

# Targeted Equity Fund

Quarterly Report, Q1 2023  
Issue 38



March Net Asset Value:	\$13.5056
Assets:	\$110.3M
Inception:	Nov-12

## PERFORMANCE (Net)

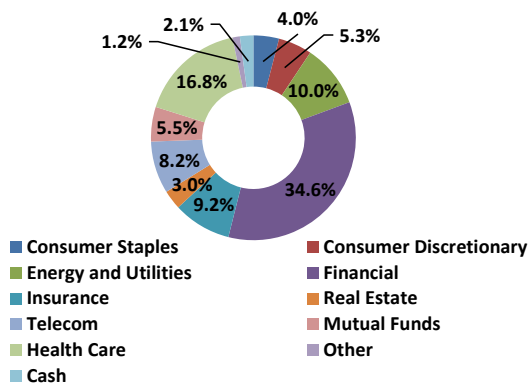
	Fund	Benchmark*
1 Month	-1.77%	-7.87%
3 Month	-0.75%	-8.75%
1Yr	13.80%	7.53%
3Yr	11.30%	4.61%
5Yr	10.53%	4.35%

\*BISX All share Index

## TOP FIVE HOLDINGS

FIDELITY BANK (BAHAMAS)	17.93%
DOCTORS HOSPITAL	16.84%
FINCO	8.88%
CABLE BAHAMAS	8.25%
COLINA	6.27%

## ALLOCATION



*The Targeted Equity 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.*

## Valuations & Dividends Matter

In Q1 the Fund returned -1.77% versus -7.87% for the BISX All Share Index (BISX). Over the last year the Fund returned 13.80% versus the 7.53% generated by BISX, which is heavily weighted (33% of the total index) towards CIBC shares, which returned -33.40% in Q1 2023.

Over the last 3 years and 5 years, the Fund's average annual return was 11.30% and 10.53%, respectively. Over both periods the Fund significantly outperformed BISX.

The stars in Q1 were Bahamas First Holdings, Consolidated Water, Commonwealth Brewery, and FINCO which increased by 12.55%, 11.15%, 10.54%, and 10.00%, respectively. The dogs in Q1 were CIBC, AML Foods, and Bank of The Bahamas which declined by 33.40%, 11.94%, and 8.28%, respectively.

Given the slow start in Q1, we have revised downward our total return expectations in 2023 to 6%-8%, but with good tactical execution we may top 8%.

The Fund's exposure to Fidelity Bank and Doctors Hospital decreased in Q4. Also, in Q4 2022 Colina replaced FOCOL in the top five holdings and in Q1 2023 FINCO and Cable Bahamas switched spots.

The recovery of the local economy continued in Q1 supported by the strong recovery in tourism arrivals. Granted, based on forecasts from the IMF and Bloomberg, U.S. GDP growth is expected to slow to around 2% in 2024. Bahamian GDP forecasts also call for 2% growth in 2024. This means our focus will be on companies trading at reasonable multiples and paying stable dividends.

RF recently launched a private equity fund which may provide attractive medium to long term investment opportunities for the Fund.

RF House, East Hill Street | Phone: 603-6000 | info@rfgroup.com  
www.rfgroup.com