

30 June 2025

Audited Financial Statements

**Butterfield US\$
Bond Fund
Limited**



Butterfield US\$ Bond Fund Limited

To the Shareholders:

We are pleased to present the Annual Report for the Fund for the twelve months ended June 30, 2025. The net asset value (NAV) per share for Class A shares, after dividend distributions and fees, increased from \$10.27 to \$10.48, with dividends paid at 32.74 cents per share. Class B shares rose from \$10.48 to \$10.69, with dividends of 36.06 cents per share. Class C shares increased from \$12.21 to \$12.89 over the same period, as this accumulating share class does not pay dividends.

The fund's NAV ended the financial year at \$141.41 million, reflecting a 13.94% increase from the previous year. The Fund continues to maintain a large and diversified shareholder base.

Our disciplined and conservative investment approach allowed the Fund to retain its AA-f credit rating and S2 volatility rating, as assigned by Standard & Poor's (S&P), reaffirming its high credit quality and stable performance.

Market Review

Over this fiscal year, U.S. fixed income markets bifurcated into two distinct phases. During the summer of 2024, slowing growth and improving inflation trends emboldened investors to anticipate policy relief. As a result, Treasury yields declined sharply and the previously inverted curve began to steepen. That shift continued into September, culminating in a well-telegraphed 50bps cut to the federal funds rate, bringing the target range to 4.75–5.00%.

Heading into year-end and Q1 2025, market volatility subsided, long-term breakevens edged down, and corporate high-yield spreads compressed near cycle lows - supportive conditions for risk assets. However, growth uncertainties and rising geopolitical friction, particularly U.S. tariff actions in April and renewed Israel–Iran tensions in June, injected episodes of risk aversion. Despite these shocks, by the end of the fiscal year credit spreads had retraced much of their volatility, and the yield curve had continued to steepen.

Central Bank Policies and Interest Rate Movements

The Federal Reserve's total monetary easing of 100bps in 2024 marked a pivotal turn, its first reduction in four years, reflecting confidence in disinflation progress while acknowledging ongoing risks. Yet following these moves, the Committee refrained from further cuts in 2025, signaling patience amid inflation still above 2.00% and a labor market that remained resilient. Recent remarks from regional Fed officials suggest that the door remains open to easing but only if labor conditions weaken further and inflation continues its downward trajectory.

Elsewhere, global central banks also followed easing paths: the Bank of Canada and the European Central Bank both delivered -175bps of cuts, the Bank of England -75bps, with the Reserve Bank New Zealand the most aggressive in the G10 steadily cutting by -225bps throughout the fiscal year. The Bank of Japan was the notable outlier, inching rates higher in January responding to lingering inflation.

U.S. Government Bond Markets

Treasury markets reflected the evolving policy and macro landscape. The front end rallied heading into the first base rate cut and the 2s/10s curve steadily steepened through the autumn of 2024. Spring's tariff-induced uncertainty triggered a bull-steepener - short rates fell on rate-cut hopes, while long yields remained buoyed by supply and elevated term premium concerns.

During June, curve dynamics stabilized as geopolitical tensions eased. By fiscal year-end, the 2-year stood near 3.73% and the 10- and 30-year yields remained elevated versus 2024, consistent with structural supply and policy uncertainty. Auction demand remained robust, with well-covered issuance supporting steady funding conditions amid a lower-volatility backdrop as the period closed.

Butterfield US\$ Bond Fund Limited

U.S. Corporate Bonds and Credit Markets

Corporate credit endured volatility but ultimately held up with resilience. During late 2024, corporate spreads tightened toward historical tights as investors sought carry in a supportive environment. April's tariff shock, however, precipitated a swift widening of spreads and paused issuance in lower-rated credits. As confidence returned, spreads re-compressed aggressively in May and June. By quarter end, average investment-grade spreads hovered near 83bps, one of the tightest levels seen since 2021.

Inflation and Commodity Markets

Inflation dynamics presented a complex backdrop: disinflation momentum carried into mid-2024 as breakevens declined, but 2025 saw a resurgence in services and goods inflation pressure tied to trade tensions and tariff shocks. Gold emerged as a defensive hedge, hitting new highs during April. Similarly, oil rallied amid Middle East tensions, although that move was short-lived once military escalation abated. Broader commodity indices softened in late Q2, hinting at moderating global demand despite rising longer-term market based inflation expectations.

Outlook

Looking forward, a barbell approach remains prudent. Interest rate duration should capture sensitivity to eventual Fed rate cuts at the short-end while managing exposure to long-end risks from term premium and issuance. Within credit, valuations now price thin compensation but quality and selective positioning can still offer attractive carry, albeit with elevated dispersion across lower-rated credits. We continue to hold US mortgage-backed securities and rising prepayment rates are now generating, in addition to the coupon, substantial capital gains for the fund. Over the fiscal year, we reduced inflation protection and added to nominal bonds as we look ahead to a potential slowing US economy.

The fund ended June 2025 positioned slightly underweight duration at 2.48 years, representing 95.61% of the benchmark. When adjusting for Treasury Inflation-Protected Securities duration and Mortgage-Backed Securities convexity, duration falls to 2.22 years, or 85.56% of the benchmark. The fund maintains a defensive allocation to spread product, with 26.12% in corporates and 52.01% in risk-free U.S. Treasuries. We took advantage of the dislocations during April to add credit risk but overall exposure remains low, with an S&P credit score of 66, providing ample risk budget to deploy capital opportunistically in the months ahead. This approach allows us to generate strong carry with minimal volatility.

Jeffrey Abbott, CFA
Director/Chairman
Butterfield US\$ Bond Fund Limited
October 24, 2025

Independent Auditor's Report

The Board of Directors
Butterfield US\$ Bond Fund Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Butterfield US\$ Bond Fund Limited (the "Fund"), which comprise the statement of financial position as at June 30, 2025, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

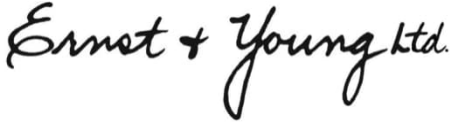
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Hamilton, Bermuda
October 24, 2025

Butterfield US\$ Bond Fund Limited

DIRECTORS

Andrew Rossiter
Nigel Garrard
Jeffrey Abbott (alternative: Jody Feldman)

INVESTMENT ADVISER

Butterfield Asset Management Limited
65 Front Street
Hamilton HM 12
Bermuda

CUSTODIAN

The Bank of N.T. Butterfield & Son Limited
65 Front Street
Hamilton HM 12
Bermuda

REGISTRAR, TRANSFER AGENT AND ADMINISTRATOR

From January 1, 2025

MUFG Fund Services (Cayman) Limited
Maiden Place
227 Elgin Avenue
Grand Cayman, Cayman Islands KY1-1107

Prior to January 1, 2025

MUFG Fund Services (Bermuda) Limited
Cedar House, 4th Floor North
41 Cedar Avenue
Hamilton HM 12
Bermuda

SECRETARY

From January 1, 2025

Conyers Corporate Services (Bermuda) Limited
2 Church Street
Hamilton HM 11
Bermuda

AUDITORS

Ernst & Young Ltd.
3 Bermudiana Road
Hamilton HM 08
Bermuda

Butterfield US\$ Bond Fund Limited

STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

(Expressed in US Dollars)

		June 30, 2025 US\$	June 30, 2024 US\$
	Notes		
ASSETS			
Cash and cash equivalents	2 g)	1,233,847	3,248,095
Financial assets at fair value through profit or loss (Cost: 2025-\$143,543,984; 2024-\$126,577,144)	3, 4	140,410,218	121,084,708
Interest receivable		816,545	773,231
Prepaid expenses		21,134	13,621
Total assets		142,481,744	125,119,655
LIABILITIES			
Dividends payable	6	948,906	849,658
Subscriptions received in advance		-	30,000
Accrued expenses	7, 8	111,216	98,765
Total liabilities (excluding net assets attributable to holders of redeemable shares)		1,060,122	978,423
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		141,409,622	124,129,232
Organisational shares	5	12,000	12,000
Total liabilities and equity (including net assets attributable to holders of redeemable shares)		142,481,744	125,119,655
Net assets attributable to holders of redeemable shares-Class A		11,459,813	11,238,122
Number of redeemable shares in issue-Class A	5	1,093,896	1,093,801
Net asset value per redeemable share-Class A		10.48	10.27
Net assets attributable to holders of redeemable shares-Class B		103,633,537	95,812,423
Number of redeemable shares in issue-Class B	5	9,694,230	9,138,827
Net asset value per redeemable share-Class B		10.69	10.48
Net assets attributable to holders of redeemable shares-Class C		26,316,272	17,078,687
Number of redeemable shares in issue-Class C	5	2,041,748	1,399,093
Net asset value per redeemable share-Class C		12.89	12.21

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

Butterfield US\$ Bond Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS

As at June 30, 2025

(Expressed in US Dollars)

	Principal	2025 Fair Value	% of Portfolio
INVESTMENTS			
Corporate and Government Securities			
American Airlines 16-2 AA PTT 3.200% 12/15/29 SR:AA	1,214,000	\$ 1,163,418	0.83%
American Express CO FLT 07/26/28	2,000,000	2,009,120	1.43%
ArcelorMittal SA 6.550% 11/29/27	2,500,000	2,605,695	1.86%
Bank of America Corp. FLT 05/09/29	2,500,000	2,515,990	1.79%
Bank of Montreal 4.689% 06/28/28 SR:144A	1,750,000	1,784,787	1.27%
BP Capital Markets America 3.937% 09/21/28	2,500,000	2,480,154	1.77%
Corp Andina De Fomento 6.000% 04/26/27	1,500,000	1,547,138	1.10%
Dollar General Corp 5.200% 07/05/28	2,000,000	2,039,308	1.45%
Elevance Health Inc. 3.650% 12/01/27	2,000,000	1,976,100	1.41%
Goldman Sachs Group Inc. 3.800% 03/15/30	1,500,000	1,463,528	1.04%
Government of Bermuda 2.375% 08/20/30 SR:144A	500,000	443,650	0.32%
Intel Corp. 2.450% 11/15/29	1,000,000	913,532	0.65%
JPMorgan Chase & Co 3.300% 04/01/26	2,000,000	1,986,523	1.41%
Lloyds Banking Group Plc. 4.375% 03/22/28 SR	1,500,000	1,497,928	1.07%
Metropolitan Life Global Funding I 3.450% 12/18/26	50,000	49,448	0.04%
Natwest Group Plc. FLT 11/15/28	1,997,000	2,011,798	1.43%
New York Life Global Funding FLT 06/09/26	2,500,000	2,503,936	1.78%
Newmont Corp 2.800% 10/01/29	1,500,000	1,419,050	1.01%
Philip Morris Intl Inc 5.375% 02/15/33	1,500,000	1,549,878	1.10%
RenaissanceRe Finance Inc. 3.450% 07/01/27	745,000	733,652	0.52%
Royal Bank of Canada FLT 01/20/26	2,500,000	2,502,420	1.78%
Simon Property Group LP 4.750% 09/26/34	1,500,000	1,460,845	1.04%
Toronto-Dominion Bank 4.701% 06/05/26 SR:REGS	3,250,000	3,265,326	2.33%
United States Treasury Inflation Indexed Bonds 1.125% 01/15/33	3,553,902	3,397,236	2.42%
United States Treasury Inflation Indexed Bonds 1.875% 07/15/34	1,221,708	1,224,138	0.87%
United States Treasury Inflation Indexed Bonds 2.125% 04/15/29	3,111,420	3,195,165	2.28%
US Bancorp 3.100% 04/27/26 SR:MTN	2,500,000	2,474,689	1.76%
US Treasury N/B 0.250% 07/31/25	3,000,000	2,989,891	2.13%
US Treasury N/B 0.250% 09/30/25	3,000,000	2,970,088	2.12%
US Treasury N/B 0.500% 02/28/26	4,000,000	3,904,102	2.78%
US Treasury N/B 0.500% 04/30/27	3,000,000	2,828,438	2.01%
US Treasury N/B 0.500% 06/30/27	3,000,000	2,815,078	2.00%
US Treasury N/B 0.500% 10/31/27	4,000,000	3,714,531	2.65%
US Treasury N/B 2.875% 11/30/25	3,000,000	2,982,568	2.12%
US Treasury N/B 3.125% 08/15/25	3,000,000	2,994,892	2.13%
US Treasury N/B 4.000% 01/31/31	1,000,000	1,006,992	0.72%
US Treasury N/B 4.000% 12/15/25	3,000,000	2,997,744	2.13%
US Treasury N/B 4.250% 03/15/27	3,500,000	3,526,387	2.51%
US Treasury N/B 4.375% 07/31/26	4,000,000	4,015,938	2.86%
US Treasury N/B 4.500% 03/31/26	3,500,000	3,509,604	2.50%
US Treasury N/B 4.625% 02/28/26	3,200,000	3,208,938	2.29%
US Treasury N/B 4.875% 04/30/26	3,000,000	3,018,838	2.15%
US Treasury N/B 5.000% 10/31/25	2,500,000	2,505,127	1.78%
US Treasury N/B (STRIPS) 0.000% 05/15/29	4,000,000	3,453,697	2.46%
US Treasury N/B (STRIPS) 0.000% 08/15/29	4,000,000	3,417,409	2.43%
US Treasury N/B (STRIPS) 0.000% 11/15/27	4,000,000	3,659,921	2.61%
US Treasury N/B (STRIPS) 0.000% 11/15/29	4,000,000	3,381,179	2.41%
US Treasury N/B (STRIPS) 0.000% 11/15/31	3,000,000	2,316,876	1.65%
Westpac Banking Corp. FLT 06/03/26	2,500,000	2,504,878	1.78%
Total Corporate and Government Securities (Cost: \$118,849,113)		117,937,568	83.98%

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

Butterfield US\$ Bond Fund Limited

SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED)

As at June 30, 2025

(Expressed in US Dollars)

	Nominal	2025 Fair Value	% of Portfolio
Mortgage-Backed Securities			
Fannie Mae 1.500% 11/01/51 MA4464	703,433	\$ 528,922	0.38%
Fannie Mae 2.000% 01/01/52 MA4511	687,886	545,357	0.39%
Fannie Mae 2.000% 02/01/52 MA4547	699,162	554,863	0.40%
Fannie Mae 2.000% 11/01/51 MA4465	676,598	537,179	0.38%
Fannie Mae 2.000% 11/01/51 MA4489	713,834	551,104	0.39%
Fannie Mae 2.500% 01/01/50 MA3902	203,455	171,013	0.12%
Fannie Mae 2.500% 01/01/52 FS0176	642,248	535,466	0.38%
Fannie Mae 2.500% 10/01/34 MA3797	62,763	58,720	0.04%
Fannie Mae 2.500% 10/01/39 MA3810	68,189	62,201	0.04%
Fannie Mae 2.500% 10/01/49 BO3181	195,279	164,121	0.12%
Fannie Mae 2.500% 11/01/34 MA3827	68,854	64,947	0.05%
Fannie Mae 2.500% 11/01/39 MA3830	70,403	64,233	0.05%
Fannie Mae 2.500% 11/01/49 MA3833	167,825	141,048	0.10%
Fannie Mae 2.500% 12/01/51 FM9841	674,019	562,115	0.40%
Fannie Mae 3.000% 02/01/50 MA3937	98,968	86,657	0.06%
Fannie Mae 3.000% 03/01/50 MA3960	100,064	87,384	0.06%
Fannie Mae 3.000% 05/01/45 AS4884	108,567	96,796	0.07%
Fannie Mae 3.000% 05/01/45 AY4200	115,322	102,819	0.07%
Fannie Mae 3.000% 10/01/46 BC4764	60,586	53,719	0.04%
Fannie Mae 3.000% 12/01/49 MA3871	134,753	118,008	0.08%
Fannie Mae 3.500% 02/01/50 MA3939	89,159	80,973	0.06%
Fannie Mae 3.500% 05/01/52 MA4600	676,228	610,212	0.43%
Fannie Mae 3.500% 08/01/49 MA3745	53,481	48,749	0.03%
Fannie Mae 3.500% 09/01/25 AE3813	1,674	1,667	0.00%
Fannie Mae 4.000% 05/01/52 MA4644	652,870	608,245	0.43%
Fannie Mae 4.000% 06/01/52 MA4626	677,813	631,518	0.45%
Fannie Mae 5.500% 07/01/53 MA5072	702,957	703,935	0.50%
Fannie Mae 5.500% 08/01/53 MA5107	703,841	704,805	0.50%
Fannie Mae 5.500% 09/01/53 MA5138	711,126	712,154	0.51%
Freddie Mac 1.500% 10/01/51 SD8171	691,481	519,931	0.37%
Freddie Mac 2.000% 01/01/52 SD8188	686,214	544,773	0.39%
Freddie Mac 2.000% 02/01/52 SD8193	695,868	552,317	0.39%
Freddie Mac 2.000% 10/01/51 SD8172	668,569	531,304	0.38%
Freddie Mac 2.000% 11/01/51 SD7546	619,695	499,751	0.36%
Freddie Mac 2.500% 10/01/39 RB5021	66,436	60,602	0.04%
Freddie Mac 2.500% 11/01/34 SB8015	73,482	69,312	0.05%
Freddie Mac 2.500% 11/01/39 RB5026	72,998	66,625	0.05%
Freddie Mac 3.500% 05/01/52 SD8214	681,813	615,253	0.44%
Freddie Mac 3.500% 06/01/52 SD8221	695,601	627,693	0.45%
Freddie Mac 4.000% 05/01/52 SD8215	661,539	616,322	0.44%
Freddie Mac 4.000% 06/01/52 SD8222	685,395	638,582	0.45%
Freddie Mac 4.000% 07/01/52 SD8227	698,461	650,754	0.46%
Freddie Mac 4.500% 08/01/52 SD8238	684,413	655,739	0.47%
Freddie Mac 5.500% 03/01/54 SD8408	726,200	726,370	0.52%
Ginnie Mae 2.500% 02/20/51 MA7193	453,431	386,106	0.27%
Ginnie Mae 2.500% 04/20/51 MA7312	511,578	435,527	0.31%
Ginnie Mae 2.500% 12/20/50 MA7052	417,450	355,628	0.25%
Ginnie Mae 3.000% 02/20/52 MA7882	628,853	556,240	0.40%
Ginnie Mae 3.000% 10/20/51 MA7650	569,772	504,223	0.36%
Ginnie Mae 4.000% 07/20/49 MA6040	50,120	47,159	0.03%
Ginnie Mae 4.500% 04/20/53 MA8799	729,503	702,045	0.50%
Ginnie Mae 5.000% 02/20/53 MA8647	682,286	673,147	0.48%
Ginnie Mae 5.000% 03/20/53 MA8725	692,297	683,625	0.49%
Ginnie Mae 5.000% 04/20/53 MA8800	702,914	694,469	0.49%
Ginnie Mae 6.500% 01/20/53 MA8572	179,266	184,825	0.13%
Ginnie Mae 6.500% 04/20/53 MA8803	249,582	256,886	0.19%
Ginnie Mae 6.500% 05/20/53 MA8881	243,737	250,767	0.19%
Ginnie Mae 6.500% 12/20/52 MA8493	172,501	177,745	0.14%
Total Mortgage-Backed Securities (Cost: \$24,694,871)		22,472,650	16.02%
TOTAL INVESTMENTS (Cost: \$143,543,984)		140,410,218	100.00%

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

Butterfield US\$ Bond Fund Limited

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2025

(Expressed in US Dollars)

	Notes	2025 US\$	2024 US\$
INCOME			
Net realised gain/(loss) on financial assets at fair value through profit or loss		111,382	(606,646)
Net change in unrealised gain on financial assets at fair value through profit or loss		2,358,670	1,926,218
Interest		5,313,367	4,433,927
Total income		7,783,419	5,753,499
EXPENSES			
Management fee	7 a)	336,698	322,978
Administration fee	8	176,374	166,667
Custodian fee	7 b)	66,230	61,228
Audit fee		33,296	39,566
Government fee		11,222	9,877
Other expenses		51,743	41,595
Total expenses		675,563	641,911
NET INCOME		7,107,856	5,111,588
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES			
		7,107,856	5,111,588

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

Butterfield US\$ Bond Fund Limited

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the year ended June 30, 2025

(Expressed in US Dollars)

	Notes	2025 US\$	2024 US\$
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		7,107,856	5,111,588
DISTRIBUTIONS TO INVESTORS			
Dividends paid and payable	6	(3,755,187)	(3,213,422)
CAPITAL STOCK TRANSACTIONS			
Issue of redeemable shares		19,560,757	11,767,762
Redemption of redeemable shares		(5,633,036)	(18,910,146)
Net capital stock transactions		13,927,721	(7,142,384)
NET INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		17,280,390	(5,244,218)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – BEGINNING OF THE YEAR		124,129,232	129,373,450
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES – END OF YEAR		141,409,622	124,129,232

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

Butterfield US\$ Bond Fund Limited

STATEMENT OF CASH FLOWS For the year ended June 30, 2025 (Expressed in US Dollars)

	2025 US\$	2024 US\$
Cash flows from operating activities		
Net increase in net assets resulting from operations attributable to holders of redeemable shares	7,107,856	5,111,588
<i>Adjustments for:</i>		
Purchase of financial assets at fair value through profit or loss	(92,816,689)	(28,633,732)
Net proceeds from sale of financial assets at fair value through profit or loss	75,961,231	38,179,243
Net realised (gain)/loss on financial assets at fair value through profit or loss	(111,382)	606,646
Net change in unrealised gain on financial assets at fair value through profit or loss	(2,358,670)	(1,926,218)
Changes in:		
Interest receivable	(43,314)	(129,425)
Prepaid expenses	(7,513)	(507)
Accrued expenses	12,451	(36,255)
Net cash (used in)/provided by operating activities	(12,256,030)	13,171,340
Cash flows from financing activities		
Proceeds from issuance of shares	18,850,029	11,168,851
Payments for redemption of shares	(5,633,036)	(18,910,146)
Dividends paid	(2,975,211)	(2,501,850)
Net cash provided by/(used in) financing activities	10,241,782	(10,243,145)
Net (decrease)/increase in cash and cash equivalents	(2,014,248)	2,928,195
Cash and cash equivalents – beginning of year	3,248,095	319,900
Cash and cash equivalents – end of year	1,233,847	3,248,095
Supplemental cash flow information:		
Interest received	5,270,053	4,304,502
Supplemental non-cash information:		
Redeemable shares – Class A issued through dividend reinvestment	288,136	297,814
Redeemable shares – Class B issued through dividend reinvestment	392,593	331,097

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

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2025

(Expressed in US Dollars)

1. CORPORATE INFORMATION

Butterfield US\$ Bond Fund Limited (the "Fund") is an open-ended investment company which was incorporated under the laws of Bermuda on May 26, 1992.

The Fund commenced operations on July 1, 1992. The Bank of N. T. Butterfield & Son Limited acts as custodian (the "Custodian" or the "Bank") to the Fund. Butterfield Asset Management Limited acts as investment adviser (the "Investment Adviser"). From January 1, 2025, MUFG Fund Services (Cayman) Limited acts as registrar and transfer agent and as accountants/administrator (the "Registrar and Transfer Agent" or "Administrator") for the Fund. Prior to January 1, 2025, MUFG Fund Services (Bermuda) Limited acted as the Registrar and Transfer Agent or "Administrator for the Fund. The Investment Adviser is a wholly owned subsidiary of the Bank.

The registered address of the Fund from January 1, 2025 is c/o Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton HM 11 Bermuda, prior to January 1, 2025 was c/o MUFG Fund Services (Bermuda) Limited, Cedar House, 4th Floor North, 41 Cedar Avenue, Hamilton HM 12, Bermuda.

The Investment Adviser and the Custodian maintain separate business units, roles and responsibilities to ensure segregation between different functions.

The investment objective of the Fund is to maximise total returns whether through income or capital gains by investing in investment grade US Dollar denominated debt securities and other investments which may include US Dollar money market instruments and funds and bank time deposits. The Fund may also lend securities and write covered options on its portfolio in order to enhance its total return.

2. MATERIAL ACCOUNTING POLICIES

Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as 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 that have been measured at fair value.

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 has prepared the financial statements on the basis that it will continue to operate as a going concern.

The financial statements provide comparative information in respect of the previous period.

Summary of material accounting policies

a) Financial instruments

i. Classification

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

a) Financial instruments (continued)

i. Classification (continued)

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash collateral posted on derivative contracts, accrued income and other receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

Debt instruments: These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Instruments held for trading: This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Fund includes in this category, derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading. There are no financial liabilities held at fair value through profit or loss as at June 30, 2025 and 2024.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

a) Financial instruments (continued)

i. Classification (continued)

Financial liabilities (continued)

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category other short-term payables.

Receivables and Loans

Receivables and Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Fund includes in this category collateral on derivatives, securities borrowed and other short-term receivables.

Other financial liabilities

This category includes all financial liabilities, other than those classified at FVPL. The Fund includes in this category collateral on derivatives, securities lent and other short-term payables.

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

Financial assets and liabilities (other than those classified at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

iv. Subsequent measurement

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

Receivables are carried at amortised cost using the effective interest method ("EIR") less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process

Financial liabilities, other than those classified at FVPL, are measured at amortised cost using the EIR. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the amortisation process.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

a) Financial instruments (continued)

iv. Subsequent measurement (continued)

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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 when 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 the Fund has:

(a) Transferred substantially all of the risks and rewards of the asset, or

(b) 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.

b) 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 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.

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 US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

c) Impairment of financial assets

The Fund holds only trade receivables with no financing component, and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its trade receivables. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. As at June 30, 2025 and 2024 the Fund had no ECLs and had, therefore, not recognised a loss allowance.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

d) Functional and presentation currency

The Fund's functional currency is the US Dollar (US\$), 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\$ 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\$.

e) Offsetting and financial instruments

Financial assets and financial liabilities are offset, and the net amount recognised 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, 2025 and 2024, 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.

f) 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.

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

g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, money market funds with daily liquidity 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. The money market fund comprises investments in Butterfield Money Market Fund Limited, an affiliated fund, of \$20,610 (2024: \$801,095). As at June 30, 2025 and 2024, there was no restricted cash held.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

h) Due from and due to broker

Amounts due from and to brokers represents cash held with brokers and receivables for securities sold and payables for securities purchased that have been contracted for but not settled or delivered on the statement of financial position date, respectively. These amounts are recognised at fair value.

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 EIR.

j) 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.

k) Expenses

All expenses (including management fees) are recognised in the statement of comprehensive income on an accrual basis.

l) 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.

m) Share capital

The Fund's Organisational Shares are classified as equity in accordance with the Fund's articles of association and IFRS Accounting Standards. These shares do not participate in the profits of the Fund.

n) 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 (normally the next business day following the Valuation Day, which is on Wednesday in each week) at a value equal to a proportionate share of the Fund's net asset value ("NAV"). The Fund's net asset value per share is calculated by dividing the net assets attributable to holders of redeemable shares with the total number of outstanding redeemable shares.

o) 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.

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 on a fair value basis.

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

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

p) Impact of new accounting pronouncements

For the year ended June 30, 2025, there are no new accounting pronouncements that are expected to have a material impact on the financial statements.

q) Standards issued but not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of comprehensive income into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

In addition, the following amendments to standards are effective for periods beginning on or after January 1, 2026, with earlier application permitted:

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.

These amendments, stemming from a post-implementation review of IFRS 9, address issues related to:

- Financial assets with contingent features;
- Financial liabilities settled through electronic payment systems;
- Non-recourse loans; and
- Disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVTOCI) and instruments with contingent features.

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued narrow amendments IFRS Accounting Standards as part of regular maintenance, which include clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards.

The amended standards are:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash Flows.

Amendments to IAS 12 International Tax Reform Pillar Two Model Rules

On 23 May 2023, the IASB issued amendments to IAS 12 to provide temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Summary of material accounting policies (continued)

q) Standards issued but not yet effective (continued)

Amendments to IAS 12 International Tax Reform Pillar Two Model Rules (continued)

The OECD published its Pillar Two Model Rules in December 2021 to ensure that large multinational companies with revenue of EUR750 million or more in two of the last four years, are subjected to a minimum 15 per cent tax rate. The amendments introduced the following:

- a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules.
- targeted disclosure requirements to help users better understand a company's exposure to income taxes arising from the reform.

The IAS 12 amendment does not apply to the Fund and will therefore not have a material impact.

Amendments to IAS 21 – Lack of Exchangeability

The amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Fund's financial statements.

The Fund is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

r) **Comparative information**

Where necessary, comparative figures are adjusted to comply with changes in presentation in the current year.

Estimates and assumptions

The preparation of financial statements in conformity with IFRS Accounting Standards 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 assumptions utilised in preparing the Fund's financial statements are reasonable and prudent. Actual results could materially differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Fair value

For fair value of financial instruments please refer to Note 4.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

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 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 schedule 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 debt securities provided by Standard & Poor's and are subject to change, which could be material.

As at June 30, 2025 and 2024, the Fund invested in a range of debt securities with the following credit ratings:

Debt Securities by Credit Rating	% of Portfolio	
	2025	2024
AAA	-	3.62
AA+	69.80	72.93
AA-	3.60	5.66
AA	1.10	-
A+	2.64	2.38
A-	6.62	5.96
A	5.63	0.79
B+	0.83	-
BBB	3.96	1.65
BBB+	4.55	2.91
Not rated by Standard & Poor's	1.27	4.10
	100.00	100.00

Credit ratings below represent ratings of 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	
	2025	2024
Aaa	1.27	4.10
	1.27	4.10

Substantially all of the assets of the Fund are held by the Fund's Custodian. The Fund monitors its risk by monitoring the credit quality of the Custodian. As at June 30, 2025, the credit rating of the Custodian, as provided by Standard and Poor's, was BBB+ (2024 - BBB+).

Currency Risk

Currency risk is the risk that the value of an investment will fluctuate due to changes in foreign exchange rates. When the Fund enters into transactions which are denominated in currencies other than the Fund's reporting currency the Investment Adviser attempts to mitigate the associated currency risk which may include the use of forward currency contracts. As at June 30, 2025 and 2024, the Fund's exposure to currencies other than the Fund's reporting currency was not significant; thus, any risks associated are likewise not significant to the Fund as a whole.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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. The Fund is exposed to these fluctuations through their holdings of fixed income securities. As at June 30, 2025, had the interest rates increased or decreased by 25 basis points and assuming a direct impact to the fixed income securities by 25 basis points, net assets would have decreased or increased by approximately \$351,026 (2024 - \$302,712). This analysis assumes that all other variables remained unchanged. In practice, actual results may differ from this analysis and the difference could be material.

Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk by way of weekly cash redemptions of redeemable shares. However, the Fund retains sufficient cash, cash equivalents and marketable securities to maintain adequate liquidity to address this risk. The Fund also has a credit facility in place to assist the Fund in meeting short term liquidity requirements.

The table below indicates the Fund's holdings in fixed income securities by remaining term to maturity as at June 30, 2025 and 2024:

Debt Securities by Maturity	Fair Value	
	2025	2024
Less than 1 year	\$ 46,321,231	\$ 35,967,690
1 - 3 years	27,095,120	35,006,053
3 - 5 years	19,211,063	19,437,076
Greater than 5 years	31,553,722	30,673,889
Non-interest bearing 1 - 3 years	3,659,921	-
Non-interest bearing 3 - 5 years	10,252,285	-
Non-interest bearing greater than 5 years	2,316,876	-
	\$ 140,410,218	\$ 121,084,708

Price/Market Risk

Price/market risk is the risk that the value of investments will fluctuate as a result of market conditions. The Fund is exposed to price/market risk on its holdings of fixed income securities as discussed in the Interest Rate Risk section above. The Investment Adviser 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 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; and
- 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.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

4. FAIR VALUE OF FINANCIAL ASSETS (CONTINUED)

All of the Fund's investments are classified as follows for the years ended June 30, 2025 and 2024.

June 30, 2025

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government securities	-	117,937,568	-	117,937,568
Mortgage-backed securities	-	22,472,650	-	22,472,650
Total financial assets	-	140,410,218	-	140,410,218

June 30, 2024

Classification	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets				
Corporate and government securities	-	99,594,361	-	99,594,361
Mortgage-backed securities	-	21,490,347	-	21,490,347
Total financial assets	-	121,084,708	-	121,084,708

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, 2025 and 2024. 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, 2025 and 2024. The Fund did not hold any Level 3 investments at the beginning, during, or at the end of the years ended June 30, 2025 and 2024.

5. SHARES ISSUED AND OUTSTANDING

As at June 30, 2025 and June 30, 2024, the authorised share capital of the Fund is \$2,512,000 divided into:

8,300,000 Class A participating, non-voting redeemable shares of a par value of \$0.10 each share,
8,300,000 Class B participating, non-voting redeemable shares of a par value of \$0.10 each share,
8,400,000 Class C participating, non-voting redeemable shares of a par value of \$0.10 each share,
and 120,000 (2024 - 120,000) organisational non-participating, voting shares of a par value of \$0.10 each share.

Details of number of shares issued and outstanding as of June 30, 2025 and 2024 are as follows:

	2025			2024		
Redeemable Shares	Class A	Class B	Class C	Class A	Class B	Class C
Balance - beginning of year	1,093,801	9,138,827	1,399,093	1,825,935	9,122,348	1,399,093
Issue of redeemable shares	69,709	1,018,810	642,655	46,916	1,081,575	-
Redemption of redeemable shares	(69,614)	(463,407)	-	(779,050)	(1,065,096)	-
Balance - end of year	1,093,896	9,694,230	2,041,748	1,093,801	9,138,827	1,399,093
Organisational Shares	120,000	-	-	120,000	-	-

Redeemable shares are allotted to subscribers at a value determined by reference to the weekly valuation of the net assets of the Fund. Redeemable shares may be redeemed weekly for an amount equal to the net asset value per share as at the close of business on the Valuation Day, following receipt of the properly completed request for redemption, subject to the power of the directors to deduct there from an amount sufficient in their opinion to meet sale and fiscal charges incurred in realising assets to provide funds to meet the request.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

5. SHARES ISSUED AND OUTSTANDING (CONTINUED)

The Class A, Class B and Class C shares have different minimums set for investors to subscribe to them, and there are differences in the management fees payable to the Investment Adviser in respect of such shares (see Note 7a).

The organisational shares are allocated to the Investment Adviser and its nominees. 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.

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. DIVIDENDS

Dividends declared by the Fund on Class A and B shares were as follows:

2025				2024			
Class A	Class B	Declaration date	Amount	Class A	Class B	Declaration date	Amount
0.0824	0.0907	September 30, 2024	\$ 917,134	0.0677	0.0756	September 30, 2023	\$ 787,201
0.0840	0.0923	December 31, 2024	960,260	0.0714	0.0793	December 31, 2023	773,930
0.0805	0.0888	March 31, 2025	928,887	0.0726	0.0806	March 31, 2024	802,633
0.0805	0.0888	June 30, 2025	948,906	0.0758	0.0839	June 30, 2024	849,658
\$ 3,755,187				\$ 3,213,422			

Dividends declared in the amount of \$948,906 (2024 - \$849,658) remained payable at year end.

7. RELATED PARTY TRANSACTIONS

a) Management Fee

The Investment Adviser is related to the Fund through common directorship.

Under the terms of the investment advisory agreement, the Investment Adviser is entitled to receive a monthly fee calculated at the rate of no more than 1% per annum of the average valuation of the net assets of the Fund carried out on the Valuation Days during each month

Presently, the monthly fee is calculated at the rate of 0.5% (2024 - 0.5%) per annum for the Class A shares and 0.25% (2024 - 0.25%) per annum for the Class B shares, and 0.25% (2024 - 0.25%) maximum per annum for the Class C shares. The fee of the Investment Adviser is reduced to take account of the management fee already levied on assets held in shares of other funds managed by the Investment Adviser. The fee of the Investment Adviser is also reduced for Class C shares, in order to meet an expense cap of 0.35% related to Class C Shares. Management fee for the year was \$336,698 (2024 - \$322,978) with \$31,789 (2024 - \$27,980) being payable and included in accrued expenses at year end.

b) Custodian Fee

In accordance with the custodian agreement, the Custodian receives a fee based upon the nature and extent of the services provided. Relevant out-of-pocket expenses may also be charged to the Fund by the Custodian. The custodian fee for the year was \$66,230 (2024 - \$61,228) with \$6,240 (2024 - \$5,389) being payable and included in accrued expenses at year end.

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

7. RELATED PARTY TRANSACTIONS (CONTINUED)

c) Credit Facility

On October 1, 2024 (2024: July 31, 2023), the Fund renewed the unsecured credit facility agreement with the Bank in the amount of \$12,000,000 with an interest rate of 1% per annum above term Secured Overnight Financing Rate ("SOFR") on any drawdown date. The full amount of any amount advanced under the revolving facility, together with the accrued interest and other amounts payable by the Fund to the Bank, is payable on the earlier of seven days following the utilization date or the expiry date, unless extended at the Bank's sole discretion and the advances will be limited to 10% of the Fund's net asset value. 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 interest period is 30, 60, 90 or 180 days at the Fund's option. The Fund shall pay to the Bank a commitment fee equal to 0.25% per annum, payable monthly in arrears on the average daily unused portion of the credit facility (as determined by the Bank). The renewed unsecured facility expired on June 30, 2025 (2024: June 30, 2024).

As at June 30, 2025 and 2024 no drawings were made on the credit facility.

8. ADMINISTRATION FEE

In accordance with the administration agreement, the Administrator receives a fee based upon the nature and extent of the services provided. Administration fee for the year was \$176,374 (2024 - \$166,667) with \$16,469 (2024 - \$14,682) being payable and included in accrued expenses at the year end.

9. TAXATION

Under current Bermuda law, the Fund is not subject to taxation in Bermuda on either income or capital gains. In the event that such taxes are levied, the Fund has received assurance from the Bermuda Government that it will be exempt from all such taxes until March 31, 2035. In the event the Fund becomes subject to tax under the corporate Income Tax Act 2023 ("CIT Act") described below, this would supersede the assurance.

On December 27, 2023, Bermuda enacted the CIT Act which provides for the taxation of in-scope entities in respect of tax years beginning on or after January 1, 2025. In-scope entities under the CIT Act are the Bermuda constituent entities of multinational enterprises that have revenue in excess of EUR 750 million for at least two of the last four fiscal years.

In accordance with IFRIC 23 'Uncertainty over income tax treatments' ("IFRIC 23"), the Fund has analyzed its tax positions and has concluded that no asset/liability for unrecognized tax benefits/obligations should be recorded relating to uncertain tax positions for the year ended June 30, 2025. Currently, the only taxes recorded by the Fund are withholding taxes applicable to certain income. For the years ended June 30, 2025 and 2024, no other income tax liability or expense has been recorded in the accompanying financial statements..

10. COMMITMENTS AND CONTINGENCIES

Management has determined that the Fund had no commitments or contingencies as at June 30, 2025 (2024 - none).

Butterfield US\$ Bond Fund Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended June 30, 2025

(Expressed in US Dollars)

11. SUBSEQUENT EVENTS

On August 5, 2025, the Fund renewed the unsecured credit facility with the Bank in the amount of US\$12,000,000. The variable annual interest rate per the new agreement is equal to the Bank's United States Dollar Commercial Base Rate minus 3%, subject to a minimum annual interest rate of 3.5% per annum. The other terms and conditions remain unchanged from the previous agreement. The renewed unsecured credit facility expires on June 30, 2026.

The Fund has evaluated all the events or transactions that occurred after June 30, 2025 through October 24, 2025, the date the financial statements were available to be issued, and concluded that there are no other subsequent events requiring disclosure in the financial statements.

12. FINANCIAL HIGHLIGHTS

Per Share Information	Class A	2025 Class B	Class C	Class A	2024 Class B	Class C
Net asset value - beginning of year	\$10.27	\$10.48	\$12.21	\$10.15	\$10.36	\$11.68
Income from investment operations						
Net investment income****	0.33	0.37	0.45	0.29	0.32	0.38
Net realised & change in unrealised gain on investments	0.21	0.20	0.23	0.12	0.12	0.15
Total income from investment operations	0.54	0.57	0.68	0.41	0.44	0.53
Distributions to investors	(0.33)	(0.36)	-	(0.29)	(0.32)	-
Net asset value - end of year	\$10.48	\$10.69	\$12.89	\$10.27	\$10.48	\$12.21
Ratios / Supplemental Data						
Total net assets - end of year (in thousands)	\$11,460	\$103,634	\$26,316	\$11,238	\$95,812	\$17,079
Weighted average net assets (in thousands) *	\$11,309	\$99,820	\$23,807	\$13,347	\$93,510	\$16,683
Ratio of expenses to average net assets	0.83%	0.58%	0.00%	0.79%	0.52%	0.29%
Portfolio turnover rate**	57.24%	57.24%	57.24%	23.52%	23.52%	23.52%
Annual rate of return***	5.14%	5.39%	5.58%	4.01%	4.30%	4.47%

* 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 for shareholders who reinvested dividends is calculated by comparing the end of year net asset value per share plus any dividend per share amounts to the beginning of year net asset value per share.

****Net investment income represents interest income net of expenses.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Directors on October 24, 2025 .



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