

Butterfield Multi-Asset Fund: Balanced GBP

as at 28 August 2020

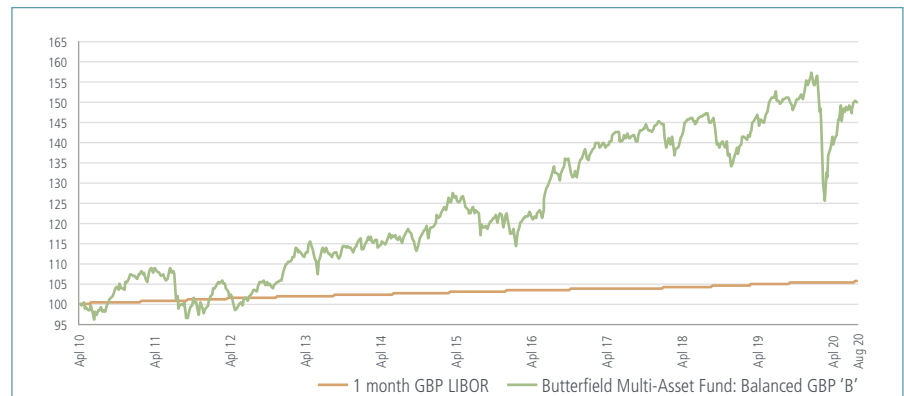
Objective

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

- Global equity markets steamed ahead in August, with most regions ending in positive territory. Reopening economies, progress on the development of a vaccine and improving economic growth data helped to drive markets forward, despite a second wave of COVID-19 beginning to materialise in Europe and India becoming the new virus epicentre.
- The Fund "B" Class appreciated by 1.85% during August, with the NAV ending the month at £1.5010.
- Within the Fund, the strongest performances came from the Loomis Sayles US Growth fund, up 8.56% over the month, and the JO Hambro UK Growth fund, up 6.16%.
- Sterling moved higher at 1.337 versus the US Dollar at the end of the month.
- In contrast to recent months, the position in the iShares Gold ETC was the biggest detractor, down 1.87% in August, but still up almost 28% year-to-date.

Performance chart



Fund review

Stock markets continued their recovery in August with the US technology sector once again leading the charge. Apple's market capitalisation hit an astonishing \$2 trillion, valuing it larger than the entire FTSE 100 index constituents! Economies continued to reopen during the month with more localised lockdowns in hot spots rather than largescale lockdowns in response to rising infections rates in some areas. The race to a vaccine continues with many potential vaccines being tested worldwide. Russia announced the government had given regulatory approval for the first COVID-19 vaccine.

The S&P 500 appreciated by 7.4% during August (in USD terms), with strong performance from the technology and consumer discretionary sectors. Leisure stocks MGM Resorts and Royal Caribbean also enjoyed strong returns over the month. Unemployment continued to fall as businesses reopened across America. Negotiations on the next stimulus package halted with the White House and the Democrats failing to reach a compromise. During the month the Federal Reserve announced it will target an average of 2% inflation over time going forward.

European equities appreciated in August with cyclicals outperforming the more defensive parts of the market. Industrials, energy and consumer discretionary were the top performing sectors. Economic data came in softer, suggesting that the recovery may be weakening. The Purchasing Managers Index (PMI) fell to 51.6 in August, down 3.3 points, but remaining above 50 indicating the economy is still expanding. During the month many European countries saw the number of COVID-19 infections begin to rise again with France and Spain showing concerning levels. Thus far, governments have opted not to reinstate national lockdowns in order to keep economies open.

Total return to 28 August 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"	50.10%	25.48%	6.06%	-0.13%	-2.68%	2.95%	1.85%	1.98%	4.64%
1 month GBP LIBOR	5.51%	2.46%	1.68%	0.49%	0.19%	0.03%	0.01%	0.56%	0.49%

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 28 August 2020

Investment manager and Custodian	Butterfield Bank (Guernsey) Limited
Administrator	Praxis Fund Services Limited
Domicile	Guernsey
Fund size	£11.6 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	£1.4477
Ongoing charges	2.23%
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	£1.5010
Ongoing charges	1.73%
Bloomberg code	MCDIOPB GU
SEDOL	B4Y9806
ISIN	GG00B4Y98063
UK reporting status	Yes
Distributions	No

The FTSE 100 increased 1.76% in August, as indicators pointed to a robust recovery in economic activity this quarter. As shops began to reopen in the UK, retail sales climbed above their pre-pandemic levels. The UK PMI rose to 60.1 up from 56.5 in July, driven by the easing of lockdown measures, indicating the UK recovery remains on track.

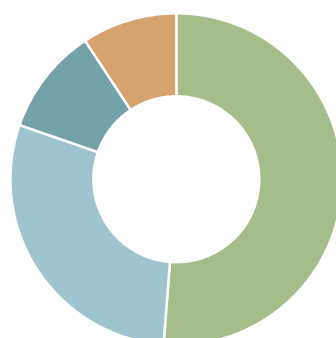
The UK government's rescue package has taken national debt above £2 trillion, or 100.5%, meaning debt exceeded output for a second month. The UK economy contracted 20.4% in the second quarter of the year. During August, the Bank of England voted to keep interest rates on hold at 0.1%.

Asian equity markets were positive once again this month, driven by an improving picture in the global economy. Chinese quarterly earnings were strong, whilst COVID-19 infections rates remained near zero. The Chinese economy continued to normalise. The US government decision to tighten Huawei restrictions on a further 38 Huawei-affiliated companies caused Taiwan to underperform other equity markets in the region. Indian equities rose despite a significant increase in infections leading India to become the new epicentre for the virus. Japanese equities also rose however investor sentiment was dampened on an uninspiring quarterly earnings season and the announcement that Prime Minister Shinzo Abe would resign due to a serious illness.

Global emerging markets continued their rally in August, helped by a weakening US Dollar and an improving global economy. Asia led the gains, followed by EMEA (Europe, Middle East and Africa), whilst Latin American equity markets ended down over the month. However, despite having been one of the worst-affected countries in the region by COVID-19, Brazil is emerging with one of the shallowest recessions thanks to a faster economic reopening, temporary stimulus measures and Brazilians returning to work sooner than their neighbours.

During August, the more interest rate sensitive parts of the bond market were impacted by the rise in government bond yields as inflation expectations rose and investors leaned towards risk assets. Demand was weak at the auction of a new 30-year Treasury bond, suggesting we are nearing the limit to how much the market can absorb. The auction in 40-year Apple bonds also showed signs of weakening demand in corporate bond issuance, with the sale less than two times oversubscribed, as companies took advantage of low borrowing costs.

Asset allocation



Equities	51.23%
Bonds	29.07%
Alternatives	10.43%
Cash	9.27%



Butterfield

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Top 10 holdings

iShares Physical Gold ETC	6.32%
Nomura Global Dynamic Bond	5.16%
Jupiter Dynamic Bond	5.14%
JO Hambro UK Growth	5.10%
Liontrust GF Special Situations	5.09%
AXA WF Framlington UK	5.00%
Pimco Global Real Return	4.97%
Findlay Park American	4.15%
91 GSF Multi-Asset Income	4.11%
M&G Offshore Corporate Bond	3.99%
Total Top 10	49.03%
14 other holdings	41.70%
Cash	9.27%
TOTAL	100.00%

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