

Butterfield Select Fund Limited

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018

INVESTMENT MANAGER'S REPORT

For the year ended June 30, 2018

Equity Class

The net asset value (NAV) per share increased from \$14.52 to \$15.79 over the Fiscal year to 30 June, 2018, representing a 8.75% return for the year, net of all fees and expenses. The benchmark for the Class, the MSCI World Free Net Total Return Index returned 11.09%.

Global equities performed well over the course of the year, with broad based gains across geographies. US equities outperformed, returning 13.87% whereas European equities lagged the overall index returning 3.51%. The second half of 2017 was characterized by synchronized global economic growth together with low levels equity market volatility. Both of the features diminished in the first half of 2018, as the US economy outperformed the rest of the world, while a market correction in February increased levels of volatility.

The growth investment style notably outperformed the value style over the period and this dynamic was a key driver of returns for a number of the underlying managers. The American Century Global Growth fund and BNY Mellon Long Term Global Equity fund both outperformed as they benefitted from overweight exposure to the Technology sector together with strong stock selection. In contrast, MFS US Value and MFS Global Equity both struggled as their value focus detracted from returns, as did their relatively defensive investment philosophy in a rising equity market.

Global Fixed Income Class

The net asset value (NAV) per share decreased from \$20.14 to \$19.89 over the fiscal year to 30 June 2018, representing a -1.24% return for the year, net of all fees and expenses. The fund outperformed the Benchmark Index, the Bank of America Merrill Lynch 5-10 Year AAA-A US Corporate and Government Index by 0.19%.

2017 was an important year for Fixed Income markets as the Federal Reserve continued to normalize monetary policy. The tax reforms in the U.S. and deregulation has led to increased risk appetite and stronger economic growth prompting policy makers to raise the base rate by 25bps every quarter and step up the reduction in the balance sheet.

With U.S. economic growth remaining very healthy along with relatively low real interest rates we expect corporate spreads and default rates will remain subdued. This scenario will only change if economic growth slows substantially or monetary policy becomes too restrictive. Strategically we have been increasing our weighting to treasuries at the expense of credit as we expect more volatility within bond markets given where we are in the economic cycle. The fund also continues to hold some Inflation protection as the asset class remains cheap and does not accurately reflect the tighter employment market and stronger growth in the U.S.

The primary driver of negative performance over the year has been much higher U.S. Treasury yields with 10 year U.S. Treasuries rising from 2.30% to 2.86% although, we remained underweight interest rate risk throughout this which helped the fund, along with the carry from credit, to outperform the broader bond market.

The fund continues to maintain little exposure to Emerging Market debt which has led to much lower volatility and the avoidance of negative alpha over the year. However, we do remain constructive on High Yield credit and continue to hold a small allocation via PIMCO's mutual fund and some individual bond issues. Duration as at the end of June 2018 was 5.5 years which is 87% of the benchmark index. The overall credit quality of the fund is stable and rated BBB by S&P.

Alternative Class

The net asset value (NAV) per share increased from \$15.10 to \$15.40 over the Fiscal year to 30 June, 2018, representing a 1.99% return for the year, net of all fees and expenses. The benchmark for the Class, the Hedge Fund Research HFRX Global Hedge Fund returned 2.47%.

The Class is managed by GCM Grosvenor and was allocated to 18 investment managers with an average allocation of approximately 5% to each manager, with the largest allocation to any single manager being just over 7%. The largest sector allocation the Fund had as at 30 June, 2018 was to the Equities strategy at just over 50%. The equities strategy is allocated to directional, market neutral and event driven sub-strategies. This was followed by the quantitative and macro strategies at a combined 30%. Over the course of the fiscal year, the commodities exposure was reduced to zero following the redemption of funds managed by two specialist commodity managers. Net assets finished the period at \$42.49 million.

Alternative Class Institutional

The net asset value (NAV) per share increased from \$10.00 to \$10.34 over the Fiscal year to 30 June, 2018, representing a 3.40% return for the year, net of all fees and expenses. The benchmark for the Class, the Hedge Fund Research HFRX Global Hedge Fund returned 2.47%.

The Class was allocated to 25 investment managers with an average position size of approximately 4%, with the largest allocation to any single manager being just over 6%. The equities strategy in this class was much lower than the Alternative Class, at 22%, in favour of strategies and managers that offer liquidity terms that are between quarterly and annually. This allows the fund to seek opportunities in less liquid strategies, such as credit, where the fund's exposure is commensurately higher at around 21%. Whereas the Alternative Class offers weekly liquidity, the Alternative Institutional Class offers subscription liquidity monthly, with quarterly withdrawal liquidity and a much longer notice period. The fund grew net assets through a combination of performance and net subscriptions. Net assets finished the period at \$95.87 million.

Dwayne Outerbridge CFA
President
Butterfield Select Fund limited
October 19, 2018



Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 08
P.O. Box 463
Hamilton HM BX
BERMUDA

Direct tel: +1 441 295 7000
Direct fax: +1 441 295 5193
ey.com

Report of Independent Auditors

The Board of Directors

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)

We have audited the accompanying financial statements of Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class, Alternative Investment Class and Alternative Investment Institutional Class, which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of comprehensive income, changes in net assets attributable to shareholders and cash flows for the years ended June 30, 2018 and 2017 for Equity Class, Global Fixed Income Class and Alternative Investment Class and for the year ended June 30, 2018 and for the period from March 31, 2017 to June 30, 2017 for Alternative Investment Institutional Class, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 auditors consider 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Butterfield Select Fund Limited, comprising Equity Class, Global Fixed Income Class, Alternative Investment Class and Alternative Investment Institutional Class, as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years ended June 30, 2018 and 2017 for Equity Class, Global Fixed Income Class and Alternative Investment Class and for the year then ended June 30, 2018 and for the period from March 31, 2017 to June 30, 2017 for Alternative Investment Institutional Class, in accordance with International Financial Reporting Standards.

October 19, 2018

Butterfield Select Fund Limited

COMPANY INFORMATION

DIRECTORS

David Ware
Dawn Griffiths (alternative Elizabeth Denman)
Richard Foley
Dwayne Outerbridge (alternative Michael Neff)

INVESTMENT ADVISER

Butterfield Asset Management Limited
65 Front Street
Hamilton HM 12
Bermuda

INVESTMENT SUB-ADVISER

Grosvenor Capital Management, L.P.
900 North Michigan Avenue, Suite 1100
Chicago
IL 60611

CUSTODIAN

Butterfield Trust (Bermuda) Limited
65 Front Street
Hamilton HM 12
Bermuda

SUB-CUSTODIAN

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

AUDITORS

Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 11
Bermuda

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

(Expressed in US Dollars)

		EQUITY CLASS	
		June 30, 2018 US\$	June 30, 2017 US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	675,097	2,628,166
Financial assets at fair value through profit or loss (Cost: 2018-\$84,061,024; 2017-\$83,243,357)	3, 4	115,253,197	106,166,401
Other assets		6,567	6,468
Total assets		115,934,861	108,801,035
Liabilities			
Accrued expenses	6, 7	165,198	189,077
Subscriptions received in advance		295,941	119,832
Total liabilities		461,139	308,909
Organisational shares	5	12,000	12,000
Total liabilities and equity (including net assets attributable to shareholders)		115,934,861	108,801,035
Net assets attributable to shareholders		115,461,722	108,480,126
Number of common shares in issue	5	7,314,455	7,471,402
Net asset value per common share		15.79	14.52

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

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2018

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
		June 30, 2018	June 30, 2017
		US\$	US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	456,661	555,692
Financial assets at fair value through profit or loss (Cost: 2018-\$54,535,869 ; 2017-\$51,410,506)	3, 4	54,151,231	54,630,606
Dividends receivable		6,015	6,016
Interest receivable		448,329	399,319
Other assets		3,996	3,199
Total assets		55,066,232	55,594,832
Liabilities			
Accrued expenses	6, 7	81,060	98,776
Subscriptions received in advance		292,969	41,681
Total liabilities		374,029	140,457
Net assets		54,692,203	55,454,375
Number of common shares in issue	5	2,750,033	2,752,775
Net asset value per common share		19.89	20.14

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

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2018

(Expressed in US Dollars)

		ALTERNATIVE INVESTMENT CLASS	
		June 30, 2018 US\$	June 30, 2017 US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	2,882,653	4,060,124
Financial assets at fair value through profit or loss (Cost: 2018-\$36,672,543; 2017-\$46,941,862)	3, 4	39,785,082	48,291,583
Subscriptions paid in advance		-	1,150,000
Receivable for investments sold		97,792	1,635,434
Other assets		8,011	12,925
Total assets		42,773,538	55,150,066
Liabilities			
Accrued expenses	6, 7	108,192	148,377
Subscriptions received in advance		180,151	8,271
Total liabilities		288,343	156,648
Net assets		42,485,195	54,993,418
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Number of common shares in issue	5	2,758,946	3,642,806
Net asset value per common share		15.40	15.10

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

Butterfield Select Fund Limited

STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at June 30, 2018

(Expressed in US Dollars)

		ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
		June 30, 2018	June 30, 2017
		US\$	US\$
	Notes		
Assets			
Cash and cash equivalents	2 h)	2,235,165	81,133
Financial assets at fair value through profit or loss (Cost: 2018-\$83,614,843; 2017-\$18,600,000)	3, 4	87,929,522	18,747,616
Receivable for investments sold		2,702,039	-
Subscriptions paid in advance		3,200,000	7,900,000
Other assets		5,068	13,596
Total assets		96,071,794	26,742,345
Liabilities			
Accrued expenses	6, 7	204,781	69,879
Total liabilities		204,781	69,879
Net assets		95,867,013	26,672,466
Number of common shares in issue	5	9,271,338	2,666,415
Net asset value per common share		10.34	10.00

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS

As at June 30, 2018

(Expressed in US Dollars)

EQUITY CLASS

	Number of Shares	2018 Fair Value	% of Portfolio
INVESTMENTS			
Investment Funds			
American Century SICAV - ACI Global Growth Equity – Institutional I (x) Accumulating	756,396	\$ 15,997,766	13.88%
Artisan Value Fund - Institutional	664,035	9,595,307	8.33%
BNY Mellon Long Term Global Equity Fund	10,275,363	17,103,342	14.84%
Lazard US Equity Concentrated Fund	102,976	13,684,823	11.87%
MFS Meridian Funds - Global Equity Fund	49,400	13,607,280	11.81%
MFS Meridian Funds – US Value Fund	38,257	9,516,745	8.26%
Schroder International Selection Fund - QEP Global Core	276,230	6,769,459	5.87%
Wellington Global Equity Opportunities Equity Fund - SUHUSD	696,979	14,936,682	12.96%
		\$ 101,211,404	87.82%
Exchange Traded Funds			
Xtrackers MSCI Europe Index UCITS ETF	70,000	\$ 4,638,200	4.03%
Ishares Global Energy ETF	21,100	788,718	0.68%
Ishares MSCI World ETF	55,900	3,054,935	2.65%
Wisdomtree Japan Hedged Equity Fund	103,000	5,559,940	4.82%
		\$ 14,041,793	12.18%
TOTAL INVESTMENTS (Cost: 2018 - \$84,061,024)		\$ 115,253,197	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, 2018

(Expressed in US Dollars)

GLOBAL FIXED INCOME CLASS

INVESTMENTS	Nominal	2018	
		Fair Value	% of Portfolio
Corporate and Government Debt Securities			
Amazon.com Inc. 2.800% 08/22/24	1,500,000	\$ 1,445,307	2.67%
American Airlines 16-2 AA PTT 3.200% 06/15/28 SR:AA	1,151,578	1,091,258	2.02%
American Airlines 17-1 AA PTT 3.650% 02/15/29 SR:AA	681,349	662,707	1.22%
Anglo American Capital 4.875% 05/14/25 SR:144A	1,500,000	1,507,359	2.78%
Bank of America Corp. 3.950% 04/21/25 SR:L	1,500,000	1,469,003	2.71%
Barclays PLC 5.200% 05/12/26	1,500,000	1,473,542	2.72%
CDP Financial 3.150% 07/24/24 SR:144A	1,500,000	1,485,998	2.74%
Corp Andina De Fomento 4.375% 06/15/22	1,500,000	1,551,735	2.87%
Fedex Corp. 1998 pass TST 6.720% 07/15/23 SR:981A	1,102,075	1,157,179	2.14%
General Motors Financial Company Inc. 5.250% 03/01/26	1,500,000	1,554,345	2.87%
Goldman Sachs Group Inc. 3.750% 05/22/25	1,500,000	1,462,446	2.70%
ING Bank NV 5.800% 09/25/23 SR:REGS	1,500,000	1,589,448	2.94%
Lloyds Banking Group Plc 4.582% 12/10/25 SR:144	1,753,000	1,718,396	3.17%
Met Life Glob Funding I 3.875% 04/11/22 SR:144A	1,757,000	1,782,975	3.29%
Mitsubishi UFJ Fin Grp 3.777% 03/02/25	1,500,000	1,494,692	2.76%
Renaissancere Finance 3.450% 07/01/27	1,900,000	1,787,157	3.30%
Royal Bank of Scotland GRP Plc 6.100% 06/10/23	1,500,000	1,579,800	2.92%
Schlumberger Holdings Corp. 4.000% 12/21/25 SR:144A	600,000	597,997	1.10%
Schneider Electric SE 2.950% 09/27/22 SR:144A	1,500,000	1,472,700	2.72%
Sompo Intl. Holdings Ltd. 4.700% 10/15/22	2,230,000	2,275,586	4.20%
Standard Chartered Plc 3.950% 01/11/23 SR:144a	1,000,000	976,934	1.80%
Sumitomo Mitsui FINL GRP 3.102% 01/17/23	1,700,000	1,661,053	3.07%
Svenska Handelsbanken AB FLT 05/24/21 SR:BKNT	1,000,000	1,000,220	1.85%
SW Airlines 07-1 Trust 6.150% 02/01/24 SR:07-1	1,156,975	1,223,501	2.26%
Teva Pharmaceuticals NE 3.150% 10/01/26	1,500,000	1,205,586	2.23%
Tyson Foods Inc 3.550% 06/02/27	1,500,000	1,419,095	2.62%
Vereit Operating Partner 4.875% 06/01/26	1,000,000	996,935	1.84%
Government of Bermuda 4.854% 02/06/24 SR:REGS	1,500,000	1,539,480	2.84%
TSY INFL IX N/B 0.125% 07/15/26	1,829,660	1,752,840	3.24%
TSY INFL IX N/B 0.375% 01/15/27	1,815,590	1,764,029	3.26%
TSY INFL IX N/B 0.375% 07/15/27	1,792,893	1,744,233	3.22%
US Treasury N/B 1.500% 08/15/26	1,000,000	903,125	1.67%
US Treasury N/B 2.250% 08/15/27	2,000,000	1,903,517	3.52%
US Treasury N/B 2.250% 11/15/27	2,000,000	1,901,173	3.51%
US Treasury N/B 3.125% 05/15/48	1,500,000	1,541,661	2.85%
		\$ 50,693,012	93.62%

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2018

(Expressed in US Dollars)

GLOBAL FIXED INCOME CLASS (Continued)

INVESTMENTS (Continued)	Number of Shares	2018 Fair Value	% of Portfolio
Preferred Shares			
Axis Capital Holdings Ltd. 5.500% perp SR:E	17,500	\$ 430,675	0.80%
		\$ 430,675	0.80%
Investment Funds			
PIMCO Funds: Global Investors Series plc Global Investment Grade Credit Fund Institutional	65,000	\$ 1,208,998	2.23%
PIMCO Funds: Global Investors Series plc Global High Yield Bond Fund Institutional	77,451	1,818,546	3.35%
		\$ 3,027,544	5.58%
TOTAL INVESTMENTS (Cost: 2018 - \$54,535,869)		\$ 54,151,231	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, 2018

(Expressed in US Dollars)

ALTERNATIVE INVESTMENT CLASS

		2018	
	Number of Shares	Fair Value	% of Portfolio
INVESTMENTS			
Investment Funds			
Aspect Institutional Diversified Fund Class A Shares	3,978	\$ 488,256	1.24%
Atlas Enhanced Fund, Ltd. – Class C – Initial Series 03-2011	1,700	2,587,185	6.51%
Basswood Enhanced Long Short Fund, Ltd. – US Class - Series 03/18	1,500	1,509,481	3.79%
Basswood Enhanced Long Short Fund, Ltd. – US Class - Series 06/18	350	350,035	0.88%
BlackRock European Hedge Fund Ltd - Class I - Series USD	8,283	2,394,919	6.02%
Blue Mountain Credit Alternatives Fund Ltd Class S – Restricted - January 2018	18,560	1,874,592	4.71%
Citadel Kensington Global Strategies Fund Ltd.	1,747	2,138,232	5.37%
Element Capital Feeder Fund Limited - Class B - Series 1	1,796	3,117,682	7.84%
Graticule Asia Macro Fund Ltd Class E1	1,444	2,018,426	5.07%
GSA Diversified Alternatives Fund Limited - Class B- USD Series	21,293	1,944,063	4.89%
Hampshire Credit Alpha Feeder Fund Ltd. Class 2 Feb 2018	1,000	1,035,633	2.60%
Hampshire Credit Alpha Feeder Fund Ltd. Class 2 June 2018	1,000	1,000,000	2.51%
Impala ELS Fund Ltd. Class A Restricted	1,759	2,411,411	6.06%
Incline Global ELS Ltd Class R Series Fee-5	2,268	2,455,818	6.17%
Ionic Volatility Arbitrage Fund II Ltd. Class A series 2	1,459	1,070,645	2.69%
OZ ELS Overseas Fund Ltd Class B Series 7	2,002	2,260,523	5.68%
Renaissance Institutional Diversified Alpha Fund International L.P. (Series A)	N/A	3,203,481	8.05%
Select Partners ELS Fund Class A2-2	2,431	2,800,099	7.04%
Trend Marco Offshore Ltd. – Class A	1,684	1,969,879	4.95%
York European Opportunities Unit Trust A/R/1	138,576	3,154,722	7.93%
TOTAL INVESTMENTS (Cost: 2018 – \$36,672,543)		\$ 39,785,082	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, 2018

(Expressed in US Dollars)

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS

		2018		
	Number of Shares	Fair Value		% of Portfolio
INVESTMENTS				
Investment Funds				
Aspect Institutional Diversified Fund Class A Shares	9,619	\$ 1,180,678		1.34%
Atlas Enhanced Fund Ltd. -- Class B -- Initial Series 03-11	2,628	4,247,534		4.83%
Black Diamond Thematic, Ltd. Series A Unrestricted 05-17 SUB-Series	7,000	629,878		0.72%
Blue Mountain Credit Alternatives Fund Ltd - Class S - Restricted -- January 2018	9,859	995,699		1.13%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051	1,100	1,261,974		1.44%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-2	400	453,834		0.52%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-3	2,800	3,080,596		3.50%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-4	550	579,165		0.66%
Canyon Opportunistic Credit (GRF) Fund (Cayman) Ltd. Class B - Series 00051-5	500	509,544		0.58%
Chenavari European Structured Credit Fund Ltd. April 2013 Series	1,586	2,170,604		2.47%
Citadel Kensington Global Strategies Fund Ltd.	2,545	3,054,501		3.47%
Element Capital Feeder Fund Limited BNR - Series 1	1,857	3,218,810		3.66%
Element Capital Feeder Fund Limited BNR -- Series 2	374	647,451		0.74%
Graticule Asia Macro Fund Ltd -- Class F -- Series 1115	2,893	3,296,563		3.75%
Graticule Asia Macro Fund Ltd - Class F - Series 0418	750	732,229		0.83%
Hollis Park Opportunities Fund Ltd. -- Class A-2 - Series 1	1,000	966,540		1.10%
Hollis Park Opportunities Fund Ltd.- Class A-2 - Series 2	1,800	1,735,578		1.97%
Hollis Park Opportunities Fund Ltd. - Class A-2 - Series 3	1,400	1,349,166		1.53%
Incline Global ELS Fund Ltd.	2,936	3,164,618		3.60%
Ionic Volatility Arbitrage Fund II Ltd -- Class A-2 - New Issue Eligible	2,859	2,235,250		2.54%
Linden International Ltd Class A Series 0118	300	301,353		0.34%
Linden International Ltd Class A Series 0418	650	650,805		0.74%
Linden International Ltd Class A Series BAI804	757	2,927,438		3.33%
Linden International Ltd Class B Series 0416	533	2,054,995		2.34%
Magnetar Constellation Fund Ltd. Class E Series 224	850	860,300		0.98%
Magnetar Constellation Fund Ltd. Class E Series 207	4,829	5,271,324		5.99%
Myriad Opportunities Offshore Fund Limited Class B Series 110C	400	391,498		0.45%
Myriad Opportunities Offshore Fund Limited Class TPI3/ Series B110	6	6,776		0.01%
Myriad Opportunities Offshore Fund Limited Class TPI3/ Series B110A	9	8,748		0.01%
Myriad Opportunities Offshore Fund Limited Class B Series 110	4,255	4,806,531		5.47%
Redmile Capital Offshore Fund Ltd. Class A Sub Class 10 Series 0417	750	991,997		1.13%
Redmile Capital Offshore Fund Ltd. Class A Sub Class 10 Series 1017	1,500	1,705,330		1.94%
Redmile Capital Offshore Fund Ltd. Class A Sub Class 10 Series 1217	1,500	1,703,680		1.94%
Redmile Capital Offshore Fund Ltd. Class A Sub Class 10 Series 0118	350	392,263		0.45%
Redmile Capital Offshore Fund Ltd. Class A Sub Class 10 Series 0418	600	627,093		0.71%
Renaissance Institutional Diversified Alpha Fund International L.P. (Series A)	N/A	5,686,369		6.47%
Select Partners ELS Fund, Ltd. Class A1-1	2,286	3,912,306		4.46%

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

Butterfield Select Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2018

	Number of Shares	2018 Fair Value	% of Portfolio
INVESTMENTS (continued)			
Investment Funds (continued)			
Shelter Growth Opportunities Fund Ltd. Class E Series BSFLTD	4,963	\$ 5,116,386	5.82%
Trend Capital Opportunities SPC Ltd. Class A	2,973	2,993,905	3.40%
Wexford Offshore Catalyst Fund Limited Class G 0118E	475	534,132	0.61%
Wexford Offshore Catalyst Fund Limited Class G 0417E	901	1,013,121	1.15%
Wexford Offshore Catalyst Fund Limited Class G 0418E	430	482,964	0.55%
Wexford Offshore Catalyst Fund Limited Class G 0517E	98	339,785	0.39%
Wexford Offshore Catalyst Fund Limited Class G 1217E	2,161	2,428,351	2.76%
Whitebox Asymmetric Opportunities Fund Ltd. Class C-08-01-18	350	362,521	0.41%
Whitebox Asymmetric Opportunities Fund Ltd. Class C-8-1	1,534	1,811,043	2.05%
York European Opportunities Fund Limited Class A/U Series 1	3,352	5,038,296	5.72%
TOTAL INVESTMENTS (Cost: 2018 – \$ 83,614,843)		\$ 87,929,522	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, 2018

(Expressed in US Dollars)

	Notes	EQUITY CLASS	
		2018 US\$	2017 US\$
Income			
Net realised gain/(loss) on financial assets at fair value through profit or loss		1,354,100	(79,705)
Net change in unrealised gain on financial assets at fair value through profit or loss		8,269,130	18,366,498
Dividend income		1,376,257	353,754
Interest		3,750	3,803
Other income		14,638	12,787
Total income		11,017,875	18,657,137
Expenses			
Management fee	6 a)	999,057	941,089
Administration fee	7	204,637	241,732
Audit fee		28,600	27,843
Custodian fee	6 b)	44,055	35,582
Government fee		5,238	6,088
Investment services fee	6 e)	21,583	33,697
Miscellaneous		23,472	33,728
Total expenses		1,326,642	1,319,759
Less: Withholding tax on dividend income		137,282	78,139
Net increase in net assets resulting from operations attributable to shareholders		9,553,951	17,259,239

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, 2018

(Expressed in US Dollars)

		GLOBAL FIXED INCOME CLASS	
		2018	2017
		US\$	US\$
	Notes		
Income			
Net realised gain on financial assets at fair value through profit or loss		1,789,107	384,229
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss		(3,604,737)	201,984
Bonds interest		1,702,305	1,589,950
Dividend income		24,063	16,576
Total (loss)/income		(89,262)	2,192,739
Expenses			
Management fee	6 a)	474,989	455,371
Administration fee	7	98,897	120,702
Miscellaneous		13,870	15,878
Audit fee		16,400	16,414
Custodian fee	6 b)	21,290	17,187
Government fee		2,499	2,922
Investment services fee	6 e)	10,291	16,249
Total expenses		638,236	644,723
Net (decrease)/increase in net assets resulting from operations attributable to shareholders		(727,498)	1,548,016

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, 2018

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT CLASS	
		2018 US\$	2017 US\$
Income			
Net realised gain/(loss) on financial assets at fair value through profit or loss		194,758	(674,672)
Net change in unrealised gain on financial assets at fair value through profit or loss		1,762,818	3,058,944
Interest		15,542	19,278
Other income		1,782	-
Total income		1,974,900	2,403,550
Expenses			
Management fee	6 a)	807,537	1,067,034
Administration fee	7	93,917	148,451
Miscellaneous		28,648	40,043
Audit fee		32,725	29,518
Custodian fee	6 b)	18,443	20,830
Government fee		2,896	3,592
Investment services fee	6 e)	11,454	20,506
Total expenses		995,620	1,329,974
Net increase in net assets resulting from operations attributable to shareholders		979,280	1,073,576

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, 2018 and for the period from March 31, 2017 to June 30, 2017

(Expressed in US Dollars)

	Notes	ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
		2018 US\$	2017 US\$
Income			
Net realised loss on financial assets at fair value through profit or loss		(63,457)	-
Net change in unrealised gain on financial assets at fair value through profit or loss		4,145,728	147,616
Interest		2,005	-
Other income		845	-
Total income		4,085,121	147,616
Expenses			
Management fee	6 a)	1,287,299	104,821
Administration fee	7	100,483	8,630
Miscellaneous		25,078	3,019
Audit fee		19,443	17,000
Custodian fee	6 b)	29,967	1,930
Government fee		1,484	-
Investment services fee	6 e)	350	5,250
Total expenses		1,464,104	140,650
Net increase in net assets resulting from operations attributable to shareholders		2,621,017	6,966

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, 2018

(Expressed in US Dollars)

	EQUITY CLASS	
	2018 US\$	2017 US\$
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	9,553,951	17,259,239
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	13,959,331	8,978,780
Repurchase of redeemable shares	(16,531,686)	(24,202,518)
Decrease in net assets attributable to shareholders from transactions in shares	(2,572,355)	(15,223,738)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	6,981,596	2,035,501
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	108,480,126	106,444,625
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	115,461,722	108,480,126

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, 2018

(Expressed in US Dollars)

	GLOBAL FIXED INCOME CLASS	
	2018 US\$	2017 US\$
NET (DECREASE)/INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	(727,498)	1,548,016
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	7,028,076	10,354,007
Repurchase of redeemable shares	(7,062,750)	(10,299,184)
(Decrease)/increase in net assets attributable to shareholders from transactions in shares	(34,674)	54,823
NET (DECREASE)/INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	(762,172)	1,602,839
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	55,454,375	53,851,536
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	54,692,203	55,454,375

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, 2018

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2018 US\$	2017 US\$
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	979,280	1,073,576
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	5,785,610	12,562,959
Repurchase of redeemable shares	(19,273,113)	(22,852,906)
Decrease in net assets attributable to shareholders from transactions in shares	(13,487,503)	(10,289,947)
NET DECREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	(12,508,223)	(9,216,371)
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR	54,993,418	64,209,789
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR	42,485,195	54,993,418

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, 2018 and for the period from March 31, 2017 to June 30, 2017

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
	2018 US\$	2017 US\$
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS	2,621,017	6,966
CAPITAL STOCK TRANSACTIONS		
Issue of redeemable shares	67,397,689	26,665,500
Repurchase of redeemable shares	(824,159)	-
Increase in net assets attributable to shareholders from transactions in shares	66,573,530	26,665,500
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS	69,194,547	26,672,466
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – BEGINNING OF YEAR/PERIOD	26,672,466	-
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS – END OF YEAR/PERIOD	95,867,013	26,672,466

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, 2018

(Expressed in US Dollars)

	EQUITY CLASS	
	2018 US\$	2017 US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to shareholders	9,553,951	17,259,239
<i>Adjustments for:</i>		
Purchase of financial assets	(6,575,140)	(5,463,834)
Net proceeds from sale of financial assets	7,111,574	22,984,047
Net realised (gain)/loss on financial assets at fair value through profit or loss	(1,354,100)	79,705
Net change in unrealised gain on financial assets at fair value through profit or loss	(8,269,130)	(18,366,498)
Changes in:		
Other assets	(99)	(503)
Accrued expenses	(23,879)	1,029
Net cash provided by operating activities	443,177	16,493,185
Cash flows from financing activities		
Subscriptions received in advance	176,109	89,377
Proceeds from issuance of shares	13,959,331	8,978,780
Payments from redemption of shares	(16,531,686)	(24,202,518)
Net cash used in financing activities	(2,396,246)	(15,134,361)
Net (decrease)/increase in cash and cash equivalents	(1,953,069)	1,358,824
Cash and cash equivalents – beginning of year	2,628,166	1,269,342
Cash and cash equivalents – end of year	675,097	2,628,166
Supplemental cash flow information:		
Interest received	3,750	3,803
Dividend received, net of withholding taxes	1,238,975	275,615

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, 2018

(Expressed in US Dollars)

	GLOBAL FIXED INCOME CLASS	
	2018 US\$	2017 US\$
Cash flows from operating activities		
Net (decrease)/increase in net assets resulting from operations attributable to shareholders	(727,498)	1,548,016
<i>Adjustments for:</i>		
Purchase of financial assets	(24,989,987)	(24,407,258)
Net proceeds from sale of financial assets	23,653,732	21,658,278
Net realised gain on financial assets at fair value through profit or loss	(1,789,107)	(384,229)
Net change in unrealised loss/(gain) on financial assets at fair value through profit or loss	3,604,737	(201,984)
Changes in:		
Interest receivable	(49,010)	(8,934)
Other assets	(797)	78
Dividends receivable	1	(6,016)
Accrued expenses	(17,716)	2,145
Net cash used in operating activities	(315,645)	(1,799,904)
Cash flows from financing activities		
Subscriptions received in advance	251,288	790
Proceeds from issuance of shares	7,028,076	10,354,007
Payments from redemption of shares	(7,062,750)	(10,299,185)
Net cash provided by financing activities	216,614	55,612
Net decrease in cash and cash equivalents	(99,031)	(1,744,292)
Cash and cash equivalents – beginning of year	555,692	2,299,984
Cash and cash equivalents – end of year	456,661	555,692
Supplemental cash flow information:		
Interest received	1,653,295	1,581,016
Dividend received	24,213	16,576

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, 2018

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT CLASS	
	2018 US\$	2017 US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to shareholders	979,280	1,073,576
<i>Adjustments for:</i>		
Purchase of financial assets	(9,815,231)	(26,626,834)
Net proceeds from sale of financial assets	22,966,950	31,256,980
Net realised (gain)/loss on financial assets at fair value through profit or loss	(194,758)	674,672
Net change in unrealised gain on financial assets at fair value through profit or loss	(1,762,818)	(3,058,944)
Changes in:		
Other assets	4,914	6,605
Accrued expenses	(40,185)	(12,981)
Net cash provided by operating activities	12,138,152	3,313,074
Cash flows from financing activities		
Subscriptions received in advance	171,880	(222,753)
Proceeds from issuance of shares	5,785,610	12,562,959
Payments from redemption of shares	(19,273,113)	(16,852,906)
Net cash used in financing activities	(13,315,623)	(4,512,700)
Net decrease in cash and cash equivalents	(1,177,471)	(1,199,626)
Cash and cash equivalents – beginning of year	4,060,124	5,259,750
Cash and cash equivalents – end of year	2,882,653	4,060,124
Supplemental cash flow information:		
Interest received	15,542	19,278
Supplemental non-cash information:		
Redemption in-kind – distribution of securities to an investor as payment for redeeming common shares of the Fund	-	(6,000,000)

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, 2018 and for the period from March 31, 2017 to June 30, 2017

(Expressed in US Dollars)

	ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
	2018 US\$	2017 US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to shareholders	2,621,017	6,966
<i>Adjustments for:</i>		
Purchase of financial assets	(66,099,997)	(20,500,000)
Net proceeds from sale of financial assets	2,998,323	-
Net realised loss on financial assets at fair value through profit or loss	63,457	-
Net change in unrealised gain on financial assets at fair value through profit or loss	(4,145,728)	(147,616)
Changes in:		
Other assets	8,528	(13,596)
Accrued expenses	134,902	69,879
Net cash used in operating activities	(64,419,498)	(20,584,367)
Cash flows from financing activities		
Proceeds from issuance of shares	67,397,689	20,665,500
Paid on redemption of shares	(824,159)	-
Net cash provided by financing activities	66,573,530	20,665,500
Net increase in cash and cash equivalents	2,154,032	81,133
Cash and cash equivalents – beginning of year/period	81,133	-
Cash and cash equivalents – end of year/period	2,235,165	81,133
Supplemental non-cash information:		
Subscription in-kind – receipt of securities from an investor in exchange for common shares in the Fund	-	6,000,000
Interest received	2,005	-

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, 2018

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. 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 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, The Belvedere Building 69 Pitts Bay Road, Pembroke HM 08, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

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.

The Fund presents its statement of financial position in order of liquidity.

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

The Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'.

Financial assets and liabilities at fair value through profit or loss

The category of financial assets and liabilities at fair value through profit or loss is subdivided into:

Financial assets and liabilities held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes investment funds, exchange traded funds, equities and other interest bearing investments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. The Fund's policy is not to apply hedge accounting.

Financial instruments designated at fair value through profit or loss upon initial recognition: these include investment funds, exchange traded funds, equities and other interest bearing investments and derivatives not held for trading. The Fund did not hold any financial instruments designated at fair value through profit or loss upon initial recognition as at June 30, 2018 and 2017.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial Instruments (continued)

i. Classification (continued)

Other financial liabilities

This category includes all financial liabilities, other than those classified as held for trading. The Fund includes in this category amounts for other short-term payables.

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 fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Receivables and financial liabilities (other than those classified as held for trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

For financial assets and liabilities where the fair value at initial recognition does not equal the transaction price, the Fund recognises the difference in the statement of comprehensive income, unless specified otherwise.

iv. Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net change in unrealised gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividend earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense.

Receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

b) Financial instruments (continued)

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 where 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 either: the Fund has transferred substantially all the risks and rewards of the asset, or the Fund has 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 binding 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

d) Impairment of financial assets

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor/counterparty or a group of debtors/counterparties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate.

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 reported in the statement of financial position 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.

Management has determined that, as at June 30, 2018 and 2017, 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

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.

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 the Fund's articles of association. These shares do not participate in the profits of the Fund.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

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) Impact of new accounting pronouncements

IAS 7 Disclosure Initiative – Amendments to IAS 7

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows to aid users of financial statements to better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from cash flows and non-cash changes. IAS 7 Disclosure Initiative is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. As the Fund already provided disclosures about changes in liabilities arising from cash flows and non-cash changes, the adoption of IAS 7 Disclosure Initiative has not had an impact on the Fund.

q) Impact of accounting pronouncements issued but not yet effective

IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Fund is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Fund is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

r) 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

2. BASIS OF PREPARATION (Continued)

Summary of significant accounting policies (continued)

r) Investment entity (continued)

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

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

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.

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 2018	% of Portfolio 2017
Debt Securities by Credit Rating		
AAA	2.93	4.32
AA+	24.86	13.79
AA-	12.58	9.39
A+	3.04	3.45
A	2.41	7.08
A-	17.14	4.35
BBB+	11.20	22.20
BBB	5.87	14.23
BBB-	10.26	12.78
BB+	2.91	3.36
BB	5.49	3.51
Not Rated by S&P	1.31	1.54
	100.00	100.00

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

3. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (continued)

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.

Debt Securities by Credit Rating	% of Portfolio	% of Portfolio
	2018	2017
Aa3	1.31	1.54
	1.31	1.54

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, 2018, the credit ratings of the Custodian and the Bank, as provided by Standard and Poor's, were both BBB+ (2017 – BBB). As at June 30, 2018, the credit rating of the Fund's Sub-custodian, as provided by Fitch Ratings, was A+ (2017 – 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.

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.

As at June 30, 2018 and 2017, 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, 2018, had the interest rates increased or decreased by 25 basis points and assuming a parallel shift in the yield curve, the net assets of Global Fixed Income Class would have increased or decreased by approximately US\$126,733 (2017: US\$136,576). 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk (continued)

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	
	2018 US\$	2017 US\$
1 - 3 years	1,000,220	-
3 - 5 years	11,300,784	6,471,152
Greater than 5 years	38,392,008	39,157,762
Non-interest bearing (Less than 1 year)	-	492,586
Non-interest bearing (Greater than 5 years)	-	878,947
	50,693,012	47,000,447

As of June 30, 2018 and 2017, all investment funds (2018: US\$115,253,197; 2017: US\$106,166,401) held by the Equity Class offer redemptions on a daily basis.

As of June 30, 2018 and 2017, all investment funds (2018: US\$3,027,544; 2017: US\$7,194,234) held by the Global Fixed Income Class offer redemptions on a daily basis.

As of June 30, 2018, investment funds held by the Alternative Investment Class representing US\$13,811,691 (34.72%) offer redemptions on a quarterly basis, US\$23,541,072 (59.16%) offer redemptions on a monthly basis, US\$488,256 (1.23%) offer redemptions on a weekly basis, and US\$1,944,063 (4.89%) offer redemptions on a weekly basis. As of June 30, 2017, investment funds held by the Alternative Investment Class representing US\$17,964,713 (37.20%) offer redemptions on a quarterly basis, US\$27,566,125 (57.08%) offer redemptions on a monthly basis, US\$2,750,329 (5.70%) offer redemptions on a weekly basis and US\$10,416 (0.02%) have redemption restrictions. Investment funds' initial lock-up periods range from zero to one year. As of June 30, 2018 and 2017, no investment funds held by the Alternative Investment Class remain subject to un-expired initial lock-up periods.

As of June 30, 2018, investment funds held by the Alternative Investment Institutional Class representing US\$69,908,731 (79.51%) offer redemptions on a quarterly basis, US\$16,840,113 (19.15%) offer redemptions on a monthly basis, and US\$1,180,678 (1.34%) offer redemptions on a weekly basis. Investment funds' initial lock-up periods range from zero to one year. As of June 30, 2018, investment funds held by the Alternative Investment Institutional Class amounting to US\$4,051,284 remain subject to un-expired initial lock-up periods ranging from 3 months to 6 months. As of June 30, 2017, investment funds held by the Alternative Investment Institutional Class representing US\$14,943,175 (79.71%) offer redemptions on a quarterly basis, US\$3,459,461 (18.45%) offer redemptions on a monthly basis, and US\$344,980 (1.84%) offer redemptions on a weekly basis. Investment funds' initial lock-up periods range from zero to one year. As of June 30, 2017, investment funds held by the Alternative Investment Institutional Class amounting to \$3,039,576 remain subject to un-expired initial lock-up periods ranging from 9 months to 10 months.

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

3. FINANCIAL RISK MANAGEMENT (Continued)

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, 2018, all of the Equity Class' investments were exposed to changes in portfolio prices. As at June 30, 2018, 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\$ 5,762,660 (2017 - US\$5,308,320) higher or lower.

As at June 30, 2018, all of the Global Fixed Income Class' investments were exposed to changes in portfolio prices. As at June 30, 2018, 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\$2,707,562 (2017 - US\$2,731,530) higher or lower.

As at June 30, 2018, all of the Alternative Investment Class' investments were exposed to changes in portfolio prices. As at June 30, 2018, 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\$ 1,989,254 (2017 - US\$2,414,579) higher or lower.

As at June 30, 2018, all of the Alternative Investment Institutional Class' investments were exposed to changes in portfolio prices. As at June 30, 2018, 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\$ 4,396,476 (2017- US\$937,381) 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.

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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

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.

2018

EQUITY CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	101,211,404	-	101,211,404
Exchange traded funds	14,041,793	-	-	14,041,793
Total financial assets	14,041,793	101,211,404	-	115,253,197

GLOBAL FIXED INCOME CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	50,693,012	-	50,693,012
Preferred Shares	-	430,675	-	430,675
Investment funds	-	3,027,544	-	3,027,544
Total financial assets	-	54,151,231	-	54,151,231

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	39,785,082	-	39,785,082
Total financial assets	-	39,785,082	-	39,785,082

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	87,929,522	-	87,929,522
Total financial assets	-	87,929,522	-	87,929,522

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

4. FAIR VALUE OF FINANCIAL ASSETS (Continued)

2017

EQUITY CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	94,854,747	-	94,854,747
Exchange traded funds	11,311,654	-	-	11,311,654
Total financial assets	11,311,654	94,854,747	-	106,166,401

GLOBAL FIXED INCOME CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government debt securities	-	47,000,447	-	47,000,447
Preferred Shares	-	435,925	-	435,925
Investment funds	-	7,194,234	-	7,194,234
Total financial assets	-	54,630,606	-	54,630,606

ALTERNATIVE INVESTMENT CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	48,281,167	10,416	48,291,583
Total financial assets	-	48,281,167	10,416	48,291,583

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Investment funds	-	18,747,616	-	18,747,616
Total financial assets	-	18,747,616	-	18,747,616

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, 2018 and 2017. 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, 2018 and 2017.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

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:

	2018 US\$	2017 US\$
Beginning balance	10,416	72,014
Sales/redemptions	(11,027)	(85,318)
Realised loss	(47,265)	(1,923)
Net change in unrealised gain	47,876	25,643
Ending balance	-	10,416
Net change in unrealised gain included in the statement of comprehensive income related to Level 3 investments still held at year end	-	14,898

The Fund's Equity Class, Global Fixed Income Class and Alternative Investment Institutional Class did not hold any Level 3 investments at the beginning, during, or at the end of the year/period ended June 30, 2018 and June 30, 2017.

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 common 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, 2018 and 2017 were as follows:

EQUITY CLASS COMMON SHARES

	2018	2017
Balance – beginning of year	7,471,402	8,613,458
Issue of common shares	903,614	657,472
Redemption of common shares	(1,060,561)	(1,799,528)
Balance – end of year	7,314,455	7,471,402

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

5. SHARES ISSUED AND OUTSTANDING (Continued)

GLOBAL FIXED INCOME CLASS COMMON SHARES

	2018	2017
Balance – beginning of year	2,752,775	2,751,879
Issue of common shares	348,198	521,534
Redemption of common shares	(350,940)	(520,638)
Balance – end of year	2,750,033	2,752,775

ALTERNATIVE INVESTMENT CLASS COMMON SHARES

	2018	2017
Balance – beginning of year	3,642,806	4,332,012
Issue of common shares	377,658	846,474
Redemption of common shares	(1,261,518)	(1,535,680)
Balance – end of year	2,758,946	3,642,806

ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS COMMON SHARES

	2018	2017
Balance – beginning of year	2,666,415	-
Issue of common shares	6,686,081	2,666,415
Redemption of common shares	(81,158)	-
Balance – end of year	9,271,338	2,666,415

Common 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.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

5. SHARES ISSUED AND OUTSTANDING (Continued)

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.

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% (2017: 1%) per annum of the net asset value of each of the Equity and Global Fixed Income Classes and 2% (2017: 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% (2017: 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, 2018 and 2017 for each class are set out in the table below.

Class	Management fees charged		Management fees payable	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Equity	999,057	941,089	84,637	92,309
Global Fixed	474,989	455,371	39,237	46,793
Alternative Investment	807,537	1,067,034	61,182	87,948
Alternative Investment Institutional	1,287,299	104,821	138,090	38,494

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, 2018 and 2017 for each class are set out in the table below.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

6. RELATED PARTY TRANSACTIONS (Continued)

b) Custodian Fee

Class	Custodian fees charged		Custodian fees payable	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Equity	44,055	35,582	10,393	18,011
Global Fixed	21,290	17,187	4,857	8,583
Alternative Investment	18,443	20,830	3,778	9,815
Alternative Investment Institutional	29,967	1,930	8,040	1,930

c) Investment Transactions

As of June 30, 2018, Butterfield Select Invest Fund Limited ("Select Invest") held 634,115 shares (2017: 421,462) having a fair value of US\$10,012,670 (2017: US\$6,119,622) in the Equity Class, 394,406 shares (2017: 453,702) having a fair value of US\$7,844,743 (2017: US\$9,137,557) in the Global Fixed Income Class, 203,019 shares (2017: 181,584) having a fair value of US\$3,126,489 (2017: US\$2,741,915) 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.

d) Credit Facility

On August 14, 2017 (2017: August 30, 2016), 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\$41,000,000. 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\$12,000,000 and Alternative Investment Institutional Class US\$12,000,000. 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, 2018 (2017: June 30, 2017).

On September 6, 2018, the Fund renewed the unsecured credit facility agreement with the Bank. The renewal comes with the terms as outlined above except the principal amount will now 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 renewed unsecured facility expires on June 30, 2019.

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 2018 was US\$43,678 (2017: US\$75,702). Details of investment services fees charged and payable, as at June 30, 2018 and 2017 for each class are set out in the table below. Effective March 1, 2018, the investment services fee paid to the Bank was discontinued.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

6. RELATED PARTY TRANSACTIONS (Continued)

e) Investment Services Fee (Continued)

Class	Investment services fees charged		Investment services fees payable	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Equity	21,583	33,697	-	2,737
Global Fixed	10,291	16,249	-	1,309
Alternative Investment	11,454	20,506	-	1,736
Alternative Investment Institutional	350	5,250	-	5,250

f) Other

The Bank owns shares of the classes as outlined below:

Class	Shares	
	2018	2017
Equity	2,399,060	2,542,261
Alternative Investment Institutional	1,274,409	1,274,409

The classes of the Fund also invest in US\$ Class Sub-Class B of Butterfield Money Market Fund Limited, a fund managed by the Investment Adviser, as outlined below:

Class	Shares	
	2018	2017
Equity	-	95,625
Global Fixed	-	10,336
Alternative Investment	-	161,949

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, 2018 and 2017 for each class are set out in the table below. Administration fees payable at June 30, 2018 and 2017 are included in accrued expenses in the Statements of Financial Position.

Class	Administration fees charged		Administration fees payable	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Equity	204,637	241,732	42,402	44,891
Global Fixed	98,897	120,702	21,081	24,967
Alternative Investment	93,917	148,451	18,935	24,767
Alternative Investment Institutional	100,483	8,630	40,007	6,994

8. TAXATION

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

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

8. TAXATION (Continued)

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, 2018 (2017: none).

10. SUBSEQUENT EVENTS

The Fund has evaluated all the events or transactions that occurred after June 30, 2018 through October 19, 2018, the date the financial statements were available to be issued. During this period, the Fund did not have any material subsequent events.

Butterfield Select Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2018

11. FINANCIAL HIGHLIGHTS

2018	EQUITY CLASS		GLOBAL FIXED INCOME CLASS		ALTERNATIVE INVESTMENT CLASS		ALTERNATIVE INVESTMENT INSTITUTIONAL CLASS	
	Per Share Information							
Net asset value - beginning of the year	\$	14.52	\$	20.14	\$	15.10	\$	10.00
Net investment income from operations								
Net investment gain/(loss)****		(0.01)		0.42		(0.32)		(0.20)
Net realised and change in unrealised gain/(loss) on investments		1.28		(0.67)		0.62		0.54
Total from investment operations		1.27		(0.25)		0.30		0.34
Net asset value - end of the year	\$	15.79	\$	19.89	\$	15.40	\$	10.34

Ratios / Supplemental Data

Total net assets - end of year	\$	115,461,722	\$	54,692,203	\$	42,485,195	\$	95,867,013
Weighted average net assets*	\$	114,036,258	\$	54,449,352	\$	47,692,595	\$	73,596,407
Ratio of expenses to weighted average net assets		1.16%		1.17%		2.10%		1.99%
Portfolio turnover rate**		5.77%		44.04%		24.13%		8.46%
Annual rate of return***		8.75%		(1.24)%		1.99%		3.40%

* 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, 2018

11. FINANCIAL HIGHLIGHTS (continued)

2017	EQUITY CLASS	GLOBAL	ALTERNATIVE	ALTERNATIVE
		FIXED INCOME CLASS	INVESTMENT INVESTMENT CLASS	INVESTMENT INSTITUTIONAL CLASS
Per Share Information				
Net asset value - beginning of the year/period	\$ 12.36	\$ 19.57	\$ 14.82	\$ 10.00
Net investment income from operations				
Net investment gain/(loss)****	(0.13)	0.36	(0.30)	(0.06)
Net realised and change in unrealised gain on investments	2.29	0.21	0.58	0.06
Total from investment operations	2.16	0.57	0.28	-
Net asset value - end of the year/period	\$ 14.52	\$ 20.14	\$ 15.10	\$ 10.00

Ratios / Supplemental Data

Total net assets - end of year/period	\$ 108,480,126	\$ 55,454,375	\$ 54,993,418	\$ 26,672,466
Weighted average net assets*	\$ 107,885,036	\$ 53,119,323	\$ 64,493,328	\$ 22,637,010
Ratio of expenses to weighted average net assets (annualized for Alternative Investment Institutional)	1.22%	1.21%	2.07%	1.86%
Portfolio turnover rate**	5.09%	41.87%	43.61%	-
Annual rate of return***	17.48%	2.91%	1.89%	0.00%

* 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. The ratios were annualized for Alternative investment Institutional Fund.

****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 October 19, 2018.