

Fixed Income PPP Fund (BSD)

Quarterly Report, Q3 2024
Issue 16—102635



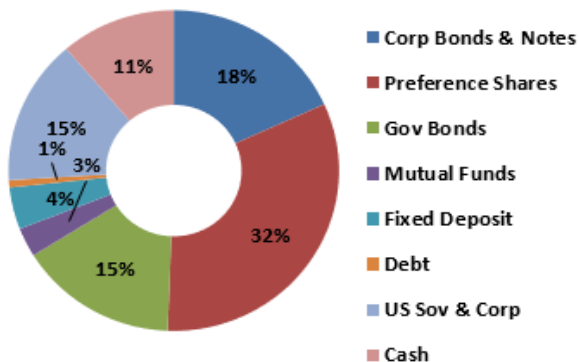
Net Asset Value:	\$23.75
Assets:	\$20.04M
Inception:	May-18

PERFORMANCE		
	Fund	Benchmark*
1 Month	0.28%	0.35%
3 Month	1.05%	1.06%
1Yr	3.42%	4.25%
3Yr	3.04%	4.25%
5Yr	3.56%	4.25%

* Bahamian Prime Lending Rate

TOP FIVE HOLDINGS	
CASH	15.45%
CABLE BAHAMAS PREF SHARES 6.00%	10.14%
CABLE BAHAMAS PREF SHARES 5.50%	7.84%
NAD LIMITED PDN NOTE 7.50%	7.64%
RF BANK 1 MTH FIXED DEPOSIT 1.00%	4.11%

ALLOCATION



Fixed Income PPP Fund (BSD) is a sub fund of the RF International Investment fund. The asset allocation is subject to change without notice and at the discretion of the investment manager, subject to the restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.

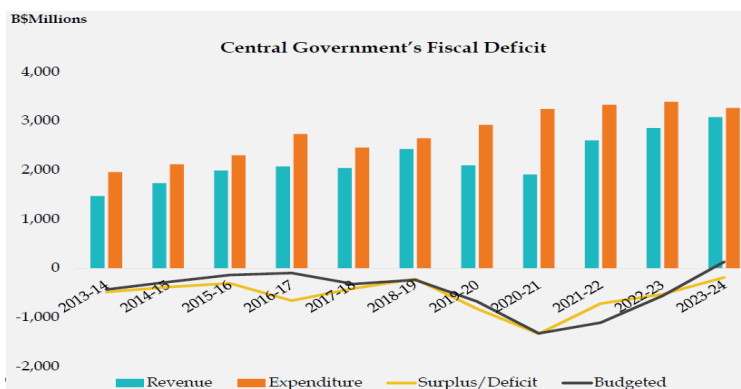
Government Deficit on the Decline

The Fund generated a return of 1.05% in Q3. The Fund was up 3.42% over the last 12 months which underperformed the benchmark the Fund's performance is trending upward.

Since the COVID-19 pandemic, the Fund has experienced significant inflows as investors, seeking higher returns in the wake of low interest rates on cash held in banks, turned to alternative investments. These inflows surpassed the Fund's ability to find attractive investment opportunities in Bahamian dollars. To put this into perspective, the Fund's cash holdings as a percentage of the total portfolio rose from 6.4% on June 30, 2019, to 44.6% on June 30, 2022. However, this cash balance has now been reduced to 15.45% of the total portfolio, even as the portfolio itself has grown from \$248.6 million in 2022 to \$493.3 million today.

This reduction in cash holdings was accomplished through the strategic deployment of funds into investments such as U.S. Treasuries, U.S. investment-grade corporate bonds, Cable Bahamas preference shares, FOCOL Holdings preference shares, Bahamas Grid Company offering and, more recently, Aliv Preference Share Offering. We expect a significant increase in performance from the US fixed income in the fund as the FED decreased the interest rates by 0.5% in Q3 and another 0.25% so far in Q4. This trend is expected to continue into 2025 which is good news for our existing holdings.

As shown in the chart below government's fiscal position is improving, with the deficit showing signs of reduction. As the deficit narrows, the overall government debt burden is expected to stabilize and eventually decrease, which will have a positive impact on the broader economic environment, including investment performance.



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