BUTTERFIELD

Fund Review

Butterfield Asset Management Limited

Select Invest Fund: Balanced Class

Quarter 1 2026

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

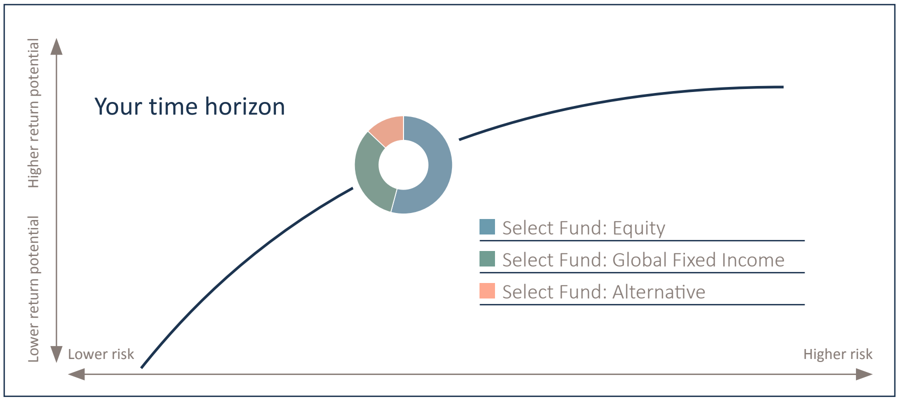
The Fund seeks to invest in various weightings of three broad asset classes; Equities, Fixed Income and Alternatives. The Fund achieves this by allocating its assets to either the Butterfield Select Fund's Share Classes or mutual funds and ETF's that invest in Equities, Fixed Income and Alternatives. 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 March 2026

Currency	USD
Valuation	Weekly
Dealings	Friday
Front end fee	None
Units available	Accumulation
Identifier	BSIFIBA BH
Fiscal year end	30 June
Minimum investment	USD 1,000
Total expense ratio	0.67%
Size of fund (millions)	USD 7.58
NAV per share	USD 20.15
Risk rating	Moderate risk/ Moderate return

**Does not include underlying fund fees*

Risk profile



Target Positioning

	Underweight	Neutral	Overweight
Equity	■		
Bonds	■		
Alternative			■

Performance returns

	Quarter	Year to date	1 year	3 years*	5 years*
Total returns	-1.00%	-1.00%	11.08%	8.69%	4.16%
Index returns	-2.10%	-2.10%	12.60%	10.96%	6.02%

**Annualized*

Fund review

Select Fund: Equity

The Select Equity Fund returned -1.8% in the first quarter of 2026, outperforming the MSCI World Index, which returned -3.6%.

The year started on a strong footing, with global equities returning 3.0% in US dollar terms over January and February. March was then a difficult month for markets, with global equities falling 6.4%. The Middle East is not a large part of the global economy, but the region is a key supplier of oil, gas, and many other commodities. Higher commodity prices, and therefore inflation, is the primary way in which the conflict has a detrimental impact on global equities.

More frequent geopolitical shocks have become a feature in financial markets over the last decade, but by their nature they are hard to predict and measure. Prior to the conflict, global manufacturing was showing signs of a pickup. Equites outside of the US tend to be more cyclical than US stocks, so international markets had a particularly strong start to the year. The fund is overweight stocks outside of the US, so benefited from this trend. When markets fell in March, US equities held up better than international stocks, helped by a stronger US dollar.

At a sector level, the Energy sector was by far the best performing sector, returning 36.9% over the quarter. The Fund has around 4% invested in the Energy sector, which is close to the weighting in the benchmark. The Utilities sector also performed well, benefitting from defensive characteristics and increasing demand for electricity.

The AI revolution was again in focus during the quarter. There was a wide dispersion between different industries within the Technology sector. Semiconductors and parts of Hardware performed well and benefitted from significant spending on building out infrastructure for AI. Models and applications are demanding a lot of computing power, so companies that provide this are spending a lot to meet this demand. The Fund has a number of stocks that have benefitted from this. On the flipside, concerns around the extent to which AI will disrupt the Software industry have remained. The weakness here has been in valuation multiples rather than a deterioration in underlying profits. We are monitoring this, but the Software stocks we own are embedded within large-cap companies so should be more resilient to AI disruption risk.

Select Fund: Global Fixed Income

The Global Fixed Income Class produced a return of -0.42%, net of fees, slightly underperforming the -0.21% return of the fund's benchmark. The fund entered the quarter: underweight duration, overweight inflation protection, a small overweight corporate credit allocation, and positioned for Treasury curve flattening. This largely proved effective as government bond yields rose especially at the short end of the curve. What dissapointed was the muted move in long dated inflation expectations but the minor increase in credit spreads was beneficial for the fund.

This quarter began with softer US economic data, falling bond yields, and renewed confidence that central banks could continue easing. It ended with a geopolitical shock, a sharp rise in energy prices, and a rapid repricing of inflation risk. 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. 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, growth, and positioning.

February was supportive for government bonds, especially in the US, where weaker economic data encouraged markets to price a more dovish Fed path. US Treasury yields fell across the curve, and the view heading into March was that softer growth would give policymakers room to ease further. Instead, the inflation shock from the Middle East overrode that logic. By quarter-end, Fed expectations had swung from cuts being firmly priced to a more cautious stance, while US Treasury yields rose, led by the short end. The 2-year yield moved to 3.80%, while the 10-year rose to 4.32%, leaving the curve flatter.

Outside the US moves in global government bonds were mixed, but the message was the same: energy vulnerability and fiscal credibility mattered. The UK was the weakest performer in the G10, with 10-year gilt yields finishing the quarter close to 5% as investors focused on the fiscal backdrop and sensitivity to higher imported energy costs. Italy and Japan also struggled as more energy-exposed markets, while Canada was relatively stable thanks to its energy independence.

Credit spreads were surprisingly calm given the scale of the geopolitical event. 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. Mortgage-backed securities (MBS) also held up better than the move in rates volatility might have implied. Even with the MOVE index rising sharply, agency MBS were broadly unchanged, helped by 30-year US mortgage rates moving back towards 6.48%, limiting new issuance and improving the technical supply backdrop.

Looking ahead, we expect to take profits on part of the fund's inflation protection as the initial energy shock increases the probability of a potential growth slowdown. We are also likely to add exposure to the 2-year part of the yield curve, where zero Fed rate cuts are now priced, providing additional optionality to hedge a broader slowdown in global growth and with the expectation of a steeper curve. Credit spreads remain relatively tight, offering limited opportunity, though we will stay nimble. Unlike the previous energy price spike in 2022 the global economy does not have the level of broad fiscal and monetary support to turn a temporary inflation shock into a more permanent embedded inflation problem as a result we remain sanguine on global bond yields.

Select Fund: Alternative

The Alternative Class returned +2.17% in Q1 of 2026, which outperformed the HFRX Global Hedge Fund Index return of -0.57%. Global equity markets posted negative performance in the first quarter of 2026 amid heightened volatility surrounding artificial intelligence ("AI") as well as geopolitical tensions in the Middle East, which contributed to renewed inflation concerns and prompted central banks to reassess the pace of rate cuts. U.S. equities ended the first quarter in negative territory, as geopolitical shocks, higher energy prices, and a cooling labor market weighed on investor sentiment.

Within the fund, the quantitative strategy was positive for the quarter, with gains driven by the equities and futures sub-strategies. The equities and relative value strategies were flat for the quarter. Within equities, gains from exposures to the information technology and materials sectors were partially offset by losses in long positions within consumer discretionary and technology. Relative value gains were led by the equities sub-strategy, while the global fixed income sub-strategy detracted.

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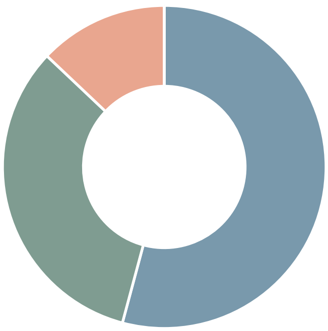
Benchmark composition

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

Asset allocation



Select Fund: Equity	54.17%
Select Fund: Global Fixed Income	32.90%
Select: Alternative	12.93%

Top 10 holdings

1	iShares Global Financials ETF	4.12%
2	iShares MSCI Japan ETF	3.52%
3	NVIDIA Corporation	3.36%
4	Microsoft Corporation	2.55%
5	Apple Inc	2.17%
6	US TREASURY N/B 1.5 15/02/2030	1.88%
7	Alphabet Inc. - Class C	1.57%
8	Amazon.com Inc	1.57%
9	Meta Platforms Inc Class A	1.52%
10	US TREASURY N/B .875 15/11/2030	1.48%

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Contact us

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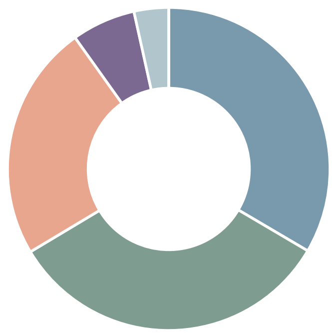
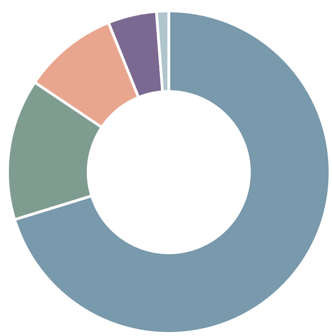
Fixed income allocation



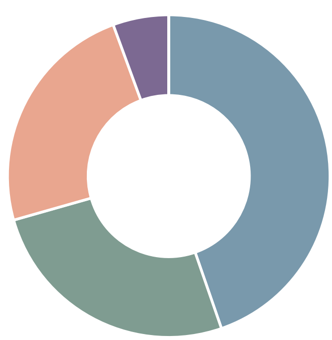
Corporate	33.5%
Government	33.0%
Securitised/Collateralised	23.7%
High yield	6.4%
Cash	3.5%

Equity sector allocation



North America	70.3%
Europe developed	14.2%
Asia/Pacific	9.5%
UK	4.9%
Emerging markets	1.2%

Alternative strategy allocation



Long/Short Equity	44.70%
Cash	25.90%
Relative Value	23.80%
Quantitative	5.60%
Macro	0.01%

www.butterfieldgroup.com