

# Balance Pension Fund PPP

Quarterly Report, Q3 2021  
Issue 36



Sept Net Asset Value:	\$1.8104
Assets:	\$2.742M
Inception:	Nov-12

## PERFORMANCE

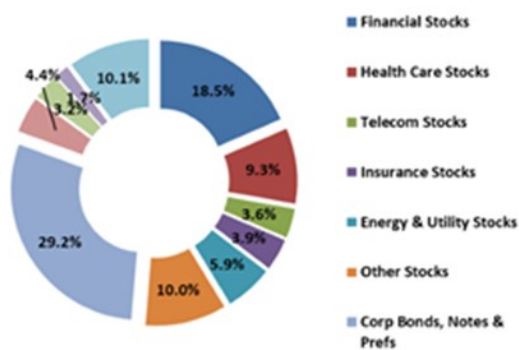
	Fund	Benchmark*
1 Month	1.02%	0.66%
3 Month	3.76%	2.82%
YTD	6.31%	1.78%
1Yr	7.54%	2.62%
3Yr	7.03%	3.24%

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

## INVESTMENT EXPOSURE

CORP. BONDS, NOTES & PREFS.	29.2%
FINANCIAL STOCKS	18.5%
HEALTH CARE STOCKS	9.3%
GOVERNMENT BONDS	4.4%
ENERGY & UTILITY STOCKS	5.9%

## ALLOCATION



*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.*

## Positive Outlook for 2022

The Fund's performance versus the benchmark has been strong since inception. During the third quarter and year-to-date, the fund has returned 3.76% and 3.93% vs the benchmark which returned 0.66% and 1.78%. Over the past 3 years, the Fund has averaged 7.03% per annum versus 3.24% for the benchmark.

The Fund's outperformance is due to the tactical asset allocation decisions. In 2021 the Fund overweighted equities with a focus on companies we expected to benefit from the Covid-19 pandemic.

Currently 51.3% of the Fund's portfolio is invested in equities, with the balance invested in fixed income. The target allocation is 40% equities and 60% fixed income, but over the last 15 months no attractive new fixed income securities have come to market, so cash was invested in undervalued equities.

Over time the Fund will rebalance its asset allocation to the target 40/60 split, but the timing of this will depend on attractive new fixed income securities coming to market.

The Fund's largest sector exposure is the financial services sector, with 18.5% of the total portfolio invested local banks. After taking significant loan loss provisions, banks realized a strong comeback with high proportion of provisions being written back.

Investment opportunities in look fixed income remain limited, but several local stocks remain attractive investments. These stocks are trading at reasonable multiples and offer attractive dividend yields in the current low interest rate environment.

We expect for the equity market to drive the Fund forward through the end of the year as business return to near pre-pandemic levels and new private fixed income offerings come to market, which will also help drive returns.