



# Prime Income Fund

Q2 2020  
Issue 31

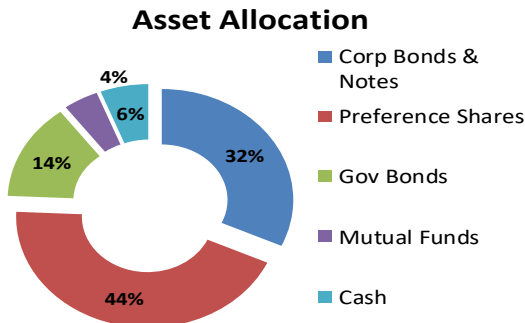
<b>Jun. Net Asset Value:</b>	\$7.1262
<b>Assets:</b>	\$255.8M
<b>Inception:</b>	Nov-12

## Performance:

	Fund	Benchmark*
<b>1 Month</b>	0.63%	0.35%
<b>3 Month</b>	1.46%	1.06%
<b>1 Yr</b>	5.33%	4.25%
<b>5 Yr Ave Ann</b>	4.81%	4.40%

\* Bahamas Prime Rate

## Allocation:



## Top Holdings:

CABLE BAHAMAS PREF SHARES 6.25%	12.7%
NAD PARTICIPATING DEBT NOTES 7.5%	12.0%
BE ALIV FIXED RATE NOTES 8.5%	6.0%
BE ALIV SERIES 1 PREF SHARES 8.0%	6.0%
CABLE BAHAMAS PREF SHARES 5.75%	4.6%

*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.*

## Waves Come in Threes...Hope Not!

The Prime Income Fund generated a steady 1.46% and 5.33% return in Q2 and over the last year respectively. The Fund's cash holdings grew to 7.31% of the portfolio. While excess cash means the Fund is highly liquid, it also creates a drag of returns. The cash drag is expected to result in a gradual decrease in returns until appropriate investment opportunities present themselves.

Recently all BGRS was listed on BISX and the initial prices were based on the secondary prices established by the Central Bank. The key impact is that bonds on the short and medium end of the yield curve realized price increases, while longer term bonds saw price decreases. The simple days of buying and selling government bonds at par, regardless of coupon or maturity date, are over. The trading of GBRS on BISX represents a major step in the maturity of our capital markets.

In June we saw the first wave of the Covid-19 pandemic crest at 104 confirmed cases. In fact we had 24 consecutive days with no new cases. On July 1 our economy was reopened for tourism and local travel aboard. In hindsight, the safeguards applied were not sufficient. Since then confirmed cases have grown exponentially and the second wave makes the first look like a test run.

The second wave in The Bahamas and the resurgence of new cases in the US, will delay any meaningful recovery of our economy. We don't expect any substantial investment opportunities to present themselves until 2021, but the Fund will continue to look for sound investments. In the meantime, we will build up a war chest.

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