

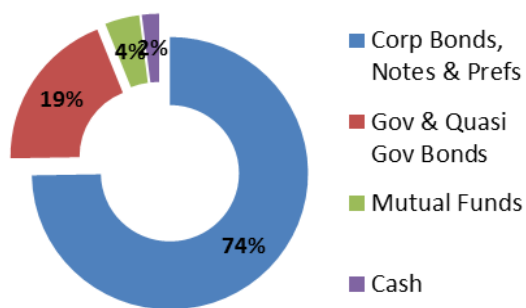
Mar Net Asset Value:	\$6.3857
Assets:	\$144.27M
Inception:	Nov-12

**Performance:**

	Fund	Benchmark*
1 Month	0.40%	0.35%
3 Month	1.11%	1.06%
1 Yr	4.71%	4.25%
3 Yr	14.71%	14.02%

\* Bahamas Prime Rate

**Allocation:**



**Top Holdings:**

CABLE BAHAMAS PEF SHARES 6.25%	18%
BE ALIV FIXED RATE NOTES 8.5%	9%
BE ALIV PEF SHARES 8.0%	9%
CABLE BAHAMAS PEF SHARES 5.75%	7%
CARIBCO LTD CLASS D PEF SHARES 6.25%	6%

The Prime Income Fund is a sub fund of the Bahamas Opportunities umbrella investment fund, which began in November 2012. Performance shown is for Series 1, or retail, shares, which may differ from other Series offered in the fund. The asset allocation shown is subject to change without notice and at the discretion of the investment manager, subject to the restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.

## What about amphibians and fixed income funds?

Kermit the Frog used to sing, "It ain't easy being green!"

In fund-speak that phrase would translate into "It ain't easy investing the green (\$)," which is certainly true in the local Bahamian fixed income market.



One of the more serious challenges for local fixed income funds is a dearth of bonds, notes and preference shares to buy, which we've highlighted many times in this report. Investors looking for reasonable alternatives to rock-bottom

bank fixed deposit rates quite naturally turn to fixed income mutual funds. And it makes a lot of sense, because mutual funds in general provide investors with a boatload of benefits: higher returns, flexibility, low initial investment amounts, and immediate diversification.

But here is where supply and demand comes in: Once investors discover all these benefits, the fund gets more incoming cash (demand) than it can efficiently deploy into appropriate securities in the marketplace (supply). Cash then builds up and can hurt returns if not managed properly.

To toot our own horn a bit, clearly we're managing something properly if the fund's annual returns for the past five years look like this **2013:** 4.41%; **2014:** 4.71%; **2015:** 4.67%; **2016:** 4.60%; **2017:** 4.69%.



This quarter, the fund allocated a large chunk of cash to the new Be Alive preference shares that came to market, adding a security from a company with a rapidly growing market share and an extremely attractive rate.

While we're certainly keeping a close eye on overall concentration of the portfolio, several new issues are expected to come to market over the next few quarters that will help us organically reduce concentration over time. And with nearly \$3M in cash already back again in the fund, they can't come quickly enough.

As Kermit understood a long time ago, it just ain't easy! ♦

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