Guaranteed Return PPP

Quarterly Report, Q3 2024

Issue 39-102634



Net Asset Value:	\$2.10
Assets:	\$6.14M
Inception:	Aug-14

PEFORMANCE (NET)				
	Fund	Benchmark*		
1 Month	0.21%	0.21%		
3 Month	0.63%	0.63%		
1Yr	2.53%	2.50%		
3Yr	2.64%	2.50%		

PEFORMANCE OTHER PLANS				
	Fixed	Balanced	Equity	
1 Month	0.28%	0.87%	0.66%	
3 Month	1.05%	3.51%	1.86%	
1Yr	3.42%	8.44%	7.40%	
3Yr	3.04%	-0.98%	10.73%	

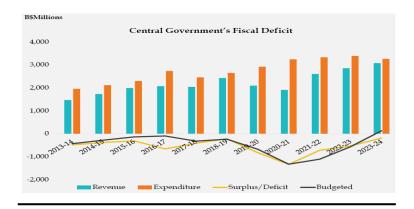
Government Deficit on the Decline

The Fund generated a return of 0.63% in Q3. The Fund was up 2.53% over the last 12 months which is inline with the benchmark.

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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