

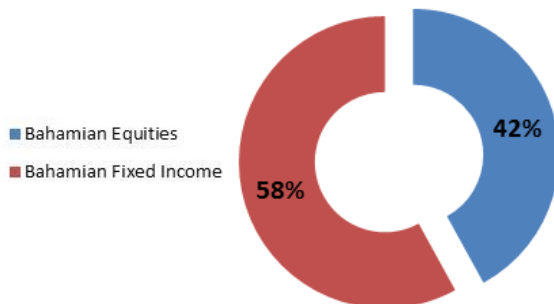
Mar Net Asset Value:	\$7.1635
Assets:	\$68.21M
Inception:	Nov-12

Performance:

	Fund	Benchmark*
1 Month	0.14%	-1.51%
3 Month	0.27%	-1.34%
1 Yr	2.79%	4.10%
3 Yr	16.89%	15.35%

* Blended Index: 60% current Bahamas Prime Rate and 40% BISX All Share Index

Allocation:



Investment Exposure:

CABLE BAHAMAS PREF SHARES 6.25%
BE ALIV FIXED RATE NOTES 8.5%
BE ALIV PREF SHARES 8.0%
FIDELITY BANK (BAHAMAS)
FOCOL
CABLE BAHAMAS

The Secure Balanced 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.

Volatility mutes Q1 returns, as investors wait for bump

Equity prices go up and down.

And if one of those stocks happens to be a top holding in a fund, the effect on returns can be significant (either positively or negatively).



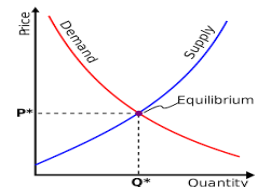
However, different investors respond differently to these fluctuations: Investor X understands that mutual funds with some exposure to equities are designed for building wealth over time, and that short-term fluctuations are the price to pay for long-term gain.

So, he ignores short term slides in the value of his fund because he's confident the reward over time will be much greater. (Plus, he understands that he doesn't actually *lose* anything unless he sells his shares for less than he invested.)

Investor Y, on the other hand, runs for the hills at the first sign of downside volatility.

Secure Balanced Fund returns have certainly been muted by declines in specific stock prices over the past year or so (notably Cable Bahamas, FINCO and Commonwealth Bank), but the slow and steady return of the fixed income portion of the fund has helped minimize overall losses and even prompted a modest return this quarter.

One of the more serious challenges for the fixed income portion of the fund is a dearth of bonds, notes and preference shares to buy. Supply never seems to keep up with demand, which leads to a build up of cash in the fund, which, in turn, can hurt returns.



However, equity prices don't decline forever. The BISX All Share Index, in fact, suffered three straight losing years from 2010 to 2012 (-4.21%, -8.97%, -1.37%) before gaining 9.06% in 2013 and 13.01% the following year.

Could such a bump in the equity markets happen again? Absolutely.

But investors who run for the hills in the meantime risk missing out on the party if and when it does! ♦

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