

Butterfield Multi-Asset Fund: Balanced GBP

as at 30 September 2020

Objective

The Fund was launched in April 2010 as the Diversified Opportunities Fund, with the aim of providing investors with solid risk-adjusted returns over the medium to long term. The Fund invests in collective investment schemes and exchange traded funds to achieve a broad spread of asset classes on a global basis, targeting an overall level of volatility less than that of equity markets.

Performance summary

- All major regions ended September in negative territory, with the US, UK, Europe, and Emerging Markets all registering losses for the month. COVID-19 cases surged in Europe and the UK, investor focus turned to the US election with a chaotic first Presidential debate and US-China tensions remained elevated, all contributing towards the uncertainty.
- Government bonds rallied against this backdrop, and credit spreads widened.
- The Fund "B" Class fell 0.66% in September, with the NAV ending the month at £1.4911.
- Within the Fund, the strongest performances came from the Vanguard FTSE Japan ETF, up 5.7% over the month, the Fidelity Emerging Markets Equity fund, up 4.7% and the BGF Continental Europe fund, up 2.9%. The UK equity market continues to lag other regions, with the UK equity funds detracting the most once again this month.
- Sterling declined to 1.292 versus the US Dollar as Brexit negotiations weighed on the currency.

Performance chart



Fund review

Stock markets declined during September, as concerns around what the resurgence of COVID-19 means for economies weighed on investors. A lack of further stimulus from the US also contributed to the uncertainty, as many investors hoped a package would have been announced by now. Investors thoughts turned towards the US election, and the continued stalemate over Brexit contributed towards an overall slowdown in the recovery.

The S&P 500 fell by 3.8% during September (in USD terms), recording the first monthly losses since March. Communication stocks Facebook and Alphabet led the declines, with Apple also giving up some of the stellar gains made over the summer. Over the month, the US Federal Reserve extended the constraints on share buybacks and dividend payouts for the largest US banks to the end of the year. The first Presidential debate between Biden and Trump descended into interruptions and insults, adding further disorder to an already chaotic election run-up period. The Federal Reserve reiterated the message that interest rates will remain low for the foreseeable future and released their latest dot-plot chart showing they do not expect inflation to reach 2% until 2023. Over the third quarter as a whole, US equities increased and outperformed the UK and Europe.

European equities declined in September as we saw a resurgence of COVID-19 across the continent, which led to concerns of further restrictions. Economic data came in softer for the second consecutive month, further suggesting that the recovery may be weakening. A rebound in manufacturing activity in Germany contributed to keeping the Purchasing Managers Index (PMI) just above 50 in September (indicating the economy is still expanding). The Services component,

Total return to 30 September 2020	Since launch	5 years	3 years	1 year	YTD	3 months	1 month	3 years annualised	5 years annualised
Butterfield Multi-Asset Fund: Balanced GBP "B"	49.11%	25.97%	6.25%	-1.32%	-3.32%	0.95%	-0.66%	2.04%	4.73%
1 month GBP LIBOR	5.52%	2.39%	1.65%	0.38%	0.20%	0.01%	0.00%	0.55%	0.47%

Discrete calendar year returns	2011	2012	2013	2014	2015	2016	2017	2018	2019
Butterfield Multi-Asset Fund: Balanced GBP "B"	-7.74%	7.00%	8.53%	3.48%	3.14%	11.16%	6.21%	-6.85%	14.52%

Past performance is not necessarily a guide to the future performance and may not be repeated. Performance prior to 15/07/19 was in respect of the Diversified Opportunities Fund.

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Key facts as at 30 September 2020

Investment manager and Custodian	Butterfield Bank (Guernsey) Limited
Administrator	Praxis Fund Services Limited
Domicile	Guernsey
Fund size	£11.62 million
Valuation	Weekly
Dealings	Friday
Available for sale	Channel Islands
Share class	Class A
Minimum investment	£10,000
Minimum additional	£1,000
NAV per share	£1.4375
Ongoing charges	2.25%
Bloomberg code	MCDIOPA GU
SEDOL	B4XSK75
ISIN	GG00B4XSK755
UK reporting status	Yes
Distributions	No
Share class	Class B
Minimum investment	£25,000
Minimum additional	£5,000
NAV per share	£1.4911
Ongoing charges	1.75%
Bloomberg code	MCDIOPB GU
SEDOL	B4Y9806
ISIN	GG00B4Y98063
UK reporting status	Yes
Distributions	No

however, fell to 47.6. Headline inflation fell further into negative territory over the month, driven lower by weak energy prices. Over the third quarter, European equities were largely flat as restrictions were re-introduced in response to the rising virus numbers.

The FTSE 100 fell by 1.5% in September, as a steep rise in positive COVID-19 tests weighed on investors. Energy and Financials were the worst performing sectors. Volatility remained elevated as the Brexit negotiations failed to make progress and the UK government admitting their internal markets bill would break international law. This weighed on Sterling over the month. The UK government announced a successor to the furlough scheme, which will cover up to 22% of the wages of employees working reduced hours-significantly less generous than the original scheme. During the month, the Bank of England once again raised the prospect of negative interest rates, which led to a fall in Gilt yields. UK equities were down over the third quarter as a whole, and continued to be one of the worst performing regions this year.

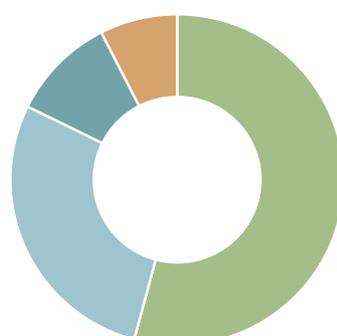
Asian equity markets were mixed over the month, with China underperforming the region. Tensions with the US over the imposition of export controls resulted in a sell-off in semiconductor stocks. India benefited from a stronger US Dollar and Japan also rose slightly over September. Yoshihide Suga won the election in Japan mid-month, which boosted sentiment and hopes for economic stability.

Global emerging markets declined over the month with Latin America the weakest region, followed by EMEA (Europe, Middle East and Africa), whilst Asia was mixed. Colombia and Brazil led the declines. In Brazil, however, increased government spending and cash handouts resulted in a higher approval rating for Bolsonaro. Mexico cut interest rates from 4.5% to 4.25% over the month. Russia also declined on the back of weaker energy prices.

Brent crude dipped back near \$40 per barrel over the month with energy remaining one of the weakest sectors globally as slowing demand impacted sentiment.

During September government bonds rallied and credit spreads (the premium over government bonds that companies need to pay to borrow) widened. Investment grade issuance was strong over the month with Daimler and VW raising finance by issuing "green bonds".

Asset allocation



Equities	54.16%
Bonds	28.13%
Alternatives	10.19%
Cash	7.52%



Butterfield

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Top 10 holdings

iShares Physical Gold ETC	6.23%
Nomura Global Dynamic Bond	4.96%
Liontrust GF Special Situations	4.95%
Jupiter Dynamic Bond	4.94%
AXA WF Framlington UK	4.90%
Pimco Global Real Return	4.88%
JO Hambro UK Growth	4.78%
Findlay Park American	4.15%
91 GSF Multi-Asset Income	3.97%
M&G Offshore Corporate Bond	3.88%
Total Top 10	47.64%
14 other holdings	44.84%
Cash	7.52%
TOTAL	100.00%

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