

International Balanced Fund: USD Class

Quarter 1 2026

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.

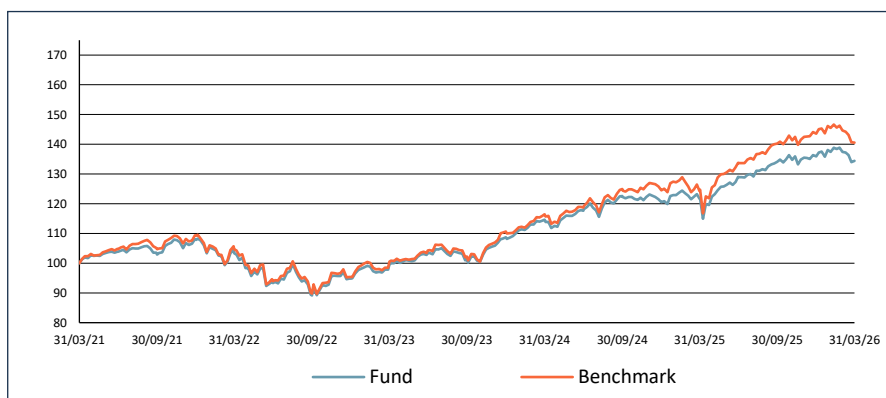
Investment process

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 March 2026

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 29.4
NAV per share	USD 49.2
Risk rating	Moderate risk/ Moderate return

Performance chart



Performance returns

	Quarter	1 year	3 years*	5 years*	10 years*
Fund	-1.15%	10.44%	10.51%	6.09%	7.46%
Benchmark	-2.04%	13.02%	11.77%	7.00%	8.17%

*Annualized

Fund review

The year began with a focus on improving global growth and the AI revolution. The MSCI World ex USA Index returned 9.8% in US dollar terms in the first two months, but then fell 9.7% in March. The S&P 500 had a slower start, returning 0.6% through the end of February, but held up better during the global rout in March, falling only 5.0%.

The Supreme Court ruling against President Trump's emergency tariffs briefly looked like a step towards lower policy uncertainty, while data through February was good for bond markets and revived expectations for rate cuts. That backdrop did not last. By quarter-end, the US-Israeli attack on Iran and the resulting surge in oil prices had become the dominant force across markets, forcing investors to reassess inflation and growth.

The main risks from the Middle East conflict are higher commodity prices and central banks constrained from lowering interest rates due to inflationary pressure. Global Energy stocks are clear beneficiaries, returning 36.9% in US dollar terms in Q1. In our equity strategies, we have exposure to the Energy sector close to respective benchmarks and that diversification was helpful.

The Technology sector had an eventful start, with a widening gap between beneficiaries of AI Infrastructure spending and those deemed at risk from disruption. Software and Professional Services are seen as at risk from AI-enabled competition. Meanwhile, AI applications like ChatGPT, Gemini and Claude require vast amounts of computing power. Hardware and Semiconductor firms are key suppliers for this multilayered system.



Average duration and credit rating

Duration	2.10 Yrs
Average coupon	1.63%
Credit rating	S&P AA
Yield to maturity	3.74%

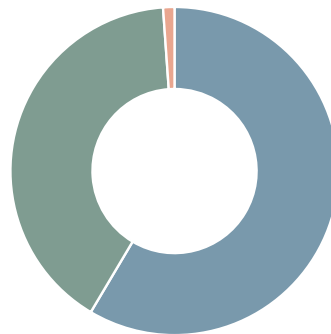
Utilities have been a key beneficiary of increasing energy demand, where we have more sector exposure than our benchmarks. Within Industrials, defence stocks outperformed in Q1, falling in March, but having performed well in the run-up to hostilities. President Trump is pushing for more defence spending, but Congress is likely to be cautious.

Credit spreads were surprisingly calm given the scale of the geopolitical event. US high yield spreads widened by around 50 basis points (bps) from very tight levels, while US investment grade spreads widened just 12bps. This suggests markets still expect the conflict to be contained and do not believe the shock will immediately feed into a significant deterioration in growth or corporate fundamentals.

Commodities were central to the quarter's macro repricing. Oil dominated, with WTI rising from \$57 to above \$100 by quarter-end as markets priced in disruption risk tied to the Strait of Hormuz and broader instability in the region. This is creating an uncomfortable backdrop for policymakers, higher inflation and rising growth uncertainty. The quarter was also a reminder that the US dollar's flight-to-quality role remains intact.

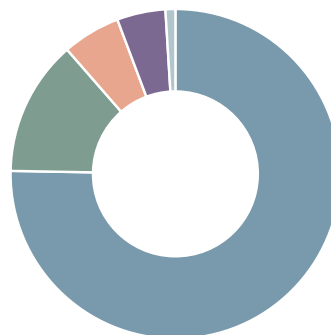
Overall, a commodity shock is a net negative for equities. Just before the conflict, nominal growth trends were improving across much of the global economy, however, that outlook has become materially less certain. Stagflation is now the dominant risk, where central banks are forced to balance slowing real activity against renewed headline inflation. There is a lot of pressure in the U.S. to negotiate an end to the war and re-open key shipping routes. For the time being, we remain nimble and continue to monitor global events.

Asset allocation



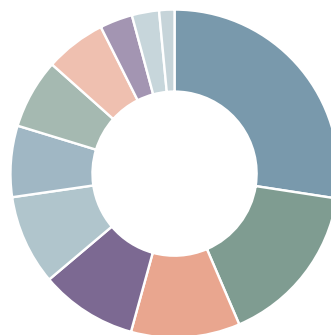
Equities	59%
Fixed income	40%
Liquid assets	1%

Geographic allocation



North America	75%
UK / European	13%
Other	6%
Japan	5%
Emerging Markets	1%

Equity sector allocation



Information Technology	27.4%
Financial	16.1%
Industrial	10.7%
Health Care	9.6%
Communication Services	8.9%
Energy	7.0%
Consumer Discretionary	6.9%
Consumer Staples	6.0%
Materials	3.2%
Utilities	2.7%
Real Estate	1.5%

Note: Regional index tracking products have been excluded.

Contact us

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Top 10 holdings

1	NVIDIA CORP	Information Technology	6.65%
2	APPLE COMPUTER INC	Information Technology	4.66%
3	ALPHABET INC CLASS C	Communication Services	4.34%
4	MICROSOFT CORP	Information Technology	3.31%
5	NOVARTIS A G	Health Care	2.87%
6	AMAZON COM INC	Consumer Discretionary	2.65%
7	E.ON SE NPV	Utilities	2.43%
8	APPLIED MATLS INC	Information Technology	2.39%
9	WALMART INC	Consumer Staples	2.26%
10	META PLATFORMS INC-CLASS A	Communication Services	2.07%

Note: Index tracking products have been excluded.

Benchmark composition

60% MSCI World Free Net Total Return USD Index / 40% ICE BofA 1-5 Year AAA-A US Corporate & Government 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.