

International Balanced Fund: USD Class

Quarter 2 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

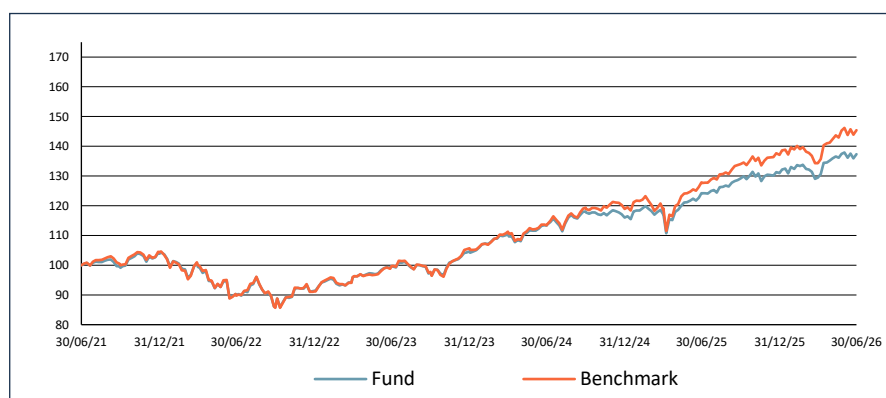
Benchmarked against a portfolio of 60% international equities and 40% US dollar fixed income. The primary consideration for our fixed income strategy is liquidity and safety of principal. The duration will move to facilitate this capital preservation objective. The equity process is to focus on large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

Key facts as at 30 June 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 34.5
NAV per share	USD 52.20
Risk rating	Moderate risk/ Moderate return



Performance chart



Performance returns

	Quarter	1 year	3 years*	5 years*	10 years*
Fund	6.10%	10.52%	11.28%	6.55%	7.90%
Benchmark	8.25%	13.76%	13.41%	7.77%	8.93%

*Annualized

Past performance is not indicative of future returns. Please see full risk disclosure below (footer).

Fund review

The 2nd quarter was formidable for equity markets. After a March sell-off due to the Middle East conflict, global equities rose 9.6% in April, 4.6% in May, before a relatively flat -0.7% in June, 13.8% higher in aggregate over the quarter in US dollar terms. The first half performance of 2026 was a healthy 9.0%, with global stocks delivering positive returns in 13 of the last 15 months.

The AI theme evolved in Q2, broadening to insatiable demand for technology hardware. Stocks linked to AI infrastructure are expected to contribute nearly 60% of S&P 500 EPS growth in Q2, while the median stock in the index is only expected to grow earnings by 9%. Companies that specialise in hardware have soared, with the top three stocks in Emerging Markets (EM) now accounting for almost 30% of the index. Taiwan now accounts for around 28%, while South Korea is close to 21%, illustrating the heavy AI buildout exposure. Overall, EM equities returned 24.0% in Q2, and when excluding China, rose a more impressive 34.5%.

Industrials, Materials, and Utilities have also benefitted. Data centre projects are underway at scale in the US, requiring significant inputs, construction expertise and reliable power. Demand for electricity has inflected higher after a flat 20-year period, putting a strain on both prices and the power grid. It has also become a political issue as consumers absorb higher electricity costs while worrying that AI will replace jobs.

Average duration and credit rating

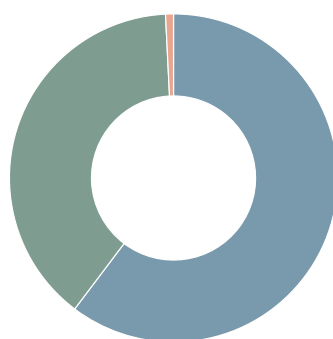
Duration	2.42 Yrs
Average coupon	2.25%
Credit rating	S&P AA
Yield to maturity	4.14%

Fixed Income markets stabilised after a challenging month in March. Investors entered April focused on the Iran war, disruption around the Strait of Hormuz and the risk that higher energy prices would become a broader inflation shock. By June, attention had shifted back towards monetary policy and growth. Oil prices have fallen, volatility has compressed, and risk assets have recovered. Credit and equities responded positively, but government bonds remained more cautious as investors reassessed the outlook for inflation and monetary policy. The US Treasuries yield curve flattened, as short-dated bonds sold off sharply, with the 2-year yield ending June around 4.18%, nearly 40bps higher over the quarter. The 10-year ended closer to 4.5%, leaving the front and middle part of the yield curve to do most of the repricing. The move reflected resilient US activity, but also a reassessment of interest rate policy under new Fed Chairman Kevin Warsh. At his first meeting, the Fed left rates unchanged at 3.50%–3.75%, reaffirmed the 2% inflation objective, and removed forward guidance from the policy statement.

While AI took a lot of headlines in Q2, fading geopolitical risk in the Middle East was a catalyst for global growth and stock markets. Conversely, it was a difficult quarter for the Energy sector, which fell 13.4%, mainly driven by lower oil prices as tensions eased. Risks in Q3 include the 60-day Hormuz arrangement expiring in August and a potential US interest rate hike in September. We maintain exposure to all 11 sectors but are conscious that markets are highly exposed to the AI factor, which we continue to monitor.

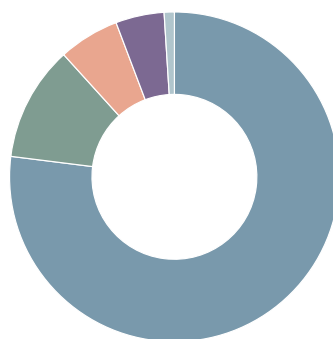
Fixed income offers attractive risk-reward opportunities, particularly after the move higher in short-dated yields. However, inflation, policy and geopolitical risks remain unresolved, and the margin for error in credit is limited. Short and intermediate maturities remain preferred to excessive long-duration exposure.

Asset allocation



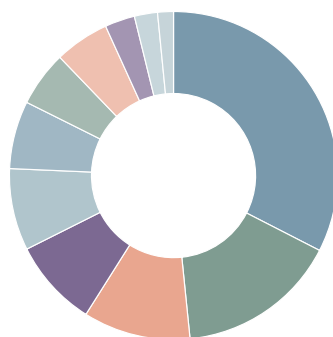
Equities	60%
Fixed income	39%
Liquid assets	1%

Geographic allocation



North America	77.0%
UK / European	11.3%
Other	6.0%
Japan	4.8%
Emerging Markets	1.0%

Equity sector allocation



Information Technology	32.5%
Financial	15.9%
Industrial	10.6%
Communication Services	8.6%
Health Care	8.1%
Consumer Discretionary	6.7%
Energy	5.5%
Consumer Staples	5.4%
Materials	3.0%
Utilities	2.3%
Real Estate	1.6%

Note: Regional index tracking products have been excluded.

Contact us

Butterfield
Bank (Cayman)
Limited

Tel: (345) 949 7055

Top 10 holdings

1	NVIDIA CORP	Information Technology	6.88%
2	ALPHABET INC CLASS C	Communication Services	4.86%
3	APPLE COMPUTER INC	Information Technology	4.79%
4	APPLIED MATLS INC	Information Technology	3.85%
5	MICROSOFT CORP	Information Technology	3.67%
6	BROADCOM INC	Information Technology	3.25%
7	AMAZON COM INC	Consumer Discretionary	2.74%
8	PALO ALTO NETWORKS INC	Information Technology	2.36%
9	E.ON SE NPV	Utilities	2.06%
10	SIEMENS AG	Industrial	1.96%

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.

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