



CF Butterfield US Dollar Balanced OEIC

End of December 2009

Key Facts

Current Price **\$0.938**

Fund Size \$38.5million

IMA Sector Specialist

Fees 0-5% Initial (negotiable)
1.5% Annual
Management Fee

Launch Date 1st February 2006

Launch Price \$1.00

Bloomberg CFBUSBA LN

ISIN number GB00B0XQ3L61

Authorised Corporate Director Capita Financial Managers Ltd.

Prices Published Daily Telegraph and
www.uk.butterfieldgroup.com

Benchmark Composite

The fund is managed with reference to a composite benchmark of 10% US Dollar deposits, 25% US Dollar bonds, 48.75% US equities and 16.25% international equities (full details available on request).

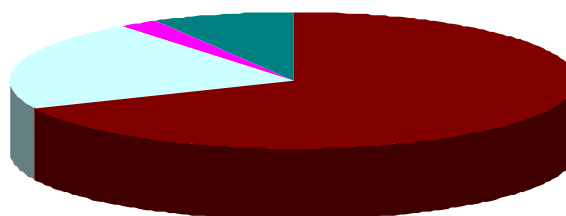
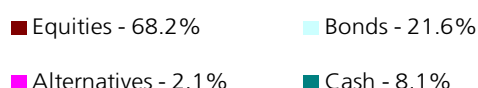
Fund Objective

The aim of this fund is to achieve long term growth from a balanced portfolio of global assets. Though the fund favours equity investment, the manager has the latitude to actively allocate between different asset classes to protect values and reduce volatility. The fund aims to maximise returns in USD terms.

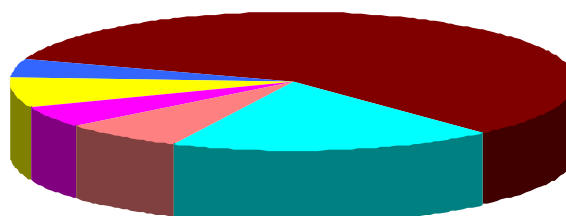
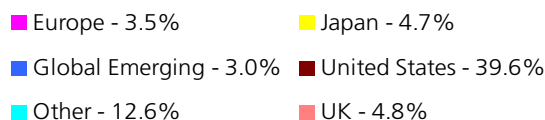
Holdings

CASH		8.1%		
BONDS		21.6%		
EBRD 5.0% 2014	2.2%	M&G American Value	4.3%	
EIB 3.75% 2015	4.6%	Martin Currie North America	4.4%	
IBRD 3.625% 2013	1.6%	<i>Europe</i>		
iShares USD TIPS	4.1%	Cazenove Europe	1.8%	
KFW 4.125% 2014	4.6%	Jupiter Europe	1.7%	
Pimco Global Credit Fund	4.5%	<i>Japan</i>		
EQUITIES		68.2%	JO Hambro Japan	1.9%
<i>United States</i>			Polar Japan \$ Hedged	2.8%
AXA American Growth	4.2%	<i>Global Emerging Markets</i>		
Axa Framlington American	3.6%	Ignis Hexam GEM	3.0%	
Findlay Park Smaller Comps	5.6%	<i>Other</i>		
Gartmore US Opportunities	2.4%	Axa Framlington Health	3.0%	
Investec American	5.2%	Blackrock Gold & General	3.2%	
JP Morgan US Dynamic	2.9%	Investec Energy	3.5%	
Legg Mason US Small Comps	2.0%	Jupiter Financial Opps	2.9%	
M&G American	5.0%	<i>UK</i>		
			Invesco Perpetual Income	4.8%
			ALTERNATIVES	2.1%
			ETFS Agriculture	2.1%

Asset Allocation



Equity Regional Split



Dealing Details

Dealing & Pricing Daily 8.30am

Dealing Cut-Off Time Previous Day 5.30pm

Dealing Telephone 0845 922 0044

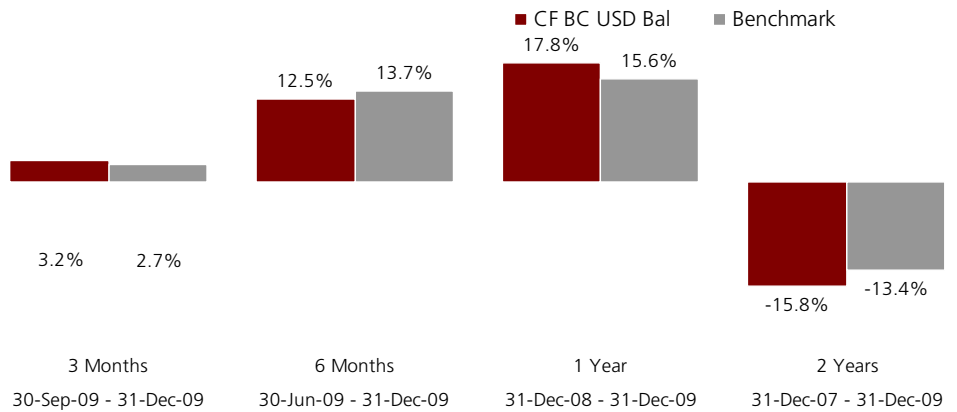
Dealing Fax 0113 224 6001

Share Class Accumulation

ISA Yes

Minimum Investment \$10,000

Comparative Performance (Net of Fees)



Fund Report

Equity markets finished the year on a high with the S&P 500 posting a total return of 6% over the final quarter. Its return, including income, for the calendar year was an impressive 27%. In November, government debt markets were unsettled by the Dubai debt crisis, which reminded investors of the threat of sovereign default. Whilst this did not prompt a systemic collapse, it did trigger a worldwide increase in yields. During the quarter, the Citigroup US All Maturities index declined by 1.3% and fell by 4.4% over the year. Against this backdrop, over the quarter the fund's price rose by 3.2%, exceeding the benchmark return by 0.5%. For the calendar year, the fund returned 17.8%.

At the headline level, the fund's asset allocation has not changed since the end of the third quarter. The equity exposure is still slightly above the benchmark weighting of 65% and in an attempt to limit the impact of expected future volatility a barbell approach has been retained. This combines relatively defensive funds invested in large cap, dividend-paying companies with a number of specific growth investments. The latter reflects holdings that we believe offer superior long-term growth prospects and includes exposure to: global emerging markets, financials and energy stocks. Over the past quarter we have added to this sub-section of the portfolio. In November, the Blackrock Gold & General fund was purchased on the basis that the surge in the gold price dramatically improves the profit potential of gold mining firms. More recently, we initiated a 3% position in the Axa Framlington Health fund. The reason for this is twofold. Firstly, the healthcare industry is traditionally defensive and should prosper in a low growth environment. Secondly, it was perceived that the Obama healthcare reforms would prove less onerous for the affected companies than the market was discounting. This is proving to be the case as the fund's price appreciated by 4% in USD terms in December. In recent months, the financials fund has struggled relative to the general market as certain banks gave signs that further capital raisings would be required. It declined by -7% in USD terms last quarter, but with the yield curve as steep as it has ever been, we believe the outlook for financial firms remains bullish and the fund's return potential still attractive.

Active manager performance has been mixed of late, but has generally been a positive contributor over the past year. Where possible, we have been keen to reduce passive equities exposure and have done so further by funding the investment in the gold fund from the S&P 500 US equities tracker. There are no longer any tracker holdings within the home equity market exposure. The dedicated UK equity income fund is performing as expected and exhibiting less volatility than the broader market. Most US equity funds posted benchmark like returns last quarter. Martin Currie North America lagged by 2%, but we understand that this was caused the manager taking a cautious stance and are comfortable with this for the time being. The conventional fixed income exposure generated a small loss over the period under review, but our emphasis on short duration ensured the downside was negligible. This position will be maintained for now as will the corporate bond holding, which posted a positive return of almost 3% over the quarter. The dedicated position in inflation protection continues to generate steady gains, with the price of the TIPs iShare rising by 2% over the past three months.

Equities should outperform both bonds and cash over the next twelve months, but volatility is likely to remain elevated. Selecting the right areas in which to invest will also be essential as investors look set to become more discerning. This concept will drive our investment process going forward.

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REGULATORY INFORMATION: CF Butterfield US Dollar Balanced fund is a sub fund of CF Butterfield Investment Funds, an ICVC registered in the UK and authorised by the FSA. Butterfield Capital (HK) Ltd. (regulated by the SFC in Hong Kong) acts as investment advisor to the funds and in turn receives investment advice and management services from Butterfield Bank (UK) Ltd. (regulated by the FSA in the UK). This document is for information only and does not constitute an offer to purchase, sell or subscribe to financial instruments or an offer of financial services and should not be relied upon as the basis of any investment decision. We recommend that you seek independent advice as to the suitability of the fund for your needs. The data source for this document is Butterfield Bank (UK) Ltd unless otherwise stated. This document is issued and approved by Butterfield Bank (UK) Ltd, 99 Gresham Street, London EC2V 7NG. Fund performance is shown net of fees. Past performance is not necessarily a guide to the future. The value of investments may fall as well as rise and fluctuations in currency exchange rates may affect their value and you may not get back the amount originally invested.

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