

CFAL GLOBAL BOND FUND LTD.

LETTER TO INVESTORS | MARKET UPDATE

Dear Investor,

We are currently in unprecedented times. COVID-19 was declared a pandemic on March 11 by the World Health Organization and led governments around the world to implement quarantines and close borders. Economic activity has come to a halt as countries worldwide experience “The Great Lockdown”. Global risk assets suffered even worse declines than seen in the Global Financial Crisis of 2008 as fears of a global recession increased. In an attempt to alleviate the damage, central banks and governments took drastic, emergency measures by cutting rates and rolling out record breaking stimulus packages. However, by the end of the quarter trillions of dollars in market value had been erased, millions of jobs had been lost and analysts concluded that a global economic recession was inevitable. We thought it necessary to address our investors and provide insight on how these market developments affect your investment in the CFAL Global Bond Fund.

Fund Performance

Uncertainty surrounding the COVID-19 pandemic led investors to flee to cash which caused global financial markets to experience massive selloffs and unprecedented volatility. The massive selloff prompted the U.S. Federal Reserve to make two emergency rate cuts in an attempt to counteract the market losses. On March 3, 2020, the Fed had its first emergency rate cut since 2008, reducing the benchmark rate to a range between 1% and 1.25%. On Sunday, March 15, 2020, the benchmark rate was reduced by a full percentage point to a range of 0% to 0.25%. The dramatic drop in interest rates was beneficial for government bonds, as US Treasuries 1-10 years returned 5.26% in the first quarter. In contrast, US corporates lost -4.05% as investors shed risk. The CFAL Global Bond Fund experienced mixed sector returns over the quarter resulting in a negative return of -1.34% for Q1 2020. The Fund underperformed its benchmark, The BofA Merrill Lynch 5 - 7 Year US Corporate & Government Index by 4.28%. This underperformance can be attributed to the Fund’s 11.81% exposure to Commonwealth of The Bahamas sovereign debt which declined 17.19%. It is expected that Caribbean countries, including The Bahamas, will experience major headwinds due to the COVID-19 pandemic and our reliance on tourism, resulting in the negative bond performance. In contrast, US Treasuries gained 3.03% over the quarter, corporate bonds added 1.31% and Bermuda Government bond holdings increased 2.80%.

The following were the best performing and worst performing individual bond holdings for the quarter:

<i>Best Performers</i>			<i>Worst Performers</i>		
Bond	Q1 Return	Exposure	Issuer	Q1 Return	Exposure
Amgen Inc. 3.875% due 11-15-21	+16.64%	1.57%	Commonwealth of the Bahamas 6.00% due 11-21-28	-18.66%	2.43%
US Treasury N/B 1.625% due 08-15-29	+11.10%	2.89%	Commonwealth of the Bahamas 6.95% due 11-20-29	-17.74%	7.60%
Bermuda Government 4.854% due 02-06-24	+2.80%	4.25%	Commonwealth of the Bahamas 5.75% due 01-16-24	-12.58%	1.79%
Amazon.com Inc. 2.50% due 11-29-22	+2.22%	4.36%	Baxter International Inc. 2.60% due 08-15-26	-4.49%	2.61%
Nassau Airport Development Company 8.50% due 12-31-31	+2.13%	8.36%	iShares iBoxx Investment Grade Corporate Bond ETF	-3.11%	4.14%

Fund Outlook

The International Monetary Fund (IMF) expects that the pandemic will negatively impact all regions across the world, with global growth for 2020 projected as -3.00%. The IMF reported that for the first time since the Great Depression both advanced economies and emerging market and developing economies are in recession. The path to recovery is uncertain, however the IMF forecasts that if the pandemic fades by the second half this year global growth will rebound in 2021 at 5.80%.

For the remainder of 2020, the CFAL Global Bond Fund will focus on maintaining a portfolio of high-quality fixed income investments. We will continue to monitor the effect of the pandemic on the financials of companies held and their ability to service their debt. The Fund will divest of any companies which experience a major deterioration in credit quality due to the pandemic if necessary.

Our regular quarterly performance report is also attached for your perusal. Should you have any questions, feel free to contact us via email at investments@cfal.com or via telephone at (242) 502-7010.

Kind Regards,

The CFAL Global Bond Fund Ltd. Investment Committee

Market Returns – Q1 2020

	As at 31 March 2020			
	MTD	QTD	YTD	1 year
Equity Indices (% local currency)				
S & P 500	-12.51	-20.00	-20.00	-8.81
Dow Jones Industrial Average	-13.74	-23.20	-23.20	-15.47
NASDAQ	-10.12	-14.18	-14.18	-0.38
FTSE 100	-13.81	-24.80	-24.80	-22.08
DJ Euro Stoxx 50	-16.30	-25.59	-25.59	-16.85
Shanghai SE Composite	-4.51	-9.83	-9.83	-11.02
Nikkei 225	-10.53	-20.04	-20.04	-10.79
MSCI Emerging Markets	-15.61	-23.87	-23.87	-19.80
MSCI World	-13.47	-21.44	-21.44	-12.10

	As at 31 March 2020			
	MTD	QTD	YTD	1 year
ICE BofAML Bond Indices (% local currency)				
US Treasuries 0-3 months	0.20	0.46	0.46	2.08
US Treasuries 3-5 years	2.25	5.36	5.36	9.14
US Treasuries 1-10 years	2.17	5.26	5.26	8.98
Corporates & Govt 7-10 years	-2.92	1.87	1.87	9.55
Global Broad Market Index	-1.95	0.28	0.28	4.81
Commodities (% USD)				
Gold	-0.54	3.95	3.95	22.04
WTI Crude Oil	-54.43	-65.85	-65.85	-65.33
Alternatives (% USD)				
Credit Suisse Hedge Fund Index	-7.28	-8.98	-8.98	-4.32
HFRX Global Hedge Fund	-5.88	-6.85	-6.85	-1.39