



CFAL

BOND FUND LTD.

Q3 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: \$476.872M

Net Asset Value/ Share: \$2.666

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 September 30, 2023

	Cumulative		Annualized					
	QTR3	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	Incept.
Fund	+0.94	+2.90	+3.91	+4.10	+4.09	+4.14	+4.21	+5.00
Benchmark	+1.04	+3.19	+4.25	+4.25	+4.25	+4.27	+4.44	n/a
+/- Benchmark	-0.10	-0.29	-0.34	-0.15	-0.16	-0.13	-0.23	n/a

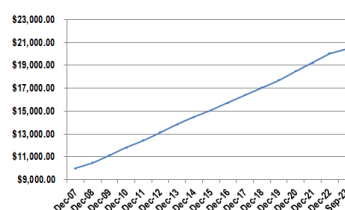
CALENDAR YEAR PERFORMANCE (%)

	YTD							
	2023	2022	2021	2020	2019	2018	2017	2016
Fund	+2.90	+3.87	+4.35	+4.55	+3.73	+3.97	+4.46	+4.30
Benchmark	+3.19	+4.25	+4.25	+4.25	+4.25	+4.25	+4.25	+4.75
+/- Benchmark	-0.29	-0.38	+0.10	+0.30	-0.52	-0.28	+0.21	-0.45

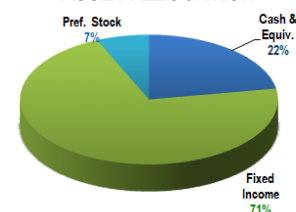
PORTFOLIO DURATION ALLOCATION

Duration	% of Bond Holdings	YTM	Avg. Duration
Under 1 year	32.40	1.30	0.20
1 – 3 years	9.20	3.70	1.90
3 – 5 years	7.60	4.40	4.00
5 – 7 years	6.70	5.60	6.10
7 – 10 years	12.30	5.00	8.80
Over 10 years	31.80	5.50	11.30

GROWTH OF \$10,000



ASSET ALLOCATION



PERFORMANCE REVIEW:

The CFAL Bond Fund, Ltd. returned +0.94 percent in Q3 2023 to end at a Net Asset Value of \$2.666 per share. Year to date, the Fund was up +2.90 percent. The Fund underperformed its benchmark, the Local Prime Rate Index, by 0.10 percentage points for the quarter or 0.29 percentage points year to date. At the end of the third quarter, the portfolio holdings by asset class included: cash and equivalents at 22.30 percent, fixed income holdings at 71.10 percent and perpetual preference shares at 6.60 percent. The Fund continues to attract a high level of subscriptions as net additions to the Fund over the quarter totaled \$9.338M. Cash and equivalent holdings comprised of cash at bank (3.30 percent), Government of the Bahamas Treasury Bills (16.40 percent) and term deposits (2.60 percent). The average yields on Treasury Bills and term deposits were 2.91 and 2.20 percent, respectively. Bahamas Government Bond issues accounted for 57.40 percent of the portfolio. Sector returns remained positive over the quarter. Fixed income holdings rose +1.07 percent while perpetual preference shares gained +1.43 percent. Cash and equivalent holdings returned +0.44 percent.

During the third quarter, the Bahamian economy continued to see gains in the tourism sector albeit at a more modest pace. Year to date as at August 2023, visitor arrivals stood at 6.6M, a 53.5% increase from the same period in 2022. For the first nine months of FY2022/23, government revenues were reported as \$2.079B while expenditures came in at \$2.329B; a respective increase of 12.7% and 6.7% from the same period in FY2021/22. The deficit saw a 25.7% reduction to \$249.7M. Government borrowing continued to expand, as at June 2023 the Direct Charge on the government increased by 4.3% year over year to \$11.256B while the National Debt (inclusive of contingent liabilities) rose 4.1% to \$11.645B. Based on government GDP estimates, the projected Direct Charge to GDP (81.9%) and National Debt to GDP (84.8%) improved from the previous year. While the local post pandemic economic rebound continued, activity is expected to return to normal levels soon. The IMF projects that the Bahamian economy will grow by 4.3% in real terms this year, down from 14.4% in 2022. Amidst this projected slowdown the country's debt burden remains high, and debt levels could worsen as economic activity fades. 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.

FUND DATA

Avg. Current Yield	3.82%
Weighted Avg. Maturity	8.69 years
Average Duration	5.61

RATE EXPOSURE

	(%)
Variable Rate	19.05
Fixed Rate	80.95

TOP 5 SECURITY HOLDINGS (%)

Nassau Cruise Port 6.00% Fixed Rate Bond due 06-30-40	7.05
Bahamas Govt. T-Bill due 12-27-23	5.05
BGRS 3.13% due 10-31-23	3.60
Bahamas Govt. T-Bill due 10-19-23	3.13
Bahamas Govt. T-Bill due 11-14-23	3.10

*BGRS: Bahamas Government Registered Stock

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.



Contact CFAL today to discuss your financial goals
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