

## US Dollar Bond Fund: Class A & B

Quarter 1 2026

### 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 31 March 2026

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 - 0.77% Class B - 0.52%
NAV per share - Class A	USD 10.506
NAV per share - Class B	USD 10.721
Size of fund (millions)	USD 162.58
Risk rating	Low risk/Low return

### Performance chart (Class A & B)



### Performance returns (Class A & B)

	QTD	YTD	1 year	3 years*	5 years*	7 years*	10 years*
Class A	0.23%	0.23%	3.84%	3.91%	1.44%	1.91%	1.71%
Class B	0.29%	0.29%	4.10%	4.17%	1.69%	2.16%	1.96%
Index	0.19%	0.19%	4.03%	4.18%	1.64%	2.17%	1.88%

\*Annualized

### Fund review

The Class A shares of the Fund produced a return of 0.23% and Class B 0.29%, net of fees vs the 0.19% return for the benchmark. The fund entered the final month of the quarter with a defensive stance: underweight duration, overweight inflation protection, a conservative corporate credit allocation, and positioned for Treasury curve flattening. This proved effective as hawkish Fed expectations were repriced, with the underweight to the 2–4 year segment helping minimize mark-to-market losses during March. Overall, all of our active positioning contributed positive alpha versus the benchmark.

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. 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, 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

Standard & Poor's combined  
Credit and Volatility rating

**AA-f/S2**

Class A  ★

Class B  ★★

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## Contact us

**Butterfield  
Asset Management  
Limited**

Tel: (441) 299 3817

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. Markets are not yet pricing a recession. They are pricing higher near-term inflation expectations driven by energy, while longer-term expectations remain relatively contained. This suggests the conflict is still seen as a temporary but disruptive shock rather than an embedded inflation regime change.

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.

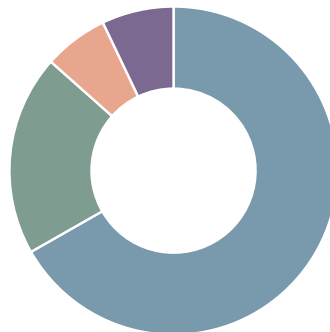
Looking ahead, we expect to take profits on part of the fund's inflation protection as the initial energy shock increases the probability of a potential growth slowdown. We are also likely to add exposure to the 2-year part of the yield curve, where zero Fed rate cuts are now priced,

providing additional optionality to hedge a broader slowdown in global growth. 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.

## Average duration and volatility

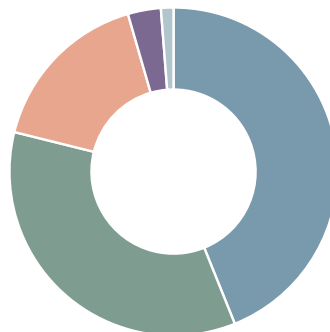
Duration	2.39 yrs
Volatility (10 yrs)	2.24%

## Credit ratings



AA	66.8%
A	19.8%
AAA	6.4%
BBB	7.1%

## Sector breakdown



Treasury	43.9%
Corporate	35.0%
Securitised	16.6%
Cash	3.3%
Supra/Sovereign	1.2%

## Benchmark composition

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

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