



Select Fund: Alternative Class

Quarter 2 2019

Objective

To offer a convenient vehicle for investing in a diversified portfolio of alternative investment managers, which are anticipated to provide the best opportunities for capital growth.

Investment policy

To invest in a diverse range of top-performing offshore alternative investment managers that provide consistent returns whilst controlling risk.

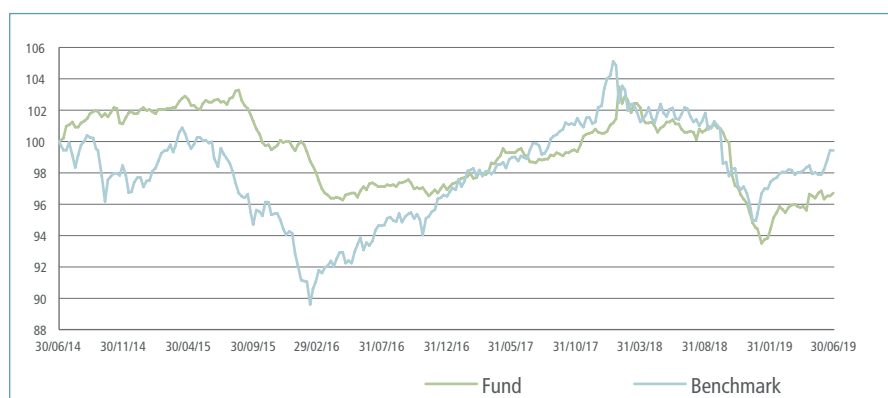
Investment process

A quantitative analysis of fund performance is undertaken relative to peer groups to ensure the consistency of performance. This is followed with a qualitative analysis to understand the manager's philosophy, process and style. Grosvenor Capital Management, a professional hedge fund manager, acts as the subadviser to this class of the Fund.

Key facts as at 30 June 2019

Currency	USD
Valuation	Weekly
Dealings	Thursday
Front end fee	None
Units available	Accumulation
Identifier	BUTSLAI BH
Fiscal year end	30 June
Minimum investment	USD 10,000
Total expense ratio	2.09%
Size of fund (millions)	USD 17.98
NAV per share	USD 14.73

Performance chart



Average annual compound returns

	Quarter	1 year	3 years	5 years	10 years
Total returns	0.75%	-4.35%	-0.20%	-0.67%	0.79%
Benchmark	1.58%	-1.95%	2.12%	-0.11%	1.42%

Fund review

The Alternative Class returned 0.75% in Q2 of 2019, behind the HFRX Global Index return of 1.58%. Hedge funds had their best first six months of the year since 2009, aided by strong returns from both bond and equity markets.

The directional equity strategies and specialist equity strategies, specifically financials and healthcare specialists, experienced outsized gains amid a strong equity market environment. Low net equity strategies also contributed to gains driven by long defensive and industrial positions.

Macro strategies also experienced positive performance over the quarter, driven by long positions in U.S. equities and FX trading in European and Asian currencies. Commodities trading, specifically in energy and gold, also contributed to gains.

Quantitative strategies experienced losses during the quarter, with losses driven by longer-term, non-directional quantitative strategies, specifically within the consumer discretionary and healthcare sectors in the equity sub-strategy. Although, gains from index futures and commodities trading in the futures/forwards sub-strategy slightly offset these losses.



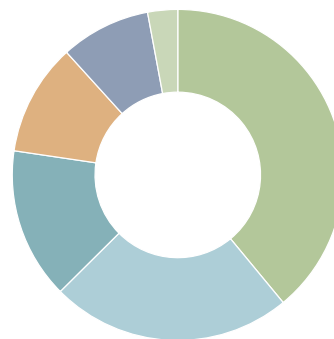
Butterfield

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Asset allocation



Equities	34.0%
Cash	26.3%
Macro	13.1%
Relative value	11.2%
Quantitative	10.0%
Credit	5.4%

Top 10 holdings

1	Element Capital Ltd	12.82%
2	Citadel Kensington Ltd	11.18%
3	Ren Inst Div Alpha LP	10.21%
4	BlackRock Euro Hedge Ltd	9.49%
5	Atlas Enhanced Fund Ltd	5.89%
6	Select Partners ELS Off	5.68%
7	Hampshire Cred Alpha Ltd	5.60%
8	Graticule Asia Macro Ltd	5.53%
9	Eversept ELS Ltd	4.17%
10	Impala ELS Fund Ltd	4.02%

Benchmark composition

HFRX Global Hedge Fund Index.

www.butterfieldgroup.com

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