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A Tourism Strategy that will deliver Economic Growth



INSIDE THIS ISSUE



SPOTLIGHT ON DR. KENNETH
JONATHAN A. RODGERS

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A Tourism Strategy that will Deliver Economic Growth

The past few years have been turbulent ones for The Bahamas, as its economic growth rate progressively contracted for three consecutive years from 2013 to 2015. Though positive, real Gross Domestic Product (GDP) growth in 2016 was minimal at 0.20% and, consequently, the best performing year for the country in a while. The International Monetary Fund (IMF) is projecting that the Bahamian economy grew by 1.40% in 2017; however, the jury is still out on this estimate given that the tourism sector, a leading economic indicator for The Bahamas, looks set to underperform 2016 visitor arrivals for air and sea.

The Bahamas is in desperate need of a growth strategy that will improve the economic environment. This strategy

would allow businesses to thrive and create more job opportunities, with accompanying wage growth, and result in better fiscal management without compromising public service delivery. While there are numerous policy initiatives that the government can explore to achieve economic growth, tourism is central to The Bahamas' economic future and, thus, is the focus of this article.

Many believe that The Bahamas should diversify its economy away from tourism and into other industries in search of economic growth. Tourism, however, is undeniably the country's major export industry and to expand other economic industries at the expense of tourism is probably not good economic sense. To lift the Bahamian economy from its stagnant state, The Bahamas must explore better ways

to improve tourism while simultaneously creating new industries that will enhance productivity and increase the standard of living for its citizens.

The United Nations World Tourism Organization, 2017 Edition ranks travel and tourism as the world's third largest export, contributing 10.20% to global GDP at a value of US\$7.6 trillion and accounting for 292 million jobs worldwide. As with the global impact, the local tourism sector is also critical component of the Bahamian economy, directly supporting over 33,000 jobs and contributing over 20% directly, and over 40% indirectly to Bahamas GDP.

From the days of Sir Stafford Sands, father of the modern tourism in The Bahamas, the tourism sector has reigned as the country's top industry and economic driver. For many years, The Bahamas was the envy of the Caribbean tourism market, attracting the largest number of visitor arrivals to its shores. The unspoken and undocumented tourism strategy, however, has not changed much since the 50s and 60s as evident from tourism data recorded over the years. For the first time in 2015 and then in 2016, the Dominican Republic (DR), a constant rival, topped the Caribbean tourism market with 6.36 million visitors in 2015 and 6.76 million in 2016, compared to 5.90 million and 6.08 million visitors, respectively, for The Bahamas.

At first glance, The Bahamas appears to be holding its own competitively in the region; however, in reality, the country's tourism sector has been in decline for many years. Though slightly more than 6.0 million tourists visited the country in 2016, only 1.39 million of those visitors were stopovers, compared to the DR's 5.9 million stopover visitors. Actually, in 2016, of the top Caribbean destinations, The Bahamas placed fifth in terms of stopover visitors, behind Puerto Rico (3.73 million), Cuba (3.96 million) and Jamaica (2.18 million). Stopover visitors provide more revenue than cruise visitors who spend far less money.

To reverse this relative decline and stimulate economic growth, all stakeholders...must work collaboratively to develop the country's tourism policy and strategy and provide the vision and direction for tourism.

According to the World International Tourism Report, international arrivals increased worldwide to 1.23 billion visitors in 2016 and world tourism receipts totaled \$1.22 trillion, with the Caribbean capturing \$30.20 billion or 2.50% of the market. The Bahamas, on the other hand, accounts for only 8.58% of the Caribbean tourism market, with the country's tourism related expenditure fluctuating around \$2.0 billion to \$2.50 billion over the past 11 years. It is evident that The Bahamas has become complacent in developing the country's tourism sector and, thus, the economy, in general, has lagged for a number of years.

To reverse this relative decline and stimulate economic growth, all stakeholders, including the private sector, regulators, the Ministry of Tourism and civil society organizations must work collaboratively to develop the country's tourism policy and strategy and provide the vision and direction for tourism. There must also be a willingness on the part of policymakers to adapt to the dynamic and radically changing global tourism sector.



Baha Mar resort at Cable Beach. © Baha Mar

The Bahamas is a beautiful tropical destination, with amazing natural resources and attractions. For many years, the country's hotels have been central to promoting the tourism industry. While hotel accommodations are essential to enhancing the tourism experience, particularly for stopover visitors, the tourism sector's promotions should not be limited to hotels. The country's hotel room inventory has hovered around 12,000 - 15,000 rooms for many years, with hotel accommodations ranging from 3-star properties like Courtyard Marriot to upscale properties such as The Cove at Atlantis and the recently opened SLS at Baha Mar.

Average room occupancy, however, has lingered around 56.0% - 60.0%. The Bahamas' low tax environment and stable currency, coupled with the extensive tax incentives under the Hotel Encouragement Act, have helped to stimulate growth in the hotel industry. Nevertheless, there remains extensive work to do, in order to attract more visitors to The Bahamas and secure a more significant share of the global and regional tourism market.

The first — and most important — step in transforming The Bahamas into a world-class tourist destination is the establishment of a well-defined, focused and progressive tourism plan. The creation and execution of this tourism strategy require the involvement of all relevant stakeholders to ensure The Bahamas is well positioned to compete while increasing the real value of tourism to Bahamians. The global tourism market is very competitive. Thus, it is imperative that the tourism growth strategy address its vision for the tourism sector and chart a course on how to get there.

Evolving with the needs of The Bahamas, the strategy must also address how to improve the country's competitiveness while simultaneously balancing the economics of tourism with cultural heritage developments and environmental concerns. For many years — and even today — The Bahamas has promoted its sun, sand and sea as the destination's main drivers. While the focus on the country's natural assets is still relevant, it may be at the stage of 'diminishing marginal utility'. Diversifying and broadening the country's social and cultural heritage attractions— art, music and cuisine — are key to distinguishing The Bahamas' tourism market from others.

Those tasked with directly managing the country's tourism product and attractiveness must create a destination that allows tourists to have more cultural experiences. The Bahamas Ministry of Tourism is the agency responsible for marketing and promoting the country to the world. With an average annual budget of \$93 million, most of which is allocated to salaries and benefits, The Bahamas is limited in terms of the size of its budget.

Fortunately, in the tourism industry, the country with the best brand identity and position, and not necessarily the biggest budget, is usually most successful. The Bahamas has, for many years, mounted an aggressive marketing campaign under theme "It's Better in The Bahamas". This campaign has served The Bahamas well, delivering strong value propositions and increased brand awareness.

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According to Bloom Consulting Country Brand Ranking 2017/2018 – Tourism Edition, which measures tourism brand appeal on a country level, The Bahamas ranks 12th out of 46 countries in the Americas', just behind the Dominican Republic in 11th place and ahead of others including Jamaica, Cuba, Barbados, and Bermuda. On the global front, the country's world brand ranking is 55 out of 182 countries. Bloom Consulting uses actual information on a "country's tourism receipts and revenues, the economic impact of tourism within a country, the effectiveness of a



The swimming pigs of Exuma have become a popular tourist attraction in recent years.

country's destination branding strategy, together with online demand or the amount of searches" to determine the effectiveness of a country's brand strategy and its impact on the country's GDP. On a relative scale, The Bahamas' brand has had an important impact on the economy, attracting over six million tourists to its shores over the past few years. However, to increase the economic benefits of tourism and, by extension, persuade more tourists to stay longer and spend more money, the government, in collaboration with the private sector, must be more proactive and work together under a common goal to prioritize the development of the country's travel and tourism sector.

To improve the attractiveness of the destination, and stimulate tourism growth, The Bahamas must ensure that the right infrastructure is in place. Tourism infrastructural development is essential to increasing the number of tourists and improving the country's competitiveness. The Bahamas has not performed well in its global tourism and travel competitiveness ranking. Of the 136 countries ranked on the World Economic Forum's Travel and Tourism Competitiveness Report, The Bahamas is not even on the list. This is not to say that The Bahamas is 'off the charts' in terms of tourism and travel competitiveness rankings. With

tourism being central to the country's economic success, there is no excuse for The Bahamas not to participate in such an important feedback vehicle. The development of the country's tourism sector should not be left to chance, but stakeholders must aim to grow the sector in a deliberate and strategic way.

The government's commitment to beginning the process of modernizing the country's transportation infrastructure is evident from the significant renovations in 2011 to the country's capital city airport, Lynden Pindling International Airport, and the New Providence Road Improvements Project. However, these renovations are only 'drops in the bucket' in terms of what is required to improve competitiveness and make the country a more appealing travel destination. Important and immediate improvements are

needed, including the preservation of the country's natural resources and developing cultural heritage and historical sites, ongoing upgrades to roads and ports, organized and affordable taxi services and transit systems, energy efficiency and reliability, modern telecommunications systems and access, and increases in room inventory and occupancy levels. This list of crucial infrastructural upgrades may seem overwhelming given that The Bahamas is a nation of many islands; however, while the government should take the lead, it does not have to be solely responsible for the country's tourism infrastructure. Various partnerships amongst public enterprises, the local private sector and foreign direct investors should be utilized to support investment in infrastructure throughout The Bahamas, thus strengthening the competitiveness of the country's tourism sector and positively impacting economic development and growth.

Another area that can help to boost The Bahamas' tourism sector and secure a top spot on world tourism and travel stage is the establishment of vibrant cities throughout The Bahamas – the first being Nassau. The current state of

To attract more tourists to our shores and deliver full economic growth potential, it is vital that key stakeholders work together to develop a tourism strategy and vision that is inclusive, identifying market trends and addressing opportunities for and barriers to growth.

the city of Nassau is by far underwhelming. It is actually an eyesore. A revitalized Nassau can assist in generating economic activity and employment for Bahamians and business for small and medium sized companies. So, how do we invigorate the city of Nassau in a manner that is substantially beneficial to all stakeholders, and use this model throughout The Bahamas? Consider the establishment of an Infrastructural Fund with a combination of public and high private participation. The best option may be something similar to the structure of the Arawak Port

Development, where the private arm has management and board control and the government just collects its share of the dividends.

The Bahamas can also establish a Tourism Fund with revenues derived from departure and cruise passenger taxes. Such a fund should be held separately from the government's consolidated fund, and the proceeds used for tourism infrastructural development. With the National Insurance Board and private pension funds collectively holding assets in excess of \$2 billion, along with millions of dollars of local money in the banking system earning next to nothing, The Bahamas already has the level of funding to make a significant impact in the development of cities throughout the country. Significant local involvement in the tourism industry will allow for capacity building for Bahamians and the added benefit of retaining much of the tourism revenue in the country.

There are many ways to structure such ventures, which will deliver Bahamian entrepreneurship and ownership, increased economic activity and government revenues. A revitalized Nassau that seeks to provide activities and attractions that will preserve the local heritage and history of the city is important to the growth of the tourism sector and the development of other city centers throughout The Bahamas.

The Bahamas' tourism industry has grown in importance over the years, securing its position as the country's largest export industry and a significant source of foreign exchange reserves. The natural beauty of the country and its proximity to the world's superpower, the United States of America, has allowed the industry to thrive, while providing employment opportunities for Bahamians at all skill levels. To attract more tourists to our shores and deliver full economic growth potential, it is vital that stakeholders work together to develop a tourism strategy and vision that is inclusive, identifying market trends and addressing opportunities for and barriers to growth. At the end of the day, tourism development is essential to the economic growth of the Bahamian economy and will remain so for a very long time. ■

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CRYPTO-MANIA



Cryptocurrencies have been a hot topic of late, with many individuals touting them as the future of money. Cryptocurrencies originated in 2009 with an anonymous engineer who created Bitcoin using Blockchain technology. However, cryptocurrencies were a relatively quiet phenomenon until 2017, when the price of Bitcoin rose in excess of 16,000%. Alternate cryptocurrencies also sought to catch this train with more than 1,000 currencies currently circulating. Cryptocurrency enthusiasts will tell you that it is more about the technology behind cryptocurrencies than the actual cryptocurrency itself. As such, we thought it would be wise to explain in layman terms what Blockchain, the technology that supports cryptocurrencies, is.

Take this case study as an example:

John Doe has a document that he wishes to store and be able to distribute publicly. He scans this file (node) to his computer and shares it with 10 persons (miners) so that each person has a copy of the same file. Each of these individuals are responsible for maintaining a copy of the file in case it is required in the future. When the file is shared, each of the 10 individuals will rush to be the first to open the file, and confirm that the file is valid. Once validated, the person will advise the nine remaining persons that the document is valid and provide proof and logic for

the decision. If everyone else agrees with the logic, each person saves the file on his or her computer as an official document. To reward these individuals for verification and maintenance of the system a salary in cryptocurrency is released into circulation to pay the verifier (the process of mining). From this, we can see that the underlying principle surrounding Blockchain is decentralization, as no single individual, corporation, or government is responsible for the maintenance and verification of the system.

The benefits of Blockchain have been touted as solutions to many aspects of society including land registries, citizenship, supply chain management and changing the way we do banking by cutting out intermediaries. Those at the extreme end of the spectrum have touted cryptocurrencies as an end to government controlled standard currencies and the printing of money. Private Blockchains are also a solution, but the centralized nature of a private Blockchain conflicts with the original ideology of Blockchain.

The activity in the cryptocurrency space has eerily reminded us of the Year 2000 dot-com bubble, when technology stocks in the U.S. lost almost 90% of their value. Similar to Blockchain, everyone touted the technology as to why valuations for technology stocks were rapidly increasing. Any company that added '.com' to the end of its name saw its

stock price immediately rise, and many companies with no sales were issuing stock. The same has happened with the introduction of over 1,000 cryptocurrencies. We have also seen public companies add 'Blockchain' to their name and the stock prices double without any change in the underlying fundamentals of the company.

Today, we see that the internet has indeed turned out to be a disruptive, profitable and beneficial technology. However, the valuations of the stocks at that time had no justification and were essentially in a bubble. Cryptocurrencies appear to be exhibiting similar characteristics, with Bitcoin recently falling from a peak of \$19,000 to as low as \$6,000. Proponents will tell you to buy while its 'cheap' and critics will continue to call it a bubble.

A few questions to consider before investing include:


1. Which cryptocurrencies will survive long term? Will there be a different cryptocurrency for everything?
2. What regulation ensures that individuals will always be available to verify transactions? If the price of cryptocurrencies drops below the cost of mining transactions, it will not be feasible to continue mining. When market forces typically fail, the invisible hand, in the

form of a government, is supposed to step in. However, no government can control a public Blockchain.

3. Blockchain is touted as "unhackable" given its decentralized nature. However, this notion has been proven wrong, along with everything else, as eventually hackers will find a way.
4. What is the long-term government view on Blockchain and cryptocurrencies? Governments are very powerful and will not idly sit by and allow threats to standard currency. We have already seen crackdowns on trading, which can intensify in the future. Governments or corporations may also seek to use Blockchain technology but pay individuals in standard currency as opposed to utilizing the mining process.

The true scalability and growth of Blockchain technology and cryptocurrencies remains to be seen. Many of those in existence now will not survive. However, some will endure, just like the technology companies that dominate the world today. Like the internet, the technology will continue to undergo many advancements and changes overtime, as the product improves. We believe that any investment made today is purely speculation, and do not recommend investing any more than you can afford to lose. ■

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Money Management for Millennials

Millennials, also known as Generation Y, are persons born between the early 1980s and mid 1990s. This generation is currently aged 17 – 37. As a millennial, especially if you are 21 and older, you may have several major short-term and long-term goals ranging from increasing your overall level of savings, accumulating assets for retirement, land or home ownership, or starting a family.

High unemployment, high cost of living, and lower incomes have left Millennials with less money than previous generations. These changes have caused Millennials to postpone many of their goals especially home ownership and starting a family. In order to meet their short-term and long-term goals, Millennials must develop a strategic plan for managing their finances.

The following are a few tips to wisely manage your money as a millennial:

1. Create a budget.

The first step to gaining control of your finances is to create a budget. First, estimate your cash flow –your income and expenses. A major budget line item should be an amount dedicated to savings. The golden rule of personal finance is that you should “pay yourself first”. Paying yourself first means saving before you pay your bills and not after. This may seem unrealistic if you have many financial obligations, but creating a budget can help you determine what expenses can be reduced to enhance your savings. Small adjustments such as cooking lunch instead of buying lunch or cutting back on shopping and entertainment can allow you to save more. In addition, advanced planning for major purchases ensures that you do not dip into your savings. There are many user-friendly budgeting apps that can help you get your finances on track.

2. Start saving for your retirement at an early age.

Saving for retirement at an early age is one of the best financial decisions you can make. You should ideally begin saving for retirement as soon as you begin earning a paycheck. Retirement may seem like a distant goal, but time passes quickly and before you know it, you are approaching retirement with insufficient savings. On average, during retirement, people wish to maintain the same standard of living as when they were employed. The table below shows how much you will typically need to live a comfortable retirement. This depends on your salary upon retirement and how many years you will be living past retirement. The longer you live past retirement, and the higher your salary at retirement, the more funds you need to save, hence the benefit of starting as early as possible.

Years in Retirement	Annual Income				
	\$30,000	\$40,000	\$50,000	\$75,000	\$100,000
30	\$612,032	\$816,043	\$1,020,054	\$1,530,081	\$2,040,108
25	\$542,881	\$723,842	\$904,803	\$1,357,204	\$1,809,606
20	\$463,057	\$617,409	\$771,761	\$1,157,643	\$1,543,523
15	\$370,910	\$494,546	\$618,183	\$927,274	\$1,236,365
10	\$264,538	\$325,717	\$440,897	\$661,345	\$881,793
5	\$141,746	\$188,995	\$236,244	\$354,366	\$472,488

One way to save towards your retirement is enrolling in your company sponsored pension plan or starting an individual retirement plan. If your company provides a pension plan, aim to contribute the maximum. Assess your current financial situation, choose an amount you can afford to save, and stick with it. If you live with relatives or do not have any dependents, your bills may be lower, which will provide you with more disposable income. This extra disposable income can be saved towards your retirement until you have more financial responsibilities. Due to the power of compounding interest, the earlier you begin and the more you contribute towards your retirement plan, the more you will have upon retirement.

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3. Minimize debt.



The Bahamian population is heavily in debt, which leaves little room for saving or investing. While some debt is necessary, getting loans for unnecessary items such as furniture, multiple cars, and vacations at astronomical interest rates can eat away at your hard-earned income. Consumer loans and credit cards carry much higher interest rates than a mortgage. According to the Central Bank's November 2017 Quarterly Statistical Digest, the average consumer loan rate stands at 12.97%. Avoid having multiple high interest rate credit cards and pay credit card bills on time and in full. The interest alone on past due credit card balances and consumer loans can cut into your savings. If

you have student loans, create a strategy to pay them off as soon as possible. If a large chunk of your income goes towards making loan payments, you will have very low financial flexibility.

4. If saving towards a piece of property or a home, create a separate savings plan dedicated to saving for the down payment.



A growing number of Millennials are delaying milestone purchases like home or property ownership due to the rising costs of property and strict loan eligibility requirements. Some choose to live with their parents or other family members as they work towards financial independence. The typical down payment required by local banks is 15-30%, whereas your parents or grandparents may have been accustomed to less stringent down payments of 5%. Depending on the cost of the home or property, a 15-30% down payment can be a large sum to save, and may even be out of reach for some. In addition to having adequate funds to afford a down payment, you must ensure that you can live comfortably after making your monthly mortgage and bill payments. The average residential mortgage interest rate as of September 2017 is 5.40%. Doing your research and obtaining the best interest rate can help you save money in the long run.

A good tool to save up for a real estate purchase is the CFAL Savings Express Plan. Contributions are invested

in The CFAL Money Market Investment Fund at a rate of 2.75-3.00%. To encourage you to save, no withdrawals are permitted within the first two years. After the first two years, withdrawals are only permitted twice per year. This withdrawal clause will ensure that you save without withdrawing until you are ready to make your purchase.

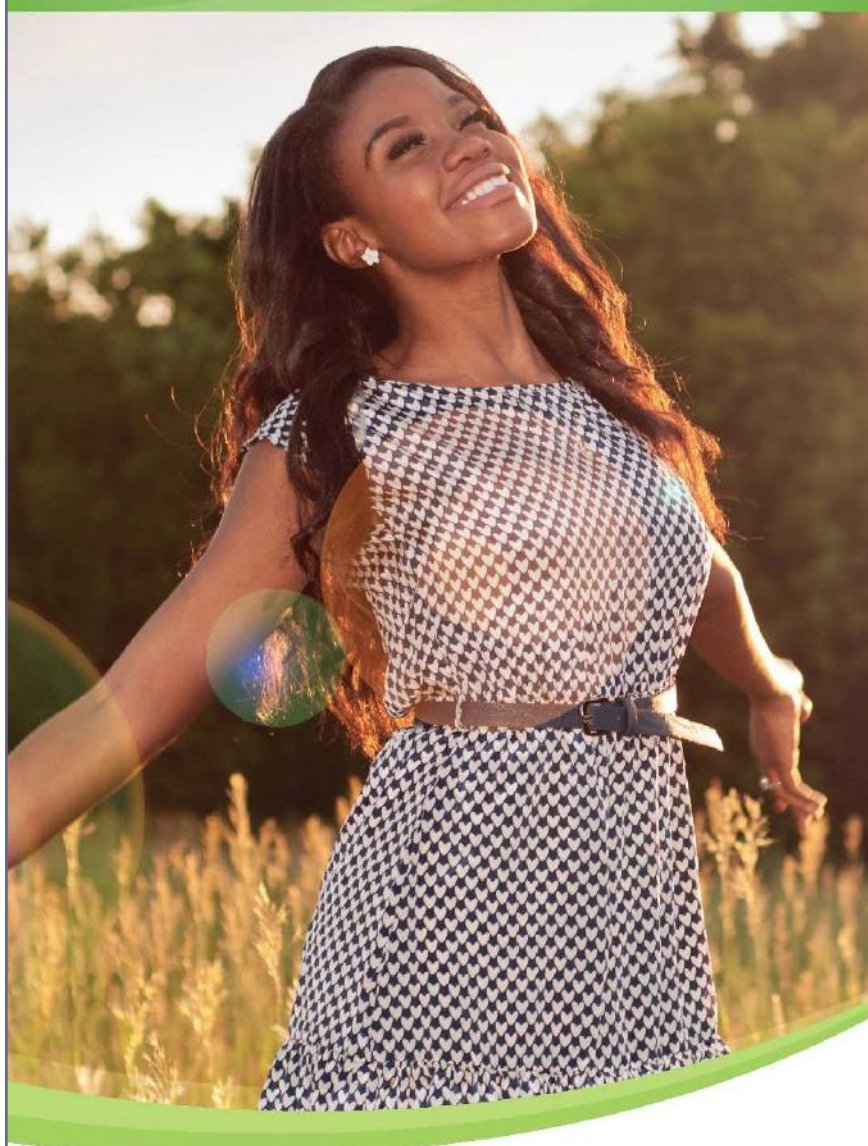


5. Save for a rainy day.

Many Millennials graduated during or after the Great Recession and global financial crisis. This time period should have taught Millennials that life is unpredictable and financial obstacles can arise. The Great Recession and global financial crisis caused high unemployment and lower wages in the years that followed. Many Millennials may have had difficulty finding jobs, settled for jobs with lower pay, or ended up in a career unrelated to their chosen fields. The unemployment levels in The Bahamas have yet to recover, standing at 9.90% as at May 2017. Many companies are downsizing or closing down, causing many to lose their jobs unexpectedly. Prepare for the unexpected by creating an emergency fund should you have health issues or become unemployed. This should be about 3-6 months' worth of living expenses placed in a bank savings account or an investment savings plan. Placing the funds in an investment account ensures less accessibility and less temptation to withdraw. In addition, this will allow you to gain more interest on your investment.

Millennials face several hurdles to financial success, but these hurdles can be overcome with proper planning and discipline. Following these five financial tips can help you secure your financial future and long-term goals. ■

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SPOTLIGHT ON...

Dr. Kenneth Jonathan A. Rodgers



We sat down recently with Dr. Kenneth Jonathan A. Rodgers, Bahamian ophthalmologist and author of two books on the Bahamian economy: *Is it Really Better in The Bahamas for Bahamians?* (2009) and *The Bahamian Dream* (2013).

In our conversation on life, investing and the Bahamian economy, Dr. Rodgers makes the case that we must recalibrate (and in many cases...radically so) in order to remain relevant and sustainable in the new world order. Central to our economic recalibration is the necessity to challenge the status quo, think outside of the box, and have the courage to implement change. One of Dr. Rodgers' core beliefs is that we, the people, have to become greater stakeholders in our future. Dr. Rodgers is a former Chief of Ophthalmology at The Princess Margaret Hospital. He is a Fellow of The Royal College of Surgeons [Canada] and a Fellow of The Royal College of Surgeons [UK].

MEDICINE MAN

Did you always want to be a doctor?

Yes, I would say that I have always wanted to be a doctor. My father was a family doctor. I was inspired to become an eye doctor because my mother had glaucoma. I used to accompany her when she had her appointments in Florida to see her ophthalmologist and he would sit me on his lap and allow me to look at her eyes through the instruments. Years later, when I saw Dr. Kenneth Knowles doing eye surgery at PMH, I became even more fascinated and the rest is history!

What is the most challenging thing about being a doctor? The most rewarding?

In The Bahamas, what makes it difficult is when I have to operate on someone with whom I have a personal relationship. I've operated on my uncle and on my cousins.

Maybe I shouldn't have done it. In today's world people might take that view. But when I was starting out there really wasn't anyone else to do it.

I don't think there is anything more rewarding, except maybe a baby being born, than being able to restore someone's sight. I remember when I was in Canada; I operated on an older man. Before the surgery, he could only see light, nothing else. After the surgery when we removed the bandages and he could see, he jumped up and when he saw me said, "Beejesus you is a black man!" He was so excited to be able to see! It was really rewarding to see his excitement. And of course, he didn't mean anything by his comment. We actually became the best of friends.

EYE ON THE ECONOMY

What do you see as the main challenges to economic growth for the Bahamas? How can we stimulate economic growth?

We are currently in a period of economic stagnation. We have high levels of unemployment, high levels of debt, slow GDP growth and tremendous asymmetries of wealth. The ease of doing business is also a problem for us. We need to stabilize the economy by enacting policies that will reduce core inflation. When any country experiences core inflation, its economy becomes noncompetitive and stagnates, as is the case today. We also need to provide a better system of education for our children, so that they can become more productive citizens.

What can we do to improve Bahamian healthcare? Suggestions? Is NHI the answer?

The Bahamas is one of the few places in the world that you can get a decent standard of free healthcare. Yes, you may need to wait for quite a long period of time to access care at PMH, especially in the Emergency Department. This is due to a combination of things such as a shortage of manpower, equipment and space. Non-communicable diseases are a huge problem. People need to start helping themselves by eating the correct foods and getting regular exercise and checkups. A full NHI plan is impossible to fund at this point in time. We need to find a way to provide

catastrophic care and cancer treatment for those with limited or no insurance coverage. The national drug plan was a huge help but we need to do more, especially with the high cost of cancer drugs.

What is our main challenge with tourism? What is working? How can we grow our tourism market share?

Our level of service is a problem and our tourism product is overpriced by at least 25%. If you travel to other countries, you realize the difference. Other countries have discovered tourism so there is a lot of competition out there. Our natural resources will always be our greatest strength, but we need more unique experiences. We need to get the tourists out of the hotels and off the ships to spend money. Our repeat visitor rate is low and our crime rate is too high. We also need to explore new markets like India and Africa. All-inclusive products and the large hotels suck up most of the tourists right now. Airbnb will help to distribute some of the tourism income to the wider economy, but unless we can correct our service and crime issues, our tourism industry will suffer long term.

What is your opinion on the Government's proposed plan to relax exchange control and begin to allow Bahamians to hold USD accounts at home up to \$100,000? What other initiatives would you suggest?

I have been a proponent for exchange control relaxation for years now. I think that we would benefit from moving either to a dual currency system or to complete dollarization. Both Bermuda and Cayman have dual currency systems and they both work well, so it's not like we have to reinvent the wheel. I believe that The Central Bank is committed to this process and is taking the correct approach by gradually relaxing exchange controls to allow the US Dollar reserves time to accumulate to a level that will allow a switch to take place.

What is your view on our financial services industry and investing in the current economic climate?

With the lack of banking secrecy now and everybody under the sun having discovered financial services, it is much tougher. The price of our financial service products are high compared to the rest of the world so, in effect, we have priced ourselves out of the market. I think the trust product will survive and the future will most likely be family offices and smart funds.

Do you see The Bahamas as becoming a knowledge based economy?

We are still a service-based economy. To get to a knowledge-based economy we need to have a highly educated population, a base of research and technology, as well as, the prerequisite policy and financing infrastructure in place. The whole structure of education has to undergo a monumental change to include new teaching methodolo-

gies that include virtual reality, adaptive learning and creativity. To get to a Knowledge Based Economy there will be creative disruption. A lot of traditional jobs and businesses will be lost. However, it will provide opportunities for people who can take advantage of the changes. We must overcome our resistance to change.

FOCUS ON THE FUTURE

People look at you and see a successful person. How do you define success?

I define success as a state of mind. It is being able to achieve all of the things you have ever dreamt of doing. Success is very different for everyone. I think a lot of success depends on luck, and being in the right place at the right time. It also depends a lot on genetics and your family.

What is your best money management advice?

Do your own homework. Investing requires knowledge. Study before you decide what to do with your money. If you don't have the knowledge, then don't invest. Warren Buffet's #1 rule is "Never lose money." Once you lose it, it is very difficult to start again.

What have been your biggest life lessons?

I believe in Karma. If you do good then good will come back to you and off course the reverse also holds true. There are three things that my father taught me: 1. Treat everyone the same way that you would want to be treated yourself 2. Those whom you least expect to learn from are the ones you learn from the most. 3. There are three A's to success – Availability, Affability and Ability. And the last thing that I have come to understand over the years is something that my wife always tells me, which is to have empathy; always put yourself in the other person's shoes and then perhaps you can better understand what they are all about.

What advice would you give to ambitious young people out there?

Get the best education you can get. Look around you and see where the niche is; look for what is needed or what you can do better than others who are doing it now. Also, find something you enjoy doing.

Networking is very important, as well as having a mentor. A mentor is someone that can help you with connections in your chosen path and look out for you.

Be bold, take big steps. Try new things. Be prepared to fail a couple of times. All successful people fail. Be the best you that you can make yourself to be, so that when the opportunities come, you will be ready. ■

FINANCIAL MARKET BRIEF

BISX INDEX

31-Dec-17	2,063.57	Quarter Volume Avg.	34,107
Quarter %	10.60%	Advancers	6
YTD %	6.47%	Decliners	8
Market Cap \$	5.336B	Unchanged	38

MARKET MOVERS

COMPANY NAME	31-DEC-17 CLOSING PRICE	30-SEP-17 CLOSING PRICE	CHANGE %	52-WEEK HIGH/LOW	VOLUME
Advancers					
Benchmark Bahamas Ltd.	\$0.16	\$0.15	6.67%	0.12/0.18	6,640
Commonwealth Bank Ltd.	\$4.90	\$3.83**	24.94%	3.83/4.90	284,945
First Caribbean International Bank	\$8.70	\$8.60	1.16%	8.40/8.70	11,060
Fidelity Bank	\$10.45	\$9.75	7.18%	8.78/10.55	30,999
FOCOL	\$4.48	\$3.45	29.86%	3.35/4.48	63,805
JS Johnson	\$12.51	\$12.50	0.08%	11.94/12.51	9,500
** Post Split (6-Oct-17)					
Decliners					
AML Foods Limited	\$4.00	\$4.28	-6.54%	3.50/4.38	504,475
Bahamas Waste Ltd.	\$3.34	\$3.65	-8.49%	3.32/3.76	43,746
Bank of The Bahamas	\$0.95	\$1.39	-31.65%	0.90/1.77	80,887
Cable Bahamas	\$3.70	\$3.92	-5.61%	3.50/4.60	241,775
Commonwealth Brewery	\$9.00	\$10.01	-10.09%	9.00/11.93	38,720
Consolidated Water	\$2.52	\$2.56	-1.56%	2.18/2.30	-
Doctors Hospital	\$1.50	\$1.55	-3.23%	1.40/1.56	255,600
Finco	\$6.00	\$7.08	-15.25%	5.67/11.00	38,208

Q4 2017| December 31, 2017

The local market ended this quarter with 1,705,335 shares crossing the exchange over 434 trades to accumulate a value of \$8,144,044.21. The BISX All-Share Index gained 197.69 points or 10.595 percent to end the last quarter of 2014 at 2,063.57. Year to date the Index is up 125.36 points or 6.468 percent. AML Holdings (AML) -6.54% was the volume and value leader over the quarter, moving 504,475 shares in 39 trades for a value of \$2,122,584.00. In October 2017, Commonwealth Bank (CBL) +27.94% completed its three for one split and began trading with a post-split price of \$3.83 on October 6, 2017.

Over the quarter, The Grand Bahama Power Company (GBPC) announced a repayment of \$15,000,000 to its preference shareholders. Emera Inc. completed its purchase of ICD Holdings (ICD), a 50% owner in the Grand Bahama Power Company, offering shareholders the option to receive a cash payout of \$8.85 per share or the equivalent value in Emera Depository Receipts. Cable Bahamas (CAB) -5.61% announced that given its significant start-up ventures it would continue to suspend dividend payments on ordinary shares during the 2017/18 fiscal year. The company anticipates resuming dividends on these shares during its 2018/19 fiscal year.



Global markets continued to rise over the quarter with projections of positive global growth for 2018. Global central banks also remain news-worthy. In December, The Fed raised policy rates by 25bps, an expected move as inflation moves closer to the 2% target level. In October, the ECB announced rates will stay unchanged with QE reduced from €60B to €30B per month. In the US, the Dow Jones Industrial Average gained 2314.13 points or 10.329 percent. The S&P 500 gained 154.25 points or 6.123 percent. Leading sectors were Consumer Discretionary (9.46%), Information Technology (8.65%) and Financials (8.12%) The NASDAQ increased 407.43 points or 6.272 percent. In the Euro Zone, the Euro Stoxx 50 ended up 62.08 points or 1.804 percent to close at 3,503.96 and the FTSE 100 gained 375.05 points or 5.129 percent to end at 7,687.77. The Nikkei 225 rose 2408.66 points or 11.833 percent to end at 22,764.94. The commodities market posted Gold up \$23.05 or 1.801 percent to 1,302.80. Crude oil rose \$8.75 or 16.934 percent to 60.42.

EQUITY INDICES	LEVEL	QTD	YTD	12 MOS.
BISX (The Bahamas)	2,063.57	10.60%	6.47%	6.47%
S&P 500	2,673.61	6.12%	19.42%	19.42%
Dow Industrials (DJIA)	24,719.22	10.33%	25.08%	25.08%
NASDAQ	6,903.39	6.27%	28.24%	28.24%
FTSE All-Share	7,687.77	4.27%	7.63%	7.63%
S&P/TSX Comp	16,203.13	3.67%	6.03%	6.03%
STOXX Europe 50	3,503.96	-2.53%	6.49%	6.49%
Nikkei 225	22,764.94	11.83%	19.10%	19.10%
German DAX	12,917.64	0.69%	12.51%	12.51%
Hang Seng	29,919.15	8.58%	35.99%	35.99%
MSCI Emerging Markets	1,158.45	7.09%	34.35%	34.35%
S&P 500 Sectors				
Consumer Discretionary	785.33	9.46%	21.23%	21.23%
Consumer Staples	587.33	5.76%	10.46%	10.46%
Energy	533.41	5.27%	3.80%	3.80%
Financials	463.94	8.12%	20.03%	20.03%
Health Care	956.32	1.06%	20.00%	20.00%
Industrials	637.81	5.53%	18.54%	18.54%
Technology	1,106.18	8.65%	36.91%	36.91%
Materials	378.94	6.40%	21.39%	21.39%
Telecom	166.07	2.28%	-5.97%	-5.97%
Utilities	267.37	-0.59%	8.32%	8.32%
CURRENCIES				
EUR	1.20	1.62%	14.15%	14.15%
GBP	1.35	0.86%	9.51%	9.51%
JPY	112.69	0.16%	-3.65%	-3.65%
CAD	1.26	0.79%	-6.47%	-6.47%
CHF	0.97	0.62%	-4.39%	-4.39%
COMMODITIES				
Gold Spot	1,302.80	1.80%	13.53%	13.53%
Crude Oil	58.07	12.71%	3.02%	3.02%

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CFAL FAMILY OF FUNDS – PERFORMANCE ANALYSIS

DECEMBER 2017

B\$ Funds	Inception date	1 Month	Q4 2017	YTD	Average Annual Return					
					1 Year	3 Years	5 Years	7 Years	10 Years	Inception
CFAL Money Market Fund	Feb. 2001	0.27%	0.64%	2.41%	2.41%	2.84%	3.14%	3.36%	3.74%	4.14%
CFAL Bond Fund	Aug. 2003	0.45%	1.14%	4.46%	4.46%	4.28%	4.52%	4.81%	5.08%	5.38%
CFAL Balanced Fund	Oct. 1994	0.10%	3.93%	5.68%	5.68%	5.53%	5.79%	5.13%	3.46%	6.32%
USD Funds										
CFAL Global Bond Fund	Jun. 2008	N/A	1.36%	6.08%	6.08%	5.19%	4.67%	6.62%	N/A	6.14%
CFAL Global Equity Fund	Dec. 2007	N/A	2.50%	8.21%	8.21%	3.37%	4.65%	4.67%	4.37%	4.37%

CFAL FAMILY OF FUNDS – HISTORICAL DATA

DECEMBER 2017

B\$ Funds	Risk Level	Assets	NAV/ Shares	2017	Calendar Year Return					
					2016	2015	2014	2013	2012	2011
CFAL Money Market Fund	Low	\$19.239M	\$1.985	2.41%	2.73%	3.37%	3.44%	3.76%	3.65%	4.16%
CFAL Bond Fund	Low	\$206.996M	\$2.120	4.46%	4.30%	4.07%	4.61%	5.18%	5.67%	5.39%
CFAL Balanced Fund	Moderate	\$16.537M	\$4.138	5.68%	3.82%	7.13%	6.96%	5.40%	3.37%	3.62%
USD Funds										
CFAL Global Bond Fund	Moderate	\$9.265M	\$178.689	6.08%	3.95%	5.54%	7.87%	0.06%	12.68%	10.69%
CFAL Global Equity Fund	High	\$9.596M	\$153.401	8.21%	6.77%	-4.41%	5.23%	8.00%	8.67%	0.90%

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