

Annual Report & Audited Financial Statements

Butterfield Bank PCC Limited

For the year ended 30 June 2024

Butterfield Bank PCC Limited

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Butterfield Bank PCC Limited

Directory

For the year ended 30 June 2024

Registered Office of the Company:	1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL
Directors of the Company:	Mr Alan Bain (<i>Non-executive Director</i>) Mr Michel Davy (<i>Non-executive Director</i>) Mrs Janine Lewis (<i>Non-executive Director</i>)
Investment Manager:	Butterfield Bank (Guernsey) Limited P.O. Box 25, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3AP
Custodian:	Butterfield Bank (Guernsey) Limited P.O. Box 25, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3AP
Independent Auditor:	BDO Limited PO Box 180, Plaza House, 2 nd Floor, Admiral Park, St Peter Port, Guernsey, GY1 2HU
Administrator, Secretary, Registrar, & Listing Sponsor*:	Sanne Fund Services (Guernsey) Limited 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL
Legal Advisers:	Carey Olsen (Guernsey) LLP Carey House, Les Banques, St Peter Port, Guernsey, GY1 4BZ
Company Number:	51623 (Registered in Guernsey)

* Sanne Fund Services (Guernsey) Limited is a wholly owned subsidiary of Apex Group Limited.

Butterfield Bank PCC Limited

Report of the Directors

For the year ended 30 June 2024

The Directors of Butterfield Bank PCC Limited (the “Company” or the “PCC”) are pleased to present herewith their annual report and audited financial statements (“the Financial Statements”) for the year ended 30 June 2024.

Incorporation and Stock Exchange Listing

The Company was incorporated in Guernsey on 17 March 2010 and has been authorised as a Class “B” collective investment scheme in accordance with the provisions of The Protection of Investors (Bailiwick of Guernsey) Law, 2020. Since commencement and as at 30 June 2024 the Company has had only one active cell: Butterfield Multi-Asset Fund – GBP Balanced (the “Cell” or “Fund”), which commenced trading on 4 May 2010. Its Class A Participating Redeemable Preference Shares, Class B Participating Redeemable Preference Shares and Class C Participating Redeemable Preference Shares are admitted to the Official List of The International Stock Exchange (“TISE”).

Investment Objective

The investment objective of the Company is to seek to achieve long term capital appreciation. The Company will pursue this objective by investing in a highly diversified portfolio of collective investment schemes, exchange traded funds, other equities, bonds, money market instruments, cash, derivative instruments and structured products from around the world.

Results and Dividends

The Statement of Comprehensive Income for the year is set out on page 16. The total comprehensive income for the year amounted to £3,247,842 (30 June 2023: total comprehensive income of £1,245,298). In line with the Company’s investment objective and the Cell’s distribution policy, no dividends are payable in respect of the Cell (30 June 2023: nil).

The Company remains a reporting fund in accordance with the Offshore Funds (Tax) Regulations 2009 as at the effective date of distribution/retention of the reported income.

Total expense ratio

Year ended 30 June 2024

Year end 30 June 2024 % of Net Assets

	Class A	Class B	Class C
	%	%	%
Net operating expenses*	0.70	0.70	0.70
Management fees	1.50	1.00	0.50
Management fees offset**	(0.70)	(0.70)	(0.70)
Total expense ratio***	1.50	1.00	0.50

Year ended 30 June 2023

Year end 30 June 2023 % of Net Assets

	Class A	Class B	Class C
	%	%	%
Net operating expenses*	0.57	0.57	0.57
Management fees	1.49	1.00	0.50
Management fees offset**	(0.57)	(0.57)	(0.58)
Total expense ratio***	1.49	1.00	0.49

*Net operating expenses are the costs of the Company excluding investment gains and losses and withholding tax expenses.

**The Investment Manager bears the ongoing expenses of the Company, including the fees of the Administrator, the Custodian and the Company’s fees in connection with its ongoing listing of Participating Shares on The International Stock Exchange.

***The total expense ratio (“TER”) represents total operating expenses of the Company, expressed as a percentage of the average net assets for the accounting period.

Directors

The Directors of the Company, who served during the year and to date, are listed on page 1.

Butterfield Bank PCC Limited

Report of the Directors, continued For the year ended 30 June 2024

Directors' Interests

The Directors who held office during the year and up to the date of this report and their interests in the shares of the Company were:

Michel Davy holds 25,866.528 Class C Participating Redeemable Preference Shares in the Company.

Alan Bain and Janine Lewis had no direct interest in the share capital of the Company.

Going Concern

The Directors have reviewed the Company's holdings in cash and cash equivalents, investments and have considered the income deriving from, and the viability of, those investments and the factors that may impact its performance in the forthcoming year, including the potential impact on markets and supply chains of geo-political risks such as the current conflicts in Ukraine and the Middle East, and continuing macro-economic factors and inflation.

The Board of Directors are aware that the economic disruption caused by the factors identified above has resulted in adverse economic impacts globally and on the locations in which the Company invests and operates.

The Board of Directors relies on the Investment Manager to manage liquid investment portfolios that ensure the company remains a going concern. The Board notes that the portfolios managed by our advisors comprise predominantly liquid assets and therefore provide a basis for effective cash management. See note 7 for more information on the level of risk and how it is managed. The Directors have concluded that the Company has adequate financial resources to continue in operational existence and to meet its liabilities as and when they fall due for at least 12 months from the date of approval of these Financial Statements. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements.

Directors' Responsibilities Statement

The Companies (Guernsey) Law, 2008 requires Directors to prepare Financial Statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for the keeping of proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the Company and which enables them to ensure that the Financial Statements comply with the Companies (Guernsey) Law, 2008 and The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021 made under The Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the principal documents. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law or regulations.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

Butterfield Bank PCC Limited

Report of the Directors, continued For the year ended 30 June 2024

Directors' Statement

The Directors make the following statement:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that all steps have been taken by the Directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance

The Directors have considered the effectiveness of their corporate governance practices with regard to the principles set out in the Finance Sector Code of Corporate Governance (the "Code") issued by the Guernsey Financial Services Commission. The Directors are satisfied with their degree of compliance with the principles set out in the Code in the context of the nature, scale and complexity of the business.

Anti-Bribery and Corruption

The Company adheres to the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2008. In consideration of the UK Bribery Act 2010, the Board abhors bribery and corruption of any form and expects all the Company's business activities, whether undertaken directly by the Directors themselves or by third parties on the Company's behalf, to be transparent, ethical and beyond reproach. On discovery of any activity or transaction that breaches the requirements of the Prevention of Corruption (Bailiwick of Guernsey) Law, 2008 or the UK Bribery Act 2010, such discovery will be reported to the relevant authorities in accordance with prescribed procedures. The Company is committed to regularly reviewing its policies and procedures to uphold good business practice.

Criminal Finances Act

The Directors of the Company have a zero-tolerance commitment to preventing persons associated with it from engaging in criminal facilitation of tax evasion. The Board has satisfied itself in relation to its key service providers that they have reasonable provisions in place to prevent the criminal facilitation of tax evasion by their own associated persons and will not work with service providers who do not demonstrate the same zero tolerance commitment to preventing persons associated with them from engaging in criminal facilitation of tax evasion.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act ("FATCA") became effective on 1 January 2013. The legislation is aimed at determining the ownership of US assets in foreign accounts and improving US tax compliance with respect to those assets. On 13 December 2013, the States of Guernsey entered into an intergovernmental agreement ("IGA") with US Treasury, in order to facilitate the requirements under FATCA. The Company registered with the Internal Revenue Service ("IRS") during 2014 as a Foreign Financial Institution ("FFI") and received a Global Intermediary Identification Number. The Company completed its FATCA 2023 reporting by the deadline of 30 June 2024.

Common Reporting Standard

The Common Reporting Standard ("CRS"), formerly the Standard for Automatic Exchange of Financial Account Information, became effective on 1 January 2016. CRS is an information standard for the automatic exchange of information developed by the Organisation for Economic Co-operation and Development ("OECD"). CRS is a measure to counter tax evasion and it builds upon other information sharing legislation, such as FATCA, the UK – Guernsey Inter-Governmental Agreement for the Automatic Exchange of Information and the European Union Savings Directive, and has superseded the UK – Guernsey Inter-Governmental Agreement for the Automatic Exchange of Information with effect from 1 January 2016. Reporting under CRS in Guernsey is completed on an annual basis. Early adopters who signed the Multilateral Agreement (including Guernsey) have made the necessary information exchanges since September 2017. The Company completed its CRS 2023 reporting by the deadline of 30 June 2024.

Alternative Investment Fund Managers Directive

The Alternative Investment Fund Managers Directive ("AIFMD") is European Union ("EU") legislation aimed at increasing investor protection and reducing systematic risk by creating a harmonised EU framework for managers of alternative investment funds in the EU. The Company is a non-EU Fund with a non-EU Investment Manager and it is listed on a non-EU exchange. As the Company has not sought to raise new capital in the EU, it is not considered to be marketed in the EU, and therefore is not captured by AIFMD.

Butterfield Bank PCC Limited

Report of the Directors, continued For the year ended 30 June 2024

The Investment Manager

The Company has, pursuant to its powers under the Investment Management Agreement Amended and Restated 23 June 2016 (the "Investment Management Agreement"), appointed the Investment Manager to be responsible for managing the assets of the Company. Under the Investment Management Agreement made between the Company, the Administrator and the Investment Manager, the Investment Manager is responsible for, inter alia, making decisions in relation to the acquisition, holding and disposal of investments for the Company and reviewing the portfolio of the Company periodically.

The Investment Manager's appointment may be terminated at any time by the Company if there is a material breach of the Investment Management Agreement, upon the insolvency, liquidation (save for the purpose of a previously approved winding up) or receivership of the Investment Manager or if the Investment Manager ceases to be qualified to act as such. The Company is also entitled to remove the Investment Manager on 90 days' prior notice to expire at the end of a calendar quarter.

Under the terms of the Investment Management Agreement the Investment Manager is not liable for any acts or omissions in the performance of its services under the Investment Management Agreement in the absence of wilful misconduct, gross negligence, bad faith or fraud and subject thereto the Investment Manager is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Administrator

The Company appointed Sanne Fund Services (Guernsey) Limited (the "Administrator") to act as Administrator to the Company pursuant to an Administration Agreement dated 23 March 2010 (the "Administration Agreement"). On 31 August 2021, the original administration agreement and subsequent addendums which set out the terms upon which the Company paid remuneration to the Administrator were amended and restated.

The Administration Agreement may be terminated by either party on not less than six months' notice, or earlier upon certain breaches of the Administration Agreement or the insolvency or receivership of either party or if the Administrator ceases to be qualified to act as such.

Under the terms of the Administration Agreement the Administrator is not liable for any acts or omissions in the performance of its services under the Administration Agreement other than those that are caused by the Administrator's negligence, breach of the Administration Agreement, dishonesty, fraud, willful neglect, willful misconduct or bad faith. In the absence of fraud, negligence or willful misconduct on the part of the Administrator or any agent which is an associate of the Administrator, the Administrator is entitled to be indemnified to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services.

Custodian

The Company appointed Butterfield Bank (Guernsey) Limited (the "Custodian") to act as Custodian of the Company by an agreement dated 23 March 2010 (the "Custodian Agreement").

The Custodian Agreement may be terminated by either the Company or the Custodian giving not less than 90 days' notice, or earlier upon certain breaches of the Custodian Agreement or the insolvency or receivership of any party.

The Company has agreed that they shall not hold the Custodian liable for any acts or omissions in the performance of its services under the Custodian Agreement in the absence of wilful misconduct, negligence or fraud and subject thereto to indemnify the Custodian, to the extent permitted by law, against all actions, proceedings, claims and demands arising in connection with the performance of its services under the Custodian Agreement.

Butterfield Bank PCC Limited

Report of the Directors, continued For the year ended 30 June 2024

Status of Taxation

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended, and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption entails payment by the Company of an annual fee of £1,600 for 2024 (30 June 2023: £1,200). It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to withholding tax in the country of origin.

The Company has suffered no irrecoverable withholding tax (30 June 2023: £nil) during the year.

Scheme Particular Amendments

Pursuant to the requirements of The Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021, a review of the Company's scheme particulars ("SP") is completed on an annual basis. The last review of the Company's Scheme Particulars was completed in September 2023.

Independent Auditor

BDO Limited has been appointed as auditor to the Company and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board

Michel Davy
Director

25 September 2024

Butterfield Bank PCC Limited

Investment Manager's Report For the year ended 30 June 2024

The Butterfield Multi-Asset Fund Balanced GBP Class A posted a gain of 11.46% for the twelve-month period ending 28 June 2024. The Class B and C units recorded gains of 12.02% and 12.57% respectively for the same period.

Returns were spread across the financial year, with positive returns seen in both halves. During the second half of 2023, A units recorded a gain of 4.96% whilst the Class B units returned 5.22% and the Class C units returned 5.48%. Similarly, the first half of 2024, the Class A units recorded a gain of 6.20%, the Class B units gained 6.46% and the Class C units increased in value by 6.72%.

Within the Fund, we ended June 2024 with a moderate underweight position in equities, neutral weighting to bonds and a small overweight allocation to alternative investments. From our analysis, the Fund has delivered a return ahead of its local peer group over the financial year.

We focus on some of the key events and movements in the Fund over the last year:

Q2 2024 Highlights:

- During April, equity and bond markets declined as interest rate cuts were pared back on persistent US inflation numbers. Commodities and Gold were the strongest asset classes as investors worried about the threat of escalation in the Middle East. This was positive for the UK equity market which has a high exposure to these two areas.
- May saw UK inflation fall meaningfully and global equities moved higher, as economic data remained supportive. The US earnings season was positive overall, helping to drive market performance. The market began to price in interest rate cuts from the European Central Bank and the Bank of England over the summer.
- Political risk in France weighed on European equities during June and the market narrowed once more with those stocks with exposure to the Artificial Intelligence theme leading the market. US economic data came in softer, giving investors hope that the US would start to ease policy at the end of the summer.
- There were no significant trades made during the second quarter of 2024. We trimmed the holding in First Sentier Asian Equity fund in favour of broader Emerging Markets exposure.
- Turning to second quarter performance, the holding in the JO Hambro UK Growth Fund was the strongest performer, up 13.05%. The Asia and Emerging Markets equity funds also performed well during the quarter with First Sentier Asian Equity Fund up 6.54%, Schroders Emerging Markets Equity Fund increasing by 5.88% and Fidelity Emerging Markets equity Fund gaining 4.26%.

US equities recorded a Q2 gain of 4.3% in USD terms, once again largely driven by positive performance of 'the Magnificent-7'. Nvidia delivered 36.7%, Apple +23.0% and Alphabet +20.8% over the quarter, due to their exposure to the Artificial Intelligence theme.

European equities (excluding the UK) were largely flat over the quarter, weighed down by political risk in France. The European Central Bank made their first interest rate cut of 25bps during the quarter.

The UK FTSE All Share index increased by 3.7% over the quarter, buoyed by the stronger performance of Commodities. Inflation in the UK fell to 2.0% by the end of the quarter, in line with the Bank of England target.

Global bond markets were mixed in the second quarter with shorter dated issues outperforming longer-dated bonds as investors closely followed central bank projections to assess the likely path of interest rates.

Butterfield Bank PCC Limited

Investment Manager's Report, continued For the year ended 30 June 2024

Q1 2024 Highlights:

- January saw mixed performances across the asset classes. US inflation came in higher than expected, tempering investor expectations for multiple rate cuts in 2024. Japan was the stand-out performer, with the Topix index up 7.8% in January.
- During February fixed income assets struggled as hawkish statements from central banks pushed out the expectations for rate cuts to later in the year, as inflation remained sticky.
- In March, markets were once again getting excited by the prospect of interest rate cuts, however US CPI inflation came in slightly above expectations at 3.2%. The Swiss National Bank surprised markets with a 25bps interest rate cut.
- Over the first quarter of 2024, we trimmed our holdings in US equities after a strong rally in Q4 2023 and Q1 2024.
- Over the first quarter we saw some strong performances from a number of our holdings. US equity funds Artemis US Select rose 17.4%, Loomis Sayles US Growth rose 12.4%, Findlay Park American Fund was up 10.7% and the iShares Core S&P 500 ETF delivered 10.9%. In Japanese equities, we saw strong performances from both Nomura Japan Strategic Value Fund which delivered 12.5% and the Vanguard FTSE Japan ETF, up 11.2%. Our holding in the Polar Capital Healthcare Fund also rose 12.3% over the quarter.

US equities rose 10.5% in USD terms during Q1 with Growth outperforming Value. Sentiment was largely driven by Nvidia, the world's largest semi-conductor company. Following the release of their quarterly earnings in February, the market added a record \$277 billion increase in market value, the largest single-day increase, as the company beat expectations and reignited a rally fuelled by optimism about artificial intelligence.

Q1 also saw European equities (excluding the UK) increase by 8.5% in Euro terms, as strong economic data and the expectation of imminent interest rate cuts fuelled markets.

During the first quarter, it was confirmed that the UK had fallen into a technical recession in the final quarter of 2023. However, this was short-lived with the UK bouncing back in the first quarter, with GDP rising by 0.2%, and the FTSE 100 index hitting a 12-month high.

Second half of 2023 Highlights:

- The third quarter was difficult for financial markets with weakness in both bonds and equities. Inflation pressures began to subside in many countries from elevated levels.
- Volatility in the bonds markets saw a sell-off during the summer, with US Treasuries disappointing investors.
- Commodities bucked the trend with oil prices rising, with the UK market benefiting from its large exposure to the energy sector.
- The Fund began the final quarter of 2023 down as markets in October were roiled by the escalating conflict in the Middle East, driving oil prices and bond yields higher. However, relief came in November as inflation data in all major developed markets fell sharply, suggesting the tightening cycle had peaked. This saw bond yields fall and expectations for lower interest rates increase.
- Falling energy prices were the main driver behind the decline in inflation numbers as the oil price fell steadily over the last two months of the quarter.
- Global equities rallied towards the end of the year, ending the fourth quarter up 11.5% in US Dollar terms, or 6.7% in Sterling terms, as investors became increasingly optimistic about the likelihood of a soft landing.
- Gold reached an all-time high during December, hitting \$2,135, but closed the year at \$2,063.

Butterfield Bank (Guernsey) Limited

25 September 2024

Butterfield Bank PCC Limited

Custodian's Report

For the year ended 30 June 2024

Dear Shareholders

This report is given in accordance with Rule 6.4 of the Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021 (the "Class B Rules"). All defined terms in this report have the same meaning as defined under the Class B Rules.

In our capacity as Custodian to the Company we confirm that, in our opinion, during the year ended 30 June 2024, the Manager has managed Butterfield Bank PCC Limited in accordance with the provisions of the Principal Documents of the Company and the Class B Rules and to the best of our knowledge no material breaches have occurred.

**Butterfield Bank (Guernsey) Limited
as Custodian of
Butterfield Bank PCC Limited**

25 September 2024

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited

Opinion on the financial statements

In our opinion, the financial statements of Butterfield Bank PCC Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 30 June 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 30 June 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the Directors' paper in respect of going concern and challenging the liquidity of the investment portfolio held, and the expected annual running costs and determining whether these assumptions were reasonable based on our knowledge of the Company and consistent with discussions with both those charged with governance and management. Performing our own considerations regarding the impact of potential redemptions may have on going concern; and
- Reviewing the minutes of meetings of those charged with governance, the RNS announcements and the regulatory compliance reports for any indicators of concerns in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited, continued

Overview

Key audit matters (2024 and 2023)	Valuation and ownership of investments
Materiality	<i>Company financial statements as a whole</i> £534,000 (2023:£462,000) based on 1.75% (2023: 1.75%) of <i>total assets</i> (2023: Total assets)

An overview of the scope of our audit

Our Company audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We carried out a full scope of the Company which was tailored to take into account the nature of the Company's investments, involvement of the Investment Manager, the Company's Administrator and the Custodian, the accounting and reporting environment and the industry in which the Company operates.

In designing our overall audit approach, we determined materiality and assessed the risk of material misstatement in the financial statements.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment, we considered the Company's interaction with the Manager and the Company's Administrator and Custodian. We obtained an understanding of the control environment in place at the Manager and the Company's Administrator to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited, continued

An overview of the scope of our audit, continued

Key audit matters, continued

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation and Ownership of Investments (Note 2, 4)	<p>The investment portfolio as at 30 June 2024 comprised either listed investments or investments in funds whose prices are publicly available.</p> <p>This is a key accounting estimate where there is an inherent risk of management override arising from the investment valuations. The Investment Manager is remunerated based on the net asset value of the funds, derived using those valuations.</p> <p>There is also a risk that errors made in the recording of investment holdings results in the incorrect reflection of investments owned by the Company and therefore we consider this together with the related disclosures to be a key audit matter.</p> <p>We focused on the valuation and ownership of investments because investments represent a material proportion of the net asset value as disclosed in the Statement of Financial Position.</p>	<p>We agreed the ownership of all investment portfolio holdings to the independent Custodian confirmation.</p> <p>We tested the valuation of all investments held by agreeing the prices used in the valuation to independent third-party sources such as Refinitiv.</p> <p>We recalculated the fair value of the investments by multiplying the number of shares held per the statement obtained from the custodian by the price per share.</p> <p>We also checked that amounts were appropriately presented and disclosed within the financial statements.</p> <p>Key observations:</p> <p>Based on the work performed, we did not identify any matters to indicate that the ownership and valuation of the investments are inappropriate.</p>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited, continued

Our application of materiality, continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2024 £	2023 £
Materiality	534,000	462,000
Basis for determining materiality	1.75% of total assets	1.75% of total assets
Rationale for the benchmark applied	The benchmark was determined as appropriate due to the Company being an investment fund with the objective of long-term capital growth, with investment values being a key focus of users of the financial statements.	
Performance materiality	400,500	346,000
Basis for determining performance materiality	75% of materiality This was determined using our professional judgement and took into account the complexity of the Company and our long-standing knowledge of the engagement together with a history of minimal errors and adjustments.	

Specific materiality

We also determined that for investment income and sensitive expenses including investment management fees, Directors' fees, custodian fees, administration fees, audit fees and legal fees, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 10% of materiality being £53,400 (2023: £46,200). We further applied a performance materiality level of 75% (2023: 75%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Reporting threshold

We agreed with the Board of Directors that we would report to them all individual audit differences in excess of £26,700 (2023: £23,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited, continued

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement within the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine 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, the Directors are responsible for assessing the Company'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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 ISAs (UK) 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations; and
- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company.

we considered the significant laws and regulations to be IFRS endorsed by the European Union, the Listing Rules issued by The International Stock Exchange, the Protection of Investors (Bailiwick of Guernsey) Law, 2020, the Authorised Collective Investment Schemes (Class B) Rules and Guidance 2021 and the Companies (Guernsey) Law, 2008.

Our procedures in respect of the above included:

- Enquiry with management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Review minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission and internal regulatory compliance reports to identify and consider any known or suspected instances of non-compliance with laws and regulation;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal and professional expenditure accounts to understand the nature of expenditure incurred.

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited, continued

Auditor's responsibilities for the audit of the financial statements, continued

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud;
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Recalculating investment income and realised and unrealised gains and losses in full for listed investments based on external source information; and
- Agreeing prices used in investment valuations to independent third-party sources.

Based on our risk assessment, we considered the area most susceptible to fraud to be the valuation of investments.

Our procedures in respect of the above included:

- Recalculating investment income and realised and unrealised gains and losses in full for listed investments based on external source information; and
- Agreeing prices and investment holding used in investment valuations to independent third-party sources.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The engagement director on the audit resulting in this independent auditor's opinion is Simon Hodgson.

Butterfield Bank PCC Limited

Independent Auditor's Report to the Members of Butterfield Bank PCC Limited, continued

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO Limited
Chartered Accountants
Plaza House,
2nd Floor,
Admiral Park,
St Peter Port
Guernsey

25 September 2024

Butterfield Bank PCC Limited

Statement of Comprehensive Income For the year ended 30 June 2024

		30 June 2024	30 June 2023
	Note	Butterfield Multi-Asset Fund – GBP Balanced	Butterfield Multi-Asset Fund – GBP Balanced
		£	£
Net gains on investments at fair value through profit or loss	4	2,861,134	898,128
Net foreign exchange gains		4,481	43,770
		<u>2,865,615</u>	<u>941,898</u>
Income			
Dividend income	4	543,507	515,479
Interest income		61,399	3,958
Total net income		<u>3,470,521</u>	<u>1,461,335</u>
Expenses			
Investment management fees	6	26,750	55,208
Administration fees	6	82,921	71,824
Directors' fees	6	32,309	30,000
Custodian fees	6	20,809	20,947
Audit fees		30,196	16,740
Annual and regulatory fees		5,846	6,734
Listing fees		8,719	4,921
Brokers fees		1,259	1,466
Legal fees		12,643	6,360
Other expenses		1,227	1,837
Total operating expenses		<u>222,679</u>	<u>216,037</u>
Profit before tax		<u>3,247,842</u>	<u>1,245,298</u>
Tax expenses	9	-	-
Profit for financial year before allocation of income attributable to holders of Participating Redeemable Preference Shares		<u>3,247,842</u>	<u>1,245,298</u>
Profit attributable to holders of Participating Redeemable Preference Shares		(3,247,842)	(1,245,298)
Result for financial year after allocation of profit attributable to holders of Participating Redeemable Preference Shares		-	-
Profit for the year attributable to holders of Equity Management Shares		-	-
Increase in net assets attributable to:			
Holders of Participating Redeemable Preference Shares		<u>3,247,842</u>	<u>1,245,298</u>
Holders of Equity Management Shares		<u>-</u>	<u>-</u>
Profit/(loss) attributable per Class A Participating Redeemable Preference Share	11	<u>£0.121</u>	<u>£0.038</u>
Profit/(loss) attributable per Class B Participating Redeemable Preference Share	11	<u>£0.129</u>	<u>£0.046</u>
Profit/(loss) attributable per Class C Participating Redeemable Preference Share	11	<u>£0.137</u>	<u>£0.053</u>

All profit is attributable to the Participating Redeemable Preference shares of the Cell.

The notes on pages 20 to 36 form an integral part of these Financial Statements.

Butterfield Bank PCC Limited

Statement of Changes in Equity For the year ended 30 June 2024

	For the year ended 30 June 2024	For the year ended 30 June 2023
	£	£
As at 1 July	1	1
Profit for the year attributable to holders of Equity Management Shares for the year	-	-
As at 30 June	1	1

Statement of Changes in Net Assets Attributable to Holders Participating Redeemable Preference Shares For the year ended 30 June 2024

		For the year ended 30 June 2024	For the year ended 30 June 2023
	Note	£	£
As at 1 July		26,401,444	25,534,408
Profit attributable to holders of Participating Redeemable Preference Shares for the year		3,247,842	1,245,298
Total comprehensive income for the year		3,247,842	1,245,298
Transactions with holders of Participating Redeemable Preference Shares:			
Amounts received on issue of shares	8	3,039,976	6,478,608
Amounts paid on redemption of shares	8	(2,218,812)	(6,856,870)
Total transactions with holders of Participating Redeemable Preference Shares		821,164	(378,262)
As at 30 June		30,470,450	26,401,444

Notes on pages 20 to 36 form an integral part of these Financial Statements.

Butterfield Bank PCC Limited

Statement of Financial Position

As at 30 June 2024

		30 June 2024			30 June 2023		
	Note	Company Total	Non-Cellular	Butterfield Multi-Asset Fund – GBP Balanced	Company Total	Non-Cellular	Butterfield Multi-Asset Fund – GBP Balanced
		£	£	£	£	£	£
Assets							
Investments at fair value through profit or loss	4	28,751,430	-	28,751,430	25,476,387	-	25,476,387
Trade and other receivables		52,645	1	52,644	14,113	1	14,112
Cash and cash equivalents		1,713,511	-	1,713,511	950,748	-	950,748
Total assets		30,517,586	1	30,517,585	26,441,248	1	26,441,247
Liabilities							
Trade and other payables		47,135	-	47,135	39,803	-	39,803
		47,135	-	47,135	39,803	-	39,803
Liabilities (excluding net assets attributable to holders of Participating Redeemable Preference Shares)		47,135	-	47,135	39,803	-	39,803
Net assets attributable to holders of Participating Redeemable Preference Shares	8	30,470,450	-	30,470,450	26,401,444	-	26,401,444
Total liabilities		30,517,585	-	30,517,585	26,441,247	-	26,441,247
Equity							
Management Shares	5	1	1	-	1	1	-
Total equity		1	1	-	1	1	-
Total liabilities and equity		30,517,586	1	30,517,585	26,441,248	1	26,441,247
Net assets per Class A Participating Redeemable Preference Share	10			<u>1.7090</u>			<u>£1.5333</u>
Net assets per Class B Participating Redeemable Preference Share	10			<u>1.8062</u>			<u>£1.6124</u>
Net assets per Class C Participating Redeemable Preference Share	10			<u>1.0665</u>			<u>£0.9474</u>

Notes on pages 20 to 36 form an integral part of these Financial Statements.

The Financial Statements on pages 16 to 36 were approved and authorised by the Board for issue on 25 September 2024 and signed on its behalf by:

Michel Davy
Director

Butterfield Bank PCC Limited

Statement of Cash Flows

For the year ended 30 June 2024

	Note	30 June 2024 Butterfield Multi- Asset Fund – GBP Balanced £	30 June 2023 Butterfield Multi- Asset Fund – GBP Balanced £
Cash flows used in operating activities			
Profit for the financial year		3,247,842	1,245,298
Adjustments for:			
Net gains on financial assets at fair value through profit or loss	4	(2,861,134)	(898,128)
Net foreign exchange gains		(4,481)	(43,770)
		<u>382,227</u>	<u>303,400</u>
Changes in working capital			
(Decrease)/increase in trade and other receivables		(38,532)	5,899
Increase in trade and other payables		7,332	11,582
		<u>351,027</u>	<u>320,881</u>
Proceeds from sale of financial assets at fair value through profit or loss ¹	4	3,495,045	5,529,430
Purchase of financial assets at fair value through profit or loss ¹	4	(3,908,954)	(6,487,158)
		<u>(62,882)</u>	<u>(636,847)</u>
Net cash flow used in operating activities			
Cash flows from/(used in) financing activities			
Proceeds from participating redeemable preference shares issued ²		2,942,330	5,114,510
Redemption of participating redeemable preference shares ²		(2,121,166)	(5,492,772)
		<u>821,164</u>	<u>(378,262)</u>
Net cash flows from/(used in) financing activities			
Net increase/(decrease) in cash and cash equivalents		758,282	(1,015,109)
Effect of exchange rate changes during the year		4,481	43,770
Cash and cash equivalents at beginning of year		950,748	1,922,087
Cash and cash equivalents at end of year		<u>1,713,511</u>	<u>950,748</u>

The notes on pages 20 to 37 form an integral part of these Financial Statements.

¹ Excludes non-cash transactions. For further details see note 4

² Excludes non-cash transactions. For further details see note 8

Butterfield Bank PCC Limited

Notes to the Financial Statements

For the year ended 30 June 2024

1. The Company

Butterfield Bank PCC Limited (the “Company” or “PCC”) was incorporated in Guernsey on 17 March 2010 and has been authorised as a Class “B” collective investment scheme in accordance with the provisions of The Protection of Investors (Bailiwick of Guernsey) Law, 2020. Since commencement and as at 30 June 2024 the Company has had only one active cell: Butterfield Multi-Asset Fund – GBP Balanced (the “Cell” or “Fund”), which was admitted to The International Stock Exchange (“TISE”) on 4 May 2010. Its Class A Participating Redeemable Preference Shares, Class B Participating Redeemable Preference Shares and Class C Participating Redeemable Preference Shares (the “PRP Shares”) are admitted to the Official List of TISE.

The principal objective of the Company is to seek to achieve long term capital appreciation. The Company will pursue this objective by investing in a highly diversified portfolio of collective investment schemes, exchange traded funds, other equities, bonds, money market instruments, cash, derivative instruments and structured products from around the world.

2. Material Accounting Policy Information

Basis of accounting

The Financial Statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU.

The Directors believe that the Financial Statements contain all of the information required to enable shareholders and potential investors to make an informed appraisal of the investment activities and profits and losses of the Company for the period to which they relate and do not omit any matter or development of significance.

The Company’s Financial Statements have been prepared on a historical cost basis, except for financial assets or financial liabilities measured at fair value through profit or loss.

Going concern

The Directors have reviewed the Company’s holdings in cash and cash equivalents, investments and have considered the income deriving from, and the viability of, those investments and the factors that may impact its performance in the forthcoming year, including the potential impact on markets and supply chains of geo-political risks such as the current conflicts in Ukraine and the Middle East, and continuing macro-economic factors and inflation.

The Board of Directors are aware that the economic disruption caused by the factors identified above has resulted in adverse economic impacts globally and on the locations in which the Company invests and operates.

The Board of Directors relies on the Investment Manager to manage liquid investment portfolios that ensure the company remains a going concern. The Board notes that the portfolios managed by our advisors comprise predominantly liquid assets and therefore provide a basis for effective cash management. See note 7 for more information on the level of risk and how it is managed. The Directors have concluded that the Company has adequate financial resources to continue in operational existence and to meet its liabilities as and when they fall due for at least 12 months from the date of approval of these Financial Statements. Accordingly, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing these Financial Statements.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

2. Material Accounting Policy Information, continued

New accounting standards effective and adopted

The following relevant amended standard has been applied in these Financial Statements during the year:

- IAS 1 (amended), 'Presentation of Financial Statements' (effective for accounting periods commencing on or after 1 January 2023).

The amendment to IAS 1 related to the disclosure of accounting policies. The adoption of this amended standard has generated a review of and reduction in the accounting policy disclosures such that only material accounting policy information is now provided. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decision that the primary users of the financial statements make based on those financial statements.

New Accounting Standards and interpretations applicable to future reporting periods

The following relevant IFRSs, which have not been applied in these Financial Statements, were in issue at the reporting date but not yet effective:

- IFRS 7 (amended), 'Financial Instruments: Disclosures' (effective for accounting periods commencing on or after 1 January 2026);
- IFRS 9 (amended), 'Financial Instruments' (effective for accounting periods commencing on or after 1 January 2026);
- IFRS 18, 'Presentation and Disclosures in Financial Statements' (effective for accounting periods commencing on or after 1 January 2027).

The amendments to IFRS 7 and IFRS 9 were published in May 2024 and relate to the classification and measurement of financial instruments.

IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

In addition, the International Sustainability Standards Board (ISSB) published the following Sustainability Disclosure Standards in June 2023, effective for accounting periods commencing on or after 1 January 2024:

- IFRS S1, 'General Requirements for Disclosure of Sustainability-related Financial Information'
- IFRS S2, 'Climate-related Disclosures'

IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities.

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities.

The purpose of both standards is to provide information that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Board expects that the adoption of these new and amended standards in a future period will not have a material impact on the Financial Statements of the Company.

Basis of Aggregation

The Company's aggregated Financial Statements, which are shown in the total column, represent the sum of the Cell and the non-cellular assets and liabilities within the PCC.

Financial Assets and Liabilities

Financial assets

Under IFRS 9, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- fair value through profit or loss ("FVTPL"); or
- fair value through other comprehensive income ("FVOCI").

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

2. Material Accounting Policy Information, continued

Financial Assets and Liabilities, continued

Financial assets, continued

Classification

On initial recognition, the Company classifies its financial assets as measured at amortised cost or at fair value through profit or loss ("FVTPL").

This classification is determined by both:

- the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets 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 ("SPPI").

All other financial assets of the Company are measured at FVTPL.

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed.

The Company has determined that it has two business models.

- *Amortised cost: Held-to-collect business model* - this includes cash and cash equivalents and other receivables. These financial assets are held to collect contractual cash flow.
- *Fair value through profit or loss: Other business model* - this includes investments in listed equities and investment funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost:

This includes trade and other payables and unsettled investment purchases.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

2. Material Accounting Policy Information, continued

Financial Assets and Liabilities, continued

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Fair Value Measurement Hierarchy

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 7). The fair value hierarchy has the following levels:

- *quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);*
- *inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and*
- *inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).*

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement as a whole. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Cash and cash equivalents

Cash and cash equivalents include current accounts and demand deposits with an original maturity of three months or less.

Trade and other receivables

Receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment of financial assets

IFRS 9 introduced the Expected Credit Loss ("ECL") model which brings forward the timing of impairments.

Under IFRS 9 for trade receivables the Company has elected to apply the simplified model as the trade receivables all have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime ECLs. Under the simplified approach practical expedients are available to measure lifetime ECL but forward looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

The Directors have concluded that any ECLs on trade receivables would be highly immaterial to the Financial Statements.

Trade and other payables

Payables are not interest-bearing and are stated at their nominal value.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

2. Material Accounting Policy Information, continued

Net assets attributable to holders of redeemable shares

The amounts attributable to holders of participating redeemable preference shares are classified as liabilities in the Company's Statement of Financial Position as they represent puttable instruments at the option of the holder meeting the applicable criteria for such categorisation.

Redeemable shares are issued and redeemed at the holder's option at prices based on the relevant Cell's net asset value at the time of issue or redemption of redeemable shares in that Cell. The Cell's net asset value per redeemable share is calculated by dividing the net assets attributable to holders of redeemable shares in that Cell by the total number of outstanding redeemable shares in that Cell at the redemption date. The dealing in the Cell is carried out on a weekly basis.

Investment Income

Income is included in the Statement of Comprehensive Income as follows:

- Dividends receivable are accounted for on an accruals basis. The Company accrues for dividend income where the instrument is held at the ex-dividend date and the Company's right to receive the dividend is irrevocable.
- Interest revenue is recognised on a time-proportionate basis using the effective interest method.

Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Foreign Exchange

The functional and presentation currency of the Company is Pounds Sterling ("Sterling").

Transactions in foreign currencies are recorded in Sterling at the rate ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies at the end of the accounting period are translated into Sterling at the closing exchange rates at the reporting date. Gains and losses arising on translation are included in the Statement of Comprehensive Income.

Management Shares

The Management Shares have been created so that Redeemable Preference Shares may be issued. To qualify as Redeemable Preference Shares, the shares were required under the Companies (Guernsey) Law, 2008, at incorporation, to have a preference over some other class of share capital. The Management Shares are not redeemable and do not carry a right to participate in the profits or assets of the Company. Each holder of Management Shares is entitled to receive notice of and attend any general meeting of the Company.

3. Judgements and estimates

The preparation of Financial Statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued

For the year ended 30 June 2024

3. Judgements and estimates, continued

The most critical estimates, that the Directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in the Financial Statements is the fair value of financial assets designated to be at fair value through profit or loss (see note 2). The fair value of securities not traded in an active market may be determined by the Company using reputable pricing sources (such as pricing agencies) or indicative prices from market makers and not from judgements of the Directors. For these purposes, the Directors consider prices obtained from the administrators of underlying non-exchange traded securities to which the securities are puttable back to the issuer as being a reliable pricing source in an inactive market. Quotes obtained from pricing sources may be indicative and not executable or binding. The Company's classification of fair value measurements and the risk management policies are disclosed in note 7.

4. Investments at Fair Value Through Profit or Loss

The investment portfolio can be analysed as follows.

	30 June 2024 Butterfield Multi-Asset Fund – GBP Balanced	30 June 2023 Butterfield Multi-Asset Fund – GBP Balanced
	£	£
Alternative Funds	-	670,005
Bond and Bond Funds	10,340,256	9,053,019
Commodity Funds	1,074,000	880,800
Equity or Equity Funds	17,337,174	14,872,563
Financial assets at fair value through profit or loss	28,751,430	25,476,387

	30 June 2024 Butterfield Multi-Asset Fund – GBP Balanced	30 June 2023 Butterfield Multi-Asset Fund – GBP Balanced
	£	£
Asia securities	195,959	690,312
Europe securities	1,430,975	1,389,407
Global investment strategy securities*	8,450,875	7,974,544
Japan securities	859,534	293,768
United Kingdom securities	10,667,690	8,774,210
United States securities	7,146,397	6,354,146
Financial assets at fair value through profit or loss	28,751,430	25,476,387

*The investment strategies for these portfolios are not limited to a specific region but are spread globally.

	30 June 2024 Butterfield Multi-Asset Fund – GBP Balanced	30 June 2023 Butterfield Multi-Asset Fund – GBP Balanced
	£	£
Listed Funds	8,791,099	7,532,448
Unlisted Funds	19,960,331	17,943,939
Financial assets at fair value through profit or loss	28,751,430	25,476,387

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued
For the year ended 30 June 2024

4. Investments at Fair Value Through Profit or Loss, continued

	30 June 2024 Butterfield Multi-Asset Fund – GBP Balanced	30 June 2023 Butterfield Multi-Asset Fund – GBP Balanced
	£	£
Book cost brought forward	24,873,553	23,815,810
Additions	3,908,954	6,487,158
Disposals	(3,495,045)	(5,529,430)
Realised gains on financial assets	447,658	100,015
Book cost carried forward	25,735,120	24,873,553
Net unrealised gains/(losses) on financial assets brought forward	602,834	(195,279)
Movement in net unrealised gains on financial assets during the year	2,413,476	798,113
Net unrealised gains on financial assets carried forward	3,016,310	602,834
Fair value carried forward	28,751,430	25,476,387

See the unaudited Portfolio Statement on page 38 for further information on the types of financial assets held and currency exposure.

Included in the Additions figure are non-cash items of £Nil (2023: £Nil) which relates to the in specie transfers of investments in exchange for Class C shares of the same value.

Included in the Additions and Disposals figure are non-cash items of £97,646 (2023: £Nil) which relates to the conversion of one investment share class to another.

	30 June 2024 Butterfield Multi-Asset Fund – GBP Balanced & Company Total £	30 June 2023 Butterfield Multi-Asset Fund – GBP Balanced & Company Total £
Net gains on financial assets at fair value through profit or loss:		
Realised gains	447,658	100,015
Unrealised gains	2,413,476	798,113
Net gains on financial assets at fair value through profit or loss	2,861,134	898,128
Dividend income	543,507	515,479
Total gains on financial assets at fair value through profit or loss	3,404,641	1,413,607

5. Share Capital

a) Non-cellular

Authorised

The Company has unlimited authorised Management Shares.

Issued and fully paid

1 Management Share of £1

30 June 2024 and
30 June 2023

£
1

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued

For the year ended 30 June 2024

5. Share Capital, continued

a) Non-cellular, continued

Management Shares

The Management Shares may only be issued at par. The rights attaching to the Management Shares are as follows:

(i) Voting Rights:

The Management Shares carry no voting rights whilst any Participating Redeemable Preference Shares of any Cell are in issue.

(ii) Dividends and distribution of assets on a winding up:

The Management Shares do not carry any right to dividends. In the event of a liquidation, they rank pari passu inter se but only for return of the nominal amount paid up on them using only assets of the Company not comprised within any of the Cells.

(iii) Redemption:

The Management Shares are not redeemable and do not carry a right to participate in the profits or assets of the Company.

b) Cellular - Butterfield Multi-Asset Fund – GBP Balanced

The Cell has unlimited authorised Participating Redeemable Preference Shares.

Issued and fully paid

30 June 2024

Number of Participating Redeemable Preference Shares	Butterfield Multi-Asset Fund – GBP Balanced			Total No.
	Class A No.	Class B No.	Class C No.	
At 1 July 2023	2,646,848	3,288,255	17,988,057	23,923,160
Issued shares	94,799	2,969	2,836,615	2,934,383
Redeemed shares	(154,608)	(475,909)	(1,167,648)	(1,798,165)
At 30 June 2024	2,587,039	2,815,315	19,657,024	25,059,378
Share Premium	£	£	£	£
At 1 July 2023	3,046,061	356,676	17,260,570	20,663,307
Issued shares	150,102	5,000	2,884,874	3,039,976
Redeemed shares	(246,951)	(812,398)	(1,159,463)	(2,218,812)
At 30 June 2024	2,949,212	(450,722)	18,985,981	21,484,471

Issued and fully paid

30 June 2023

Number of Participating Redeemable Preference Shares	Butterfield Multi-Asset Fund – GBP Balanced			Total No.
	Class A No.	Class B No.	Class C No.	
At 1 July 2022	2,777,104	5,453,407	14,379,544	22,610,055
Issued shares	130,596	15,219	6,786,119	6,931,934
Redeemed shares	(260,852)	(2,180,371)	(3,177,606)	(5,618,829)
At 30 June 2023	2,646,848	3,288,255	17,988,057	23,923,160
Share Premium	£	£	£	£
At 1 July 2022	3,245,201	3,798,678	13,997,690	21,041,569
Issued shares	198,733	25,000	6,254,875	6,478,608
Redeemed shares	(397,873)	(3,467,002)	(2,991,995)	(6,856,870)
At 30 June 2023	3,046,061	356,676	17,260,570	20,663,307

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued

For the year ended 30 June 2024

5. Share Capital, continued

b) Cellular - Butterfield Multi-Asset Fund – GBP Balanced, continued

Authorised

The rights attaching to the Participating Redeemable Preference Shares are as follows:

(i) Voting Rights:

On a show of hands, every holder who (being an individual) is present in person shall have one vote and, on a poll, every holder present in person or by a proxy or by a duly authorised representative shall have one vote for every Participating Redeemable Preference Share held.

(ii) Dividends:

The shareholders of a Cell may from time to time by simple majority resolution declare dividends payable to Shareholders of the relevant Cell up to an amount recommended by the Directors. The Directors may from time to time if they think fit pay interim dividends on Participating Redeemable Preference Shares of a particular Cell if justified by the profits of that Cell.

(iii) Winding Up:

The Participating Redeemable Preference Shares carry a right to a return of the surplus assets remaining on the winding up of a Cell and such assets of that Cell are distributed to the holders of the Participating Redeemable Preference Shares pro rata.

(iv) Redemption:

The Participating Redeemable Preference Shares may be redeemed by shareholders at the net asset value of the relevant Class at the valuation point on each dealing day. Redemption values at the year end are shown in note 10. The Participating Redeemable Preference Shares have no par value.

6. Material Agreements & Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related Party Transactions

The Investment Manager and Custodian are considered to be related parties of the Company.

The Company is responsible for the continuing fees of the Investment Manager, Administrator and the Custodian in accordance with the Investment Management, Administration and Custodian Agreements all dated 23 March 2010 and any amendments and restatements thereof.

Material Agreements

Investment Management Fees

Pursuant to the provisions of the Investment Management Agreement (as amended June 2016) the Investment Manager received investment management fees during the year ended 30 June 2024 in return for managing each class of Participating Redeemable Preference Shares in issue in the Company as follows:

	30 June 2024	30 June 2023
Butterfield Multi-Asset Fund – GBP Balanced		
Class A	1.5%	1.5%
Class B	1.0%	1.0%
Class C	0.5%	0.5%

Up until 30 September 2022, such fees were calculated weekly and payable monthly in arrears. Thereafter, such fees are calculated daily and are payable monthly in arrears.

With effect from 31 August 2021, the Investment Manager agreed to bear the ongoing expenses of the Company and the Cells including fees of the Administrator, the Custodian and the fees payable in connection with the ongoing listing of the Participating Shares to the Official List of The International Stock Exchange.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

6. Material Agreements & Related Party Transactions, continued

Material Agreements, continued

Investment Management Fees, continued

Up until 31 August 2022, the Investment Manager committed to waiving its right to receive investment management fees should the Total Expense Ratio ("TER") of the Company exceed 2.25%.

With effect from 1 September 2022, the Investment Manager has waived its right to receive investment management fees up to an amount equal to the total of all other expenses of the Company. During the year £195,929 (30 June 2023: £160,853) of investment management fees were waived.

During the year, the Investment Manager was due a fee of £26,750 (30 June 2023: £55,208) of which £954 was outstanding at the year end (30 June 2023: £8,386).

No performance fee is payable to the Investment Manager (30 June 2023: £nil)

Administration Fees

With effect from 30 September 2022, the Administrator is entitled to receive a fixed fee from the Cell of £80,000 per annum based on the Cell having three share classes. Such fees are calculated daily and payable monthly in arrears.

The Administrator also receives a shareholder transaction fee of up to £100 per individual/joint applicant or £200 per corporate/entity applicant and a fixed fee of £1,000 per annum for each additional share class of the Fund. These fees are payable monthly in arrears.

The Administrator had an addendum to the Administration Agreement signed on 29 July 2014 to provide an agent to assist with compliance with FATCA for the Company. During the year, the Administrator has earned a fee based on time spent of £834 (30 June 2023: £658).

For the collation of client due diligence for any new investor a fee of up to £100 per investor is charged. Any other duties of the Administrator shall be subject to additional fees which shall be agreed in advance between the Company, Investment Manager and Administrator.

During the year, the Administrator earned a fee of £82,921 (30 June 2023: £71,824) of which £6,503 (30 June 2023: £13,808) was outstanding at the year end.

Janine Lewis, who has served as a Director of the Company with effect from 28 March 2023, is also a director of the Administrator.

Custodian Fees

Pursuant to the provisions of the Custodian Agreement, the Custodian is entitled to be paid annual fees out of the Company of 0.075% of the Net Asset Value of the Company, calculated weekly and payable monthly in arrears, subject to an annual minimum of £24,000, with effect from 1 October 2018 Butterfield Bank (Guernsey) Limited ("the Bank") agreed to reduce the annual minimum fee to £14,000 and to waive its charge of £75 per investment transaction.

During the year, the Custodian earned a fee of £20,809 (30 June 2023: £20,947) of which £1,737 (30 June 2023: £3,572) was outstanding at the year end.

Directors' Fees and Interests:

Until 31 March 2024, all Directors were entitled to a Director's fee of £15,000 per annum. During the year, it was agreed by the Board that the fee would be increased to £20,000 per annum, backdated to 1 April 2024, once the scheme particulars of the Company had been updated to reflect the increase in fees, in accordance with the Class B Rules.

Alan Bain was appointed to the Board on 31 August 2021 and agreed to waive his entitlement to a Director's fee. He is the Managing Director of Butterfield Bank (Guernsey) Limited, the Investment Manager.

The Directors of the Company are considered to be key management personnel.

As at 30 June 2024, Michel Davy held 25,866.528 Class C Participating Redeemable Preference Shares. No other Director had a direct interest in the share capital of the Company.

During the year, the Directors earned fees of £32,309 (30 June 2023: £30,000) of which £9,686 (30 June 2023: nil) was outstanding at the year end.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

7. Financial Instruments and Risk Management Policies and Disclosures

In pursuing the Company's investment objectives, a number of financial instruments are held which may include investments, cash balances, debtors and creditors that arise directly from operations.

The following table contains the carrying amounts of financial instruments by category:

	30 June 2024	30 June 2023
	£	£
Financial assets		
Investments at fair value through profit or loss	28,751,430	25,476,387
Financial assets at amortised cost:		
Receivables (excluding prepayments)	35,946	12,360
Cash and cash equivalents	1,713,511	950,748
Total financial assets	30,500,887	26,439,495

The Directors consider the carrying amount of cash and cash equivalents and receivables approximates to their fair value

	30 June 2024	30 June 2023
	£	£
Financial liabilities		
Payables	47,135	39,803
Participating Redeemable Preference Shares	30,470,450	26,401,444
Total financial liabilities	30,517,585	26,441,247

Payables are measured at amortised cost.

Participating Redeemable Preference Shares are held at fair value and quoted on an active market.

Political and economic events in the major economies of the world will influence stock and securities markets worldwide. The main risks from the Company holding financial instruments, together with the policy for managing these risks, are set out below.

Market risk

The Company's activities expose it primarily to the market risks of changes in equity price, interest rates and foreign currency exchange rates.

Equity Price Risk

Equity price risk arises from uncertainty about future prices of financial instruments. The Investment Manager determines investment opportunities and has invested, by the purchase of funds, equities, sovereign bonds and commodities in the equity of 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 lower than that of equity markets. Operating parameters are identified through the model and trading takes place within a defined price range. Positions can predominantly be liquidated with immediate effect.

5% is the sensitivity rate used when reporting equity price risk internally to key management personnel and represents management's assessment of the reasonably possible change in market prices. The sensitivity rate of 5% (30 June 2023: 5%) is regarded as reasonable due to the actual market price volatility experienced during the year

If the Company's investments were to increase or decrease by 5% (30 June 2023: 5%) the impact on the value of the investments would be +/- £1,437,572 (30 June 2023: £1,273,819).

Interest Rate Risk

Interest rate risk is the risk that the value of the Company's investments will fluctuate as a result of interest rate changes. The value of interest-bearing financial instruments may be affected by changes in the interest rate environment, either globally or locally. Changes in the rate of return in one asset class may influence the valuation of other classes. The amount of income receivable from bank balances will be affected by fluctuations in interest rates.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued
For the year ended 30 June 2024

7. Financial Instruments and Risk Management Policies and Disclosures, continued

Interest Rate Risk, continued

By careful assessment of economic and other relevant factors, the Investment Manager will seek to invest in those investments most likely to benefit, or be shielded, from anticipated changes in interest rates.

Although the Company is not significantly exposed to interest rate fluctuations, the table below shows the split between interest and non-interest-bearing financial assets and financial liabilities:

	30 June 2024		30 June 2023	
	WAEIR*	Butterfield Multi-Asset Fund – GBP Balanced	WAEIR*	Butterfield Multi-Asset Fund – GBP Balanced
Assets	%	£	%	£
Floating interest rate cash at bank	4.77	1,713,511	4.44	950,748
Investment assets		28,751,430		25,476,387
Trade and other receivables		35,946		14,112
Total financial assets		30,500,887		26,441,247
		2024		2023
		£		£
Liabilities				
Trade and other payables		47,135		39,803
Participating Redeemable Preference Shares		30,470,450		26,401,444
Total financial liabilities		30,517,585		26,441,247

*Weighted Average Effective Interest Rate

All liabilities are non-interest bearing.

Currency Risk

Currency risk is the risk that the value of non-Sterling based financial instruments will fluctuate due to changes in foreign exchange rates.

All but a trivial amount of financial instruments are held in Sterling and therefore no significant currency risk arises.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when they fall due. The Company may be adversely affected by a decrease in market liquidity for the investments in which it invests which may impair the Company's ability to adjust its positions.

The Company is exposed to liquidity risk, primarily due to potential redemptions of its redeemable shares in the Cell. Shareholders can redeem Participating Redeemable Preference Shares by giving prior notice on any relevant dealing day, however the Directors may, at their discretion, limit the total number of Participating Redeemable Preference Shares in the Cell to be redeemed to 10% of the Company's total issued Participating Redeemable Preference Shares. The limitation will be applied pro rata to all Shareholders who have requested redemptions to be effected on or as at such Dealing Day so that the proportion of each holding redeemed is the same for all such Shareholders. The Company manages its liquidity risk by investing predominantly in securities that it expects to be able to liquidate daily. At the current and previous year end all of the investments held were daily redeemable securities.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued

For the year ended 30 June 2024

7. Financial Instruments and Risk Management Policies and Disclosures, continued

Liquidity Risk, continued

The Company's financial instruments include investments which are traded in an organised public market and which are liquid. As a result, the Company would be able to liquidate quickly some of its investments in these instruments in order to meet its liquidity requirements. Cash and cash equivalents and open-ended investment funds have no fixed maturity date. Cash is instantly accessible to the Company. All open-ended investment funds may be redeemed within one month unless a specific notice period is given. All of the investments that were held at the year end were either classified as a level 1 or a level 2 investment in the fair value hierarchy and as a result the liquidity risk to the Company was minimal.

The table below analyses the net financial assets and liabilities attributable to holders of Participating Redeemable Preference Shares into relevant maturity groupings based on the earliest period in which the counterparty is required to pay at the reporting date. The amounts in the table below are the contractual undiscounted cash flows which are the same as the discounted cash flows given the short-term nature of the financial instruments.

30 June 2024

Butterfield Multi-Asset Fund – GBP Balanced

	Within 1 month	Total
	£	£
Assets		
Financial assets at fair value through profit or loss	28,751,430	28,751,430
Cash and cash equivalents	1,713,511	1,713,511
Trade and other receivables (excluding prepayments)	35,946	35,946
Total financial assets	30,500,887	30,500,887
Liabilities		
Trade and other payables	47,135	47,135
Net assets attributable to holders of redeemable shares	30,470,450	30,470,450
Total financial liabilities	30,517,585	30,517,585

30 June 2023

Butterfield Multi-Asset Fund – GBP Balanced

	Less than 7 days	Total
	£	£
Assets		
Financial assets at fair value through profit or loss	25,476,387	25,476,387
Cash and cash equivalents	950,748	950,748
Other receivables (excluding prepayments)	12,360	12,360
Total financial assets	26,439,495	26,439,495
Liabilities		
Other payables	39,803	39,803
Net assets attributable to holders of redeemable shares	26,401,444	26,401,444
Total financial liabilities	26,441,247	26,441,247

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

7. Financial Instruments and Risk Management Policies and Disclosures, continued

Credit Risk

All investments are made through funds or fund of funds. Any underlying credit risk exposures in those funds' investments are reflected within the fair values of those funds or fund of funds investments held by the Company. Please see equity price risk disclosures within these Financial Statements for further details on the Company's exposure to equity price risk.

The Company is subject to the risk of the inability of any counterparty (including the Custodian) to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due resulting in financial loss to the Company. As at 30 June 2024, the maximum credit risk the Company is exposed to is £30,500,887 (30 June 2023: £26,439,495) which is its total assets less prepayments.

The Company's cash and cash equivalents and its financial assets at fair value through profit or loss are held in custody with Butterfield Bank (Guernsey) Limited. Bankruptcy or insolvency of Butterfield Bank (Guernsey) Limited may cause the Company's rights with respect to assets held with Butterfield Bank (Guernsey) Limited to be reduced or delayed. Butterfield Bank (Guernsey) Limited is wholly owned by The Bank of N.T. Butterfield & Son Limited whose S&P long term credit rating is 'BBB+' (30 June 2023: 'BBB+') as at the reporting date.

Capital Risk Management

The capital of the Company is represented by the Net Assets Attributable to Participating Redeemable Preference Shareholders. The amount of Net Assets Attributable to Holders of Participating Redeemable Preference Shares can change on a weekly basis, as the Company is subject to weekly subscriptions and redemptions at the discretion of the Participating Redeemable Preference shareholders. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for holders of Participating Redeemable Preference Shares, to provide benefits for other stakeholders and to maintain a strong capital base to support the investment activities of the Company. The Board of Directors and Investment Manager monitor capital on the basis of the value of Net Assets Attributable to Holders of Participating Redeemable Preference Shares.

Classification of Fair Value Measurements

IFRS 13 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Directors.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued

For the year ended 30 June 2024

7. Financial Instruments and Risk Management Policies and Disclosures, continued

Classification of Fair Value Measurements, continued

The table below analyses within the fair value hierarchy the Company's financial assets (by class) measured at fair value at 30 June:

	30 June 2024		
	Level 1	Level 2	Total
	£	£	£
<i>Designated at fair value through profit or loss:</i>			
Alternative Funds	-	-	-
Bond and Bond Funds	5,734,940	4,605,316	10,340,256
Commodity Funds	1,074,000	-	1,074,000
Equity or Equity Funds	4,280,534	13,056,640	17,337,174
	<u>11,089,474</u>	<u>17,661,956</u>	<u>28,751,430</u>
	30 June 2023		
	Level 1	Level 2	Total
	£	£	£
<i>Designated at fair value through profit or loss:</i>			
Alternative Funds	-	670,005	670,005
Bond and Bond Funds	4,545,850	4,507,169	9,053,019
Commodity Funds	880,800	-	880,800
Equity or Equity Funds	3,600,798	11,271,765	14,872,563
	<u>9,027,448</u>	<u>16,448,939</u>	<u>25,476,387</u>

The Participating Redeemable Preference Shares are classified as a liability and therefore fall within the scope of IFRS 7. The Participating Redeemable Preference Shares are held at fair value and quoted on an active market, therefore classified within level 1. As at 30 June 2023 the Participating Redeemable Preference Shares liability totalled £30,470,450 (30 June 2023: £26,401,444).

The valuation and classification of the investments are reviewed on a regular basis. The Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

All the Company's investments are categorised as level 1 or level 2 financial assets. There were no transfers between levels of the fair value hierarchy during the year.

Financial instruments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include actively traded listed equity funds and commodity funds. The Company does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued For the year ended 30 June 2024

8. Net assets attributable to PRP shareholders

	Share premium £	Retained earnings £	Total £
At 1 July 2023	20,663,307	5,738,137	26,401,444
PRP shares issued during the year	3,039,976	-	3,039,976
PRP shares redeemed during the year	(2,218,812)	-	(2,218,812)
Profit for the financial year	-	3,247,842	3,247,842
At 30 June 2024	21,484,471	8,985,979	30,470,450

	Share premium £	Retained earnings £	Total £
At 1 July 2022	21,041,569	4,492,839	25,534,408
PRP shares issued during the year	6,478,608	-	6,478,608
PRP shares redeemed during the year	(6,856,870)	-	(6,856,870)
Profit for the financial year	-	1,245,298	1,245,298
At 30 June 2023	20,663,307	5,738,137	26,401,444

Included in the PRP shares issued and redeemed figures during the year are non-cash items of £97,646 (2023: £1,364,098) which relate to shareholders switching from one class of PRP shares to another. There were no in specie transfers during the year.

Share Premium refers to the liability which has arisen due to share dealing transactions. Retained earnings relates to the net income the Company has earned to date, less any dividend or distributions paid to investors. Together, these two reserves represent net assets attributable to holders of Participating Redeemable shares. Guernsey law does not require a share premium account and as such it can be treated like any other reserve. The Company continues to reflect a share premium account as it has historically done so. All share transactions, at the holder's pro rata share of the share premium account, are recognised through this account until it is depleted.

9. Taxation

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption entails payment by the Company of an annual fee of £1,600 (2023: £1,200). It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to withholding tax in the country of origin.

The Company has suffered no irrecoverable withholding tax in the year under review (30 June 2023: £nil).

10. Net Asset Value per Participating Redeemable Preference Share

The net asset value per Participating Redeemable Preference Share Class is calculated based on the net assets attributable to holders of each Participating Redeemable Preference Share Class ("NAV") at the reporting date divided by the year end numbers of shares in issue in that Participating Redeemable Preference Share Class at the reporting date. The Dealing NAV per share is the value at which the Participating Redeemable Preference Shares could be redeemed for as at the reporting date.

Butterfield Bank PCC Limited

Notes to the Financial Statements, continued
For the year ended 30 June 2024

10. Net Assets Value per Participating Redeemable Preference Share, continued

30 June 2024			
Butterfield Multi-Asset Fund – GBP Balanced			
	Class A	Class B	Class C
	£	£	£
NAV	4,421,261	5,084,914	20,964,275
No. of PRP Shares in issue	2,587,034	2,815,314	19,657,025
Financial Statements and Dealing NAV per Share	1.7090	1.8062	1.0665

30 June 2023			
Butterfield Multi-Asset Fund – GBP Balanced			
	Class A	Class B	Class C
	£	£	£
NAV	4,058,385	5,301,989	17,041,070
No. of PRP Shares in issue	2,646,848	3,288,255	17,988,057
Financial Statements and Dealing NAV per Share	1.5333	1.6124	0.9474

11. Income attributable per Class A, Class B and Class C Participating Redeemable Preference Share

Earnings per Class A Participating Redeemable Preference Share are based on the profit for the year of £318,701 (30 June 2023: profit of £103,160) and on a weighted average number of Class A Participating Redeemable Preference Shares in issue during the year of 2,624,079 (30 June 2023: 2,692,600).

Earnings per Class B Participating Redeemable Preference Share is based on the profit for the year of £397,601 (30 June 2023: profit of £212,458) and on a weighted average number of Class B Participating Redeemable Preference Shares in issue during the year of 3,079,005 (30 June 2023: 4,666,283).

Earnings per Class C Participating Redeemable Preference Share is based on the profit for the year of £2,531,540 (30 June 2023: profit of £929,680) and on a weighted average number of Class C Participating Redeemable Preference Shares in issue during the year of 18,540,172 (30 June 2023: 17,540,734).

12. Commitments

At the end of the reporting period no commitments existed.

13. Ultimate Controlling Party

The issued PRP shares of the Cell are owned by a number of parties and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Cell or Company, as defined by IAS 24 - Related Party Disclosures.

14. Events after the end of the reporting period

The Directors are not aware of any material events which occurred after the reporting date and up to the date of this report that would require adjustment to or disclosure in the Company's Financial Statements.

Butterfield Bank PCC Limited

Portfolio Statement (unaudited) – Butterfield Multi-Asset Fund – GBP Balanced
For the year ended 30 June 2024

Description	Nominal	Fair Value £	Percentage of Net Asset Value %
Alternative Funds (30 June 2023: 2.54%)		-	-
Commodity Funds (30 June 2023: 3.34%)			
Ishares Physical Gold etc*	30,000	1,074,000	3.52%
Total Commodity Funds		1,074,000	3.52%
Bonds and Bond Funds (30 June 2023: 34.30%)			
Invesco – Sterling BD-Z QD**	103,600	1,017,756	3.34%
Ishares UK Gilts 0-5Yr*	18,500	2,355,975	7.73%
Ishares GBP Corporate Bond 0-5Yr*	10,750	1,080,590	3.55%
Jupiter Dynamic Bond Class 1 GBP Q Inc. HSC**	53,000	487,070	1.60%
M&G Offshore Corporate Bond Fund – II**	1,050,000	1,046,745	3.44%
Lyxor Core FTSE UK Gilt 0-5Yr**	135,000	2,298,375	7.54%
Nomura Global Dynamic Bond Fund**	11,000	1,069,045	3.51%
Pimco Global Real Return Inst GBP HI**	107,500	984,700	3.23%
Total Bonds and Bond Funds		10,340,256	33.94%
Equity Funds (30 June 2023: 56.32%)			
Artemis Lux US Select Fund**	700,000	1,422,680	4.67%
BGF Continental European Flexible D4 GBP**	17,500	687,575	2.26%
Fidelity Funds EMKT – W GBP**	345,000	448,155	1.47%
Findlay Park American Fund**	8,000	1,362,560	4.47%
First State Asian Equity Plus Fund III GI**	10,000	195,959	0.64%
Ishares Core FTSE 100 UCITS ERF (Dist) Common Stock*	305,000	2,421,395	7.95%
Spdr S&P 500 UCITS ETF ETP*	3,300	1,433,289	4.70%
JP Morgan F-JMP US Value-CGBP**	7,000	1,458,590	4.79%
Liontrust Global Fund Spec Sits C6DGBP**	66,500	1,257,515	4.13%
Nomura Funds Ireland Plc Japan Strategy Value GBP**	3,200	433,684	1.42%
Perpetual Investment Services Europe ICAV - JOHCM Continental European Fund**	315,000	743,400	2.44%
Perpetual Investment Services Europe ICAV - JOHCM UK Growth Fund**	280,000	1,253,840	4.11%
Polar Capital – Healthcare Opportunities Fund**	13,750	861,437	2.83%
Ruffer SICAV – Ruffer Total Return Int**	585,000	1,001,988	3.29%
Schroder Emerging Markets Fund C Class**	40,000	459,979	1.51%
Vanguard FTSE Japan UCITS ETF*	15,000	425,850	1.40%
Loomis Sayl Us Gr Eq-Sd Usdi**	9,200	1,469,278	4.82%
Total Equity Funds		17,337,174	56.90%
Total financial assets held at fair value through profit or loss		28,751,430	94.36%
Other assets/(liabilities):			
Cash and cash equivalents		1,713,511	5.62%
Trade and other receivables		52,645	0.17%
Trade and other payables		(47,135)	(0.15)%
Net Assets attributable to holders of PRP Shares		30,470,450	100.00%

*Listed

**Unlisted

Butterfield Bank PCC Limited

Summary of Material Portfolio Changes (unaudited) – Butterfield Multi-Asset Fund – GBP Balanced For the year ended 30 June 2024

Description	Opening position at 1 July 2023 Fair Value	Purchases Cost	Sales Proceeds	Net gains/(losses) FVTPL	Closing position at 30 June 2024 Fair Value
	£	£	£	£	£
Artemis Lux US Select Fund	1,325,690	37,992	(289,878)	348,876	1,422,680
BGF Cont European Flexible D4 GBP	719,402	184,440	(111,215)	(105,052)	687,575
Fidelity Funds EMKT - W GBP	362,349	-	(129,123)	214,929	448,155
Findlay Park American Fund	1,307,857	-	(186,337)	241,040	1,362,560
First St-Asian Eq Plus-IIIGI	690,312	-	(481,097)	(13,256)	195,959
Invesco AM IRL Sterling Bond Z Inc	953,493	-	-	64,263	1,017,756
Ishares Core FTSE 100 UCITS ERF (Dist)	2,055,760	74,415	-	291,220	2,421,395
Ishares Physical Gold Etc	880,800	78,417	(93,150)	207,933	1,074,000
Ishares S&P 500 UCITS ETF (Dist)	1,251,270	-	(1,433,985)	182,715	-
Ishares UK Gilts 0-5yr UCITS ETF	2,098,650	189,670	-	67,655	2,355,975
Ishares GBP Corporate Bond 0-5Yr	952,200	191,125	-	(62,735)	1,080,590
JP Morgan F-JPM US Value-CGBP	1,193,075	102,035	-	163,480	1,458,590
Jupiter Dynamic Bond - Class 1 GBP Q Inc HSC	934,210	-	(448,500)	1,360	487,070
Liontrust Global Fund Spec Sits C6DGBP	1,028,400	115,515	-	113,600	1,257,515
Loomis Sayles US Growth Equity SD USDI	1,276,254	-	(154,096)	347,120	1,469,278
Lxyor Core FTSE UK Gilt 0-5 Yr	1,495,000	724,064	-	79,311	2,298,375
M&G Offshore Corporate Bond Fund – I	920,220	68,460	-	58,065	1,046,745
Nomura Global Dynamic Bond Fund	843,295	193,626	-	(603,237)	433,684
Nomura Funds Ireland Plc Japan Strategy Value GBP	270,915	99,234	-	698,896	1,069,045
Pimco Global Real Return Inst GBP HI	855,950	115,750	-	13,000	984,700
Polar Capital – Healthcare Opportunities Fund	661,680	102,445	-	97,312	861,437
Perpetual Investment Services Europe ICAV - JOHCM Continental European Fund (formerly Jo Hambro Capital Market Umbrella Fund PCC-Continental European Fund)	670,005	-	(71,820)	145,215	743,400
Perpetual Investment Services Europe ICAV - JOHCM UK Growth Fund (formerly Jo Hambro CM - UK Growth Fund - A Shares)	1,144,200	-	-	109,640	1,253,840
Ruffer SICAV – Ruffer Total Return Int	926,344	66,889	-	8,755	1,001,988
Schroder Emerging Markets Fund C Class	365,288	154,935	(95,844)	35,600	459,979
Spdr S&P 500 Ucits Etf Etp	-	1,320,891	-	112,398	1,433,289
Vanguard FTSE Japan UCITS ETF	293,768	89,049	-	43,033	425,850
Total	25,476,387	3,908,952	(3,495,045)	2,861,136	28,751,430