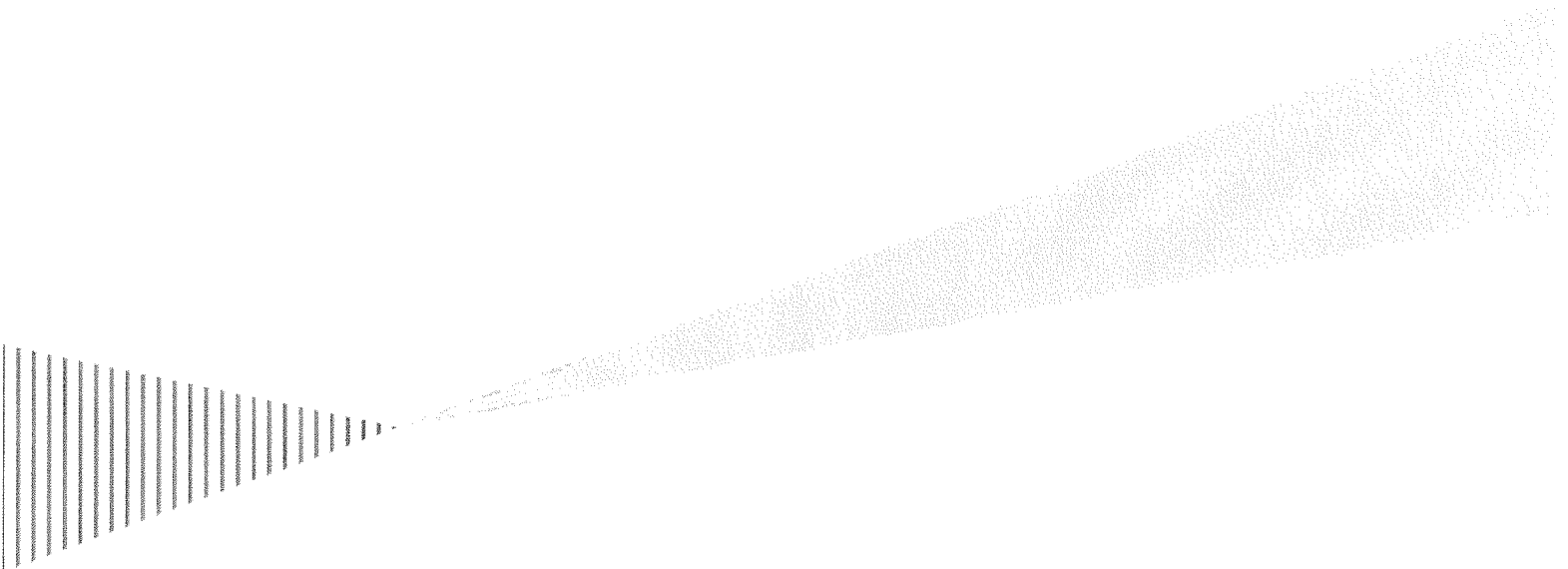


Butterfield Select Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

Ernst & Young Ltd.



Building a better
working world

Butterfield Select Fund Limited

INVESTMENT MANAGER'S REPORT

Equity Class

The net asset value (NAV) per share closed at \$13.02 at the end of the fiscal year, representing a 19.56% return for the year, net of all fees and expenses.

In general, all stock markets performed well during this period, despite lingering geopolitical risks and wider fiscal issues. The existing expansionary monetary policies in most of the developed world and subdued, but improving, global economic data were supportive of risk assets. The Federal Reserve's decision to begin to reduce their quantitative easing program and the slowdown in the economic growth rate in Emerging Markets affected the fund flows into this asset class and this region posted the lowest return during calendar 2013 (-2% for the year). The Equity Class portfolio kept an off-benchmark position of approximately 5% through the allocation to the Vanguard All-Countries World ETF and through the selection of actively managed mutual funds and this detracted from relative performance. In addition, the portfolio held an underweight position in European equities and European equities performed particularly well in the second half of 2013.

The Equity Class made a number of portfolio changes over the period. The most notable were in the first six months of calendar 2014 and those include the addition of the Wellington Global Opportunities Fund and a move to a neutral position in both US and European Equities. The Emerging Markets allocation was also reduced via a switch to the MSCI World ETF, which doesn't have any Emerging Market equities exposure.

Global Fixed Income Class

The net asset value (NAV) per share closed at \$18.48 at the end of the fiscal year, representing a 6.64% return for the year, net of all fees and expenses.

Beginning in the months prior to the end of the 2013 fiscal year (June 30, 2013), interest rates had started to adjust to a new equilibrium that contemplated an end to Federal Reserve bond purchases; so-called quantitative easing. As a reminder, the Fed began its adventure into this form of market intervention back in November of 2008, so bringing it to a close is a relatively important development. In the context of the outsized influence the Fed has had for so many years in the long-term interest markets in the US, it did not come as a great surprise that interest rates reacted as they did. Indeed, the Fund has had a lower allocation to interest rate risk than its index for several years; years that saw 10 year Treasury rates move as low as 1.40%. The 10 year Treasury note yield ended the June 2014 fiscal year at 2.53%. Our performance has been enhanced, relative to our index, by this "underweight" position on interest rate risk and it remains valid and in place.

The other core position that the Fund has in place is an overweight position in credit versus its benchmark index. Our credit allocation has been the more important contributor to the Fund's good relative performance for the last few years. Apart from a period late in the prior fiscal year (June 2013), credit spreads versus US Treasuries have narrowed dramatically since the end of the credit crisis and are at or near record lows in most sectors that we invest in. Despite the low level of credit spreads, we remain constructive on corporate fundamentals and feel that the balance of risks still supports a continued overweight position.

The fund continues to invest in segregated investment grade credit securities at its core with additional exposure to Emerging Market debt and High Yield credit via mutual funds or exchange traded funds (ETF's). Duration as at the end of June 2014 was 5.0 years which is 81% of the benchmark index. The overall credit quality of the fund is stable and the average S&P rating of the portfolio securities is BBB-

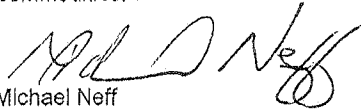
Butterfield Select Fund Limited

INVESTMENT MANAGER'S REPORT (CONTINUED)

Alternative Class

The net asset value (NAV) per share closed at \$15.23 at the end of the fiscal year, representing a 2.84% return for the year, net of all fees and expenses.

Risk assets performed well over the past twelve months as equity markets rallied to higher levels and credit spreads tightened due to a more stable economic backdrop. The Portfolio primarily profited from investments in the Long/Short Equity and Event Driven strategies. Long/Short Equity was the top performing strategy as every equity manager generated a positive return. The majority of gains came from the US Investments, and exposures to both value-oriented managers and sector-focused funds proved to be beneficial. Despite some volatility in the technology and healthcare sectors, these investments were meaningful and positive contributors to portfolio performance. The Event Driven strategy exhibited similar strengths and produced quality results. The strategy was positioned to focus on special situation equities, distressed credit, and structured credit. The managers capitalized on each of the targeted opportunity sets, and the strategy exhibited a consistent return profile. In terms of detractors, the Credit and Fixed Income Relative Value Strategies produced losses. The Credit strategy was defensively positioned throughout the year in order to provide downside protection. As a result, several managers were adversely impacted by short positions in corporate credit. The Fixed Income Relative Value portion of the Portfolio produced similar results. Managers were positioned for higher Interest rates and increased levels of volatility, but these trades resulted in losses. Finally, the Macro strategy was flat. Investments in fixed income were generally profitable, but these gains were offset by currencies and commodities.



Michael Neff
President
Butterfield Select Fund Limited
October 9, 2014



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3 Bermudiana Road
Hamilton HM08, Bermuda
P.O. Box HM 463
Hamilton, HM BX, Bermuda

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Independent Auditor's Report

The Shareholders and Directors of
Butterfield Select Fund Limited, comprising Equity Class,
Global Fixed Income Class, and Alternative Investment Class
(collectively referred to as the "Fund")

We have audited the accompanying statements of net assets and statements of portfolio investments of Butterfield Select Fund Limited (the "Fund"), comprising of Equity Class, Global Fixed Income Class, and Alternative Investment Class, as at June 30, 2014, and the related statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian and Bermudian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian and Bermudian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund's Equity Class, Global Fixed Income Class, and Alternative Investment Class as at June 30, 2014, and the results of their operations and the changes in their net assets for the year then ended in accordance with Canadian and Bermudian generally accepted accounting principles.

Ernst + Young Ltd.

October 9, 2014

Butterfield Select Fund Limited

DIRECTORS

Barry Hanson (resigned December 13, 2013)
David Ware (appointed December 13, 2013)
Dawn Griffiths
Michael Neff (President)
Elizabeth Denman (Alternate)
Richard Foley

INVESTMENT ADVISER

Butterfield Asset Management Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

CUSTODIAN

Butterfield Trust (Bermuda) Limited
P.O. Box HM 195
Hamilton HM AX
Bermuda

SUB-CUSTODIAN (FOR EQUITY CLASS AND ALTERNATIVE INVESTMENT CLASS)

Brown Brothers Harriman,
140 Broadway 11th Floor
New York
NY 10005

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

MUFG Fund Services (Bermuda) Limited*
The Belvedere Building**
69 Pitts Bay Road
Pembroke HM 08
Bermuda

*Effective September 30, 2013, Butterfield Fulcrum Group (Bermuda) Limited changed its name to MUFG Fund Services (Bermuda) Limited

**Effective July 30, 2014, MUFG Fund Services (Bermuda) Limited changed its address from
26 Burnaby Street
Hamilton HM 11
Bermuda

AUDITORS

Ernst & Young Ltd.
P.O. Box HM 463
Hamilton HM BX
Bermuda

AUDIT COMMITTEE

Barry Hanson (resigned December 13, 2013)
David Ware (appointed December 13, 2013)
Michael Neff
Dawn Griffiths

Butterfield Select Fund Limited

STATEMENT OF NET ASSETS

As at June 30, 2014

(Expressed in US Dollars)

	NOTES	EQUITY CLASS	
		2014	2013
ASSETS			
Investments, at fair value (Cost: 2014 - \$105,606,261; 2013 - \$106,393,081)	3, 4	\$ 126,350,026	\$ 117,966,852
Cash and cash equivalents	2 c)	1,489,248	2,105,083
Dividends receivable		8,069	34,257
Other assets		5,214	5,442
		127,852,557	120,111,634
LIABILITIES			
Accrued expenses	7, 8	175,826	228,650
Unrealised loss on forward foreign exchange contract	3, 4	-	72,767
Other liabilities		-	4,489
Redemptions payable		-	-
Subscriptions received in advance		-	500
		175,826	306,406
		127,676,731	119,805,228
Organisational shares		12,000	12,000
NET ASSETS		\$ 127,664,731	\$ 119,793,228
Number of common shares in issue	5	9,802,529	10,997,880
NET ASSET VALUE PER COMMON SHARE		\$ 13.02	\$ 10.89

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

Butterfield Select Fund Limited

STATEMENT OF NET ASSETS (CONTINUED)

As at June 30, 2014

(Expressed in US Dollars)

	NOTES	GLOBAL FIXED INCOME CLASS	
		2014	2013
ASSETS			
Investments, at fair value (Cost: 2014 - \$46,241,903; 2013 - \$59,895,751)	3, 4	\$ 49,342,517	\$ 61,903,773
Cash and cash equivalents	2 c)	2,351,136	1,245,618
Interest receivable		478,329	554,689
Other assets		3,251	12,936
Redemption paid in advance		-	4,980
		52,175,233	63,721,996
LIABILITIES			
Bank overdraft		-	444,259
Accrued expenses	7, 8	80,340	106,144
		80,340	550,403
NET ASSETS		\$ 52,094,893	\$ 63,171,593
Number of common shares in issue	5	2,819,184	3,646,121
NET ASSET VALUE PER COMMON SHARE		\$ 18.48	\$ 17.33

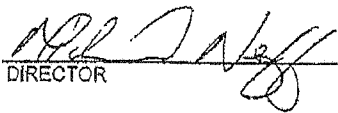
The accompanying notes are an integral part of these financial statements.

Butterfield Select Fund Limited

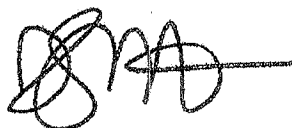
STATEMENT OF NET ASSETS (CONTINUED)
 As at June 30, 2014
 (Expressed in US Dollars)

ASSETS	NOTES	ALTERNATIVE INVESTMENT CLASS	
		2014	2013
Investments at fair value (Cost: 2014 - \$51,371,199; 2013 - \$49,167,385)	3, 4	\$ 58,134,083	\$ 57,345,552
Cash and cash equivalents	2 c)	1,822,011	313,019
Other assets		-	8,377
Receivable for investments sold /subscription in advance		5,607	2,126,195
		59,961,701	59,791,143
LIABILITIES			
Accrued expenses	7, 8	125,425	138,929
		125,425	138,929
NET ASSETS		\$ 59,836,276	\$ 59,652,214
Number of common shares in issue	5	3,929,833	4,027,540
NET ASSET VALUE PER COMMON SHARE		\$ 15.23	\$ 14.81

Signed on behalf of the Board



 DIRECTOR



 DIRECTOR

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

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS – EQUITY CLASS

As at June 30, 2014

(Expressed in US Dollars)

INVESTMENTS	Nominal	2014			2013		
		Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio	
Investment Funds							
ACI Global Growth Equity-CL I	756,396	\$ 11,996,433	9.49%	607,364	\$ 7,731,747	6.55%	
Acadian GLBL EQTY UCITS-B-AC	6,614	8,018,400	6.35%	-	-	-	
Artisan Value Fund ON XNMS	664,035	9,801,157	7.76%	622,924	7,823,920	6.63%	
BNY Mellon Long Term Global Equity Fund USD C	5,303,178	7,488,088	5.93%	6,410,843	7,723,143	6.55%	
MFS MER-Global Equity-I1\$	52,406	11,386,185	9.02%	56,286	9,987,989	8.48%	
Morgan ST INV F-GLB BRNDS-CL Z	146,049	6,486,058	5.13%	219,292	8,355,013	7.08%	
OMIGSA Acadian Global EQ A	-	-	-	521,095	7,348,914	6.23%	
ORBIS Japan Equity US\$ Fund	196,205	7,652,002	6.06%	248,892	8,539,492	7.24%	
SISF-QEP GL-C DI	395,335	8,270,409	6.55%	-	-	0.00%	
SISF-QEP Global Quality-C\$A	-	-	-	69,916	7,788,653	6.60%	
UBAM NB US Equity VALUE-IC	8,925	10,394,815	8.23%	8,007	7,070,341	5.99%	
Wellington GLB OPP EQ-SUHUSD	530,610	8,521,590	6.72%	-	-	-	
		\$ 90,015,137	71.24%		\$ 72,369,212	61.35%	
Exchange Traded Funds							
IShares MSCI World-Inc USD/GBP	564,850	\$ 20,972,881	16.60%	-	\$ -	-	
SPDR DJIA Trust	24,750	4,155,278	3.29%	49,500	7,353,225	6.23%	
SPDR S&P 500 ETF Trust	-	-	-	40,400	6,480,968	5.49%	
Vanguard Dividend APPREC ETF	58,400	4,552,280	3.60%	98,500	6,520,700	5.53%	
Vanguard FTSE Europe ETF	111,000	6,654,450	5.27%	-	-	-	
Vanguard S&P 500 ETF	-	-	-	225,000	16,501,500	13.99%	
Vanguard TOT World STK ETF	-	-	-	169,700	8,741,247	7.41%	
		\$ 36,334,889	28.76%		\$ 45,597,640	38.65%	
TOTAL INVESTMENTS (Cost: 2014 - \$105,606,261; 2013 - \$106,393,081)		\$ 126,350,026	100.00%		\$ 117,966,852	100.00%	
Forward Foreign Exchange Contract							
Sell EUR/Buy USD Aug 16, 2013	-	\$ -	-	7,065,968	\$ (72,767)	100%	
UNREALISED LOSS ON FORWARD FOREIGN EXCHANGE CONTRACT	-	\$ -	-	7,065,968	\$ (72,767)	100%	

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

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS – GLOBAL FIXED INCOME CLASS

As at June 30, 2014

(Expressed in US Dollars)

INVESTMENTS Corporate and Government Debt Securities	2014			2013		
	Nominal	Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio
Asian Development Bank 1.000% 05/17/18 SR:EMTN	- \$	-	-	1,500,000	\$ 1,447,062	2.34%
Barclays Bank PLC 5.125% 01/08/20	1,500,000	1,695,443	3.44%	1,500,000	1,659,435	2.68%
Barrick Gold Corp 4.100% 05/01/23 SR:REGS	1,500,000	1,493,774	3.03%	1,500,000	1,276,095	2.06%
Berkshire Hathaway Inc 3.750% 08/15/21	-	-	-	1,000,000	1,031,194	1.67%
Caisse Francaise De Fin 5.250% 02/16/17 SR:EMTN	-	-	-	1,500,000	1,687,640	2.73%
CCCIT 2003-A7 A7 4.150% 07/07/17 SR:A7 Tranche:A7	1,000,000	1,037,781	2.10%	1,000,000	1,067,757	1.72%
CIE Financement Foncier 5.625% 06/19/17 SR:EMTN	-	-	-	1,500,000	1,717,745	2.77%
Citigroup Inc 3.500% 05/15/23	1,500,000	1,460,169	2.96%	2,000,000	1,796,264	2.90%
Corp Andina De Fomento 4.375% 06/15/22	1,500,000	1,590,858	3.22%	1,500,000	1,527,434	2.47%
6.720% 01/15/22 SR:981A	-	-	-	1,670,213	2,004,255	3.24%
Fifth Third Cap Trust IV FLOATING 6.500% 04/15/37	-	-	-	1,050,000	1,046,063	1.69%
Fedex Corp 1998 Pass TST 6.720% 01/15/22 SR:981A	1,571,882	1,843,031	3.74%	-	-	-
General ELEC CAP Corp 5.300% 02/11/21	1,500,000	1,705,679	3.46%	1,500,000	1,645,457	2.66%
Goldman Sachs Group Inc 4.000% 03/03/24	400,000	407,184	0.83%	-	-	-
6.150% 04/01/18	1,500,000	1,720,230	3.49%	1,500,000	1,690,260	2.73%
Govt of Bermuda 5.603% 07/20/20 SR:144A	400,000	446,000	0.90%	1,500,000	1,627,500	2.63%
07/20/20 SR:REGS	1,100,000	1,226,500	2.49%	-	-	-
HSBC Bank PLC 4.750% 01/19/21 SR:144A	750,000	836,132	1.69%	750,000	818,003	1.32%
INTL BK Recon & Develop 0.000% 05/01/18 SR:MTNB	500,000	463,345	0.94%	500,000	449,401	0.73%
John Hancock Glob FDG II 5.250% 02/25/15 SR:144A	515,000	531,043	1.08%	500,000	532,935	0.86%
JPMorgan Chase & CO 3.375% 05/01/23	1,000,000	981,519	1.99%	1,000,000	931,160	1.50%
LBUBS 2004-C2 A4 4.367% 03/15/36 SR:C2 Tranche:A4	-	-	-	1,000,000	1,017,472	1.64%
Lloyds TBS Bank PLC 6.500% 09/14/20 SR:REGS	1,500,000	1,760,657	3.57%	1,500,000	1,599,176	2.58%
MET Life Glob Funding I 3.875% 04/11/22 SR:144A	1,700,000	1,800,445	3.65%	1,700,000	1,722,263	2.78%

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

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS – GLOBAL FIXED INCOME CLASS (CONTINUED)

As at June 30, 2014

(Expressed in US Dollars)

INVESTMENTS (CONTINUED)	2014			2013		
	Nominal	Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio
Corporate and Government Debt Securities (Continued)						
Montpelier RE Holdings L 4.700% 10/15/22	1,500,000	\$ 1,550,226	3.14%	1,000,000	\$ 983,090	1.59%
Morgan Stanley 7.300% 05/13/19	-	-	-	1,250,000	1,452,018	2.35%
NORD/LB Covered FIN BNK 5.375% 06/05/17 SR:EMTN	1,500,000	1,653,386	3.35%	1,500,000	1,673,016	2.70%
Rabobank Nederland 3.950% 11/09/22	1,300,000	1,321,616	2.68%	1,300,000	1,243,154	2.01%
RCI Banque SA 4.600% 04/12/16 SR:REGS	1,500,000	1,588,730	3.22%	1,500,000	1,564,050	2.53%
RIO Tinto FIN USA Ltd 3.500% 03/22/22	1,500,000	1,539,201	3.12%	1,500,000	1,446,446	2.34%
Shell International FIN 4.375% 03/25/20	-	-	-	1,000,000	1,111,601	1.80%
Standard Chartered Plc 3.950% 01/11/23 SR:144A	1,000,000	990,500	2.01%	1,000,000	930,246	1.50%
Strips 0.000% 08/15/22	1,400,000	1,148,153	2.33%	1,400,000	1,115,586	1.80%
Strips 0.000% 08/15/23	1,000,000	788,948	1.60%	1,000,000	762,523	1.23%
SW Airlines 07-1 TRUST 6.150% 08/01/22 SR:07-1	1,559,203	1,800,879	3.65%	1,635,293	1,909,204	3.08%
Swedbank Hypotek AB 1.375% 03/28/18 SR:REGS	1,500,000	1,494,872	3.03%	1,500,000	1,451,550	2.34%
Vale Overseas Limited 4.625% 09/15/20	1,500,000	1,610,580	3.26%	1,500,000	1,481,546	2.39%
Verizon Communications 3.450% 03/15/21	1,000,000	1,033,404	2.09%	-	-	-
Wachovia Bank Commercial Mortgage Trust 2004-C10 A4 4.7500% 2/15/2041	-	-	-	806,164	817,081	1.32%
WESTLB AG NY 4.796% 07/15/15	1,319,000	1,375,732	2.77%	1,199,000	1,281,954	2.07%
		\$ 38,896,017	78.83%		\$ 47,517,630	76.76%
Investment Funds						
IShares USD HY Corp BND	30,000	\$ 3,411,600	6.91%	30,000	\$ 2,263,850	5.27%
LM-WA EMRG MRKTS BD-FAS	25,000	3,325,000	6.74%	30,000	3,631,200	5.87%
PIMCO GBL INV GradeE-INS \$ACC	230,000	3,709,900	7.52%	350,000	5,260,500	8.50%
Vanguard-\$ INV GRD IDX -INSS	-	-	-	14,500	2,230,593	3.60%
		\$ 10,446,500	21.17%		\$ 14,386,143	23.24%
TOTAL INVESTMENTS (Cost: 2014 - \$46,241,903; 2013 - \$59,895,751)		\$ 49,342,517	100.00%		\$ 61,903,773	100%

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

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS – ALTERNATIVE INVESTMENT CLASS

As at June 30, 2014

(Expressed in US Dollars)

INVESTMENTS	2014			2013		
	Nominal	Fair Value	% of Portfolio	Nominal	Fair Value	% of Portfolio
Investment Funds						
Arcem Global Offshore Ltd. Class B Series 1	1,199	\$ 1,205,212	2.07%	1,199	\$ 1,241,830	2.17%
Arcem Global Offshore Ltd. Class B Series 12	1,000	953,444	1.64%	-	-	-
Candlewood Special Situations Fund Ltd Class D Non-restricted Series 6 – R	200	2,211,048	3.80%	-	-	-
Claren Road Credit Fund	-	-	-	1,910	3,158,321	5.51%
Claren Road Credit Fund B1	-	-	-	623	1,275,752	2.22%
Claren Road Credit Fund BS1	2,041	4,520,380	7.78%	-	-	-
Clive Fund Limited Class B	-	-	-	12,954	1,629,416	2.84%
Criterion Capital Partners Ltd. Class B Series 0312	-	-	-	18,000	1,789,267	3.12%
Criterion Capital Partners Ltd. Class B Series 0412	-	-	-	6,500	634,156	1.11%
Criterion Capital Partners Ltd. Class B Series 0512	-	-	-	5,000	494,836	0.86%
Criterion Horizons Offshore Ltd. B1 – Initial	1,711	3,276,290	5.64%	-	-	-
Dragon Billion China Fund	12,215	2,275,166	3.91%	12,215	2,184,042	3.81%
Dymon Asia Macro – Class P Restricted	1,034	1,566,475	2.69%	1,034	1,651,692	2.88%
ECF Value Fund International Ltd. Series 1	303	2,170,693	3.73%	211	1,395,494	2.43%
Halcyon Offshore Asset-Backed Value Fund Ltd. – Initial Series Restricted Class	-	-	-	1,794	3,731,221	6.51%
JCAM Global Fund Ltd Class F Ex Series	74	47,525	0.08%	124	114,302	0.20%
Jennison Global Healthcare Offshore Fund, Ltd. – Class A	2,214	2,235,748	3.85%	-	-	-
King Street Capital – Class A – Series 7	-	-	0.00%	3,870	505,708	0.88%
King Street Europe Ltd. Class A – Series 7	18,297	2,628,799	4.52%	19,176	2,506,020	4.37%
Lakewood Capital Offshore Fund Ltd	2,906	4,584,084	7.89%	2,906	4,190,997	7.31%
Lansdowne UK Equity Fund	7,933	4,060,218	6.98%	7,933	3,699,948	6.45%
Lioneye Offshore Fund Ltd. Class A Series 2013-02	-	-	-	12,000	1,215,617	2.12%
Lioneye Offshore Fund Ltd. Class A Series 2013-04	-	-	-	10,000	1,004,837	1.75%
Lioneye Offshore Fund Ltd. Class B Series 2013-10	23,309	2,449,157	4.21%	-	-	-
Lioneye Offshore Fund Ltd. Class B Series 2013-11	6,300	666,417	1.15%	-	-	-

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

Butterfield Select Fund Limited

STATEMENT OF PORTFOLIO INVESTMENTS – ALTERNATIVE INVESTMENT CLASS (CONTINUED) As at June 30, 2014 (Expressed in US Dollars)

INVESTMENTS (CONTINUED)	Nominal	2014		Nominal	2013	
		Fair Value	Portfolio		Fair Value	Portfolio
Investment Funds (Continued)						
Maso Capital Offshore Fund Limited Class A R – Series January 2014	1	\$ 531	-	-	\$ -	-
Maso Capital Offshore Fund Limited Class A R – Series April 2014	1	802	-	-	-	-
Maso Capital Offshore Fund Limited Class A R – Series May 2014	1,131	1,272,831	2.19%	-	-	-
Malta MLC Offshore Ltd. Class B-1 Series 1	1,354	2,575,978	4.43%	684	1,257,598	2.19%
Malta MLC Offshore Ltd. Class B-1 Series 11	-	-	-	1,200	1,230,124	2.15%
Mid Ocean Credit Opportunity Offshore Fund Ltd.	-	-	-	2,000	2,152,727	3.75%
MKM Longboat Multi Strategy Fund – Series 82	371	-	-	371	-	-
Pamli Global Credit Strategies Offshore Ltd. – Class B, Sub Class B-1 – Series 04-2012	1,200	1,117,430	1.92%	1,200	1,196,874	2.09%
Pamli Global Credit Strategies Offshore Ltd. – Class B, Sub Class B-1 – Series 07-2012	1,000	913,274	1.57%	1,000	978,204	1.71%
PFM Diversified Offshore Fund, Ltd	1,280	2,741,006	4.71%	1,280	2,458,008	4.29%
Prologue Feeder Fund Ltd. Class A – Series 0513	1,800	1,711,944	2.94%	1,800	1,819,026	3.17%
Prologue Feeder Fund Ltd. Class A – Series 1113	630	605,071	1.04%	-	-	-
Rimrock High Income Plus (Cayman) Fund	10,221	2,700,643	4.65%	-	-	-
RWC Funds – Europe Absolute Alpha	12,080	1,600,000	2.75%	-	-	-
Saba Capital Offshore Fund Ltd – Class A Sub Class 2 – Series 30	-	-	-	2,500	2,534,143	4.42%
Stelliam Offshore Fund Ltd.	-	-	-	1,200	1,287,583	2.24%
Stelliam Offshore Fund Ltd. Class A Series R	1,685	3,144,511	5.41%	1,500	1,521,110	2.65%
The Drake Global Opportunities Fund TIG Securitized Asset Fund, Ltd. Class A-4 voting Series 1 – October 2013	57	54,576	0.09%	72	76,181	0.13%
WCG Offshore Fund Ltd. Class C York European Opportunities Unit Trust A10 - 2009	1,877	2,428,228	4.20%	2,699	3,409,622	5.95%
	-	-	-	150,459	2,394,679	4.18%
TOTAL INVESTMENTS (Cost: 2014 - \$51,371,199; 2013 - \$49,167,385)		\$ 58,134,083	100.00%		\$ 57,345,552	100.00%

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

Butterfield Select Fund Limited

STATEMENT OF OPERATIONS For the year ended June 30, 2014 (Expressed in US Dollars)

		EQUITY CLASS	
	Notes	2014	2013
INVESTMENT INCOME			
Interest		\$ 3,832	\$ 11,707
Dividends (net of withholding taxes)		1,089,575	724,572
Other income		27,409	17,127
		1,120,816	753,406
EXPENSES			
Management fee	7 a)	1,091,162	919,718
Administration fee	8	276,228	239,223
Audit fee		17,000	16,050
Custodian fee	7 b)	40,518	30,082
Government fee		5,133	4,997
Investment services fee	7 e)	36,779	32,273
Miscellaneous		29,224	50,879
		1,496,044	1,293,222
NET INVESTMENT LOSS		\$ (375,228)	\$ (539,816)
NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS AND FOREIGN CURRENCY			
Net realised gain on investments	6	13,960,863	7,106,349
Net change in unrealised gain on investments		9,242,761	10,046,623
Net realised (loss)/gain on foreign currency		(308,887)	55,665
NET GAIN ON INVESTMENTS		22,894,737	17,208,637
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 22,519,509	\$ 16,668,821

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

Butterfield Select Fund Limited

STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
	Notes	2014	2013
INVESTMENT INCOME			
Bond interest		\$ 367,170	\$ 1,218,606
Dividends (net of withholding taxes)		192,483	202,749
Other income		245	34
		559,898	1,421,389
EXPENSES			
Management fee	7 a)	472,287	574,905
Administration fee	8	120,881	150,599
Miscellaneous		19,164	11,374
Audit fee		12,847	14,050
Custodian fee	7 b)	18,055	18,673
Government fee		4,626	10,168
Investment services fee	7 e)	19,128	23,285
		666,988	803,054
NET INVESTMENT (LOSS)/GAIN		\$ (107,090)	\$ 618,335
NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS AND FOREIGN CURRENCY			
Net realised gain on investments	6	2,443,397	4,358,005
Net change in unrealised gain/(loss) on investments		1,092,592	(4,533,369)
Net realised gain on foreign currency		204	-
NET GAIN/(LOSS) ON INVESTMENTS		3,536,193	(175,364)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 3,429,103	\$ 442,971

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

Butterfield Select Fund Limited

STATEMENT OF OPERATIONS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT CLASS	
		2014	2013
INVESTMENT INCOME			
Interest		\$ 26,027	\$ 1,138
Other income		21,211	675
		47,238	1,813
EXPENSES			
Management fee	7 a)	900,197	864,902
Administration fee	8	141,651	130,363
Miscellaneous		16,533	19,079
Audit fee		17,000	19,050
Custodian fee	7 b)	20,743	16,581
Government fee		5,792	2,453
Investment services fee	7 e)	19,656	20,492
		1,121,572	1,072,920
NET INVESTMENT LOSS		(1,074,334)	(1,071,107)
NET REALISED AND CHANGE IN UNREALISED GAIN ON INVESTMENTS AND FOREIGN CURRENCY			
Net realised gain on investments	6	4,192,116	390,320
Net change in unrealised (loss)/gain on investments		(1,415,229)	3,737,784
Net realised gain/(loss) on foreign currency		43	(36,335)
NET GAIN ON INVESTMENTS		2,776,930	4,091,769
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 1,702,596	\$ 3,020,662

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

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS For the year ended June 30, 2014 (Expressed in US Dollars)

	EQUITY CLASS	
	2014	2013
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 22,519,509	\$ 16,668,821
<hr/>		
CAPITAL STOCK TRANSACTIONS		
Issue of shares	15,387,110	25,187,531
Redemption of shares	(30,035,116)	(17,983,355)
<hr/>		
Net capital stock transactions	(14,648,006)	7,204,176
<hr/>		
NET INCREASE IN NET ASSETS FOR THE YEAR	7,871,503	23,872,997
NET ASSETS - BEGINNING OF YEAR	119,793,228	95,920,231
<hr/>		
NET ASSETS - END OF YEAR	\$ 127,664,731	\$ 119,793,228

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

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	GLOBAL FIXED INCOME CLASS	
	2014	2013
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,429,103	\$ 442,971
<hr/>		
CAPITAL STOCK TRANSACTIONS		
Issue of shares	6,918,140	6,246,024
Redemption of shares	(21,423,943)	(13,264,387)
<hr/>		
Net capital stock transactions	(14,505,803)	(7,018,363)
<hr/>		
NET DECREASE IN NET ASSETS FOR THE YEAR	(11,076,700)	(6,575,392)
NET ASSETS - BEGINNING OF YEAR	63,171,593	69,746,985
<hr/>		
NET ASSETS - END OF YEAR	\$ 52,094,893	\$ 63,171,593

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

Butterfield Select Fund Limited

STATEMENT OF CHANGES IN NET ASSETS (CONTINUED)

For the year ended June 30, 2014

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2014	2013
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 1,702,596	\$ 3,020,662
<hr/>		
CAPITAL STOCK TRANSACTIONS		
Issue of shares	7,671,002	4,338,378
Redemption of shares	(9,189,536)	(7,869,791)
<hr/>		
Net capital stock transactions	(1,518,534)	(3,531,413)
<hr/>		
NET INCREASE/(DECREASE) IN NET ASSETS FOR THE YEAR	184,062	(510,751)
NET ASSETS - BEGINNING OF YEAR	59,652,214	60,162,965
<hr/>		
NET ASSETS - END OF YEAR	\$ 59,836,276	\$ 59,652,214

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, 2014

(Expressed in US Dollars)

1. ABOUT THE FUND

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. Butterfield Trust (Bermuda) Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). MUFG Fund Services (Bermuda) Limited (formerly Butterfield Fulcrum Group (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 Investment Adviser, Custodian and Bank each maintains separate business units, roles and responsibilities to ensure segregation between different functions.

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

The objective of the Fund is to offer 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 equity mutual 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 the Alternative Investment Class, the policy of the Fund is to invest in underlying funds with professional money managers who invest in common and preferred stocks (including small cap stocks), options, warrants, convertible securities, bonds, foreign securities, foreign currencies, commodities, commodity futures, financial futures, derivatives, mortgage backed and mortgage related securities, real estate and other assets of investment grade or below investment grade.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and Bermuda ("GAAP"). The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates and the difference could be material. The following is a summary of significant accounting policies followed by the Fund:

a) Valuation of Investments

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 funds' administrators. The underlying investments of each investment fund are accounted for at fair value as described in each investment fund's financial statements.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Valuation of Investments (continued)

The fair values of investments in debt securities traded in active markets are based on quoted market prices at the close of trading on the period end date. The quoted market price used for investments held by the Fund is the bid price reported by the principal securities exchange on which the issue is traded. An investment is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The net change in the period between fair value and cost is shown as net change in unrealised gain or loss on investments in the statement of operations.

b) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Gains or losses arising from the sale of investments are determined using the average cost basis.

The Fund holds positions in investment funds which offer varying periods in which shareholders may redeem their holdings.

c) Cash and Cash Equivalents

Cash equivalents are comprised of shares in Butterfield Money Market Fund Limited, an affiliated money market fund, denominated in US\$ shares. Shares may be redeemed on 24 hours' notice. The fair value of the Fund's holding in the money market fund at June 30, 2014 was \$1,489,014 (2013 - \$1,770,525) for the Equity Class and \$2,349,648 (2013 - \$1,245,618) for the Global Fixed Income Class, and \$1,820,037 (2013 - \$227,486) for the Alternative Investment Class. Interest income earned from cash and cash equivalent balances is recorded as earned.

d) Forward Foreign Exchange Contracts

Forward foreign exchange contracts are recorded on the trade date and are reflected in the statement of net assets as the difference between the original contract amount and the fair value on the last business day of the reporting period. Realised and changes in unrealised gains and losses on forward contracts are reflected in the statement of operations.

e) Translation of Foreign Currencies

Assets and liabilities that are denominated in foreign currencies are translated into United States 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 operations.

The Fund does not isolate that portion of gains and losses on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realised and change in unrealised gains and losses from investments in the statement of operations.

f) Financial Assets and Liabilities

In addition to the estimated fair values of investments as disclosed in the statement of portfolio of investments, the estimated fair values of the Fund's other financial instruments, including cash and cash equivalents, dividends receivable, other assets, receivable for investments sold, subscriptions in advance, accrued expenses, subscriptions received in advance, redemptions payable and other liabilities approximate their carrying values.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Adoption of New Accounting Standards

Investment companies that are publicly accountable enterprises are required to adopt International Financial Reporting Standards ("IFRS") for the first time for interim and annual financial statements relating to annual periods beginning on or after January 1, 2014. As a result, the Fund will adopt IFRS beginning July 1, 2014 and publish its first financial statements, prepared in accordance with IFRS, for the annual period ending June 30, 2015. The 2015 annual financial statements will include 2014 comparative financial statements and an opening statement of net assets as of July 1, 2013, also prepared in accordance with IFRS.

The Investment Adviser has developed a transition plan to changeover to IFRS and meet the required timetable. As at June 30, 2014, the expected impact to the financial statements based on the Investment Adviser's assessment of the differences between GAAP and IFRS are as follows:

- IFRS 13 *Fair Value Measurement* permits the use of mid-market prices or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. As a result, net assets for financial reporting purposes (NAV) may be impacted and could align with the value used to price unitholder transactions (Transaction NAV), eliminating the need for a reconciliation.
- Shares of the Fund are puttable instruments and are required to be presented as equity or liability depending on certain criteria. As a result, shareholders' equity may be required to be presented as a liability in the statements of net assets with related distributions presented as an expense in the statements of operations. Alternatively, equity presentation would require additional disclosure of the components of equity.
- IFRS requires the presentation of a statement of cash flows, including comparatives. The Fund has not previously presented this statement as permitted by GAAP.

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 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 brokers and investments in debt securities.

The value of such balances on the statement of net assets includes consideration of the creditworthiness of the issuer, and, accordingly represents the maximum credit risk exposure of the Fund. The Fund monitors the credit rating of its broker to mitigate this risk.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

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.

Debt Securities by Credit Rating	% of Portfolio 2014	% of Portfolio 2013
AAA	7.70	20.32
AA+	9.23	7.47
AA	4.39	7.97
AA-	16.53	13.11
A	7.76	6.11
A-	23.27	20.71
BBB+	11.15	8.00
BBB	16.44	8.05
BBB-	-	3.37
BB+	-	2.20
Not Rated by S&P	3.53	2.69
	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 and Poor's and are subject to change, which could be material.

Debt Securities by Credit Rating	% of Portfolio 2014	% of Portfolio 2013
Aa1	3.53	2.69
	3.53	2.69

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.

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 utilises 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency Risk (continued)

The table below indicates the currencies to which the Fund had significant exposure at June 30, 2014 and 2013 on its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the US Dollar on the net assets, with all other variables held constant.

Class	Currency	Change in Currency Rate	Effect on Net Assets	
			2014	2013
Equity Class	CAD	5%	\$ 10	\$ 10
	EUR	5%	-	370,063
Global Fixed Income Class	CAD	5%	2	2
	EUR	5%	72	67
Alternative Investment Class	CAD	5%	66	67
	EUR	5%	27	25
	GPB	5%	6	3

An equivalent decrease in each of the aforementioned currencies against the US Dollar would have resulted in an equivalent but opposite impact.

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, 2014, had the interest rates increased or decreased by 25 basis points and assuming a parallel shift in the yield curve, net assets would have increased or decreased by approximately \$637,960 (2013: \$768,632). This change is estimated using the weighted average duration of the fixed income portfolio. This analysis assumes that all other variables remained unchanged. In practice, actual results may differ from this analysis and the difference could be material.

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 units. Each Fund Class retains sufficient holdings in underlying funds which offer redemptions on a daily or weekly basis which combined with cash and cash equivalents provide adequate liquidity to address the risk of cash redemptions of redeemable units.

As of June 30, 2014, investment funds held by the Equity Class representing \$118,698,024 (94%) offer redemptions on a daily basis and \$7,652,002 (6%) offer redemptions on a weekly basis. As of June 30, 2013, investment funds held by the Equity Class representing \$109,427,360 (93%) offer redemptions on a daily basis and \$8,539,492 (7%) offer redemptions on a weekly basis. The Equity Class also has a credit facility in place to further mitigate liquidity risk.

As of June 30, 2014 and 2013, all investment funds (2014 - \$10,446,500; 2013 - \$14,386,143) held by the Global Fixed Income Class offer redemptions on a daily basis. The Global Fixed Income Class also has a credit facility in place to further mitigate liquidity risk.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

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

Debt Securities by Maturity	Fair Value	
	2014	2013
Less than 1 year	531,043	-
1 - 3 years	4,617,848	3,378,939
3 - 5 years	4,252,883	10,735,030
Greater than 5 years	27,093,797	31,076,152
Non-interest bearing	2,400,446	2,327,509
	\$38,896,017	\$47,517,630

As of June 30, 2014, investment funds held by the Alternative Investment Class representing \$40,717,993 (70.04%) offer redemptions on a quarterly basis, \$15,713,989 (27.03%) offer redemptions on a monthly basis, \$1,600,000 (2.75%) offer redemptions on a daily basis and \$102,101 (0.18%) has redemption restrictions. As of June 30, 2013, investment funds held by the Alternative Investment Class representing \$47,619,716 (83%) offer redemptions on a quarterly basis, \$9,511,729 (16.6%) offer redemptions on a monthly basis and \$214,107 (0.4%) have redemption restrictions. The Alternative Investment Class 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, 2014, all of the Equity Class' investments were exposed to changes in portfolio prices. As at June 30, 2014, 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 \$6,317,501 (2013 - \$5,898,343) higher or lower.

As at June 30, 2014, all of the Global Fixed Income Class' investments were exposed to changes in portfolio prices. As at June 30, 2014, 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 \$2,467,126 (2013 - \$3,095,189) higher or lower.

As at June 30, 2014, all of the Alternative Investment Class' investments were exposed to changes in portfolio prices. As at June 30, 2014, 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 \$2,906,704 (2013 - \$2,867,278) higher or lower.

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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

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;
- 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

2014

EQUITY CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	-	\$ 90,015,137	-	\$ 90,015,137
Exchange traded funds	\$ 36,334,889	-	-	\$ 36,334,889
Total Financial Assets	\$ 36,334,889	\$ 90,015,137	-	\$ 126,350,026

GLOBAL FIXED INCOME CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Corporate and government debt securities	-	\$ 38,896,017	-	\$ 38,896,017
Investment funds	-	\$ 10,446,500	-	\$ 10,446,500
Total Financial Assets	-	\$ 49,342,517	-	\$ 49,342,517

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	-	\$ 58,031,982	\$ 102,101	\$ 58,134,083
Total Financial Assets	-	\$ 58,031,982	\$ 102,101	\$ 58,134,083

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

2013

EQUITY CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	-	\$ 72,369,212	-	\$ 72,369,212
Exchange traded funds	\$ 45,597,640	-	-	\$ 45,597,640
Total Financial Assets	\$ 45,597,640	\$ 72,369,212	-	\$ 117,966,852

Classification	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Forward foreign exchange contract	-	\$ (72,767)	-	\$ (72,767)
Total Financial Liabilities	-	\$ (72,767)	-	\$ (72,767)

GLOBAL FIXED INCOME CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Corporate and government debt securities	-	\$ 47,517,630	-	\$ 47,517,630
Investment funds	-	\$ 14,386,143	-	\$ 14,386,143
Total Financial Assets	-	\$ 61,903,773	-	\$ 61,903,773

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment funds	-	\$ 57,131,445	\$ 214,107	\$ 57,345,552
Total Financial Assets	-	\$ 57,131,455	\$ 214,107	\$ 57,345,552

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, 2014 and 2013. 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, 2014 and 2013.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

Reconciliation of Financial Asset and Liability Movement - Level 3

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

	2014	2013
Beginning balance	\$ 214,107	\$ 573,266
Purchases	15,259	-
Sales/redemptions	(79,730)	(382,687)
Transfers in	-	-
Transfers out	-	-
Realised loss	(27,903)	(822)
Net change in unrealised (loss)/gain	(19,632)	24,350
Ending balance	<u>\$ 102,101</u>	<u>\$ 214,107</u>
Net change in unrealized loss included in the statement of operations related to Level 3 investments still held at year end	<u>\$ (21,419)</u>	<u>\$ (4,678)</u>

The Fund's Equity Class and Global Fixed Income Class did not hold any Level 3 investments at the beginning, during, or at the end of the year ended June 30, 2014 and June 30, 2013.

5. SHARES ISSUED AND OUTSTANDING

The authorised share capital of the Fund is \$100,000,000 divided into 1,000,000,000 shares of \$0.10 par value each, of which 120,000 shares of \$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 common shares of \$0.10 divided into three classes designated as Equity Class, Global Fixed Income Class, and Alternative Investment Class.

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

Details of shares issued and outstanding during the year are as follows:

EQUITY CLASS COMMON SHARES

	2014	2013
Balance - beginning of year	10,997,880	10,329,360
Issue of common shares	1,293,470	2,464,732
Redemption of common shares	(2,488,821)	(1,796,212)
Balance – end of year	9,802,529	10,997,880

GLOBAL FIXED INCOME CLASS COMMON SHARES

	2014	2013
Balance - beginning of year	3,646,121	4,040,000
Issue of common shares	387,733	351,089
Redemption of common shares	(1,214,670)	(744,968)
Balance - end of year	2,819,184	3,646,121

ALTERNATIVE INVESTMENT CLASS COMMON SHARES

	2014	2013
Balance - beginning of year	4,027,540	4,275,045
Issue of common shares	515,267	304,777
Redemption of common shares	(612,974)	(552,282)
Balance - end of year	3,929,833	4,027,540

Common shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the Fund. Shares may be redeemed weekly 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

6. NET REALISED GAIN (LOSS) ON INVESTMENTS

The net realised gain on sale of investments was as follows:

EQUITY CLASS

	2014	2013
Proceeds on sale of investments	\$ 96,361,711	\$ 54,357,992
Less cost of investments sold:		
Investments owned at beginning of year	106,393,081	84,970,844
Investments purchased during year	81,614,028	68,673,880
Investments owned at end of year	(105,606,261)	(106,393,081)
Investments sold during year	82,400,848	47,251,643
Net realised gain on investments	\$ 13,960,863	\$ 7,106,349

GLOBAL FIXED INCOME CLASS

	2014	2013
Proceeds on sale of investments	\$ 71,977,282	\$ 41,496,361
Less cost of investments sold:		
Investments owned at beginning of year	59,895,751	59,271,342
Investments purchased during year	55,880,037	37,762,765
Investments owned at end of year	(46,241,903)	(59,895,751)
Investments sold during year	69,533,885	37,138,356
Net realised gain on investments	\$ 2,443,397	\$ 4,358,005

ALTERNATIVE INVESTMENT CLASS

	2014	2013
Proceeds on sale of investments	\$ 48,942,964	\$ 37,268,540
Less cost of investments sold:		
Investments owned at beginning of year	49,167,385	53,886,705
Investments purchased during year	46,954,662	32,158,900
Investments owned at end of year	(51,371,199)	(49,167,385)
Investments sold during year	44,750,848	36,878,220
Net realised gain on investments	\$ 4,192,116	\$ 390,320

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

7. 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% per annum of the net asset value of each of the Equity and Global Fixed Income Classes and 1.5% per annum of the Alternative Investment Class. Presently, the monthly fee is calculated at the rate of 0.875% per annum for each of the Equity and Global Fixed Income Classes and 1.5% per annum for the Alternative Investment Class.

Management fee for the year was \$1,091,162 (2013: \$919,718) for Equity Class, \$472,287 (2013: \$574,905) for Global Fixed Income Class and \$900,197 (2013: \$864,902) for Alternative Investment Class; with \$97,247 (2013: \$108,763) for Equity Class, \$38,003 (2013: \$57,452) for Global Fixed Class, and \$76,201 (2013: \$91,199) for Alternative Investment Class, being payable and included in accrued expenses at year end.

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 \$10,000 for each of the Fund's classes. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. The custodian fee for the year was \$40,518 (2013: \$30,082) for Equity Class, \$18,055 (2013: 18,673) for Global Fixed Income Class and \$20,743 (2013: \$16,581) for Alternative Investment Class; with \$6,562 (2013: \$6,791) for Equity Class, \$3,070 (2013: \$3,525) for Global Fixed Income Class and \$3,645 (2013: \$2,894) for Alternative Investment Class, being payable and included in accrued expenses at year end.

c) Investment Transactions

As of June 30, 2014, Butterfield Select Invest Fund Limited ("Select Invest") held 512,373 shares (2013: 379,941) having a fair value of \$6,671,113 (2013: \$4,137,561) in the Equity Class, 317,898 shares (2013: 263,376) having a fair value of \$5,874,757 (2013: \$4,563,176) in the Global Fixed Income Class and 87,057 shares (2013: 64,331) having a fair value of \$1,325,864 (2013: \$952,745) in the Alternative Investment Class. Select Invest is related through common directorship. In addition, Select Invest is also managed by the Fund's Investment Adviser.

d) Credit Facility

On July 15, 2013, the Fund renewed the unsecured credit facility agreement with the Bank in the amount of \$28,000,000 (2013: \$21,500,000). The individual classes of the Fund will be limited to \$9,500,000 (2013: \$5,000,000) for Equity Class, \$7,500,000 (2013: \$5,000,000) for Global Fixed Income Class, and \$11,500,000 (2013: \$11,500,000) for Alternative Investment Class. 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 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 with accrued interest payable monthly in arrears. The facility expired on June 30, 2014 and was subsequently renewed on July 4, 2014. Refer to Note 11 for further details.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

7. RELATED PARTY TRANSACTIONS (CONTINUED)

e) Investment Services Fee

The investment services fee is paid to the Bank for additional registrar and transfer agent services provided to the Fund which had been previously provided by the administrator. The investment services fee is a set fee for the Butterfield group of funds, allocated to the individual funds based on their proportion of Net Asset Value. The fee for 2014 was \$75,583 (2013: \$76,049). Investment services fee incurred for the year for the Equity Class were \$36,799 (2013: \$32,272), for the Global Fixed Income Class were \$19,128 (2013: \$23,285), and for the Alternative Investment were \$19,656 (2013: \$20,492); with \$419 (2013: \$5,740) for Equity Class, \$168 (2013: \$nil) for Global Fixed Class, and \$215 (2013: \$nil) for Alternative Investment Class, being payable and included in accrued expenses at year end.

8. ADMINISTRATION FEE (INCLUDING ACCOUNTING FEE AND REGISTRAR AND TRANSFER AGENT FEE)

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. The administration fee for the year was \$276,228 (2013: \$239,223) for Equity Class, \$120,881 (2013: \$150,599) for Global Fixed Income Class, and \$141,651 (2013: \$130,363) for Alternative Investment Class, with \$50,950 (2013: \$48,910) for Equity Class, \$20,837 (2013: \$25,918) for Global Fixed Income Class and \$24,660 (2013: \$23,587) for Alternative Investment Class being payable and included in accrued expenses at year end.

9. 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 exempts the Fund from any such Bermuda taxes until 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS

2014

		EQUITY CLASS		GLOBAL FIXED INCOME CLASS		ALTERNATIVE INVESTMENT CLASS
Per Share Information						
Net asset value - beginning of year	\$	10.89	\$	17.33	\$	14.81
Net investment income from operations						
Net investment (loss)/gain		(0.04)		0.03		(0.26)
Net realised and change in unrealised gain on investments		2.17		1.12		0.68
Total from investment operations		2.13		1.15		0.42
Net asset value - end of year	\$	13.02	\$	18.48	\$	15.23

Ratios / Supplemental Data

Total net assets - end of year	\$	127,664,731	\$	52,094,893	\$	59,836,276
Weighted average net assets*	\$	126,317,511	\$	54,923,898	\$	61,657,312
Ratio of expenses to weighted average net assets		1.17%		1.21%		1.82%
Portfolio turnover rate**		65.15%		104.62%		79.52%
Annual rate of return***		19.56%		6.64%		2.84%

* 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

(Expressed in US Dollars)

10. FINANCIAL HIGHLIGHTS (CONTINUED)

2013		EQUITY CLASS	GLOBAL FIXED INCOME CLASS	ALTERNATIVE INVESTMENT CLASS
Per Share Information				
Net asset value - beginning of year	\$	9.28	\$ 17.26	\$ 14.07
Net investment income from operations				
Net investment (loss)/gain		(0.05)	0.26	(0.26)
Net realised and change in unrealised gain/(loss) on investments		1.66	(0.19)	1.00
Total from investment operations		1.61	0.07	0.74
Net asset value - end of year	\$	10.89	\$ 17.33	\$ 14.81

Ratios / Supplemental Data

Total net assets - end of year	\$	119,793,228	\$ 63,171,593	\$ 59,652,214
Weighted average net assets*	\$	108,974,666	\$ 67,092,786	\$ 59,324,765
Ratio of expenses to weighted average net assets		1.19%	1.20%	1.81%
Portfolio turnover rate**		51.36%	58.75%	57.17%
Annual rate of return***		17.22%	0.41%	5.26%

* 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.

11. SUBSEQUENT EVENTS

On July 4, 2014, the Fund renewed the unsecured credit facility with the Bank for \$29,000,000. The individual classes of the Fund will be limited to \$12,000,000 for Equity Class, \$5,000,000 for Global Fixed Income Class, and \$12,000,000 for Alternative Investment Class. 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 renewed credit facility bears an interest rate of 1% per annum above the higher of the LIBOR or the funding cost incurred by the Bank in making the revolving credit facility available on any date of drawdown with accrued interest payable monthly in arrears. The renewed unsecured credit facility expires on June 30, 2015.

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