BUTTERFIELD

Fund Review

Butterfield Asset Management Limited

US Dollar Bond Fund: Class C

Quarter 3 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.

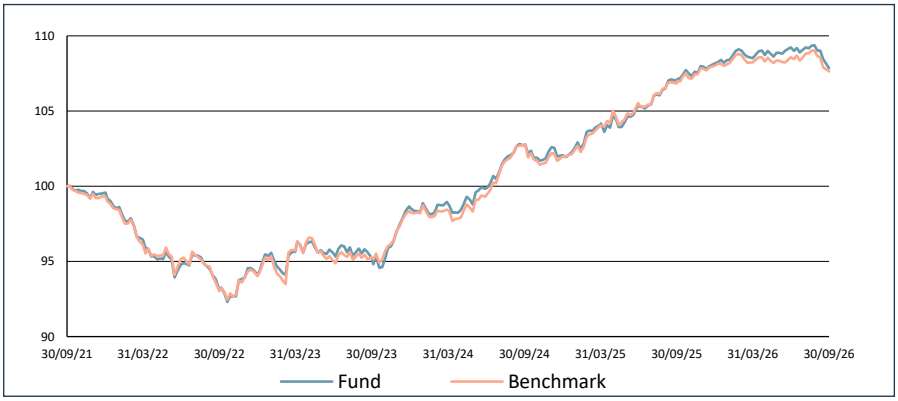
Investment process

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 30 September 2026

Currency	USD
Valuation	Weekly
Dealings	Wednesday
Front end fee	None
Units available	Accumulating
Identifier	BUTUSBC BH
Fiscal year end	30 June
Min. investment	USD 5 million
Total expense ratio	0.35%
NAV per share	USD 13.186
Size of fund (millions)	USD 142.8
Risk rating	Low risk/Low return

Performance chart



Performance returns and risk statistics

	QTD	YTD	1 year	2 years*	3 years*	5 years*
Class C Return	-1.28%	-0.29%	0.78%	2.47%	4.22%	1.52%
Benchmark Return	-0.87%	-0.37%	0.76%	2.36%	4.14%	1.48%
Class C Standard Deviation	3.04%	2.13%	1.93%	2.01%	2.60%	2.87%
Benchmark Standard Deviation	2.23%	1.89%	1.75%	1.97%	2.31%	2.84%
Class C Sharpe Ratio	-0.71	-1.38	-1.48	-0.77	-0.10	-0.76
Benchmark Sharpe Ratio	-0.79	-1.60	-1.65	-0.84	-0.15	-0.78
Alpha	-0.41%	0.07%	0.02%	0.11%	0.08%	0.04%
Tracking Error	0.82%	0.68%	0.61%	0.66%	0.98%	1.06%
Information Ratio	-0.49	0.10	0.04	0.17	0.09	0.04
R-Squared	1.00	0.90	0.90	0.89	0.86	0.87

**Annualised*

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

Fund review

The Fund's Class C shares returned -1.28%, net of fees, compared with a benchmark return of -0.87%. Throughout the quarter, the Fund maintained a defensive approach, seeking to maximise income while limiting exposure to further increases in interest rates. Proceeds from maturing securities were primarily reinvested into short-dated US Treasuries, taking advantage of increasingly

Standard & Poor's combined Credit and Volatility rating

AA-f/S2

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attractive yields without materially extending duration. We also increased our allocation to inflation-linked bonds, which continued to offer compelling relative value as longer-term inflation expectations remained relatively stable despite rising energy prices. Meanwhile, tight investment-grade credit spreads offered limited additional compensation for taking credit risk, reinforcing our preference for higher-quality securities.

The third quarter was challenging for fixed-income markets as resilient US economic growth and renewed inflation pressures drove government bond yields sharply higher. Energy prices were a major contributor, with Brent crude rising approximately 40% as hopes for a resolution to the Middle East conflict faded. Persistent inflation prompted the Federal Reserve to increase interest rates by 0.25% in September, reversing the easing expectations that had dominated earlier in the year. The 10-year US Treasury yield rose to approximately 5.3%, driven largely by higher real yields, alongside concerns over government borrowing requirements and persistent fiscal deficits. Despite these pressures, early signs of moderating labour demand and weaker consumer confidence began to emerge towards quarter-end.

Under Chairman Kevin Warsh, the Federal Reserve has adopted a more data-dependent approach with less forward guidance, adding uncertainty over the future path of interest rates. The approaching US midterm elections also introduced additional uncertainty surrounding fiscal policy and government borrowing. Elsewhere, Europe faced renewed inflation pressures and fiscal concerns, particularly in France, while Japan continued to normalise monetary policy, supported by stronger wage growth. China remained constrained by weak domestic demand and ongoing property sector difficulties, highlighting the increasingly divergent economic conditions across major markets.

Looking ahead, we believe the recent sell-off has created some of the most attractive fixed-income valuations in 25 years. Real yields increased by approximately 55 basis points during September alone, materially improving prospective returns and providing the potential for a prolonged period of elevated income generation. However, the near-term outlook remains uncertain. Persistent inflation, substantial government borrowing requirements and the possibility of further monetary tightening could place additional upward pressure on yields. Conversely, emerging signs of slower economic growth suggest that higher borrowing costs may gradually begin to restrain activity, potentially supporting bond prices. Against this backdrop, we remain cautious about extending duration prematurely, preferring to benefit from attractive current yields while retaining flexibility to take advantage of opportunities as market conditions evolve. We believe this approach offers a sensible balance between managing near-term risks and capturing the improved longer-term return potential now available in fixed income.

Average duration and volatility

Duration	2.38
Volatility (10 yrs)	2.29%

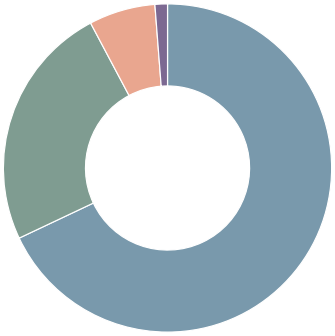
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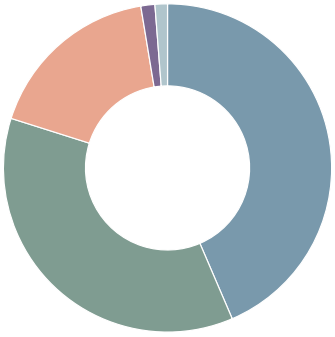
Tel: (441) 299 3817

Credit ratings



AA	68.0%
A	24.3%
BBB	6.5%
AAA	1.2%

Sector breakdown



Treasury	43.5%
Corporate	36.3%
Securitised	17.5%
Supra/Sovereign	1.4%
Cash	1.2%

Benchmark composition

100% of B of A Merrill Lynch 1-5 Yr US Gov/Corp AAA-A Rated.

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