

Pension Balanced Fund

Quarterly Report, Q4 2022
Issue 35



Dec. Net Asset Value:	\$2.7552
Assets:	\$25.63M
Inception:	Nov-12

PERFORMANCE

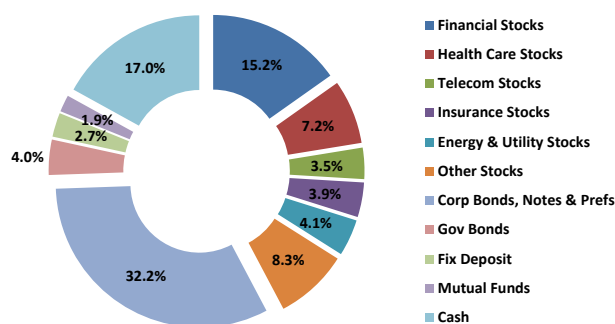
	Fund	Benchmark*
1 Month	0.60%	0.41%
3 Month	1.16%	0.55%
1Yr	7.74%	9.71%
3Yr	6.13%	5.00%
5yr	6.69%	4.70%

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

INVESTMENT EXPOSURE

CORP. BONDS, NOTES & PREFS.	32.2%
CASH	17.0%
FINANCIAL STOCKS	15.2%
HEALTH CARE STOCKS	7.2%
ENERGY & UTILITY STOCKS	4.1%

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.

Benefiting from a Balanced Approach

In December and Q4 the Fund outperformed the benchmark, but in 2022 the Fund returned 7.74% vs 9.71% for the benchmark. Over the last 5 years, the Fund has averaged 6.69% per annum versus 4.70% for the benchmark.

Currently 42.2% of the Fund's portfolio is invested in equities, with 40.7% in fixed income and 17.0% in cash. The target allocation is 40% equities and 60% fixed income, so the fund is effectively in line with the target. The Fund has benefited from strong net subscription levels, which explains the excess cash balance.

While excess cash is a drag on performance in the short-term, it will allow the Fund to invest in opportunities as they arise. There are a number of deals coming to market in 2023 and, subject to RF Investment Committee review and approval, the Fund should be able to invest most of the excess cash.

The Fund's largest sector exposure is the financial services sector, with 15.2% of the total portfolio invested local banks and 3.9% in local insurance companies. This sector was the top performing sector in 2023.

Investment opportunities in fixed income remain limited, but several local stocks remain attractive investments. Many stocks have seen very attractive returns throughout this quarter, which we expect to see in other companies throughout the rest of the year.

We expect the Fund to generate returns in 2023 near the 5Yr average. This will depend on continued strong economic growth buoyed by tourism. A key risk factor to corporate profits is the Government's focus on expanding government revenues versus controlling wasteful spending. This policy means an ever increasing tax burden on companies and individuals, in other words the private sector, and the inefficient allocation of scarce capital by the Government.

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