



CFAL

BOND FUND LTD.

Q2 2023  
REPORT

## FUND INFORMATION

**Investment Objective:** CFAL Bond Fund, Ltd. ("the Fund") seeks to preserve the principal value of the investment while returning a yield approximately equal to the local prime rate (currently 4.25%).

**Investment Strategy:** The Fund will pursue its objective by investing primarily in a diversified mix of high yield, high quality short-term and long-term fixed income securities. These investments may include corporate bonds and commercial papers, mortgage-related and asset backed securities, government registered stocks and preferred stock investments.

**Net Assets:** \$439.004M

**Net Asset Value/ Share:** \$2.642

**Currency:** BSD

**Fund Inception Date:** Aug-31-03

**Management Fee:** 0.50%

**Subscription/ Redemption Fee:** 0.00%

**Expense Ratio (2022):** 0.53%

**Early Withdrawal Fee:** No early withdrawals permitted

**Investment Manager:** CFAL

**Bloomberg Ticker:** COLBOND BM

**Benchmark:** CFAL Local Prime Rate Index

## PERFORMANCE SUMMARY (%)

As at June 30, 2023

	Cumulative		Annualized					
	QTR2	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	Incept.
Fund	+0.95	+1.95	+3.87	+4.19	+4.11	+4.15	+4.23	+5.02
Benchmark	+1.06	+2.13	+4.25	+4.25	+4.25	+4.28	+4.45	n/a
+/- Benchmark	-0.11	-0.18	-0.38	-0.06	-0.14	-0.13	-0.22	n/a

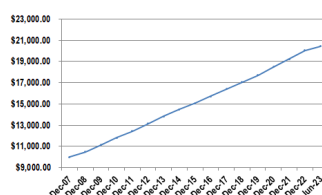
## CALENDAR YEAR PERFORMANCE (%)

	2023							
	YTD	2022	2021	2020	2019	2018	2017	2016
Fund	+1.95	+3.87	+4.35	+4.55	+3.73	+3.97	+4.46	+4.30
Benchmark	+2.13	+4.25	+4.25	+4.25	+4.25	+4.25	+4.25	+4.75
+/- Benchmark	-0.18	-0.38	+0.10	+0.30	-0.52	-0.28	+0.21	-0.45

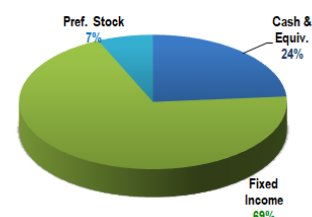
## PORTFOLIO DURATION ALLOCATION

Duration	% of Bond Holdings	YTM	Avg. Duration
Under 1 year	31.40	1.40	0.30
1 – 3 years	9.80	3.70	2.00
3 – 5 years	5.90	4.50	4.00
5 – 7 years	5.40	6.10	6.00
7 – 10 years	12.80	5.00	8.70
Over 10 years	34.60	5.50	11.40

## GROWTH OF \$10,000



## ASSET ALLOCATION



## FUND DATA

Avg. Current Yield	3.95%
Weighted Avg. Maturity	9.25 years
Average Duration	5.91

## RATE EXPOSURE

(%)

Variable Rate	19.67
Fixed Rate	80.33

## TOP 5 SECURITY HOLDINGS (%)

Nassau Cruise Port 6.00% Fixed Rate Bond due 06-30-40	7.15
Bahamas Govt. T-Bill due 09-27-23	4.78
BGRS 3.13% due 10-31-23	3.68
Bahamas Govt. T-Bill due 08-15-23	3.20
Bahamas Govt. T-Bill due 10-19-23	3.19

\*BGRS: Bahamas Government Registered Stock

## PERFORMANCE REVIEW:

The CFAL Bond Fund, Ltd. returned +0.95 percent in Q2 2023 to end at a Net Asset Value of \$2.642 per share. Year to date, the Fund was up +1.95 percent. The Fund underperformed its benchmark, the CFAL Local Prime Rate Index, by 0.11 percentage points for the quarter or 0.18 percentage points year to date. At the end of the second quarter, the portfolio holdings by asset class included: cash and equivalents at 23.70 percent, fixed income holdings at 69.60 percent and perpetual preference shares at 6.70 percent. The Fund continues to attract a high level of subscriptions as net additions to the Fund over the quarter totaled \$24.313M. Cash and equivalent holdings comprised of cash at bank (7.00 percent), Government of the Bahamas Treasury Bills (14.00 percent) and term deposits (2.70 percent). The average yields on Treasury Bills and term deposits were 2.91 and 2.20 percent, respectively. Bahamas Government Bond issues accounted for 55.50 percent of the portfolio. Sector returns remained positive over the quarter. Fixed income holdings rose +1.18 percent while perpetual preference shares gained +1.11 percent. Cash and equivalent holdings returned +0.46 percent.

The tourism sector continues to rebound as total arrivals to the country as of May 2023 stood at 4.2 million visitors, representing a year over year growth of 68.0 percent. Preliminary data from the Ministry of Finance showed that for the first nine months of FY2022/23 the fiscal deficit declined by 35.7 percent to \$216.2M. Revenues increased by 14.5 percent to \$2.113B while expenditures increased by 6.7 percent to \$2.329B. On a quarterly basis, the country realized a surplus of \$61.7M for the third quarter of FY 2022/23. This represented the first quarterly surplus in four years. The country's debt levels remain elevated however, as the National Debt (inclusive of contingent liabilities) was 11.495B or 90.2 percent of GDP as of March 2023. Over the quarter, the Bahamas National Statistical Institute released the first Labour Force Survey since November 2019, reporting that the unemployment rate was 8.8% as of May 2023. Local economic prospects continue to improve due to pent-up travel demands and the country's close proximity to the United States. However, large debt servicing costs remain a detractor to growth. The CFAL Bond Fund will continue to maintain a strategy of purchasing instruments with short to medium-term duration with the view of minimizing overall risk. The Fund will remain focused on capital preservation while pursuing high quality, attractive, income generating investments.

*Disclaimer: This performance report is for informational purposes only. Only the Offering Memorandum, of which the present document is not a part, should be relied upon for the purpose of considering an investment in the CFAL Bond Fund, Ltd. Past performance is not necessarily indicative of future results. For more information, email [info@cfal.com](mailto:info@cfal.com).*



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