor, driven by exposure to the biotechnology, healthcare, and technology sectors. Relative value gains were broad-based across the equities sub-strategy, led primarily by the technology sector. The quantitative strategy was flat for the quarter, with gains from equities partially offset by losses in futures trading.

Benchmark composition

55% B of A Merrill Lynch 5-10 Yr US Gov/Corp
AAA-A Rated, 35% MSCI World (Free), 10% HFRX
Global Hedge Fund.

Asset allocation



Select Fund: Equity	34.24%
Select Fund: Global Fixed Income	53.12%
Select: Alternative	12.64%

Top 10 holdings

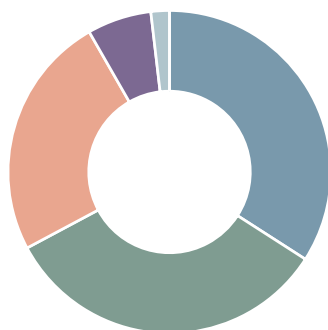
1	US TREASURY N/B 1.5 15/02/2030	3.00%
2	iShares Global Financials ETF	2.60%
3	US TREASURY N/B .875 15/11/2030	2.36%
4	iShares MSCI Japan ETF	2.23%
5	RENAISSANCERE FINANCE 3.45 01/07/2027	2.15%
6	NVIDIA Corporation	2.12%
7	US TREASURY N/B 0.625 15/05/2030	1.89%
8	US TREASURY N/B 1.125 15/05/2040	1.79%
9	US TREASURY STRIPS 0 15/11/2034	1.68%
10	US TREASURY STRIPS 0 15/11/2031	1.68%

Contact us

Butterfield
Asset Management
Limited

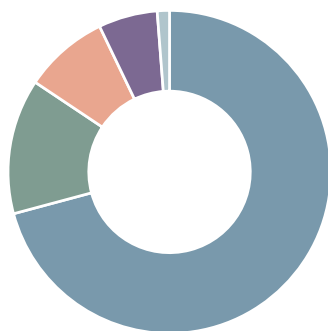
Tel: (441) 299 3817

Fixed income allocation



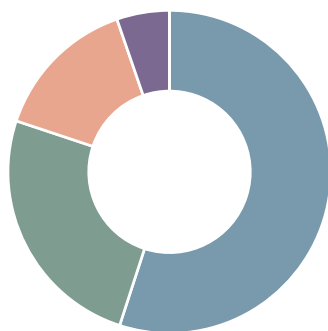
Corporate	34.09%
Government	33.11%
Securitised/Collateralised	24.52%
High yield	6.43%
Cash	1.85%

Equity sector allocation



North America	70.83%
Europe developed	13.54%
Asia/Pacific	8.50%
UK	5.91%
Emerging markets	1.22%

Alternative strategy allocation



Long/Short Equity	55.00%
Relative Value	25.11%
Cash	14.61%
Quantitative	5.27%
Macro	0.01%