

Guaranteed Return PPP

Quarterly Report, Q2 2024

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Net Asset Value:	\$2.09
Assets:	\$6.31M
Inception:	Aug-14

PERFORMANCE (NET)

	Fund	Benchmark*
1 Month	0.21%	0.21%
3 Month	0.63%	0.63%
1Yr	2.53%	2.50%
3Yr	2.66%	2.50%

PERFORMANCE OTHER PLANS

	Fixed	Balanced	Equity
1 Month	0.26%	0.30%	0.33%
3 Month	0.66%	0.81%	0.98%
1Yr	3.00%	4.76%	6.90%
3Yr	2.96%	7.11%	12.03%

Positioned for Higher Returns

The Fund generated a return of 0.63% in Q2. The Fund was up 2.53% over the last 12 months which is overperforming the benchmark and our return expectations.

Since the COVID-19 Pandemic the Fund has realized strong subscription inflows as investors with cash in banks earning near zero returns looked for superior returns. The cash inflows exceeded the Fund's ability to find attractive Bahamian dollar investments.

In order to put this in perspective, cash as a percentage of the total portfolio increased from 6.4% on June 30, 2019, to 44.6% on June 30, 2022. The current cash balance has been reduced to 17.69% of the total portfolio despite the total portfolio growing from \$248.6 million in 2022 to \$493.3 million currently.

This was achieved by the Fund actively investing excess cash in investments like U.S. treasuries, U.S. investment grade corporate bonds, Cable Bahamas preference shares, FOCOL Holdings preference shares, and, more recently, the Bahamas Grid Company offering.

We are confident that as the excess cash is invested in securities like those above and other offerings, excepted over the balance of 2024, the performance of the Fund will steadily improve to more historic levels.

The table below illustrates that the Direct Debt/GDP ratio for The Bahamas has steadily decreased since peaking in 2020 during the height of the COVID-19 pandemic. Over the last three years GDP growth has exceeded the increase in total direct debt. Given the improved fiscal health of the Government, the Fund recently added T-bills to the

Central Government of The Bahamas

Year-end	2019	2020	2021	2022	2023
Total Direct Debt (B\$M) ¹	7,733.21	9,417.93	10,317.86	11,036.00	11,424.70
GDP (B\$M) ²	13,059.00	9,755.00	11,528.00	12,897.00	13,816.00
Direct Debt/GDP	59.22%	96.54%	89.50%	85.57%	82.69%

1. Source: Central Bank of The Bahamas

2. Source: IMF (Current Prices)