

# Butterfield Money Market Fund Limited

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2011

# Butterfield Money Market Fund Limited

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## To the Shareholders:

### **RATING AGENCY**

The Money Market Fund continues to be assigned an AAAM rating from Standard & Poor's, which is the highest safety rating available. The AAAM rating definition is as follows: "Safety is excellent. Superior capacity to maintain principal value and limit exposure to loss".

### **USD CLASS**

#### **Review**

Over the twelve months under review, and in continued response to the aftermath of the credit crisis, the Federal Reserve (Fed) kept interest rates close to 0%. Although the Fed wound up its second round of Quantitative Easing (QE2) at the end of June, we do not expect the Fed to begin shrinking their balance sheet anytime soon. A major reason that we believe that Quantitative Easing 3 (QE3) is unlikely in the near term is that inflation and inflation expectations are no longer either in a falling trend or are nominally too low for the Fed's comfort. Employment growth in the US remains poor and the Fed does not expect anything more than a gradual decline in the unemployment rate. Until the unemployment rate drops significantly, the Fed is expected to keep interest rates close to 0%. The Fed Chairman has stated that it could be several years before we are back to a more normal unemployment rate of 5% to 6%. The Fed believed that the economic recovery would be gradual and inflation subdued, which justified keeping overnight rates at exceptionally low levels. Over the period, unemployment remained both high and unusually concentrated among the long-term unemployed.

In this environment, our strategy was to protect the Fund by increasing our investment in the highest quality issuers. Credit quality has been a major focus this fiscal year and we remain extremely selective regarding securities approved for inclusion in the portfolio. Our thorough review and approval process made us comfortable to extend into longer maturities when opportunities arose to lock in favourable yields in some select issuers. In order to maintain a high degree of liquidity, over 31% of the portfolio was maturing within 14 days while targeting 10% overnight. We continued to look for opportunities to lock in attractive long-term yields by purchasing 3-4 month sovereign, supra-national, government agency issues and floating rate notes.

#### **Prospects**

QE3 is a possibility, but only if deflationary risks re-emerge. The Fed does have other options besides large-scale asset purchases, such as providing more explicit guidance about how long it will keep short rates at near-zero or reducing the 0.25% interest rate it pays on bank reserves. We believe that it would require a considerable further deterioration in the incoming data before the Fed would realistically consider adding more stimulus to the mix. In addition, the outlook for financial institutions is now more positive. However, we believe that the outlook for the economy remains weak as data continue to show a fragile recovery, coupled with a weak housing market and a problematic long-term unemployment rate. Therefore, we expect the Fed to maintain a very accommodative monetary policy for the rest of calendar 2011 and perhaps much of 2012, with overnight rates ranging from 0% to 0.25%. Accommodative monetary policy will persist until the job market and credit conditions improve. When the economy eventually recovers, the Fed will need to have the fortitude to raise rates to contain future inflationary pressures.

### **CANADIAN DOLLAR CLASS**

#### **Review**

The Bank of Canada (BoC) took a different approach to markets over this fiscal year. The central bank dropped the conditional commitment to keep rates on hold in May 2010 and proceeded to hike the official rate by 0.25% in the June, July, and September meetings. After months of questioning whether the BoC would further raise the rate above 1%, the central bank has made it quite clear that they will not guide market participants through future rate changes. Over the course of the year, the BoC has gradually removed other forms of stimulus as well. The central bank is quite concerned about the intensifying sovereign debt crisis in Europe and the implications for global stability if the Europeans do not get the situation adequately under control. The BoC already saw how turmoil in another country can affect its own economy. The March earthquake in Japan is blamed for disrupting

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the supply of auto parts and in turn, considered partly responsible for the diminished activity in manufacturing during the second quarter of 2011. This instance is only temporary in nature and Canada remains on the path to a solid recovery.

As the Canadian economy began to recover, so did the A share yield on this Class. Yields in the short end improved with the three rate hikes and likewise the yield for this Class benefited too. Domestic securities were increased in the portfolio to represent over half of the holdings by the end of June 2011. Canada, as a country, was well-positioned prior to the downturn and managed to bounce back from the recession quicker than its counter parts. Similarly, all Canadian banks survived the crisis without necessitating a bailout from their government. Over the past couple of years, numerous surveys have shown that Canadian banks are deemed some of the safest in the world. With such high regard for the strength of the country and its banks, adding more domestic securities was a logical step.

## **Prospects**

Canada has one of the more promising outlooks for 2011 and 2012. Not only did Canada fare relatively well during the crisis, but the country is also experiencing a good recovery. The second half of this year is forecasted to perform better than the first; leaving concerns of recession a distant memory. The Bank of Canada will continue to watch vigilantly the developments in other parts of the world for risks to both global and domestic growth. Domestic concerns remain the strong Canadian dollar and the obstacle it creates to increasing exports, as well as the high level of Canadian household debt in relation to disposable income. While not an immediate problem, eventually rates will rise again and this will place a strain on households that are taking advantage of the low rates, but may not be able to afford higher payments down the road. For now though, Canada is well on its way to a full recovery by next year.

## **STERLING CLASS**

### **Review**

In mid-2010, the UK elected a new coalition government that released a budget which combined deep government spending cuts with higher taxes. The implementation of this budget was the focus over the past year. At first, the British electorate appeared to understand that strong measures were needed to reduce the budget deficit; an understanding that was partially based on the troubles Greece and Ireland were facing and the desire not to follow the same path. However, as the months passed and the government cuts meant reduced benefits and job losses, the British people grew more discontented with the plan. The government did make some minor concessions to appease the public, but solid growth has been elusive for the UK. The final quarter of 2010 showed the economy actually contracted, leading to fears of a return to recession. Subsequently, reactions to growth in the first quarter of 2011 of 0.5% were mixed. On the one hand, the UK was not in a technical recession again, but the GDP figures also meant that growth was flat over the six months.

The Sterling Class yield was little changed over the past fiscal year. The official rate remained 0.5% for the entire period keeping yields relatively flat. The majority of purchases were kept short as there was little benefit in extending maturities out longer than three months. However, bonds were constantly added to the portfolio and tended to provide a bit more yield than commercial paper. Another regular holding in the portfolio was UK Treasury bills that improve the liquidity of the Class while also helping to maintain the high credit quality. S&P has set a minimum limit of 50% for A-1+ securities, and the percentage holding for this Class was consistently above 80% for the period. Aside from T-bills, all securities were held in either strong bank names or government guaranteed paper. The portfolio is quite conservative as securities are selected to ensure safety of the principal. The GBP class had inflows over the year and the size is trending upwards.

### **Prospects**

As difficult as the implementation of the budget is proving to be, Osborne will continue to push through the measures necessary to reduce the deficit. He recognizes that while currently unpopular, it will benefit the economy in the long-run and he has the support of his peers. The Bank of England (BoE) will continue its neutral stance and are likely to hold at 0.5% for several months possibly even the next year. The BoE are paralyzed by slow economic growth and the weak recovery prevents a rate increase despite a persistently high level of inflation. Factors keeping inflation high are viewed as

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temporary, but inflation is more than double the 2% target. The BoE are forecasting a return to an acceptable level of inflation by mid-2012 and with the primary advocate for inflation-fighting having completed his voting term, the pressure for rate increases has subsided significantly.

## **EURO CLASS**

### **Review**

This fiscal year was quite tumultuous for the Euro area. Conditions deteriorated as the diverging economic paths literally led to two classifications; the core economies and “peripheral” countries. Core (mostly Northern) countries like Germany experienced strong growth and went on to support the weaker peripheral (mostly Southern) countries. The economies of the core countries thrived with a high level of exports leading to solid growth, while Ireland and then Portugal requested IMF and EU bailouts after rising yield demands from uncertain investors proved too difficult for these countries to bear. There is a great deal of controversy revolving around whether senior bondholders should share the burden in losses, as the taxpayers in the core countries view it as unfair that they foot the bill for others’ missteps. The European Union, International Monetary Fund, and European Central Bank (ECB) have met several times to review the current state of bailed out countries and discuss viable solutions to keep them afloat. The ECB sent a clear message to markets that their mandate is to fight inflation and the central bank hiked the rate to 1.25% in April 2011. The ECB, despite hiking rates continues to help the periphery by offering unlimited liquidity to the banks.

The sovereign debt crisis highlighted the importance of taking a conservative approach to security selection. The decision was made in early 2010 to allow Irish securities to mature, but new purchases were discontinued. This resolution was a good one as the Fund had no direct exposure to Ireland when it sought a bailout. Furthermore, direct exposure to Portugal, Greece, Spain and Italy was avoided as well. Investors are nervous about Europe and despite the safety of the portfolio ample liquidity was available in the Class to cover any outflows. A minimum of 20% of holdings were placed on overnight deposits or in European Treasury bills from France, the Netherlands, and Germany. The t-bills also helped to buoy the A-1+ percentage which stayed well above S&P limits. With all the uncertainty surrounding Europe, short term yields fluctuated greatly, and the A share yield rose from 0.02% to 0.53% over the past year.

### **Prospects**

The sovereign debt crisis continues to gain momentum with Italy becoming the latest target. Concern is also now growing for France, consistently viewed as one of the weaker “core” countries and may show that the line between periphery and core is not so clear cut. While European officials have dragged their feet in finding a solution, the group is determined to keep the Euro intact and believe that the currency union is still viable. Greece has received a second bailout and bondholders have agreed to a voluntary roll-over of debt to mitigate the consequences of a default, but any measures agreed for Greece may have to be applied to other countries as well. Europe will proceed to shape and clarify the power and scope of the current rescue mechanism, the EFSF and its 2013 replacement, the ESM as they ascertain the best method of dealing with delinquent or struggling countries within the Euro zone.



Michael Neff  
President  
Butterfield Money Market Fund Limited

October 31, 2011

# Butterfield Money Market Fund Limited

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## **INDEPENDENT AUDITOR'S REPORT**

To the shareholders of Butterfield Money Market Fund Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Butterfield Money Market Fund Limited (the "Fund"), which comprise the Statement of Net Assets, including the Statement of Portfolio Investments, as at June 30, 2011, and the Statements of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Canada and Bermuda. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained 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 the Fund as at June 30, 2011, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Canada and Bermuda.

*Deloitte + Touche Ltd.*

### **DELOITTE & TOUCHE LTD.**

Hamilton, Bermuda

October 31, 2011

# Butterfield Money Market Fund Limited

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## **DIRECTORS**

Barry Hanson  
Sheila Brown (Resigned June 30, 2011)  
Curtis Dickinson (Resigned June 15, 2011)  
Dawn Griffiths  
David Stewart  
Michael Neff (President) (Appointed June 15, 2011)  
Daniel Frumkin (Appointed June 30, 2011)

## **INVESTMENT ADVISOR**

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

## **CUSTODIAN**

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

## **REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR**

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

## **AUDITORS**

Deloitte & Touche Ltd.  
P.O. Box HM 1556  
Hamilton HM FX  
Bermuda

## **AUDIT COMMITTEE**

Barry Hanson

# Butterfield Money Market Fund Limited

## STATEMENT OF NET ASSETS As at June 30, 2011

	US\$ CLASS	
	2011 US\$	2010 US\$
<b>ASSETS</b>		
Investments, at amortised cost	2,457,478,390	2,657,471,188
Due from broker	-	67,200,000
Cash and cash equivalents	485,027	99,277
Accrued interest receivable	154,123	225,406
Prepaid expenses and receivable	416,170	141,050
	<b>2,458,533,710</b>	<b>2,725,136,921</b>
<b>LIABILITIES</b>		
Due to broker	-	55,924,254
Accrued expenses	820,266	1,218,850
	<b>820,266</b>	<b>57,143,104</b>
	<b>2,457,713,444</b>	<b>2,667,993,817</b>
Organisational shares	12,000	12,000
<b>FUND NET ASSETS</b>	<b>2,457,701,444</b>	<b>2,667,981,817</b>
<b>NET ASSETS AVAILABLE TO CLASS A SHAREHOLDERS</b>	<b>1,115,305,395</b>	<b>1,303,599,332</b>
Number of common shares in issue Class A	45,623,721	53,332,405
<b>NET ASSET VALUE PER COMMON SHARE CLASS A</b>	<b>\$24.4457</b>	<b>\$24.4429</b>
<b>NET ASSETS AVAILABLE TO CLASS B SHAREHOLDERS</b>	<b>1,339,365,480</b>	<b>1,359,387,458</b>
Number of common shares in issue Class B	54,032,644	54,901,554
<b>NET ASSET VALUE PER COMMON SHARE CLASS B</b>	<b>\$24.7881</b>	<b>\$24.7605</b>
<b>NET ASSETS AVAILABLE TO CLASS D SHAREHOLDERS</b>	<b>3,030,569</b>	<b>4,995,027</b>
Number of common shares in issue Class D	128,133	210,689
<b>NET ASSET VALUE PER COMMON SHARE CLASS D</b>	<b>\$23.6517</b>	<b>\$23.7081</b>

The accompanying notes are an integral part of these financial statements

# Butterfield Money Market Fund Limited

CDN\$ CLASS		GBP£ CLASS		EUR€CLASS	
2011	2010	2011	2010	2011	2010
CDN\$	CDN\$	GBP£	GBP£	EURO€	EURO€
<b>117,916,510</b>	110,328,591	<b>109,571,218</b>	74,388,211	<b>51,671,049</b>	57,351,220
-	6,760,424	-	4,349,811	-	12,670,984
<b>37,621</b>	15,524	<b>19,665</b>	184,918	<b>29,018</b>	20,654
<b>212</b>	412,743	<b>167,135</b>	54,737	<b>448,934</b>	539,739
<b>6,285</b>	10,484	<b>3,465</b>	3,234	<b>4,312</b>	5,312
<b>117,960,628</b>	117,527,766	<b>109,761,483</b>	78,980,911	<b>52,153,313</b>	70,587,909
<b>8,999,325</b>	-	-	-	<b>1,995,811</b>	7,530,223
<b>58,093</b>	37,557	<b>45,923</b>	38,690	<b>20,909</b>	29,638
<b>9,057,418</b>	37,557	<b>45,923</b>	38,690	<b>2,016,720</b>	7,559,861
<b>108,903,210</b>	117,490,209	<b>109,715,560</b>	78,942,221	<b>50,136,593</b>	63,028,048
-	-	-	-	-	-
<b>108,903,210</b>	117,490,209	<b>109,715,560</b>	78,942,221	<b>50,136,593</b>	63,028,048
<b>77,931,416</b>	77,242,622	<b>100,982,167</b>	67,002,285	<b>35,775,094</b>	47,366,704
<b>4,723,319</b>	4,708,043	<b>4,983,141</b>	3,312,571	<b>2,671,712</b>	3,543,305
<b>\$16.4993</b>	\$16.4065	<b>£20.2648</b>	£20.2267	<b>€13.3903</b>	€13.3679
<b>30,691,757</b>	39,790,861	<b>8,733,393</b>	11,939,936	<b>14,361,499</b>	15,661,344
<b>1,834,477</b>	2,394,280	<b>424,982</b>	582,721	<b>1,059,197</b>	1,158,154
<b>\$16.7305</b>	\$16.6191	<b>£20.5500</b>	£20.4900	<b>€13.5589</b>	€13.5227
<b>280,037</b>	456,726	-	-	-	-
<b>17,535</b>	28,689	-	-	-	-
<b>\$15.9706</b>	\$15.9199	-	-	-	-

Signed on Behalf of the Board



DIRECTOR



DIRECTOR

The accompanying notes are an integral part of these financial statements

# Butterfield Money Market Fund Limited

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## STATEMENT OF OPERATIONS For the year ended June 30, 2011

	US\$ CLASS	
	2011	2010
	US\$	US\$
<b>INVESTMENT INCOME</b>		
Interest	8,931,503	9,517,639
<b>EXPENSES</b>		
Management fee	3,885,245	4,526,441
Administration fee	3,256,841	4,076,645
Custodian fee	758,913	799,960
Commitment fee	-	356,920
Accounting and Custodian fees	242,121	240,900
Other expenses	128,795	211,950
Total expenses before fee waiver	8,271,915	10,212,816
Management fee waiver	(1,024,599)	(2,270,891)
<b>Net expenses</b>	<b>7,247,316</b>	<b>7,941,925</b>
<b>NET INVESTMENT INCOME</b>	<b>1,684,187</b>	<b>1,575,714</b>

The accompanying notes are an integral part of these financial statements

# Butterfield Money Market Fund Limited

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<b>CDN\$ CLASS</b>		<b>GBP£ CLASS</b>		<b>EUR€CLASS</b>	
<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>CDN\$</b>	<b>CDN\$</b>	<b>GBP£</b>	<b>GBP£</b>	<b>EUR€</b>	<b>EUR€</b>
<b>1,303,442</b>	490,637	<b>498,350</b>	492,332	<b>369,922</b>	450,384
<b>217,664</b>	204,987	<b>167,608</b>	165,357	<b>94,357</b>	148,480
<b>132,091</b>	163,296	<b>80,929</b>	106,138	<b>92,967</b>	84,619
<b>37,284</b>	36,357	<b>23,677</b>	23,943	<b>15,072</b>	22,154
-	-	-	-	-	-
<b>55,309</b>	53,374	<b>34,650</b>	23,291	<b>36,100</b>	25,286
<b>55,403</b>	52,733	<b>17,853</b>	19,071	<b>24,569</b>	13,253
<b>497,751</b>	510,747	<b>324,717</b>	337,800	<b>263,065</b>	293,792
-	(72,822)	-	-	-	(502)
<b>497,751</b>	437,925	<b>324,717</b>	337,800	<b>263,065</b>	293,290
<b>805,691</b>	52,712	<b>173,633</b>	154,532	<b>106,857</b>	157,094

The accompanying notes are an integral part of these financial statements

# Butterfield Money Market Fund Limited

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## STATEMENT OF CHANGES IN NET ASSETS For the year ended June 30, 2011

	2011 US\$	US\$ CLASS 2010 US\$
<b>INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>		
Net investment income	1,684,187	1,575,714
<b>CAPITAL STOCK TRANSACTIONS</b>		
Issue of shares	6,919,358,766	7,333,249,928
Redemption of shares	(7,131,323,326)	(7,787,724,506)
Net capital stock transactions	(211,964,560)	(454,474,578)
<b>NET DECREASE IN NET ASSETS FOR THE YEAR</b>	(210,280,373)	(452,898,864)
<b>NET ASSETS - BEGINNING OF YEAR</b>	2,667,981,817	3,120,880,681
<b>NET ASSETS - END OF YEAR</b>	2,457,701,444	2,667,981,817

The accompanying notes are an integral part of these financial statements

# Butterfield Money Market Fund Limited

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CDN\$ CLASS		GBP£ CLASS		EUR€CLASS	
2011 CDN\$	2010 CDN\$	2011 GBP£	2010 GBP£	2011 EUR€	2010 EUR€
<b>805,691</b>	52,712	<b>173,633</b>	154,532	<b>106,857</b>	157,094
<b>199,247,134</b>	190,118,583	<b>126,443,455</b>	104,435,069	<b>97,131,527</b>	174,151,159
<b>(208,639,824)</b>	(204,026,688)	<b>(95,843,749)</b>	(127,438,524)	<b>(110,129,839)</b>	(203,670,504)
<b>(9,392,690)</b>	(13,908,105)	<b>30,599,706</b>	(23,003,455)	<b>(12,998,312)</b>	(29,519,345)
<b>(8,586,999)</b>	(13,855,393)	<b>30,773,339</b>	(22,848,923)	<b>(12,891,455)</b>	(29,362,251)
<b>117,490,209</b>	131,345,602	<b>78,942,221</b>	101,791,144	<b>63,028,048</b>	92,390,299
<b>108,903,210</b>	117,490,209	<b>109,715,560</b>	78,942,221	<b>50,136,593</b>	63,028,048

The accompanying notes are an integral part of these financial statements

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2011

### 1. ABOUT THE FUND

Butterfield Money Market Fund Limited (the "Fund") is an open-ended investment company which was incorporated under the laws of Bermuda on May 24, 1988.

The Fund commenced operations on July 11, 1988. Butterfield Trust (Bermuda) Limited acts as custodian (the "Custodian"). Butterfield Asset Management Limited acts as investment advisor (the "Investment Advisor"). Butterfield Fulcrum Group (Bermuda) Limited acts as administrator (the "Administrator"), registrar and transfer agent (the "Registrar and Transfer Agent") and as accountant (the "Accountant") for the Fund. Butterfield Trust (Bermuda) Limited and Butterfield Asset Management Limited are wholly owned subsidiaries of The Bank of N.T. Butterfield & Son Limited (the "Bank"). The Bank held a significant interest in Butterfield Fulcrum Group (Bermuda) Limited, until it was sold in February 2011.

The investment objective of the Fund is to seek as high an overall rate of return as is consistent with maintaining liquidity and security of principal. To achieve this objective the Fund mainly invests in a portfolio of money market instruments. Such instruments are those of issuers whose credit is first class or guaranteed by a first class guarantor or which, in the opinion of the Investment Advisor, meet the high standard of credit worthiness and safety required by the Fund.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Valuation of Investments

Investments in marketable securities are valued at amortised cost which approximates fair value.

#### b) Investment Transactions and Income Recognition

Investment transactions are accounted for on the trade date. Gains or losses arising from the sale of investments are determined using the average cost basis. Interest income is accrued as earned. The discount or premium on the purchase of fixed income securities is amortised based on the yield to maturity. The amortisation is included in interest income. Transaction costs incurred on portfolio transactions are recognised immediately in net income and presented as a separate expense item on the Statement of Operations.

#### c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short term deposits with an initial maturity of less than three months.

#### d) Financial Assets and Liabilities

The carrying value of the financial instruments approximates their fair value principally because of the short-term maturities of these instruments.

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### e) Adoption of New Accounting Standards

In January 2011, the Accounting Standards Board (“AcSB”) amended the Introduction to Part I of the CICA Handbook—Accounting to allow investment companies, which include investment funds, to adopt International Financial Reporting Standards (“IFRS”) for the first time no later than interim and annual financial statements relating to annual periods beginning on or after January 1, 2013. Investment companies electing to defer the first time adoption may continue to apply existing Canadian GAAP until the changeover to IFRS.

The Fund will defer the first time adoption and adopt IFRS beginning July 1, 2013.

### 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 Advisor also has various internal controls to oversee the Fund’s 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. The value of such securities on the Statement of Portfolio Investments 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 short-term securities provided by Standard & Poor’s and are subject to change, which could be material.

As of June 30, 2011 and 2010, the Fund is invested in a range of debt securities with the following credit ratings:

<b>US\$ CLASS</b>	<b>% of Portfolio</b>	
Short-term Securities by Credit Rating	<b>2011</b>	<b>2010</b>
A-1+	<b>61</b>	<b>68</b>
A-1	<b>39</b>	<b>32</b>
	<b>100</b>	<b>100</b>

<b>CDN\$ CLASS</b>	<b>% of Portfolio</b>	
Short-term Securities by Credit Rating	<b>2011</b>	<b>2010</b>
A-1+	<b>75</b>	<b>77</b>
A-1	<b>25</b>	<b>23</b>
	<b>100</b>	<b>100</b>

# Butterfield Money Market Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 3. FINANCIAL RISK MANAGEMENT (CONT'D)

<b>GBP£ CLASS</b> Short-term Securities by Credit Rating	<b>% of Portfolio</b>	
	<b>2011</b>	<b>2010</b>
A-1+	89	79
A-1	11	21
	<b>100</b>	<b>100</b>

<b>EUR€CLASS</b> Short-term Securities by Credit Rating	<b>% of Portfolio</b>	
	<b>2011</b>	<b>2010</b>
A-1+	80	72
A-1	20	28
	<b>100</b>	<b>100</b>

#### **Currency Risk**

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. As of June 30, 2011 and 2010, the Fund did not have any significant exposure to currency risk. As of June 30, 2011 and 2010, all investments held in each Class are denominated in the currency of that Class.

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of 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.

The table below summarizes the Fund's exposure to interest rate risk through its investments in Floating Rate Notes, by the remaining term to maturity as at June 30:

<b>US\$ CLASS</b> Term to maturity	<b>% of Floating Rate Notes</b>	
	<b>2011</b>	<b>2010</b>
0 - 1 month	3	10
1 - 3 months	21	55
4 - 6 months	39	35
7 -12 months	37	-
	<b>100</b>	<b>100</b>

<b>CDN\$ CLASS</b> Term to maturity	<b>% of Floating Rate Notes</b>	
	<b>2011</b>	<b>2010</b>
0 - 1 month	-	-
1 - 3 months	-	100
	<b>-</b>	<b>100</b>

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 3. FINANCIAL RISK MANAGEMENT (CONT'D)

GBP£ CLASS	% of Floating Rate Notes	
	2011	2010
Term to maturity		
0 - 1 month	16	66
1 - 3 months	65	34
4 - 6 months	19	-
	100	100

EUR€CLASS	% of Floating Rate Notes	
	2011	2010
Term to maturity		
0 - 1 month	40	30
1 - 3 months	60	42
4 - 6 months	-	28
	100	100

#### Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to daily cash redemptions of redeemable common shares. The Fund maintains adequate liquidity through investments in the overnight market and cash and cash equivalent positions.

#### Other Price/Market Risk

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

### 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 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 Company's own assumptions in determining the fair value of investments.

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 4. FAIR VALUE OF FINANCIAL ASSETS (CONT'D)

All financial assets have been classified in Level 2 as all significant inputs used in the valuation technique are observable. Fair values of financial assets based on amortised cost approximate the financial asset's market value in active markets.

#### Transfers of assets between Level 1 and Level 2

There were no transfers of financial assets and liabilities from Level 1 to Level 2 in the years ended June 30, 2011 and 2010. There were no transfers of financial assets and liabilities from Level 2 to Level 1 during the years ended June 30, 2011 and 2010.

#### Reconciliation of financial asset and liability movement — Level 3

The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2011 and 2010.

### 5. SHARES ISSUED AND OUTSTANDING

The present authorised share capital of the Fund is US\$60,012,000, CDN\$30,000,000, GBP£30,000,000 and EUR€30,000,000 divided into 1,500,120,000 shares of US\$0.10, CDN\$0.10, GBP£0.10 and EUR€0.10 respectively, par value each, of which 120,000 shares of US\$0.10 par value have been designated as Organisational shares (the "Organisational Shares") and have been allotted for cash at par to the Investment Adviser and its nominees;

200,000,000 shares of US\$0.10 par value each have designated as Sub-Class A Shares,  
200,000,000 shares of US\$0.10 par value each have designated as Sub-Class B Shares,  
200,000,000 shares of US\$0.10 par value each have designated as Sub-Class D Shares,

100,000,000 shares of CDN\$0.10 par value each have designated as Sub-Class A Shares,  
100,000,000 shares of CDN\$0.10 par value each have designated as Sub-Class B Shares,  
100,000,000 shares of CDN\$0.10 par value each have designated as Sub-Class D Shares,

100,000,000 shares of GBP£0.10 par value each have designated as Sub-Class A Shares,  
100,000,000 shares of GBP£0.10 par value each have designated as Sub-Class B Shares,  
100,000,000 shares of GBP£0.10 par value each have designated as Sub-Class D Shares,

100,000,000 shares of EUR€0.10 par value each have designated as Sub-Class A Shares  
100,000,000 shares of EUR€0.10 par value each have designated as Sub-Class B Shares  
100,000,000 shares of EUR€0.10 par value each have designated as Sub-Class D Shares

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

The Fund plans to make a continuous offering of Shares on each valuation day (being any day that banks in Bermuda are open for business, excluding Saturdays) (each a "Valuation Day") at not less than the then net asset value.

The US\$ and CDN\$ shares will be redeemed on the same Valuation Day if the redemption request is received by 12:00 noon, or on the next Valuation Day if the redemption request is received after 12:00 noon. GBP and EUR shares will be redeemed on the next Valuation Day if the redemption request is received by 12:00 noon or on the second Valuation Day hence if the redemption request is received after 12:00 noon.

# Butterfield Money Market Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 5. SHARES ISSUED AND OUTSTANDING (CONT'D)

Details of shares issued and outstanding during the years ended June 30, 2011 and 2010 are as follows:

#### US\$ CLASS CLASS A

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	53,332,405	73,162,468
Issue of common shares	129,662,803	133,117,444
Redemption of common shares	(137,371,487)	(152,947,507)
Balance - end of year	45,623,721	53,332,405
Organisational shares	120,000	120,000

#### US\$ CLASS CLASS B

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	54,901,554	53,569,639
Issue of common shares	150,790,967	163,991,378
Redemption of common shares	(151,659,877)	(162,659,463)
Balance - end of year	54,032,644	54,901,554

#### US\$ CLASS CLASS D

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	210,689	322,518
Issue of common shares	592,137	896,684
Redemption of common shares	(674,693)	(1,008,513)
Balance - end of year	128,133	210,689

#### CDN\$ CLASS CLASS A

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	4,708,043	5,038,655
Issue of common shares	8,565,612	6,854,230
Redemption of common shares	(8,550,336)	(7,184,842)
Balance - end of year	4,723,319	4,708,043

# Butterfield Money Market Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 5. SHARES ISSUED AND OUTSTANDING (CONT'D)

#### CDN\$ CLASS CLASS B

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	2,394,280	2,910,887
Issue of common shares	3,501,745	4,669,495
Redemption of common shares	(4,061,548)	(5,186,102)
<hr/>		
Balance - end of year	1,834,477	2,394,280

#### CDN\$ CLASS CLASS D

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	28,689	22,765
Issue of common shares	-	6,778
Redemption of common shares	(11,154)	(854)
<hr/>		
Balance - end of year	17,535	28,689

#### GBP£ CLASS CLASS A

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	3,312,571	4,045,167
Issue of common shares	5,541,646	4,225,333
Redemption of common shares	(3,871,076)	(4,957,929)
<hr/>		
Balance - end of year	4,983,141	3,312,571

#### GBP£ CLASS CLASS B

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	582,721	983,261
Issue of common shares	695,233	929,668
Redemption of common shares	(852,972)	(1,330,208)
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Balance - end of year	424,982	582,721

# Butterfield Money Market Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 5. SHARES ISSUED AND OUTSTANDING (CONT'D)

#### EUR€CLASS CLASS A

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	3,543,305	5,943,701
Issue of common shares	3,557,831	10,363,562
Redemption of common shares	(4,429,424)	(12,763,958)
Balance - end of year	2,671,712	3,543,305

#### EUR€CLASS CLASS B

	2011	2010
<b>Common Shares</b>		
Balance - beginning of year	1,158,154	967,961
Issue of common shares	3,662,673	2,641,255
Redemption of common shares	(3,761,630)	(2,451,062)
Balance - end of year	1,059,197	1,158,154

In addition to the division into different classes of shares by reference to currency, the shares have been subdivided into Class A, Class B and Class D Shares. The initial minimum subscriptions for the Class A Shares are US \$10,000, CDN \$10,000, GBP £10,000, and EUR €10,000 respectively. The initial minimum subscriptions for the Class B Shares are US \$5,000,000, CDN \$5,000,000, GBP £5,000,000, and EUR €5,000,000 respectively, subject to the discretion of the Directors to vary such minimum from time to time. The initial minimum subscriptions for the Class D Shares are US \$10,000, CDN \$10,000, GBP £10,000, and EUR €10,000 respectively. There are differences in the management fees payable to the Investment Advisor in respect of each class as described in Note 6. Class D Shares are only available to third party distributors. Each class of shares carries the same rights, privileges, and conditions, including voting rights.

Shares are allotted to subscribers at a value determined by reference to the daily valuation of the net assets of the relevant class of shares. Shares may be redeemed for an amount equal to the net asset value on the day corresponding to the date of receipt of the properly completed request for redemption.

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 6. RELATED PARTY TRANSACTIONS

#### a. Management Fee

The Investment Advisor is related to the Fund through common directorship, and all transactions are measured at the exchange amount, which is the amount agreed between related parties.

Under the terms of the Investment Advisory Agreement, the Investment Advisor will be entitled to receive a monthly fee calculated in respect of each day at the rate of no more than 1/365th part of 1% of the net asset value of the assets at the end of the day determined by reference to the most recent valuation. The fee attributable to the Class A shares is currently 1/365th of 0.35% of net asset value of the Class A shares, and will be accrued daily and paid on the last Valuation Day of each month. The Management fee attributable to the Class B shares will be currently 1/365th part of 0.25% of net asset value of the Class B shares, and will be accrued daily and paid on the last Valuation Day of each month. The fee attributable to the Class D shares is currently calculated as of 1/365th of 0.60% of net asset value of the Class D shares, and will be accrued daily and paid on the last Valuation Day of each month.

On March 6, 2009, the Management Fee rates were temporarily amended. The rates used to calculate the daily Management Fee were amended to 0.20%, 0.10% and 0.45% for Class A, B and D Shares, respectively.

The amended rates were in effect for the USD and EUR Classes and Class B of CAD and GBP Classes for the period July 1, 2010 to June 30, 2011. Starting May 19, 2011 the rates for Class A of CAD and GBP were increased by 1 basis point every week until the end of June 2011. The rate for Class A of GBP and CAD Class was 0.27% as of June 30, 2011. All Management Fees are accrued daily and paid on the last valuation day of each month.

During the year, management fees of US\$3,885,245 (2010: US\$4,526,441) were charged for the USD Class, of which US\$1,024,599 (2010: US\$2,270,871) was waived and US\$98,118 (2010: US\$334,375) remained payable and included in accrued expenses at year end.

During the year, management fees of CDN\$217,664 (2010: CDN\$204,987) were charged for the CAD Class, of which CDN\$Nil (2010: CDN\$72,822) was waived and CDN\$16,397 (2010: CDN\$15,824) remained payable and included in accrued expenses at year end.

During the year, management fees of GBP£167,608 (2010: GBP£165,357) were charged for the GBP Class, of which GBP£20,979 (2010: GBP£11,803) remained payable and included in accrued expenses at year end. There was no management fee waiver for the GPB Class in either 2011 or 2010.

During the year, management fees of EUR€94,357 (2010: EUR€148,480) were charged for the EUR Class, of which EUR€Nil (2010: EUR€502) was waived and EUR€7,085 (2010: EUR€8,760) remained payable and included in accrued expenses at year end.

The Investment Manager reserves the right to rebate or waive any portion of the management fee at their sole discretion.

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 6. RELATED PARTY TRANSACTIONS (CONT'D)

#### b. Custodian Fee

The Custodian is related to the Fund through common directorship, and all transactions are measured at the exchange amount, which is the amount agreed between related parties.

Under the Custodian Agreement, the Custodian is entitled to receive a monthly fee calculated at the rate of 0.03% per annum of the net asset value of the Fund in accordance with the Custodian's published fee schedule.

During the year, custody fees of US\$758,913 (2010: US\$799,960) were charged for the USD Class, of which US\$57,139 (2010: US\$60,098) remained payable and included in accrued expenses at year end.

During the year, custody fees of CDN\$37,284 (2010: CDN\$36,357) were charged for the CAD Class, of which CDN\$2,249 (2010: CDN\$2,681) remained payable and included in accrued expenses at year end.

During the year, custody fees of GBP£23,677 (2010: GBP£23,943) were charged for the GBP Class, of which GBP£2,412 (2010: GBP£1,634) remained payable and included in accrued expenses at year end.

During the year, custody fees of EUR€15,072 (2010: EUR€22,154) were charged for the EUR Class, of which EUR€966 (2010: EUR€1,151) remained payable and included in accrued expenses at year end.

#### c. Administration fee

The Administrator is related to the Fund through common directorship, and all transactions are measured at the exchange amount, which is the amount agreed between related parties.

Under the Administration Agreement, the Administrator is entitled to receive a monthly fee charged on a time spent basis at their normal rates.

During the year, administration fees of US\$2,794,802 (2010: US\$3,658,139) were charged for the USD Class, of which US\$293,742 (2010: US\$550,175) remained payable and included in accrued expenses at year end.

During the year, administration fees of CDN\$116,677 (2010: CDN\$147,262) were charged for the CAD Class, of which CDN\$12,896 (2010: CDN\$1,079) remained payable and included in accrued expenses at year end.

During the year, administration fees of GBP£72,286 (2010: GBP£106,138) were charged for the GBP Class, of which GBP£8,123 (2010: GBP£nil) remained payable and included in accrued expenses at year end.

During the year, administration fees of EUR€81,859 (2010: EUR€84,619) were charged for the EUR Class, of which EUR€10,491 (2010: EUR€11,080) remained payable and included in accrued expenses at year end.

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 6. RELATED PARTY TRANSACTIONS (CONT'D)

#### d. Accounting fee

The Accountant is related to the Fund through common directorship, and all transactions are measured at the exchange amount, which is the amount agreed between related parties.

Under the Accounting Agreement, the Accountant is entitled to receive a monthly fee charged on a time spent basis at their normal rates.

During the year, accounting fees of US\$242,121 (2010: US\$240,900) were charged for the USD Class, of which US\$19,800 (2010: US\$40,079) remained payable and included in accrued expenses at year end.

During the year, accounting fees of CDN\$55,309 (2010: CDN\$53,374) were charged for the CAD Class, of which CDN\$3,900 (2010: CDN\$8,100) remained payable and included in accrued expenses at year end.

During the year, accounting fees of GBP£34,650 (2010: GBP£23,291) were charged for the GBP Class, of which GBP£2,451 (2010: GBP£6,465) remained payable and included in accrued expenses at year end.

During the year, accounting fees of EUR€36,100 (2010: EUR€25,286) were charged for the EUR Class, of which EUR€3,194 (2010: EUR€6,100) remained payable and included in accrued expenses at year end.

#### e. Registrar and Transfer Agent charges

The Registrar and Transfer Agent is related to the Fund through common directorship, and all transactions are measured at the exchange amount, which is the amount agreed between related parties.

Under the Administration Agreement, the Administrator is entitled to charge for registrar and transfer agent fees on a time spent basis at their normal rates.

During the year, registrar and transfer agent charges of US\$261,565 (2010: US\$197,925) were charged for the USD Class and included in administration fees, of which US\$20,475 (2010: US\$4,610) remained payable and included in accrued expenses at year end.

During the year, registrar and transfer agent charges of CDN\$9,125 (2010: CDN\$6,134) were charged for the CAD Class and included in administration fees, of which CDN\$548 (2010: CDN\$nil) remained payable and included in accrued expenses at year end.

During the year, registrar and transfer agent charges of GBP£5,416 (2010: GBP£4,194) were charged for the GBP Class and included in administration fees, of which GBP£509 (2010: GBP£(20)) remained payable and included in accrued expenses at year end.

During the year, registrar and transfer agent charges of EUR€6,201 (2010: EUR€218) were charged for the EUR Class and included in administration fees, of which EUR€532 (2010: EUR€nil) remained payable and included in accrued expenses at year end.

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 6. RELATED PARTY TRANSACTIONS (CONT'D)

#### f. Corporate Secretarial Fees

The Corporate Secretary is related to the Fund through common directorship, and all transactions are measured at the exchange amount, which is the amount agreed between related parties.

Under the Administration Agreement, the Administrator is entitled to charge for corporate secretarial fees on a time spent basis at their normal rates.

During the year, corporate secretarial fees of US\$7,740 (2010: US\$23,195) were charged for the USD Class and included in other expenses, of which US\$6,963 (2010: US\$5,693) remained payable and included in accrued expenses at year end.

During the year, corporate secretarial fees of CDN\$1,970 (2010: CDN\$696) were charged for the CAD Class and included in other expenses, of which CDN\$2,470 (2010: CDN\$500) remained payable and included in accrued expenses at year end.

During the year, corporate secretarial fees of GBP£226 (2010: GBP£569) were charged for the GBP Class and included in other expenses, of which GBP£726 (2010: GBP£500) remained payable and included in accrued expenses at year end.

During the year, corporate secretarial fees of EUR€600 (2010: EUR€569) were charged for the EUR Class and included in other expenses, of which EUR€900 (2010: EUR€300) remained payable and included in accrued expenses at year end.

#### g. Credit Enhancement Agreement

The Fund entered into a credit enhancement agreement (the "Agreement") with the Bank on January 15, 2008 to obtain credit enhancement of \$51 million for the Fund's defaulted position in Stanfield Victoria Finance Ltd. ("Stanfield").

Under the agreement, the Bank is committed to compensate the Fund, subject to a maximum of \$51 million for Stanfield positions with a total nominal value of \$170 million, should these holdings have a fair value less than their amortized costs and the Fund is required to draw down on the obligation in order to retain its credit rating. The Stanfield agreement was revised on July 15, 2008, January 15, 2009 and April 15, 2009. The January 15, 2009 agreement reduced the credit enhancement to \$50 million, and the April 15, 2009 agreement reduced the credit enhancement to \$43 million as a result of payments made to the Fund by Stanfield.

The Fund paid commitment fees for Stanfield positions to the Bank in the amount of \$255,000 per month. The estimated value of the Stanfield positions at June 30, 2009 as reported by the trustee was \$59,164,350 and the amortized value was \$136,985,639. Between July 1, 2009 and September 8, 2009, \$5,085,708 in payments were made to the Fund by Stanfield. On September 9, 2009, the Bank purchased the defaulted Stanfield positions from the Fund for \$131,899,931. The Fund recorded no gain or loss on this transaction.

#### h. Credit Facility

On October 07, 2010, the Fund renewed the credit facility with the Bank in the amounts of US\$40 million for the USD Class, CDN\$15 million for the CAD Class, GBP£13 million for the GBP Class and EUR€20 million for the EUR Class, limited to 10% of the NAV and also limited to a maximum of US\$40 for the fund as a whole, at any one time. The facility expired on July 31, 2011 and no amounts were drawn upon expiration.

# Butterfield Money Market Fund Limited

## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 7. DUE FROM BROKER

Due from broker includes investments which are receivable on a daily basis and bear interest at prevailing market rates.

### 8. TAXATION

Under current Bermuda law, the Company is not obligated to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Minister of Finance in Bermuda, pursuant to the provisions of the exempted undertaking Tax Protection Act, 1966 which exempts the Company from any such Bermuda taxes until March 28, 2016.

In March 2011, the Bermuda Government enacted the Exempted Undertakings Tax Protection Amendment Act 2011, allowing the Minister of Finance to grant assurance up to March 31, 2035.

### 9. FINANCIAL HIGHLIGHTS

#### 2011

#### US\$ CLASS

##### Per Share Information

	A	B	D
Net asset value - beginning of year	\$24.4429	\$24.7605	\$23.7081
Net investment income (loss)	0.0028	0.0276	(0.0564)
Net asset value - end of year	\$24.4457	\$24.7881	\$ 23.6517

##### Ratios / Supplemental Data

Total net assets - end of year (\$millions)	1,115	1,339	3
Average net assets (\$millions)*	1,242	1,373	2
Ratio of expenses to average net assets***	0.32%	0.22%	0.57%
Average net yield**	0.01%	0.11%	(0.24)%

#### CDN\$ CLASS

##### Per Share Information

Net asset value - beginning of year	\$16.4065	\$16.6191	\$15.9199
Net investment income	0.0928	0.1114	0.0503
Net asset value - end of year	\$16.4993	\$16.7305	\$ 15.9702

##### Ratios / Supplemental Data

Total net assets - end of year (\$millions)	78	31	0.3
Average net assets (\$millions)*	81	49	0.4
Ratio of expenses to average net assets***	0.42%	0.31%	0.66%
Average net yield**	0.58%	0.69%	0.34%

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 9. FINANCIAL HIGHLIGHTS (CONT'D)

#### GBP£ CLASS

##### Per Share Information

Net asset value - beginning of year	<b>£20.2267</b>	<b>£20.4900</b>
Net investment income	<b>0.0381</b>	<b>0.0600</b>
Net asset value - end of year	<b>£20.2648</b>	<b>£20.5500</b>

##### Ratios / Supplemental Data

Total net assets - end of year (£millions)	<b>101</b>	<b>9</b>
Average net assets (£millions)*	<b>78</b>	<b>7</b>
Ratio of expenses to average net assets***	<b>0.40%</b>	<b>0.29%</b>
Average net yield**	<b>0.19%</b>	<b>0.30%</b>

#### EUR€CLASS

**A**

**B**

##### Per Share Information

Net asset value - beginning of year	<b>€13.3679</b>	<b>€13.5227</b>
Net investment income	<b>0.0224</b>	<b>0.0362</b>
Net asset value - end of year	<b>€13.3903</b>	<b>€13.5589</b>

##### Ratios / Supplemental Data

Total net assets - end of year (€millions)	<b>36</b>	<b>14</b>
Average net assets (€millions)*	<b>37</b>	<b>18</b>
Ratio of expenses to average net assets***	<b>0.51%</b>	<b>0.41%</b>
Average net yield**	<b>0.19%</b>	<b>0.29%</b>

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 9. FINANCIAL HIGHLIGHTS (CONT'D)

2010

#### US\$ CLASS

##### Per Share Information

	A	B	D
Net asset value - beginning of year	24.4416	\$24.7344	\$23.7661
Net investment income (loss)	0.0013	0.0261	(0.0580)
Net asset value - end of year	\$24.4429	\$24.7605	\$ 23.7081

##### Ratios / Supplemental Data

Total net assets - end of year (\$millions)	1,304	1,359	5
Average net assets (\$millions)*	1,534	1,415	3
Ratio of expenses to average net assets***	0.30%	0.20%	0.55%
Average net yield**	0.01%	0.11%	(0.24)%

#### CDN\$ CLASS

##### Per Share Information

Net asset value - beginning of year	\$16.4049	\$16.6009	\$15.9582
Net investment income (loss)	0.0016	0.0182	(0.0383)
Net asset value - end of year	\$16.4065	\$16.6191	\$ 15.9199

##### Ratios / Supplemental Data

Total net assets - end of year (\$millions)	77	40	0.5
Average net assets (\$millions)*	81	40	0.4
Ratio of expenses to average net assets***	0.39%	0.29%	0.64%
Average net yield**	0.01%	0.11%	(0.24)%

# Butterfield Money Market Fund Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the year ended June 30, 2011

### 9. FINANCIAL HIGHLIGHTS (CONT'D)

<b>GBP£ CLASS</b>	<b>A</b>	<b>B</b>
<b>Per Share Information</b>		
Net asset value - beginning of year	<b>£ 20.1957</b>	<b>£ 20.4382</b>
Net investment income	<b>0.0310</b>	<b>0.0518</b>
Net asset value - end of year	<b>£ 20.2267</b>	<b>£ 20.4900</b>

#### **Ratios / Supplemental Data**

Total net assets - end of year (€millions)	<b>67</b>	<b>12</b>
Average net assets (€millions)*	<b>76</b>	<b>14</b>
Ratio of expenses to average net assets***	<b>0.39%</b>	<b>0.29%</b>
Average net yield**	<b>0.14%</b>	<b>0.24%</b>

<b>EUR€CLASS</b>	<b>A</b>	<b>B</b>
<b>Per Share Information</b>		
Net asset value - beginning of year	<b>€13.3476</b>	<b>€13.4886</b>
Net investment income	<b>0.0203</b>	<b>0.0341</b>
Net asset value - end of year	<b>€13.3679</b>	<b>€13.5227</b>

#### **Ratios / Supplemental Data**

Total net assets - end of year (€millions)	<b>47</b>	<b>16</b>
Average net assets (€millions)*	<b>66</b>	<b>15</b>
Ratio of expenses to average net assets***	<b>0.39%</b>	<b>0.29%</b>
Average net yield**	<b>0.13%</b>	<b>0.23%</b>

\* Average net assets has been calculated using the net assets on the last working day of each month for each class.

\*\* Average net yield is calculated using the annualized net income on the last working day of each month for each class.

\*\*\* Ratio of expenses to average net assets is calculated net of the management fee waiver.

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – US\$ CLASS

As at June 30, 2011

(Expressed in US Dollars)

Nominal US\$	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost US\$	Percent of Net Assets %
<b>Commercial Paper, Notes and State and Provincial Paper</b>						
50,000,000	Deutsche Bank Finance	A-1	0.01	01/07/11	49,999,986	2.03
75,000,000	BNP Paribas Canada	A-1+	0.01	01/07/11	74,999,792	3.05
75,000,000	Societe Generale	A-1	0.08	01/07/11	74,999,833	3.05
70,000,000	Bank of Nova Scotia	A-1+	0.05	01/07/11	69,999,927	2.85
50,000,000	Kommuninvest I Sverige Caisse des Depots et Consignations	A-1+	0.23	06/07/11	49,998,083	2.03
30,000,000	Skandinav Enskilda Bank	A-1+	0.17	06/07/11	29,999,150	1.22
50,000,000	Commonwealth Bank of Australia	A-1	0.29	08/07/11	49,996,778	2.03
61,000,000	Skandinav Enskilda Bank	A-1+	0.20	11/07/11	60,996,272	2.48
39,000,000	Landeskreditbank Baden- Wurttemberg	A-1	0.31	12/07/11	38,996,035	1.59
94,900,000	Nederlandse Waterschapsbank NV	A-1+	0.22	12/07/11	94,893,041	3.86
115,000,000	NRW Bank	A-1+	0.34	14/07/11	114,984,797	4.68
54,000,000	Skandinav Enskilda Bank	A-1+	0.20	12/07/11	53,996,400	2.20
26,000,000	Bank Nederlandse Gemeenten NV	A-1	0.30	13/07/11	25,997,184	1.06
25,000,000	Bank Nederlandse Gemeenten NV	A-1+	0.33	14/07/11	24,996,792	1.02
90,000,000	Bank Nederlandse Gemeenten NV	A-1+	0.39	15/07/11	89,985,565	3.66
45,000,000	Standard Chartered Bank	A-1	0.35	18/07/11	44,992,126	1.83
40,000,000	Societe Generale	A-1	0.26	19/07/11	39,994,512	1.63
35,000,000	BCEE Luxembourg	A-1+	0.13	19/07/11	34,997,599	1.42
90,000,000	Nordea Bank AB	A-1+	0.20	20/07/11	89,990,001	3.66
41,000,000	KBC Bank NV	A-1	0.36	21/07/11	40,991,392	1.67
25,000,000	Swedish Housing Finance	A-1	0.30	05/08/11	24,992,502	1.02
30,000,000	BCEE Luxembourg	A-1+	0.18	10/08/11	29,993,851	1.22
75,000,000	DNB NOR Bank ASA	A-1	0.19	10/08/11	74,983,774	3.05
50,000,000	Quebec (Province of)	A-1+	0.21	15/08/11	49,986,906	2.03
34,200,000	Western Australia Treasury	A-1+	0.17	18/08/11	34,192,321	1.39
110,000,000	Credit Agricole SA	A-1	0.29	22/08/11	109,953,056	4.47
15,800,000	Western Australia Treasury	A-1+	0.17	22/08/11	15,796,047	0.64
50,000,000	SNCF	A-1+	0.21	25/08/11	49,983,672	2.03
48,700,000	Quebec (Province of)	A-1+	0.21	30/08/11	48,682,677	1.98
44,000,000	Swedish Housing Finance Caisse Des Depots et Consignations	A-1	0.30	31/08/11	43,977,278	1.79
40,000,000	BCEE Luxembourg	A-1+	0.21	02/09/11	39,985,072	1.63
25,000,000	Danske Bank A/S	A-1+	0.15	15/09/11	24,992,249	1.02
50,000,000	Swedish Housing Finance	A-1	0.25	16/09/11	49,972,931	2.03
31,000,000	Commonwealth Bank of Australia	A-1	0.28	22/09/11	30,979,760	1.26
35,000,000	NRW Bank	A-1+	0.17	26/09/11	34,985,462	1.42
46,000,000	Caisse Des Depots et Consignations	A-1+	0.22	28/09/11	45,974,714	1.87
25,000,000	Swedish Housing Finance	A-1+	0.17	17/10/11	24,987,139	1.02

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – US\$ CLASS

As at June 30, 2011

(Expressed in US Dollars)

Nominal US\$	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost US\$	Percent of Net Assets %
<b>Commercial Paper, Notes and State and Provincial Paper (cont'd)</b>						
50,000,000	CADES	A-1+	0.18	17/10/11	49,972,765	2.03
25,000,000	CADES	A-1+	0.17	18/10/11	24,987,021	1.02
25,000,000	CADES	A-1+	0.17	19/10/11	24,986,903	1.02
					1,990,171,365	80.96
<b>Floating Rate Note</b>						
12,100,000	BNP Paribas	A-1+	0.41	25/07/11	12,100,572	0.49
100,000,000	Lloyds TSB Bank	A-1	0.33	17/08/11	100,000,000	4.07
105,000,000	Royal Bank of Scotland (Gov't gtd)	A-1+	0.39	21/11/11	105,206,453	4.28
75,000,000	Deutsche Bank NY	A-1	0.29	12/12/11	75,000,000	3.05
25,000,000	Rabobank Nederland	A-1+	0.30	22/02/12	25,000,000	1.02
25,000,000	Royal Bank of Scotland	A-1	0.62	22/02/12	25,000,000	1.02
25,000,000	BNP Paribas	A-1+	0.56	22/02/12	25,000,000	1.02
25,000,000	Westpac Banking Corp	A-1+	0.30	22/02/12	25,000,000	1.02
25,000,000	Barclays Bank PLC	A-1+	0.61	24/02/12	25,000,000	1.02
25,000,000	Societe Generale	A-1	0.76	24/02/12	25,000,000	1.02
25,000,000	CIBC	A-1	0.33	29/03/12	25,000,000	1.02
					467,307,025	19.03
<b>Total Investments</b>					2,457,478,390	99.99
Cash and cash equivalents					485,027	0.02
Other assets less liabilities					(261,973)	(0.01)
<b>Fund Net Assets</b>					<b>2,457,701,444</b>	<b>100.00</b>

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – CDN\$ CLASS

As at June 30, 2011

(Expressed in Canadian Dollars)

Nominal CDN\$	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost CDN\$	Percent of Net Assets %
<b>Certificates of Deposit</b>						
4,900,000	Royal Bank of Canada	A-1+	0.80	04/07/11	4,900,000	4.50
7,400,670	Deutsche Bank	A-1+	0.85	04/07/11	7,400,670	6.80
					12,300,670	11.30
<b>Euro-Commercial Paper, Notes and Provincial Paper</b>						
9,000,000	Alberta (Province of)	A-1+	1.04	04/07/11	8,998,975	8.26
3,500,000	Prince Edward Island	A-1	1.00	06/07/11	3,499,597	3.21
8,500,000	BCEE Luxembourg	A-1+	0.98	19/07/11	8,495,651	7.80
9,000,000	Quebec (Province of)	A-1+	1.01	21/07/11	8,994,770	8.26
7,500,000	Lloyds TBS Bank	A-1	1.16	26/07/11	7,493,830	6.88
4,000,000	British Columbia (Province of)	A-1+	1.00	29/08/11	3,993,419	3.67
3,000,000	British Columbia (Province of)	A-1+	1.13	02/09/11	2,994,069	2.75
8,500,000	NRW Bank	A-1+	1.08	19/09/11	8,479,585	7.79
4,000,000	Fannie Mae	A-1+	1.22	31/10/11	3,983,667	3.66
					56,933,563	52.28
<b>Canadian Treasury Bills and Commercial Paper</b>						
1,228,000	Bank of Nova Scotia	A-1+	1.05	05/07/11	1,227,824	1.13
7,500,000	CIBC	A-1	0.96	07/07/11	7,499,400	6.89
6,500,000	Bank of Nova Scotia	A-1+	1.01	08/07/11	6,498,556	5.97
1,000,000	Bank of Montreal	A-1	1.03	13/07/11	999,633	0.92
2,500,000	Ontario (Province of)	A-1+	0.99	13/07/11	2,499,118	2.29
2,500,000	Bank of Montreal	A-1	1.05	19/07/11	2,498,630	2.29
7,000,000	National Bank of Canada	A-1	1.04	25/07/11	6,995,030	6.42
9,000,000	Toronto Dominion Bank	A-1+	1.02	25/07/11	8,993,700	8.26
2,000,000	Ontario (Province of)	A-1+	1.16	03/08/11	1,997,841	1.83
4,000,000	Royal Bank of Canada	A-1+	1.11	25/08/11	3,993,193	3.67
2,000,000	British Columbia (Province of)	A-1+	1.20	19/09/11	1,994,691	1.83
3,500,000	Ontario (Province of)	A-1+	1.10	23/11/11	3,484,661	3.20
					48,682,277	44.70
<b>Total Investments</b>					117,916,510	108.28
Cash and cash equivalents					37,621	0.03
Other assets less liabilities					(9,050,921)	(8.31)
<b>Fund Net Assets</b>					<b>108,903,210</b>	<b>100.00</b>

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – GBP£ CLASS

As at June 30, 2011

(Expressed in Pounds Sterling)

Nominal GBP£	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost GBP£	Percent of Net Assets %
<b>Certificates of Deposit</b>						
3,600,408	Royal Bank of Canada	A-1+	0.45	01/07/11	3,600,408	3.28
1,000,000	Nordea Bank Finland PLC	A-1+	0.62	13/07/11	1,000,069	0.91
3,000,000	KBC Bank NV	A-1	0.78	21/07/11	2,998,663	2.73
3,000,000	Nordea Bank Finland PLC	A-1+	0.70	15/08/11	2,997,356	2.73
					10,596,496	9.65
<b>Commercial and State Paper</b>						
3,000,000	ANZ Banking Group	A-1+	0.78	05/07/11	2,999,679	2.73
3,000,000	Skandinav Enskilda Bank	A-1	0.79	12/07/11	2,999,226	2.73
4,000,000	Kommuninvest I Sverige	A-1+	0.58	18/07/11	3,998,856	3.64
3,500,000	Swedish Housing Finance	A-1	0.75	09/08/11	3,497,115	3.19
4,000,000	Commonwealth Bank Of Australia	A-1+	0.64	17/08/11	3,996,636	3.64
2,500,000	Lloyds TSB Bank	A-1	0.76	08/09/11	2,496,362	2.28
					19,987,874	18.21
<b>UK Treasury Bills</b>						
14,500,000	UK Treasury Bill	A-1+	0.52	04/07/11	14,499,179	13.22
4,203,600	UK Treasury Bill	A-1+	0.59	11/07/11	4,202,854	3.83
16,500,000	UK Treasury Bill	A-1+	0.49	25/07/11	16,494,516	15.03
5,500,000	UK Treasury Bill	A-1+	0.56	01/08/11	5,497,325	5.01
3,200,000	UK Treasury Bill	A-1+	0.50	08/08/11	3,198,291	2.92
5,000,000	UK Treasury Bill	A-1+	0.50	15/08/11	4,996,851	4.55
2,000,000	UK Treasury Bill	A-1+	0.69	22/08/11	1,997,998	1.82
3,000,000	UK Treasury Bill	A-1+	0.51	26/09/11	2,996,316	2.73
3,500,000	UK Treasury Bill	A-1+	0.58	05/12/11	3,491,235	3.18
					57,374,565	52.29
<b>Bonds – Fixed</b>						
3,000,000	Royal Bank of Scotland (Gov't gtd)	A-1+	0.73	14/11/11	3,037,863	2.77
3,000,000	KFW	A-1+	0.76	12/01/12	3,071,775	2.80
					6,109,638	5.57

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – GBP£ CLASS

As at June 30, 2011

(Expressed in Pounds Sterling)

Nominal GBP£	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost GBP£	Percent of Net Assets %
<b>Floating Rate Notes</b>						
1,500,000	Lloyds TSB Bank (gov't gtd)	A-1+	0.60	07/07/11	1,500,088	1.37
1,000,000	Rabobank Nederland	A-1+	0.59	20/07/11	1,000,207	0.91
3,500,000	National Australia Bank Limited	A-1+	0.79	08/08/11	3,499,461	3.19
3,500,000	HSBC Bank PLC	A-1+	0.77	25/08/11	3,501,231	3.19
3,000,000	Rabobank Nederland	A-1+	0.83	13/09/11	3,000,745	2.74
3,000,000	Bank of Nova Scotia	A-1+	0.83	21/12/11	3,000,913	2.75
					15,502,645	14.15
<b>Total Investments</b>					109,571,218	99.87
Cash and Cash equivalents					19,665	0.02
Other assets less liabilities					124,677	0.11
<b>Fund Net Assets</b>					<b>109,715,560</b>	<b>100.00</b>

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – EUR€CLASS

As at June 30, 2011

(Expressed in Euro)

Nominal EUR€	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost EUR€	Percent of Net Assets %
<b>Certificate of Deposit</b>						
2,000,000	Credit Agricole SA	A-1	1.05	01/07/11	1,999,942	3.99
2,731,416	Royal Bank of Canada	A-1+	0.25	01/07/11	2,731,416	5.45
2,000,000	Nordea Bank Finland PLC	A-1+	1.04	12/07/11	2,000,086	3.99
2,000,000	KBC Bank NV	A-1	1.27	21/07/11	1,998,519	3.99
1,000,000	HSBC Bank PLC	A-1+	1.17	07/09/11	999,895	1.99
					<b>9,729,858</b>	<b>19.41</b>
<b>Commercial Paper and Notes</b>						
2,000,000	Skandinav Enskilda Bank	A-1	1.15	12/07/11	1,999,237	3.99
2,000,000	Austria (republic of)	A-1+	1.00	14/07/11	1,999,222	3.99
2,000,000	Standard Chartered Bank	A-1	1.15	18/07/11	1,998,851	3.99
1,500,000	Nationwide Building Society	A-1	1.15	25/07/11	1,498,803	2.99
2,000,000	Kommuninvest I Sverige	A-1+	1.03	05/08/11	1,997,942	3.98
					<b>9,494,055</b>	<b>18.94</b>
<b>Treasury Bills</b>						
4,880,000	French Treasury Bills	A-1+	0.88	07/07/11	4,879,162	9.73
2,000,000	French Treasury Bills	A-1+	0.76	13/07/11	1,999,449	3.99
4,500,000	French Treasury Bills	A-1+	0.98	04/08/11	4,495,696	8.97
1,500,000	French Treasury Bills	A-1+	0.93	11/08/11	1,498,380	2.99
2,000,000	French Treasury Bills	A-1+	1.10	08/09/11	1,995,811	3.97
					<b>14,868,498</b>	<b>29.65</b>
<b>Bonds - Fixed</b>						
1,500,000	Rabobank Nederland	A-1+	0.92	15/07/11	1,501,643	3.00
2,000,000	Nederlandse Waterschapsbank NV	A-1+	1.01	25/07/11	2,004,870	4.00
2,000,000	Svenska Handelsbanken	A-1+	1.32	02/09/11	2,013,929	4.02
2,000,000	NRW Bank	A-1+	1.33	09/09/11	2,012,519	4.01
2,000,000	Barclays Bank PLC (Gov't gtd)	A-1+	1.37	27/10/11	2,018,343	4.03
1,000,000	Royal Bank of Scotland (Gov't gtd)	A-1+	1.40	14/11/11	1,008,569	2.01
2,000,000	Lloyds TSB Bank (Gov't gtd)	A-1+	1.41	17/11/11	2,017,477	4.02
					<b>12,577,350</b>	<b>25.09</b>

# Butterfield Money Market Fund Limited

## STATEMENT OF PORTFOLIO INVESTMENTS – EUR€CLASS

As at June 30, 2011

(Expressed in Euro)

Nominal EUR€	Issuer	S&P Rating	Yield %	Maturity Date d/m/y	Amortised Cost EUR€	Percent of Net Assets %
<b>Floating Rate Notes</b>						
2,000,000	ANZ Banking Group	A-1+	1.09	18/07/11	2,000,318	3.99
1,000,000	Societe Generale	A-1	1.30	18/08/11	1,001,190	2.00
2,000,000	Bradford & Bingley BS (Gov't gtd)	A-1+	1.57	20/09/11	1,999,780	3.98
					5,001,288	9.97
<b>Total Investments</b>					51,671,049	103.06
Cash and cash equivalents					29,018	0.06
Other assets less liabilities					(1,563,474)	(3.12)
<b>Fund Net Assets</b>					<b>50,136,593</b>	<b>100.00</b>