

Prime Income Fund

Quarterly Report, Q3 2021
Issue 36



The War Chest

September Net Asset Value:	\$7.4629
Assets:	\$318.04M
Inception:	Nov-12

PERFORMANCE (Net)

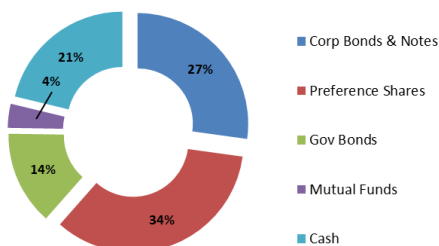
	Fund	Benchmark*
1 Month	0.27%	0.35%
3 Month	0.84%	1.06%
1Yr	3.41%	4.25%
5Yr	4.57%	4.35%
Since Inception	4.55%	4.50%

*Bahamas Prime Rate

TOP FIVE HOLDINGS

NAD PARTICIPATING DEBT NOTES 7.5%	10.7%
CABLE BAHAMAS PREF SHARES 6.25%	10.3%
BE ALIV FIXED RATE NOTES 8.5%	4.9%
BE ALIV SERIES 1 PREF SHARES 8.0%	4.8%
CABLE BAHAMAS PREF SHARES 5.75%	4.0%

ALLOCATION



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.

The Prime Income Fund generated a return of 0.27% in Q3. Over the last 5 years the Fund grew by an average of 4.57% per annum. Since inception, the Fund has averaged 4.55% per annum.

With net inflows reaching near all time highs, the Fund's cash holdings grew to 20.7% of the portfolio. While excess cash means the Fund is highly liquid, it also creates a drag of return, which we have seen over the last 12 months. Granted, the Fund has a substantial "war chest" of cash and is well positioned to benefit from future investment opportunities. Also, a net return of 3.41% over the last year dwarfs what commercial banks are offering on fixed deposits.

The Bahamian economy has continued the growth seen throughout the first two quarters of the year. The main driver of this has been the tourism industry, all numbers point to a strong rebound with Atlantis and Baha Mar reporting strong occupancy rates. We are entering a traditionally slow period for the industry and we have seen the industry report a softening in bookings but numbers for the Winter season and 2022 look strong.

Even with the strong rebound in tourism, unemployment remains high and if it persists will cause a delay in the rebound of the economy. The hope is that the rebound of tourism and more properties opening we will see a reduction in unemployment.

The Fund's large cash holdings means it has lots of capacity to take advantage of several private sector offerings expected to come to market in later in the year which will help boost returns.

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