

International Balanced Fund: USD Class

Quarter 4 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

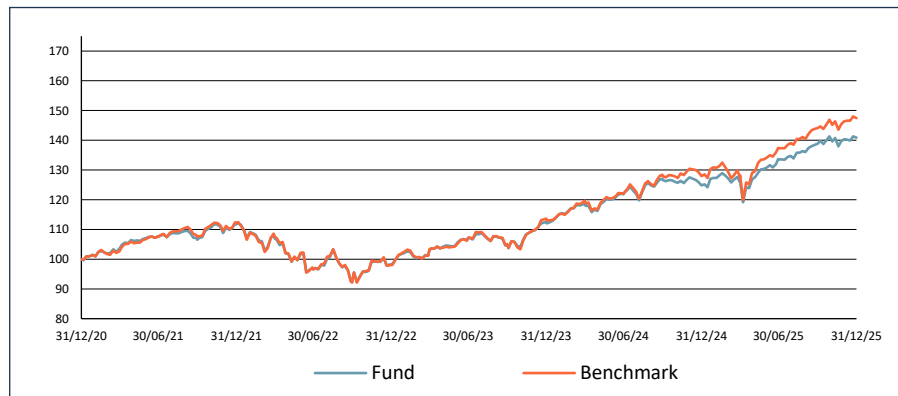
Benchmarked against a portfolio of 60% international equities and 40% US dollar fixed income. The primary consideration for our fixed income strategy is liquidity and safety of principal. The duration will move to facilitate this capital preservation objective. The equity process is to focus on large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

Key facts as at 31 December 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 49.77
Risk rating	Moderate risk/ Moderate return



Performance chart



Average annual compound returns

	1 year	3 years	5 years	7 years	10 years
Fund	12.81%	12.74%	7.09%	8.97%	7.57%
Benchmark	15.26%	14.58%	8.08%	10.01%	8.40%

Fund review

The fourth quarter was another positive one for global equity markets. The MSCI World Index returned 3.1% in US dollar terms, with all major regions generating positive returns. After a challenging start to the year, they recovered well from the April low. The MSCI World fell 1.79% in the Q1, followed by a strong 11.5% in Q2 and 7.3% in Q3. Over the full year, global equities returned 21.1%, which follows the two previous years of strong returns and is meaningfully higher than the long-run average.

The resilience of the global economy was due to several factors. Although the US imposed tariffs on trading partners, the rates fluctuated during the year. The announced rate was around 18%, but actual tariff rates have settled at a much lower 12%. Equity markets were aided by multiple tariff exemptions, trade re-routing, improved supply chain management and a lack of retaliation from other countries, avoiding an all-out trade war with the exception of China.

One of the key risks from tariffs was inflation. The US core PCE inflation rate was around 2.8% in 2025, higher than the central bank target. Goldman Sachs estimates that, excluding tariffs, the underlying inflation rate is 2.3%, which helps to explain why the Federal Reserve felt confident enough to cut interest rates by 0.25% three times in 2025.

Global equities were also supported by healthy growth in corporate profits. Earnings were up around 10% in 2025, led by Technology and Communication Services, up 26% and 18% respectively. At the other end of the spectrum, earnings for companies in the Energy sector fell around 4%, while Consumer Discretionary fell 3%. Earnings for Consumer Staples were flat, but all other sectors saw positive earnings growth.

Average duration and credit rating

Duration	2.50 Yrs
Average coupon	1.67%
Credit rating	S&P AA
Yield to maturity	3.66%

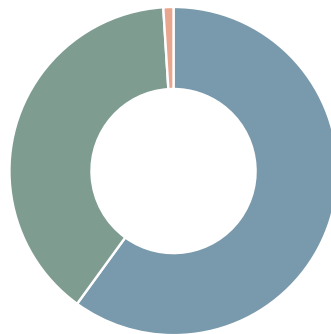
The ongoing investment boom in Artificial Intelligence was another major driver of market performance and a catalyst for a wave of new investment into semiconductors, data centres, and power infrastructure.

Other notable performance moves in the quarter were European Financials and Emerging Market (EM) equities. European Banks have repaired their balance sheets and benefitted from interest rates being well above the negative level seen between 2014 and 2022. EM equities were the best performing region last year, with a gain of 33.6% in US dollar terms, supported by resilient global growth and a weaker dollar.

US bond yields were mostly unchanged, but inflation expectations fell, and the US yield curve steepened further. This helped to keep the credit cycle buoyant and was particularly helpful for financials. The US government shutdown earlier in the quarter left a hole in key data releases, but overall, headline volatility in fixed income markets fell, capping a solid year for bond market returns.

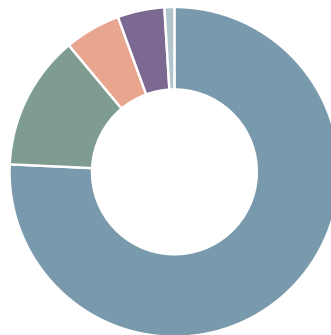
Looking ahead to 2026, the set-up for growth still looks good. Equity valuations remain elevated relative to history based on price-to-earnings ratios, but corporates have demonstrated an impressive ability to deliver profits. Despite tight credit spreads, we remain invested for now, with a neutral duration stance. Although short-dated US yields already fully price several more 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.

Asset allocation



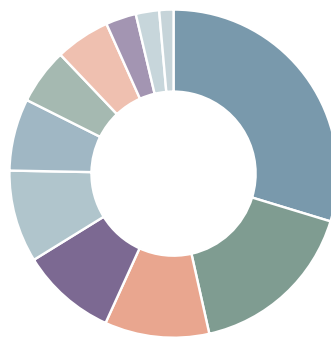
Equities	60%
Fixed income	39%
Liquid assets	1%

Geographic allocation



North America	75.7%
UK / European	13.2%
Other	5.5%
Japan	4.6%
Emerging Markets	1.0%

Equity sector allocation



Information Technology	29.7%
Financial	16.8%
Industrial	10.3%
Communication Services	9.4%
Health Care	9.1%
Consumer Discretionary	7.1%
Consumer Staples	5.5%
Energy	5.4%
Materials	3.0%
Utilities	2.3%
Real Estate	1.4%

Note: Regional index tracking products have been excluded.

Contact us

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Top 10 holdings

1	NVIDIA CORP	Information Technology	7.02%
2	APPLE COMPUTER INC	Information Technology	4.94%
3	ALPHABET INC CLASS C	Communication Services	4.74%
4	MICROSOFT CORP	Information Technology	4.27%
5	AMAZON COM INC	Consumer Discretionary	2.91%
6	NOVARTIS A G	Health Care	2.55%
7	META PLATFORMS INC-CLASS A	Communication Services	2.35%
8	SIEMENS AG	Industrial	2.20%
9	E.ON SE NPV	Utilities	2.07%
10	BANK OF AMERICA CORPORATION	Financial	2.05%

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.