BUTTERFIELD

Fund Review

Butterfield Asset Management Limited

Money Market Fund: GBP Class

Quarter 1 2022

Objective

To seek as high an overall rate of return as is consistent with maintaining liquidity and security of principal.

Investment policy

To invest in a range of British pound-denominated money market instruments, the issuers of which will have first-class credit ratings. Instruments will consist of cash equivalents and a range of debt securities.

Investment process

Seek out short-term, high quality money market instruments that offer attractive spreads on a LIBOR basis.

Key facts as at 31 March 2022

Currency	GBP
Valuation	Daily
Dealings	Daily
Front end fee	None
Units available	Accumulation
Identifier	BUTMMSI BH
Fiscal year end	30 June
Minimum investment	Class A - GBP 10,000 Class B - GBP 5,000,000
Total expense ratio	Class A - 0.236% Class B - 0.236%
Size of fund (millions)	GBP 15.002
NAV per share - Class A	GBP 20.4816
NAV per share - Class B	GBP 20.9040

Average annual compound returns (Class A & B)

	1 year	3 years	5 years	7 years	10 years
Class A	0.03%	0.17%	0.17%	0.13%	0.10%
Class B	0.03%	0.21%	0.22%	0.18%	0.15%

7-day yield (31 March 2022)

Class A	0.23%
Class B	0.23%

Fund review

Last quarter, central banks largely dismissed rising inflation as transitory. This implied an acceptance of elevated inflation on the basis that it was temporary. However by 2022, central banks changed their minds about the passing nature of inflation. March's core inflation came in at 5.7%, and headline inflation topped 7%, well over the target range! It became clear that some mitigating measures were necessary to curb the swift escalation of prices. The Bank of England were cautiously watching as the Omicron variant swept through the nation, proving to be far more contagious than previous strands. Fortunately, Omicron was also milder in general, and another round of lockdowns was not implemented this time. While the frenzy over Covid-19 was abating, Russia began a war with the Ukraine, creating a new element of uncertainty on the global front.

Regardless, the domestic front is still faring well. The unemployment rate is low at 3.8%. GDP in February of only 0.1% reflects the decline in activity for testing, vaccinations, etc. This weakness was offset by the acceleration in the services sector especially in tourism-related industries.
Against the backdrop of soaring inflation, the Bank of England lifted the base rate by 25 basis points in back to back meetings for February and March. The official rate is presently 0.75%. Furthermore, several additional rate hikes are priced in over the course of this year. The surge in short term rates provided a boost to the Class yield from 0% at the end of December to 0.217% at the end of March. Duration remains elevated at over 40 days as we lock in higher yields by extending based on rate expectations. Credit quality was extremely strong throughout the quarter with more than 90% of securities rated A-1+ by S&P.

Standard & Poor's
Principal Stability rating

AAAm

Contact us

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Limited

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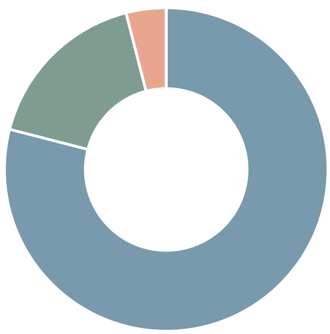
Average duration and credit rating

Duration	41 days
Credit rating	S&P AAAm

Fund allocation



UK treasury bills	79%
Fixed rate notes	17%
Deposits	4%

www.butterfieldgroup.com