

Butterfield Select Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020

Butterfield Select Fund Limited

INVESTMENT MANAGER'S REPORT

For the year ended June 30, 2020

Equity Class

The net asset value (NAV) per share decreased marginally from \$16.76 to \$16.75 over the fiscal year to June 30, 2020, representing a -0.06% return for the year, net of all fees and expenses. The benchmark for the Class, the MSCI World Free Net Total Return Index returned 2.84%.

The relatively flat return for global equities over the year masks some significant volatility over the period. The global economy picked up in the fourth quarter of 2019 after a period of sluggish growth and equity markets responded accordingly. Cyclical stocks outperformed and there was optimism that this momentum would continue into 2020.

However, the COVID-19 crisis had a materially negative impact on the global economy and equity markets. Fortunately, policy makers learned important lessons during the financial crisis and responded aggressively and quickly on both the monetary and fiscal side. This support helped global markets to recovery quickly and while some sectors of the economy were hit very hard, other sectors more heavily represented in stock market indices proved to be very resilient.

Many active managers struggled to outperform their benchmarks in the US due to relatively narrow market leadership. Gains were concentrated in a small number of large cap technology orientated companies. This outperformance has led to a number of associated acronyms such as the "FANG stocks", "famous five" or "awesome 8". The stocks (Apple, Amazon, Facebook, Google, Microsoft, Netflix and Nvidia) also became popular with retail investors.

The global growth funds in the portfolio managed by American Century and Wellington performed well, returning 6.40% and 5.21% respectively. They benefited from the growth investment style performing well over the period, returning 3.45% which was well ahead of the value style which returned -17.5%. The two dedicated US value funds in the portfolio, managed by Artisan and MFS, both lagged the broad market return, but outperformed their own value orientated fund benchmark.

Global Fixed Income Class

The net asset value (NAV) per share increased from \$21.39 to \$23.07 over the fiscal year to June 30, 2020, representing a 7.85% return for the year, net of all fees and expenses. The fund underperformed the BofA Merrill Lynch 5-10 Year AAA-A US Corporate and Government Benchmark Index by 10.83% primarily due to the underweight duration positioning during Q1 2020.

This fiscal year has been completely dominated by the effects of COVID-19 as global growth and inflation expectations have collapsed and this has been fully reflected in government bond yields with the 10 year US Treasury falling from 2.02% to 0.66% over the course of the past 12 months. Base rates around the world have been significantly lowered and the Federal Reserve, having learned lessons from 2008, moved swiftly lowering base rates to zero - three months later the Federal Reserve has also largely backstopped the entire US investment grade bond market and most of the US high yield market, provided USD swap lines to multiple foreign central banks, aided corporates with various loan programs (directly financing them in the primary bond markets if needed) and has monetized the entire US government's fiscal spending since the crisis - in total expanding their balance sheet by an additional 70% or US\$2.9 trillion. Whilst this has provided the stimulus needed to keep the economy from entering a depression as we look ahead investors are faced with fixed income markets which are now manipulated almost beyond recognition by central bank policy.

Butterfield Select Fund Limited

Prior to the COVID-19 driven market volatility we had been reducing credit risk in the fund as valuations were approaching levels where value was hard to find therefore the fund had ample dry powder to add risk when the opportunity presented itself at the end of March.

Since this the unprecedented monetary stimulus has led to a flight from quality with central banks absorbing sales of US government debt keeping yields low and providing a tailwind to risk assets such as inflation protection and corporate credit with CDX IG spreads tightening significantly from the highs seen earlier in the year.

Portfolio positioning in risk assets reflects our continued cautious optimism and we remain fully invested in US investment grade credit with small additional exposure to Emerging Market debt – which are all directly or indirectly beneficiaries of central bank support, we also have an allocation to US MBS for carry and US Treasuries for volatility suppression although with the current low level of yields outright cash does look like the better alternative. We expect US base rates to remain at the zero bound for an extended period with any rebound in yields due to improving economic data likely to be reflected in higher inflation expectations, where our TIPS positioning provides protection, weakness in the US dollar of which we are diversifying into G7 currencies and higher long end yields which the Federal Reserve has less control over.

Portfolio duration remains underweight vs the benchmark and as at the end of June 2020 was 5.3 years which is 80% of the benchmark index. The overall credit quality of the fund is back to a stable S&P rating of A- after we opportunistically added credit risk in March.

Alternative Class

The net asset value (NAV) per share increased from \$14.73 to \$15.51 over the fiscal year to June 30, 2020, representing a 5.30% return for the year, net of all fees and expenses. In comparison the Hedge Fund Research HFRX Global Hedge Fund benchmark returned 3.09%.

The Class is managed by GCM Grosvenor and as at June 30, 2020 was allocated to 13 investment managers with an average allocation of approximately 7% to each manager, with the largest allocation to any single manager being just over 14%. The largest sector allocation the Fund had as at June 30, 2020 was to the Equities strategy at around 34%. The equities strategy is allocated to directional, low net equity, event driven and specialist sub strategies.

This was followed by Relative Value at around 25%. Over the course of the fiscal year the Macro and Credit exposure was reduced, whereas the Equity, Quantitative and Relative Value exposure was increased. Net assets finished the period at \$17.68 million.

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Alternative Class Institutional

The net asset value (NAV) per share decreased from \$10.13 to \$9.79 over the fiscal year to June 30, 2020, representing a -3.38% return for the year, net of all fees and expenses. The benchmark for the Class, the Hedge Fund Research HFRX Global Hedge Fund returned 3.09%.

The Class was allocated to 28 investment managers with an average position size of approximately 3.5%, with the largest allocation to any single manager being just over 7%. The Equities strategy was the largest at around 35% and was increased during the fiscal year; specifically exposure to Specialist and Directional Equity managers.

The COVID-19 crisis and associated economic disruption caused a material dislocation in financial markets in March 2020, especially in credit markets. The Federal Reserve moved very quickly to provide liquidity to help ease financial conditions, however, long biased credit strategies saw notable drawdowns during the month. In some cases, weakness was magnified by the use of leverage and this also impeded the ability of some funds to benefit from the rebound in April and May. The Credit sub-strategy was the largest detractor from relative performance during the year.

The fund grew net assets over the period, with net assets finishing the period at \$116.65 million.

Dwayne Outerbridge, CFA
President
Butterfield Select Fund Limited
November 4, 2020



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Independent Auditor's Report

The Board of Directors
Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class,
Alternative Investment Class and Alternative Investment Institutional Class

Opinion

We have audited the financial statements of Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class, Alternative Investment Class and Alternative Investment Institutional Class (collectively referred to as the Fund), which comprise the statement of financial position as at June 30, 2020, and the statements of comprehensive income, changes in net assets attributable to shareholders and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

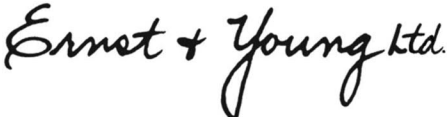
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditor's report is Cordelia Davis.



November 9, 2020

Butterfield Select Fund Limited

COMPANY INFORMATION

DIRECTORS

Dwayne Outerbridge
Jeffrey Abbott
Richard Foley
Dawn Griffiths (alternative: Elizabeth Denman)
David Ware

INVESTMENT ADVISER

Butterfield Asset Management Limited
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INVESTMENT SUB-ADVISED

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CUSTODIAN

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SUB-CUSTODIAN

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REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

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AUDITORS

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Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

(Expressed in US Dollars)

		EQUITY CLASS	
		June 30, 2020	June 30, 2019
		US\$	US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	358,653	105,000
Financial assets at fair value through profit or loss (Cost: 2020-\$71,280,269; 2019-\$79,653,462)	3, 4	103,644,270	117,296,107
Dividends receivable		10,793	-
Other assets		6,687	5,831
Total assets		104,020,403	117,406,938
Liabilities			
Accrued expenses	6, 7	179,556	161,705
Redemptions payable		317,839	-
Subscriptions received in advance		5,000	44,165
Total liabilities		502,395	205,870
Organisational shares	5	12,000	12,000
Total liabilities and equity (including net assets attributable to shareholders)		104,020,403	117,406,938
Net assets attributable to shareholders		103,506,008	117,189,068
Number of redeemable shares in issue	5	6,180,171	6,992,231
Net asset value per redeemable share		16.75	16.76

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
		June 30, 2020	June 30, 2019
		US\$	US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	3,389,735	632,349
Financial assets at fair value through profit or loss (Cost: 2020-\$54,028,865; 2019-\$54,338,990)	3, 4	56,207,735	55,415,586
Dividends receivable		19,229	8,594
Interest receivable		363,415	400,302
Other assets		4,517	4,862
Total assets		59,984,631	56,461,693
Liabilities			
Accrued expenses	6, 7	99,585	83,484
Due to brokers		1,460,000	50,502
Redemptions payable		94,090	-
Subscriptions received in advance		-	30,760
Total liabilities		1,653,675	164,746
Net assets		58,330,956	56,296,947
Number of redeemable shares in issue	5	2,528,330	2,632,081
Net asset value per redeemable share		23.07	21.39

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

		ALTERNATIVE INVESTMENT CLASS	
		June 30, 2020 US\$	June 30, 2019 US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	1,046,938	3,277,765
Financial assets at fair value through profit or loss (Cost: 2020-\$14,385,218; 2019-\$10,787,666)	3, 4	16,854,300	13,160,336
Receivable for investments sold		-	1,618,690
Other assets		2,168	1,949
Total assets		17,903,406	18,058,740
Liabilities			
Accrued expenses	6, 7	62,506	74,235
Redemptions payable		159,421	-
Subscriptions received in advance		-	4,862
Total liabilities		221,927	79,097
Net assets		17,681,479	17,979,643
Number of redeemable shares in issue	5	1,139,846	1,220,614
Net asset value per redeemable share		15.51	14.73

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

		ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
		June 30, 2020 US\$	June 30, 2019 US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	4,310,979	5,247,879
Financial assets at fair value through profit or loss (Cost: 2020-\$107,451,249; 2019-\$92,683,629)	3, 4	111,196,617	98,887,116
Receivable for investments sold		1,406,903	11,328,647
Other assets		8,769	3,231
Total assets		116,923,268	115,466,873
Liabilities			
Accrued expenses	6, 7	273,763	252,645
Total liabilities		273,763	252,645
Net assets		116,649,505	115,214,228
Number of redeemable shares in issue	5	11,914,718	11,370,781
Net asset value per redeemable share		9.79	10.13

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS

As at June 30, 2020

(Expressed in US Dollars)

EQUITY CLASS

		2020	
	Number of	Fair Value	% of
	Shares		Portfolio
INVESTMENTS			
Exchange Traded Funds			
Ishares MSCI World ETF	65,850	\$ 3,903,588	3.76%
SPDR S&P 500 ETF Trust	7,900	2,436,044	2.35%
Wisdomtree Japan Hedged Equity Fund	83,230	3,913,475	3.78%
Xtrackers MSCI Europe Index UCITS ETF	38,000	2,402,360	2.32%
		\$ 12,655,467	12.21%
Investment Funds			
American Century Global Growth Equity Fund	157,222	\$ 16,220,807	15.64%
Artisan Value Fund - Institutional	664,035	7,596,561	7.33%
BNY Mellon Long Term Global Equity Fund	8,250,616	16,096,952	15.53%
Lazard US Equity Concentrated Fund	93,577	14,225,843	13.73%
MFS Meridian Funds - Global Equity Fund	44,834	13,555,428	13.08%
MFS Meridian Funds - US Value Fund	31,477	8,122,029	7.84%
Wellington Global Opportunities Equity Fund - SUHUSD	653,784	15,171,183	14.64%
		\$ 90,988,803	87.79%
TOTAL INVESTMENTS (Cost: 2020 - \$71,280,269)		\$ 103,644,270	100.00%

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

GLOBAL FIXED INCOME CLASS

	2020		% of Portfolio
	Number of shares/ Nominal US\$	Fair Value	
INVESTMENTS			
Corporate and Government Debt Securities			
American Airlines 16-2 AA PTT 3.200% 06/15/28 SR:AA	1,247,168	\$ 1,174,646	2.09%
American Airlines 17-1 AA PTT 3.650% 02/15/29 SR:AA	604,423	578,779	1.03%
Anglo American Capital 4.875% 05/14/25 SR:144A	1,500,000	1,670,289	2.97%
Bank of America Corp. 3.950% 04/21/25 SR:L	1,500,000	1,660,967	2.96%
Barclays PLC 3.684% 01/10/23	1,000,000	1,037,799	1.85%
Corp Andina De Fomento 4.375% 06/15/22	1,500,000	1,586,985	2.82%
Fedex Corp 1998 Pass TST 6.720% 01/15/22 SR:981A	376,054	385,455	0.69%
Lloyds Banking Group PLC 4.050% 08/16/23	1,000,000	1,086,500	1.93%
Mitsubishi UFJ FIN GRP 3.777% 03/02/25	1,000,000	1,102,745	1.96%
Renaissancere Finance 3.450% 07/01/27	1,900,000	2,005,249	3.57%
Royal Bank of Scotland GRP PLC 6.100% 06/10/23	1,500,000	1,660,589	2.95%
Schlumberger Holdings Corp. 4.000% 12/21/25 Sr:144A	1,000,000	1,098,921	1.96%
Sompo International Holdings Ltd. 4.700% 10/15/22	2,230,000	2,361,758	4.20%
Standard Chartered PLC 3.950% 01/11/23 SR:144A	1,000,000	1,037,102	1.85%
Teva Pharmaceuticals NE 3.150% 10/01/26	1,500,000	1,339,320	2.38%
Vereit Operating Partner 4.875% 06/01/26	1,000,000	1,108,703	1.97%
Arcelormittal 6.125% 06/01/25	1,000,000	1,085,237	1.93%
Vale Overseas Limited 6.250% 08/10/26	1,000,000	1,176,250	2.09%
Borgwarner Inc. 3.375% 03/15/25	1,000,000	1,056,455	1.88%
Abbvie Inc. 3.200% 11/21/29 Sr:144A	1,005,000	1,105,893	1.97%
General Motors Financial Company Inc. 4.350% 01/17/27	1,000,000	1,034,703	1.84%
Walgreens Boots Alliance Inc. 3.450% 06/01/26	1,000,000	1,083,195	1.93%
Mastercard Inc. 2.950% 06/01/29	250,000	281,067	0.50%
Microsoft Corp. 2.400% 08/08/26	250,000	272,863	0.49%
Visa Inc. 3.150% 12/14/25	400,000	445,579	0.79%
Intel Corp. 3.750% 03/25/27	250,000	291,058	0.52%
Walmart Inc. 3.700% 06/26/28	250,000	296,039	0.53%
Conocophillips Company 6.950% 04/15/29	550,000	766,511	1.36%
Amazon.Com Inc. 5.200% 12/03/25	250,000	306,841	0.55%
BMW US Capital LLC. 3.250% 08/14/20 Sr:144A	750,000	752,497	1.34%
Kimco Realty Corp. 2.800% 10/01/26	550,000	562,870	1.00%
Welltower Inc. 4.250% 04/15/28	550,000	614,673	1.09%
Government of Bermuda 4.854% 02/06/24 SR:REGS	1,500,000	1,638,750	2.92%
US Treasury N/B 1.500% 08/15/26	1,000,000	1,065,508	1.90%
US Treasury N/B 2.875% 05/15/49	300,000	405,867	0.72%
Canadian Government 1.250% 03/01/25	1,855,000	1,422,909	2.53%
US Treasury Inflation Indexed N/B 0.125% 01/15/30	2,989,560	3,229,628	5.75%
US Treasury N/B 1.500% 02/15/30	2,250,000	2,432,286	4.33%

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

GLOBAL FIXED INCOME CLASS (CONTINUED)

	2020		
	Number of shares/ Nominal US\$	Fair Value	% of Portfolio
INVESTMENTS (Continued)			
Corporate and Government Debt Securities (continued)			
US Treasury N/B 1.750% 11/15/29	2,250,000	2,484,140	4.41%
US Treasury N/B 0.625% 05/15/30	1,500,000	1,495,841	2.65%
US Treasury N/B 1.125% 05/15/40	2,000,000	1,981,328	3.52%
		\$ 48,183,795	85.72%
Preferred Shares			
Arch Capital Group Ltd. 5.250% perp SR:E	22,500	\$ 539,100	0.96%
Axis Capital Holdings Ltd. 5.500% perp SR:E	25,000	588,500	1.05%
		\$ 1,127,600	2.01%
Mortgage-backed Securities			
FN AS4884 3.000% 05/01/45	348,712	\$ 370,460	0.66%
FN AY4200 3.000% 05/01/45	345,482	367,308	0.65%
FN BC4764 3.000% 10/01/46	170,754	180,776	0.32%
FN MA3810 2.500% 10/01/39	262,698	272,518	0.48%
FR RB5021 2.500% 10/01/39	262,072	273,389	0.49%
FR RB5026 2.500% 11/01/39	271,631	283,278	0.50%
FN MA3830 2.500% 11/01/39	270,987	282,604	0.50%
FN MA3797 2.500% 10/01/34	254,973	267,131	0.48%
FR SB8015 2.500% 11/01/34	262,738	275,266	0.49%
FN MA3827 2.500% 11/01/34	264,569	277,185	0.49%
FN BO3181 2.500% 10/01/49	314,884	328,514	0.58%
FN MA3833 2.500% 11/01/49	315,908	329,323	0.59%
FN MA3871 3.000% 11/01/49	313,138	330,024	0.59%
FN MA3902 2.500% 01/01/50	334,915	349,353	0.62%
FN MA3937 3.000% 02/01/50	316,739	333,818	0.59%
G2 MA6040 4.000% 07/20/49	226,499	240,028	0.43%
FN MA3960 3.000% 02/01/50	242,978	256,080	0.46%
FN MA3939 3.500% 02/01/50	235,676	247,769	0.44%
FN MA3745 3.500% 08/01/49	174,776	183,714	0.33%
		\$ 5,448,538	9.69%
Investment Funds			
Wellington Blended Opportunistic Emerging Markets Debt Fund	150,031	\$ 1,447,802	2.58%
		\$ 1,447,802	2.58%
TOTAL INVESTMENTS (Cost: 2020 - \$54,028,865)		\$ 56,207,735	100.00%

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

ALTERNATIVE INVESTMENT CLASS

	Number of Shares	2020	
		Fair Value	% of Portfolio
INVESTMENTS			
Investment Funds			
Atlas Enhanced Fund, Ltd. - Class C - Initial Series 03-2011	689	\$ 1,257,580	7.46%
Basswood Enhanced Long Short Fund, Ltd. - Class DS - Series 0318	28	20,216	0.12%
Basswood Enhanced Long Short Fund, Ltd. - Class DS - Series 0618	49	34,878	0.21%
Blackrock European Hedge Fund Ltd - Class I - Series USD	5,507	2,163,806	12.84%
Citadel Kensington Global Strategies Fund Ltd.	1,540	2,049,061	12.16%
Concordia G-10 Fixed Income Relative Value, Ltd. - Class B - Series INT	761	1,220,865	7.24%
Element Capital Feeder Fund Limited - Class B - Series 1	1,347	2,585,315	15.34%
Eversept ELS Offshore Fund Ltd. - Class NNI - Series 1	708	986,895	5.86%
MW Eureka Fund - Class A2 - Series USD	1,830	667,248	3.96%
Pentwater Equity Opportunities Fund Ltd. - Class C - Series INT	1,060	994,995	5.90%
PIMCO Global Investment Grade Credit Fund - Class INSACC - Series USD	51,047	1,083,220	6.43%
Renaissance Institutional Diversified Global Equities Offshore Fund L.P. - Class A - Series BSFLA	1	1,530,302	9.08%
Select Partners ELS Fund, Ltd. - Class A2 - Series 15	71	102,601	0.61%
Select Partners ELS Fund, Ltd. - Class A2-2	766	1,106,281	6.56%
Voloridge Fund Ltd. - Class B - Series 0320	175	194,724	1.16%
Voloridge Fund Ltd. - Class B - Series BFINIT	628	856,313	5.07%
Investment Funds (Cost: 2020 - \$14,385,218)		\$ 16,854,300	100.00%

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS

INVESTMENTS	Number of Shares	2020	
		Fair Value	% of Portfolio
Investment Funds			
Atlas Enhanced Fund Ltd. - Class B - Series 0120	1,157	\$ 1,329,117	1.20%
Atlas Enhanced Fund Ltd. - Class B - Series 0420	1,211	1,325,100	1.19%
Atlas Enhanced Fund Ltd. - Class B - Series INT311	596	1,167,149	1.05%
Atlas Enhanced Fund Ltd. - Class Y1 - Series INT311	673	1,308,741	1.18%
BlackRock European Hedge Fund Ltd. - Class EQ - Series BSFLAI	1	14,059	0.01%
BlackRock European Hedge Fund Ltd. - Class I - Series USD	7,655	3,083,552	2.77%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051	550	574,485	0.52%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-2	200	206,598	0.19%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-3	1,400	1,402,652	1.26%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-4	275	263,704	0.24%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-5	250	231,784	0.21%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-6	300	260,612	0.23%
Chenavari European Structured Credit Fund Ltd. April 2013 Series	53	58,941	0.05%
Citadel Kensington Global Strategies Fund Ltd. - Main - Butterfield Select Fund	5,303	7,216,100	6.49%
Corre Opportunities Offshore Fund Ltd. - Class AU - Series 0319	2,450	2,320,898	2.09%
Corre Opportunities Offshore Fund Ltd. - Class AU - Series 0519	500	466,205	0.42%
Corre Opportunities Offshore Fund Ltd. - Class AU - Series 1118C	2,500	2,311,649	2.08%
Element Capital Feeder Fund Limited BNR - Series 1	4,551	8,772,271	7.89%
Hawk Ridge Partners Offshore Ltd. - Class A - Series 0420	4,900	5,660,781	5.09%
Linden International Ltd. - Class A - Series BSFLAI	1,156	5,117,541	4.60%
Linden International Ltd. - Class B - Series INT	77	335,552	0.30%
LMR Fund Limited - Class D - Series 1	20,594	3,511,830	3.16%
Magnetar Constellation Fund Ltd. - Class E - Series 207	5,381	5,967,412	5.37%
MW Eureka Fund - Class B2	13,131	2,859,912	2.57%
Myriad Opportunities Offshore Fund Ltd. - Class EIMOIV - Series 1	37	36,749	0.03%
OZ GC Opportunities Overseas Fund Ltd. - Class A - Series 44	5,000	3,854,134	3.47%
Pentwater Equity Opportunities Fund Ltd. - Class A - Series INT	5,028	4,723,103	4.25%
Point72 Capital International Ltd. - Class A-n - Series 0218	33,152	3,899,283	3.51%
Redmile Capital Offshore Fund Ltd. - Class A - Sub Class 10 - Series 0118	263	362,706	0.33%
Redmile Capital Offshore Fund Ltd. - Class A - Sub Class 10 - Series 0417	563	917,137	0.82%
Redmile Capital Offshore Fund Ltd. - Class A - Sub Class 10 - Series 0418	450	580,200	0.52%
Redmile Capital Offshore Fund Ltd. - Class A - Sub Class 10 - Series 0519	413	506,680	0.46%
Redmile Capital Offshore Fund Ltd. - Class A - Sub Class 10 - Series 1017	1,125	1,576,638	1.42%
Redmile Capital Offshore Fund Ltd. - Class A - Sub Class 10 - Series 1217	1,125	1,575,125	1.42%

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2020

(Expressed in US Dollars)

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS (CONTINUED)

		2020	
	Number of Shares	Fair Value	% of Portfolio
INVESTMENTS (continued)			
Investment Funds (continued)			
Renaissance Institutional Diversified Global Equities Offshore Fund L.P. - Class A - Series BSFLAI	1	\$ 5,400,413	4.86%
Rokos Global Macro Fund Ltd. - Class B1	24,821	3,862,638	3.47%
Select Partners ELS Fund Ltd. - Class A1-1	2,286	4,906,562	4.41%
Shelter Growth Opportunities Fund Ltd. - Class E - Series BSFLTD	5,435	2,196,732	1.98%
Steadfast International Ltd. - Class A - Series 022020	24,000	2,300,916	2.07%
STM LCB LLC - Class 2AF - Series 2	1	541,887	0.49%
TPG Public Equity Partners B Ltd. - Class B - Series 0814TR	4,334	6,947,304	6.25%
Voleon Institutional Strategies International Ltd. - Class A - Series Initial 01-16	2,383	2,872,629	2.58%
Voleon Institutional Strategies International Ltd. - Class A - Series 0120	1,285	1,548,950	1.39%
Voleon International Investors, Ltd. - Class A - Series 41365	5,949	862,283	0.78%
Wexford Offshore Catalyst Fund Limited - Class GE - Series LIQ	427	439,061	0.39%
Whale Rock Flagship Fund Ltd. - Class A1 - Series I46823	3,700	4,472,479	4.01%
Whitebox Asymmetric Opportunities Fund Ltd. - Class C - Series 8-1	958	1,046,363	0.93%
TOTAL INVESTMENTS (Cost: 2020 - \$107,451,249)		\$ 111,196,617	100.00%

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

(Expressed in US Dollars)

		EQUITY CLASS	
		2020 US\$	2019 US\$
Income	Notes		
Net realised gain on financial assets at fair value through profit or loss		6,542,431	556,551
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss		(5,278,644)	6,450,472
Dividend income		614,424	1,455,145
Other income		17,199	15,676
Total income		1,895,410	8,477,844
Expenses			
Management fee	6 a)	955,935	991,042
Administration fee	7	152,886	158,333
Audit fee		24,200	16,700
Custodian fee	6 b)	54,638	55,766
Government fee		4,698	4,583
Miscellaneous		20,478	18,859
Total expenses		1,212,835	1,245,283
Less: Withholding tax on dividend income		77,946	81,814
Net increase in net assets resulting from operations attributable to shareholders		604,629	7,150,747

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
		2020	2019
		US\$	US\$
	Notes		
Income			
Net realised gain on financial assets at fair value through profit or loss		2,277,625	1,109,101
Net change in unrealised gain on financial assets at fair value through profit or loss		1,102,274	1,461,229
Net foreign exchange loss		(3,903)	-
Bonds interest		1,402,991	1,962,167
Dividend income		139,477	68,267
Total income		4,918,464	4,600,764
Expenses			
Management fee	6 a)	497,531	478,136
Administration fee	7	79,470	76,375
Miscellaneous		11,811	10,572
Audit fee		11,407	8,300
Custodian fee	6 b)	28,430	26,492
Government fee		2,406	2,646
Total expenses		631,055	602,521
Net increase in net assets resulting from operations attributable to shareholders		4,287,409	3,998,243

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT CLASS	
		2020 US\$	2019 US\$
Income			
Net realised gain/(loss) on financial assets at fair value through profit or loss		1,156,682	(562,683)
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		96,412	(739,869)
Net foreign exchange gain		165	-
Interest		1,332	19,751
Other income		6,996	385
Total income/(loss)		1,261,587	(1,282,416)
Expenses			
Management fee	6 a)	308,608	587,912
Administration fee	7	28,421	54,454
Miscellaneous		4,988	20,806
Audit fee		5,059	15,716
Custodian fee	6 b)	8,817	17,002
Government fee		1,131	1,851
Sub investment management fee		4,766	12,271
Total expenses		361,790	710,012
Net increase/(decrease) in net assets resulting from operations attributable to shareholders		899,797	(1,992,428)

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
		2020 US\$	2019 US\$
Income			
Net realised gain/(loss) on financial assets at fair value through profit or loss		771,455	(1,755,590)
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss		(2,458,119)	1,888,808
Net foreign exchange gain		432	-
Interest		8,625	36,045
Total (loss)/income		(1,677,607)	169,263
Expenses			
Management fee	6 a)	2,090,744	1,777,692
Administration fee	7	191,414	164,003
Miscellaneous		13,507	26,059
Audit fee		16,555	18,100
Custodian fee	6 b)	59,738	51,242
Government fee		4,057	4,072
Sub investment management fee		29,320	28,369
Total expenses		2,405,335	2,069,537
Net decrease in net assets resulting from operations attributable to shareholders		(4,082,942)	(1,900,274)

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended June 30, 2020

(Expressed in US Dollars)

	EQUITY CLASS	
	2020 US\$	2019 US\$
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	604,629	7,150,747
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	6,571,899	9,702,296
Redemption of redeemable shares	(20,859,588)	(15,125,697)
Decrease in net assets attributable to shareholders from transactions in shares	(14,287,689)	(5,423,401)
NET (DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	(13,683,060)	1,727,346
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	117,189,068	115,461,722
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	103,506,008	117,189,068

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	2020 US\$	2019 US\$
GLOBAL FIXED INCOME CLASS		
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	4,287,409	3,998,243
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	3,975,526	4,691,792
Redemption of redeemable shares	(6,228,926)	(7,085,291)
Decrease in net assets attributable to shareholders from transactions in shares	(2,253,400)	(2,393,499)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	2,034,009	1,604,744
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	56,296,947	54,692,203
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	58,330,956	56,296,947

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2020 US\$	2019 US\$
NET INCREASE/(DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	899,797	(1,992,428)
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	1,432,870	2,087,905
Redemption of redeemable shares	(2,630,831)	(24,601,029)
Decrease in net assets attributable to shareholders from transactions in shares	(1,197,961)	(22,513,124)
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	(298,164)	(24,505,552)
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	17,979,643	42,485,195
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	17,681,479	17,979,643

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
	2020 US\$	2019 US\$
NET DECREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	(4,082,942)	(1,900,274)
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	10,371,861	25,255,305
Redemption of redeemable shares	(4,853,642)	(4,007,816)
Increase in net assets attributable to shareholders from transactions in shares	5,518,219	21,247,489
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	1,435,277	19,347,215
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	115,214,228	95,867,013
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	116,649,505	115,214,228

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

(Expressed in US Dollars)

	EQUITY CLASS	
	2020 US\$	2019 US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to shareholders	604,629	7,150,747
<i>Adjustments for:</i>		
Purchase of financial assets	(12,743,103)	(2,800,820)
Proceeds from sale of financial assets	27,658,727	7,764,933
Net realised gain on financial assets at fair value through profit or loss	(6,542,431)	(556,551)
Net change in unrealised loss/(gain) on financial assets at fair value through profit or loss	5,278,644	(6,450,472)
Changes in:		
Dividends receivable	(10,793)	-
Other assets	(856)	736
Accrued expenses	17,851	(3,493)
Net cash provided by operating activities	14,262,668	5,105,080
Cash flows from financing activities		
Redemptions payable	317,839	-
Subscriptions received in advance	(39,165)	(251,776)
Proceeds from issuance of shares	6,571,899	9,702,296
Payments for redemption of shares	(20,859,588)	(15,125,697)
Net cash used in financing activities	(14,009,015)	(5,675,177)
Net increase/(decrease) in cash and cash equivalents	253,653	(570,097)
Cash and cash equivalents – beginning of year	105,000	675,097
Cash and cash equivalents – end of year	358,653	105,000
Supplemental cash flow information:		
Dividend received, net of withholding taxes	525,685	1,373,331

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	GLOBAL FIXED INCOME CLASS	
	2020	2019
	US\$	US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to shareholders	4,287,409	3,998,243
<i>Adjustments for:</i>		
Purchase of financial assets	(38,907,561)	(22,968,161)
Proceeds from sale of financial assets	41,495,311	24,274,136
Net realised gain on financial assets at fair value through profit or loss	(2,277,625)	(1,109,101)
Net change in unrealised gain on financial assets at fair value through profit or loss	(1,102,274)	(1,461,229)
Changes in:		
Interest receivable	36,887	48,027
Other assets	345	(866)
Dividends receivable	(10,635)	(2,579)
Due to brokers	1,409,498	50,502
Accrued expenses	16,101	2,424
Net cash provided by operating activities	4,947,456	2,831,396
Cash flows from financing activities		
Subscriptions received in advance	(30,760)	(262,209)
Proceeds from issuance of shares	3,975,526	4,691,792
Payments for redemption of shares	(6,134,836)	(7,085,291)
Net cash used in financing activities	(2,190,070)	(2,655,708)
Net increase in cash and cash equivalents	2,757,386	175,688
Cash and cash equivalents – beginning of year	632,349	456,661
Cash and cash equivalents – end of year	3,389,735	632,349
Supplemental cash flow information:		
Interest received	1,439,878	2,010,194
Dividend received	128,842	65,689

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2020 US\$	2019 US\$
Cash flows from operating activities		
Net increase/(decrease) in net assets resulting from operations attributable to shareholders	899,797	(1,992,428)
<i>Adjustments for:</i>		
Purchase of financial assets	(7,827,861)	(3,405,000)
Proceeds from sale of financial assets	7,005,681	27,206,296
Net realised (gain)/loss on financial assets at fair value through profit or loss	(1,156,682)	562,683
Net change in unrealised (gain)/loss on financial assets at fair value through profit or loss	(96,412)	739,869
Changes in:		
Other assets	(219)	6,062
Accrued expenses	(11,729)	(33,957)
Net cash (used in)/provided by operating activities	(1,187,425)	23,083,525
Cash flows from financing activities		
Subscriptions received in advance	(4,862)	(175,289)
Proceeds from issuance of shares	1,432,870	2,087,905
Payments for redemption of shares	(2,471,410)	(24,601,029)
Net cash used in financing activities	(1,043,402)	(22,688,413)
Net (decrease)/increase in cash and cash equivalents	(2,230,827)	395,112
Cash and cash equivalents – beginning of year	3,277,765	2,882,653
Cash and cash equivalents – end of year	1,046,938	3,277,765
Supplemental cash flow information:		
Interest received	1,332	19,751

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended June 30, 2020

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
	2020 US\$	2019 US\$
Cash flows from operating activities		
Net decrease in net assets resulting from operations attributable to shareholders	(4,082,942)	(1,900,274)
<i>Adjustments for:</i>		
Purchase of financial assets	(48,202,138)	(34,108,924)
Proceeds from sale of financial assets	44,127,717	17,857,940
Net realised (gain)/loss on financial assets at fair value through profit or loss	(771,455)	1,755,590
Net change in unrealised loss/(gain) on financial assets at fair value through profit or loss	2,458,119	(1,888,808)
Changes in:		
Other assets	(5,538)	1,837
Accrued expenses	21,118	47,864
Net cash used in operating activities	(6,455,119)	(18,234,775)
Cash flows from financing activities		
Proceeds from issuance of shares	10,371,861	25,255,305
Payment for redemption of shares	(4,853,642)	(4,007,816)
Net cash provided by financing activities	5,518,219	21,247,489
Net (decrease)/increase in cash and cash equivalents	(936,900)	3,012,714
Cash and cash equivalents – beginning of year	5,247,879	2,235,165
Cash and cash equivalents – end of year	4,310,979	5,247,879
Supplemental non-cash information:		
Interest received	8,625	36,045

The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2020

1. CORPORATE INFORMATION

Butterfield Select Fund Limited (the "Fund") is an open-ended investment company which was incorporated under the laws of Bermuda on January 31, 2000.

The Fund commenced operations on February 17, 2000. The Bank of N. T. Butterfield & Son Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). MUFG Fund Services (Bermuda) Limited acts as registrar and transfer agent and as accountants/administrator (the "Registrar and Transfer Agent" or "Administrator") for the Fund. The Custodian and Investment Adviser are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank").

The registered address of the Fund is c/o MUFG Fund Services (Bermuda) Limited, Cedar House, 4th Floor North, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

The Investment Adviser, Custodian and Bank each maintains separate business units, roles and responsibilities to ensure segregation between different functions.

Brown Brothers Harriman & Co. acts as sub-custodian (the "Sub-custodian") for the Equity Class, the Alternative Investment Class and the Alternative Investment Institutional Class. The Sub-custodian fees are paid by the Custodian.

Grosvenor Capital Management, L.P. provides sub-advisory services to the Fund. All sub-advisory fees are paid by the Investment Adviser on behalf of the Fund.

The objective of the Fund is to achieve long term capital growth in the value of the assets, offering a convenient and efficient vehicle for investing in mutual fund products which are anticipated to provide the best opportunities for capital appreciation having regard to diversification.

For the Equity Class, the policy of the Fund is to hold a global portfolio by investing in international and Bermuda equity funds and international equity index-linked instruments.

For the Global Fixed Income Class, the policy of the Fund is to hold a portfolio of international fixed income mutual funds and/or securities.

For Alternative Investment Class and Alternative Investment Institutional Class the policy is to invest with professional money managers, predominately in "Hedge Fund" format, but may, at the Investment Adviser's discretion, invest in listed securities or limited partnership investments. The Investment Adviser will attempt to minimise the risks involved by selecting money managers who utilise strategies such as hedged investing and by diversification of both manager and strategy.

All four classes may also hold money market instruments or mutual funds for cash management purposes.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION

Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared on a historical-cost basis, except for financial assets held at fair value through profit or loss.

The financial statements are presented in United States dollars, which is the functional currency of the Fund, and all values are rounded to the nearest dollar, except when otherwise stated.

Summary of significant accounting policies

a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Fund's management to make judgements, estimates and assumptions that affect the amounts reported and disclosures made in the financial statements, and accompanying notes. Management believes that the estimates and judgements utilised in preparing the Fund's financial statements are reasonable and prudent. Actual results could differ from these estimates.

b) Financial Instruments

i. Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial Instruments (continued)

i. Classification (continued)

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

Debt instruments: These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Instruments held for trading: This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Fund includes in this category, derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category convertible bonds, debentures, and other short-term payables.

Receivables and Loans

Receivables and Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category collateral on derivatives, securities borrowed and other short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified at FVPL. The Fund includes in this category debentures, collateral on derivatives, securities lent and other short-term payables.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial Instruments (continued)

ii. Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

iii. Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

iv. Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Financial liabilities, other than those classified at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

v. Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset, or

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial instruments (continued)

v. Derecognition (continued)

(b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

c) Fair value measurement

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or dealer price quotations, without any deduction for transaction costs.

It is the policy of the Fund to value any asset quoted, listed, traded or dealt with on an exchange or market by reference to the last traded price on or prior to the relevant Valuation Day on the major exchange or market in which the assets are dealt, to the extent that such valuation is based on a price within the bid-ask spread that is most representative of fair value on valuation date. In circumstances where the last traded price is not within the bid-ask spread, the Directors will determine the point within the bid-ask spread that is most representative of fair value.

Investments in underlying funds are carried at fair value, which is based on the net asset value ("NAV") of each share of the Fund's investments in or the pro-rata interest in the net assets of such investment funds as published or otherwise reported by the investment fund's administrators. The underlying investments of each fund are accounted for at fair value as described in each investment fund's financial statements.

The Directors at their absolute discretion may permit some other method of valuation to that described above if they consider such valuation better reflects the fair value of any investment.

d) Impairment of financial assets

The Fund holds only trade receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. As at June 30, 2020, the Fund had no ECLs and had, therefore, not recognised a loss allowance.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

d) Impairment of financial assets (continued)

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

e) Functional and presentation currency

The Fund's functional currency is the United States Dollar (US Dollar), which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in US Dollars. Therefore, the US Dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Fund's presentation currency is also the US Dollars.

f) Offsetting and financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Management has determined that, as at June 30, 2020 and 2019, there were no assets and liabilities offset in the statement of financial position, nor were there any assets or liabilities available for offset. The Fund does not have a legally enforceable right to offset, nor does it have master netting agreements or similar arrangements that would allow for related amounts to be set off.

g) Foreign currency translations

Assets and liabilities that are denominated in foreign currencies are translated into US dollars at rates of exchange on the period end date. Transactions during the period are translated at the rate in effect at the date of the transaction. Foreign currency translation gains and losses are included in the statement of comprehensive income.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Cash and cash equivalents do not include bank overdraft. Where applicable, bank overdraft is shown as a liability in the statement of financial position as well as in the statement of cash flows.

i) Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

j) Dividend income and expense

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

k) Realised and change in unrealised gains and losses

Realised and change in unrealised gains/(losses) on financial assets at fair value through profit or loss are recognised in the statement of comprehensive income. The cost of investments sold is accounted for using the average cost basis.

l) Expenses

All expenses (including management fees) are recognised in the statement of comprehensive income on an accrual basis.

m) Going concern

The Fund's management has assessed the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

n) Share capital

The Fund's Organisational Shares are classified as equity in accordance with IFRS and the Fund's articles of association. These shares do not participate in the profits of the Fund.

o) Redeemable participating shares

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. The redeemable participating shares can be put back to the Fund on any dealing day at a value equal to a proportionate share of the NAV. The NAV per share is calculated by dividing the net assets attributable to shareholders with the total number of outstanding redeemable shares.

p) Investment entity

IFRS 10 defines an investment entity and requires a reporting entity that meets the definition of an investment entity not to consolidate but instead to measure its investments at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with investment management services;
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Management has determined that the Fund meets the definition of an investment entity and recognizes all investments at fair value through profit and loss.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

q) Impact of new accounting pronouncements

IFRIC 23 - Uncertainty over income tax treatments

On June 7, 2017, the IFRS Interpretations Committee (IFRS IC) issued IFRIC 23 'Uncertainty over income tax treatments' ("IFRIC 23"). IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019.

IFRIC 23 addresses:

- (i) whether an entity considers uncertain tax treatments separately;
- (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- (iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- (iv) how an entity considers changes in fact and circumstances.

The Fund has analyzed its tax positions and has concluded that no asset/liability for unrecognized tax benefits/obligations should be recorded relating to uncertain tax positions for the year ended June 30, 2020. Currently, the only taxes recorded by the Fund are withholding taxes applicable to certain income. For the year ended June 30, 2020, no other income tax liability or expense has been recorded in the accompanying financial statements.

The general tax position of the Fund is disclosed in Note 8 to the financial statements.

r) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair value

For fair value of financial instruments please refer to Note 4.

3. FINANCIAL RISK MANAGEMENT

The Fund's overall risk management approach includes formal guidelines to govern the extent of exposure to various types of risk. The Investment Adviser also has various internal controls to oversee the Funds' investment activities, including monitoring compliance with the investment objective and strategies, internal guidelines and securities regulations.

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Financial instruments that potentially expose the Fund to credit and counterparty risk consist primarily of cash and cash equivalents, balances held at the brokers/custodian/sub-custodian and investments in debt securities.

The value of such balances on the statement of financial position includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

Credit ratings below represent ratings of Global Fixed income Class' debt securities provided by Standard & Poor's and are subject to change, which could be material.

	% of Portfolio 2020	% of Portfolio 2019
Debt Securities by Credit Rating		
AAA	3.16	0.00
AA+	0.00	2.66
AA+u	34.57	33.44
AA	0.55	0.00
AA-	1.40	3.67
A+	4.12	13.88
A	3.49	0.00
A-	9.56	17.02
BBB+	8.22	8.75
BBB	9.02	14.76
BBB-	4.09	2.17
BBB *-	1.93	0.00
BB	0.00	2.33
Not Rated by S&P	19.89	1.32
	100.00	100.00

Credit ratings below represent ratings of Global Fixed Income Class' debt securities provided by Moody's for the debt securities not rated by Standard & Poor's and are subject to change, which could be material.

	% of Portfolio 2020	% of Portfolio 2019
Debt Securities by Credit Rating		
A2	1.40	0.00
A3	4.46	0.00
Aa3	2.96	1.32
Ba1	2.19	0.00
Ba2	2.50	0.00
Baa1	3.27	0.00
Baa2	3.11	0.00
	19.89	1.32

Substantially all of the assets of the Fund are held by the Fund's Custodian, Sub-custodian and the Bank. The Fund monitors its risk by monitoring the credit quality of the Custodian, Sub-custodian and the Bank. As at June 30, 2020, the credit ratings of the Custodian and the Bank, as provided by Standard and Poor's, were both BBB+ (2019 – BBB+). As at June 30, 2020, the credit rating of the Fund's Sub-custodian, as provided by Fitch Ratings, was A+ (2019 – A+).

Currency Risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the US Dollar. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Fund will necessarily be subject to foreign exchange risks.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT (Continued)

Currency Risk (continued)

The primary purpose of the Fund's foreign currency economic hedging activities is to protect against the volatility associated with investments denominated in foreign currencies and other assets and liabilities denominated in foreign currencies created in the normal course of business. The Fund may utilise foreign currency forward exchange contracts to hedge foreign-currency-denominated financial instruments. Increases or decreases in the fair values of the Fund's foreign-currency-denominated financial assets and liabilities are partially offset by gains and losses on the economic hedging instruments.

As at June 30, 2020 and 2019, the Fund's exposure to currencies other than the Fund's reporting currency was limited to small balances of cash and cash equivalents denominated in foreign currencies which are not significant to the Fund as a whole.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Prices of fixed income securities generally increase when interest rates decline, and decrease when interest rates rise. As at June 30, 2020, had the interest rates increased or decreased by 25 basis points and assuming a direct impact to the net assets by 25 basis points, the net assets of Global Fixed Income Class would have increased or decreased by approximately US\$134,081 (2019: US\$132,143). This analysis assumes that all other variables remained unchanged. In practice, actual results may differ from this analysis and the difference could be material. All other assets and liabilities are not subject to interest rate risk. The Equity Class, Alternative Investment Class and Alternative Investment Institutional Class are not subject to significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable shares of the Equity Class, Global Fixed Income Class and Alternative Investment Class.

The Alternative Investment Institutional Class has a higher risk and return objective and reduced liquidity constraints than the other Classes and, as a result, shares can only be redeemed quarterly. Each Fund Class retains sufficient holdings in underlying funds which offer redemptions on a quarterly, monthly, weekly and daily basis or actively traded marketable securities which, combined with cash and cash equivalents, provide adequate liquidity to address the risk of cash redemptions of redeemable shares.

The table below indicates the Global Fixed Income Class' holdings in debt securities by remaining term to maturity:

Debt Securities by Maturity	Fair Value	
	2020 US\$	2019 US\$
Less than 1 year	752,497	-
1 - 3 years	7,684,233	6,457,375
3 - 5 years	11,109,307	12,108,699
Greater than 5 years	34,086,296	34,291,049
	53,632,333	52,857,123

As of June 30, 2020 and 2019, all investment funds (2020: US\$103,644,270; 2019: US\$117,296,107) held by the Equity Class offer redemptions on a daily basis.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk (continued)

As of June 30, 2020 and 2019, all investment funds (2020: US\$1,447,802; 2019: US\$1,400,338) held by the Global Fixed Income Class offer redemptions on a daily basis.

As of June 30, 2020, investment funds held by the Alternative Investment Class representing US\$4,634,376 (27.50%) offer redemptions on a quarterly basis, US\$11,136,704 (66.07%) offer redemptions on a monthly basis and US\$1,083,220 (6.43%) offer redemptions on a daily basis. As of June 30, 2019, investment funds held by the Alternative Investment Class representing US\$4,880,011 (37.08%) offer redemptions on a quarterly basis and US\$8,280,325 (62.92%) offer redemptions on a monthly basis. Investment funds' initial lock-up periods range from zero to one year. As of June 30, 2020 and 2019, no investment funds held by the Alternative Investment Class remain subject to un-expired initial lock-up periods.

As of June 30, 2020, investment funds held by the Alternative Investment Institutional Class representing US\$78,848,115 (70.91%) offer redemptions on a quarterly basis, US\$30,092,829 (27.06%) offer redemptions on a monthly basis and US\$2,255,673 (2.03%) have other liquidity. Investment funds' initial lock-up periods range from zero to one year. As of June 30, 2020, investment funds held by the Alternative Investment Institutional Class amounting to US\$5,660,781 remain subject to un-expired initial lock-up periods ranging from 1 month to 12 months. As of June 30, 2019, investment funds held by the Alternative Investment Institutional Class representing US\$75,839,446 (76.69%) offer redemptions on a quarterly basis, US\$22,775,289 (23.03%) offer redemptions on a monthly basis and US\$272,381 (0.28%) have other liquidity. Investment funds' initial lock-up periods range from zero to one year. As of June 30, 2019, investment funds held by the Alternative Investment Institutional Class amounting to US\$13,541,045 remain subject to un-expired initial lock-up periods ranging from 1 month to 12 months.

The Fund also has a credit facility in place to further mitigate liquidity risk.

Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. The Investment Adviser attempts to mitigate price/market risk by selecting appropriate portfolio investments based on the Fund's strategy.

As at June 30, 2020, all of the Equity Class' investments were exposed to changes in portfolio prices. As at June 30, 2020, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Equity Class would have been US\$5,182,214 (2019 - US\$5,864,805) higher or lower.

As at June 30, 2020, all of the Global Fixed Income Class' investments were exposed to changes in portfolio prices. As at June 30, 2020, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Global Fixed Income Class would have been US\$2,810,387 (2019 - US\$2,770,779) higher or lower.

As at June 30, 2020, all of the Alternative Investment Class' investments were exposed to changes in portfolio prices. As at June 30, 2020, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Alternative Investment Class would have been US\$842,715 (2019 - US\$658,017) higher or lower.

As at June 30, 2020, all of the Alternative Investment Institutional Class' investments were exposed to changes in portfolio prices. As at June 30, 2020, if portfolio prices had been 5% higher or lower with all other variables held constant, the net assets of the Alternative Investment Institutional Class would have been US\$5,532,737 (2019 - US\$4,944,356) higher or lower.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

3. FINANCIAL RISK MANAGEMENT (Continued)

Price/Market Risk (continued)

A sensitivity rate of 5% is used when reporting other price/market risk internally to key management personnel and represents management's assessment of possible change in market prices.

4. FAIR VALUE OF FINANCIAL ASSETS

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are market observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for the asset or liability that are not based on observable market data, including the Fund's own assumptions in determining the fair value of investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The inputs used by the Fund to value its investments in each of the investment funds or other financial instruments may differ from the inputs used to value the underlying holdings of such investment funds or other financial instruments. Thus, an investment fund with all of its underlying investments classified as Level 1 may be classified as a Level 2 or Level 3 investment.

The Fund measures the fair value of its investments in investment funds on the basis of the NAV per share (or its equivalent) of such investment funds.

Unless the investment funds have been suspended or are subject to similar liquidity restrictions, the Fund has the ability to redeem its investments in investment funds at NAV per share (or its equivalent) and the investments in investment funds are categorized as Level 2. Where the investment fund is suspended for an extended period, the Fund classifies its investments in investment funds as Level 3.

2020

EQUITY CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	90,988,803	-	90,988,803
Exchange traded funds	12,655,467	-	-	12,655,467
Total financial assets	12,655,467	90,988,803	-	103,644,270

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

2020 (continued)

GLOBAL FIXED INCOME CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	48,183,795	-	48,183,795
Preferred shares	-	1,127,600	-	1,127,600
Mortgage-backed securities	-	5,448,538	-	5,448,538
Investment funds	1,447,802	-	-	1,447,802
Total financial assets	1,447,802	54,759,933	-	56,207,735

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	16,854,300	-	16,854,300
Total financial assets	-	16,854,300	-	16,854,300

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	108,999,885	2,196,732	111,196,617
Total financial assets	-	108,999,885	2,196,732	111,196,617

2019

EQUITY CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	108,553,489	-	108,553,489
Exchange traded funds	8,742,618	-	-	8,742,618
Total financial assets	8,742,618	108,553,489	-	117,296,107

GLOBAL FIXED INCOME CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	49,858,943	-	49,858,943
Preferred shares	-	1,158,125	-	1,158,125
Exchange traded funds	1,400,338	-	-	1,400,338
Mortgage-backed securities	-	2,998,180	-	2,998,180
Total financial assets	1,400,338	54,015,248	-	55,415,586

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

2019 (continued)

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	13,160,336	-	13,160,336
Total financial assets	-	13,160,336	-	13,160,336

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	98,887,116	-	98,887,116
Total financial assets	-	98,887,116	-	98,887,116

Transfers of Assets between Level 1 and Level 2

Financial assets and liabilities transferred from Level 1 to Level 2 are the result of the securities no longer being traded in an active market. There were no transfers of financial assets and liabilities from Level 1 to Level 2 during the years ended June 30, 2020 and 2019. Financial assets and liabilities transferred from Level 2 to Level 1 are the result of the securities now being traded in an active market. There were no transfers of financial assets and liabilities from Level 2 to Level 1 during the years ended June 30, 2020 and 2019.

Reconciliation of Financial Asset and Liability Movement - Level 3

The movement in financial assets held in the Alternative Investment Institutional Class classified as Level 3 is as follows:

	2020 US\$	2019 US\$
Beginning balance	-	-
Transfer of assets between level 2 and level 3	2,196,732	-
Realised loss	-	-
Ending balance	2,196,732	-

Net change in unrealised gain included in the statement of comprehensive income related to Level 3 investments still held at year end

(3,303,267) -

Financial assets and liabilities transferred from Level 2 to Level 3 are the result of the securities liquidating. There were transfers of financial assets from Level 2 to Level 3 of \$2,196,732 during the year ended June 30, 2020 in the Fund's Alternative Investment Institutional Class. The Fund's Equity Class, Global Fixed Income Class, and Alternative Investment Class did not hold any Level 3 investments at the beginning, during, or at the end of the year ended June 30, 2020 and June 30, 2019.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is US\$100,000,000 divided into 1,000,000,000 shares of US\$0.10 par value each, of which 120,000 shares of US\$0.10 par value have been designated as non-participating, voting organisational shares and have been allotted for cash at par to the Investment Adviser and its nominees.

The remaining share capital consists of 999,880,000 participating, non-voting redeemable shares of US\$0.10 divided into four classes designated as Equity Class, Global Fixed Income Class, Alternative Investment Class and Alternative Investment Institutional Class.

Under the By-Laws, the organisational shares have only nominal rights if and so long as there are any other shares of the Fund in issue.

Details of shares issued and outstanding during the years ended June 30, 2020 and 2019 were as follows:

EQUITY CLASS REDEEMABLE SHARES

	2020	2019
Balance – beginning of year	6,992,231	7,314,455
Issue of redeemable shares	394,931	628,071
Redemption of redeemable shares	(1,206,991)	(950,295)
Balance – end of year	6,180,171	6,992,231

GLOBAL FIXED INCOME CLASS REDEEMABLE SHARES

	2020	2019
Balance – beginning of year	2,632,081	2,750,033
Issue of redeemable shares	180,395	232,020
Redemption of redeemable shares	(284,146)	(349,972)
Balance – end of year	2,528,330	2,632,081

ALTERNATIVE INVESTMENT CLASS REDEEMABLE SHARES

	2020	2019
Balance – beginning of year	1,220,614	2,758,946
Issue of redeemable shares	94,337	138,420
Redemption of redeemable shares	(175,105)	(1,676,752)
Balance – end of year	1,139,846	1,220,614

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS REDEEMABLE SHARES

	2020	2019
Balance – beginning of year	11,370,781	9,271,338
Issue of redeemable shares	1,022,146	2,492,283
Redemption of redeemable shares	(478,209)	(392,840)
Balance – end of year	11,914,718	11,370,781

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

5. SHARES ISSUED AND OUTSTANDING (Continued)

Redeemable shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of Equity Class, Global Fixed Income Class, and Alternative Investment Class and monthly for Alternative Investment Institutional Class. Shares may be redeemed weekly from Equity Class, Global Fixed Income Class and Alternative Investment Class and quarterly from Alternative Investment Institutional Class for an amount equal to the net asset value per share as at the close of business on the valuation day, following receipt of the properly completed request for redemption, subject to the power of the directors to deduct therefrom an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

The Directors of the Fund will use commercially reasonable efforts to timely meet redemption requests for the Alternative Investment Class and Alternative Investment Institutional Class. However, because the liquidity of the investments in investment funds does not match the liquidity offered to shareholders of these Classes, the Directors have determined it is in the best interest of the Alternative Investment Class and Alternative Investment Institutional Class to retain the discretion to impose a gate on redemptions. The Directors may, with respect to any redemption day, impose a gate if redemption requests in the aggregate exceed 15% of the net asset value of the respective classes on the relevant redemption day and the eleven redemption days prior for Alternative Investment Class and three redemption days prior for Alternative Investment Institutional Class. When outstanding redemption requests exceed the gate, redemptions will be reduced and satisfied on a pro rata basis, based on the total amount of requested redemptions as of such redemption day. If the Fund receives redemption requests that exceed the gate it shall carry forward the balance of any redemption requests which are not processed as a result of the gate to the next following redemption day and so on to each succeeding redemption day until such request has been complied with in full.

With respect to the Alternative Investment Institutional Class, the Directors may also declare any dealing day to be an additional redemption day for such Class, (each a "Special Dealing Day") provided that (i) no more than five (5) percent of the then outstanding Alternative Investment Institutional Class shares may be redeemed as of any Special Dealing Day; and (ii) a notice of redemption with respect to a Special Dealing Day is received by the Administrator by no later than 5:00 pm no less than 40 calendar days before the applicable Special Dealing Day.

In addition, the Directors may impose such additional requirements, limitations, terms and conditions with respect to redemptions on a Special Dealing Day as they may determine in their sole discretion.

Capital Management

As a result of the ability to issue, repurchase and resell shares, the capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable shares beyond those included in the Fund's Prospectus.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

6. RELATED PARTY TRANSACTIONS

a) Management Fee

The Investment Adviser is related to the Fund through common directorship.

Under the terms of the management agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 1% (2019: 1%) per annum of the net asset value of each of the Equity and Global Fixed Income Classes and 2% (2019: 2%) per annum of the Alternative Investment and Alternative Investment Institutional Classes. Presently, the monthly fee is calculated at the rate of 0.875% per annum for each of the Equity and Global Fixed Income Classes, 1.75% (2019: 1.75%) per annum for the Alternative Investment Class and Alternative Investment Institutional Class.

Management fees are accrued daily and paid on the last valuation day of each month. Details of management fees charged and payable, as at June 30, 2020 and 2019 for each class are set out in the table below.

Class	Management fees charged		Management fees payable	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Equity	955,935	991,042	81,893	86,168
Global Fixed	497,531	478,136	45,968	41,786
Alternative Investment	308,608	587,912	28,092	26,744
Alternative Investment Institutional	2,090,744	1,777,692	168,025	165,958

b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based on the fair value of assets under administration at the rate of 3.25 basis points per annum, subject to a minimum of US\$10,000 for each of the Fund's classes. On March 1, 2018 this rate increased to 5 basis points per annum. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. Details of custodian fees charged and payable, as at June 30, 2020 and 2019 for each class are set out in the table below.

Class	Custodian fees charged		Custodian fees payable	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Equity	54,638	55,766	35,025	23,655
Global Fixed	28,430	26,492	18,428	10,979
Alternative Investment	8,817	17,002	6,389	5,748
Alternative Investment Institutional	59,738	51,242	39,973	26,628

c) Investment Transactions

As of June 30, 2020, Butterfield Select Invest Fund Limited ("Select Invest") held 575,820 shares (2019: 622,385) having a fair value of US\$9,644,992 (2019: US\$10,431,169) in the Equity Class, 383,628 shares (2019: 409,834) having a fair value of US\$8,850,293 (2019: US\$8,766,346) in the Global Fixed Income Class, 223,963 shares (2019: 212,272) having a fair value of US\$3,473,668 (2019: US\$3,126,764) in the Alternative Investment Class and did not hold shares in Alternative Investment Institutional Class. Select Invest is related through common directorship. In addition, Select Invest is also managed by the Fund's Investment Adviser.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

6. RELATED PARTY TRANSACTIONS (Continued)

d) Credit Facility

On August 9, 2019 (2019: September 6, 2018), the Fund renewed the unsecured credit facility agreement with the Bank. Advances will be limited to 10% of the class net asset value, except for Alternative Investment Class which will be limited to 20% of its net asset value. The principal amount will be limited to a maximum of US\$43,000,000. Notwithstanding this aggregate total the individual classes of the fund will be limited to: Equity Class US\$12,000,000, Global Fixed Income Class US\$5,000,000, Alternative Investment Class US\$8,000,000 and Alternative Investment Institutional Class US\$18,000,000. The agreement bears an interest rate of 1% per annum above the higher of the LIBOR or the funding costs incurred by the Bank in making the revolving facility available on any date of drawdown. The full amount of any amount advanced under the revolving facility, together with the accrued interest and other amounts payable by the Borrower to the Bank, is payable on the earlier of sixty days following the utilization date or the expiry date, unless extended at the Bank's sole discretion. If any payment falls due and payable on a day which is not a business day the payment shall be made on the next following business day. The renewed unsecured facility expired on June 30, 2020 (2019: June 30, 2019).

On August 7, 2020, the Fund renewed the unsecured credit facility agreement with the Bank. The renewal comes with the terms as outlined above. The renewed unsecured facility expires on June 30, 2021.

e) Other

The Bank owns shares of the classes as outlined below:

Class	Shares	
	2020	2019
Equity	1,714,362	2,307,172
Alternative Investment Institutional	1,274,409	1,274,409

7. ADMINISTRATION FEE

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Details of administration fees charged and payable, as at June 30, 2020 and 2019 for each class are set out in the table below. Administration fees payable at June 30, 2020 and 2019 are included in accrued expenses in the Statements of Financial Position.

Class	Administration fees charged		Administration fees payable	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
Equity	152,886	158,333	33,887	29,017
Global Fixed	79,470	76,375	19,958	14,084
Alternative Investment	28,421	54,454	7,267	5,197
Alternative Investment Institutional	191,414	164,003	45,609	30,708

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

8. TAXATION

Under current Bermuda law, the Fund is not obligated to pay taxes in Bermuda on either income or capital gains.

The Fund has received an undertaking from the Minister of Finance in Bermuda, pursuant to the provisions of the exempted undertaking Tax Protection Act, 1966 which exempted the Fund from any such Bermuda taxes up to March 28, 2016.

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011, allowing the Minister of Finance to grant assurance up to March 31, 2035. On January 29, 2015 the minister granted assurance to the Fund up to that date.

9. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2020 (2019: none).

10. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2020 through November 9, 2020, the date the financial statements were available to be issued.

The Investment Adviser acknowledges the current outbreak of COVID-19 which is causing economic disruption in most countries and is actively monitoring developments closely. Given the nature of the outbreak and the on-going developments, there is a high degree of uncertainty and it is not possible at this time to predict the extent and nature of the overall future impact on the Fund.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

11. FINANCIAL HIGHLIGHTS

2020		GLOBAL FIXED INCOME CLASS		ALTERNATIVE INVESTMENT CLASS		ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS
Per Share Information						
Net asset value - beginning of the year	\$	16.76	\$	21.39	\$	14.73
					\$	10.13
Net investment income from operations						
Net investment gain/(loss)****		(0.10)		0.34		(0.30)
Net realised and change in unrealised gain/(loss) on investments		0.09		1.34		1.08
						(0.14)
Total from investment operations		(0.01)		1.68		0.78
						(0.34)
Net asset value - end of the year	\$	\$16.75	\$	23.07	\$	15.51
					\$	9.79

Ratios / Supplemental Data

Total net assets - end of year	\$	103,506,008	\$	58,330,956	\$	17,681,479	\$	116,649,505
Weighted average net assets*	\$	108,100,973	\$	56,846,823	\$	17,613,837	\$	118,976,233
Ratio of expenses to weighted average net assets		1.12%		1.11%		2.05%		2.02%
Portfolio turnover rate**		11.74%		72.39%		44.72%		40.57%
Annual rate of return***		(0.06)%		7.85%		5.30%		(3.38)%

* Weighted average net assets are calculated using net assets on the last valuation date of each month.

** Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

*** Annual rate of return is calculated by comparing the end of year net asset value to the beginning of year net asset value.

****Net investment gain/(loss) represents interest, dividend income and other income net of expenses.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2020

11. FINANCIAL HIGHLIGHTS (continued)

2019	EQUITY CLASS		GLOBAL FIXED INCOME CLASS		ALTERNATIVE INVESTMENT CLASS		ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
	Per Share Information							
Net asset value - beginning of the year	\$	15.79	\$	19.89	\$	15.40	\$	10.34
Net investment income from operations								
Net investment gain/(loss)****		0.02		0.53		(0.30)		(0.20)
Net realised and change in unrealised gain/(loss) on investments		0.95		0.97		(0.37)		(0.01)
Total from investment operations		0.97		1.50		(0.67)		(0.21)
Net asset value - end of the year	\$	16.76	\$	21.39	\$	14.73	\$	10.13

Ratios / Supplemental Data

Total net assets - end of year	\$	117,189,068	\$	56,296,947	\$	17,979,643	\$	115,214,228
Weighted average net assets*	\$	113,560,474	\$	54,704,928	\$	33,898,803	\$	102,341,737
Ratio of expenses to weighted average net assets		1.10%		1.10%		2.09%		2.02%
Portfolio turnover rate**		2.47%		42.79%		11.48%		19.04%
Annual rate of return***		6.14%		7.54%		(4.35%)		(2.03%)

* Weighted average net assets are calculated using net assets on the last valuation date of each month.

** Portfolio turnover rate is calculated using the lesser of purchases or sales of investments for the year divided by the weighted average value of investments, calculated using the last valuation date of each month.

*** Annual rate of return is calculated by comparing the end of year net asset value to the beginning of year net asset value.

****Net investment gain/(loss) represents interest, dividend income and other income net of expenses.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on November 4, 2020.