

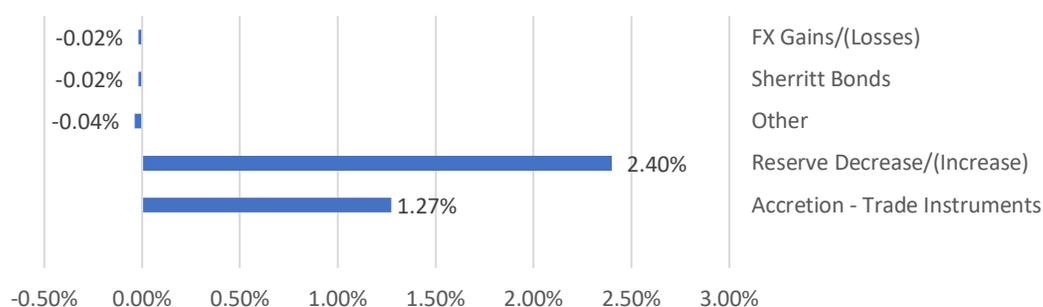
9th February 2023

Dear Investors,

Antillean Fund - Reserve writeback in January.

As January was a good month, we write to explain how that gain was achieved.

Contributors to the Monthly Return



The above is a repeat of the bar chart you can see on the monthly fact sheet. The bar, “Accretion - Trade Instruments” tends to be steady from month to month. This is our traditional business... the linear uplift in the value of trade instruments from the discounted price at which we buy them, towards face value... the value at which they mature.

The Reserve Decrease/(Increase) bar has produced the most news (mostly bad) in the past year. When we see improvement or deterioration in a part of the portfolio, the production of a correct NAV may require changing the reserve levels. You may remember from previous letters that our reserve levels for our various assets are:

Obligor	Reserve
BFI	12%
ETECSA	67%
Havana bank accounts	75%
Other obligors	90%

The above levels have not changed since our last audit date... June 30, 2022. However, over the past 3 months, one of our obligors has started to make payments. They have paid us back on 8 instruments including full late interest. On some of those instruments, they were not the primary obligor, but they had given a guarantee which they are honouring. We expect more payments from them. The blockage in the Cuban banking system, (see recent [letters](#) on our website) make these

payments slow. However, we are seeing regular payments from this counterpart that are significant to the size of their debt to us. We, therefore, cannot justify the 90% reserve level.

For the moment, we have moved them to the ETECSA reserve level of 67%. This change was responsible for about half of the Reserve Decrease/(Increase) bar shown in the chart above.

Furthermore, we reduced our exposure to BFI. Their letters of credit continue to mature and pay us on time. We did not reinvest all that matured so our exposure to BFI reduced. As there is a 12 cent reserve on every €1 of BFI risk that we hold, any reduction of exposure reduces reserves. That was responsible for about a third of the amount you see in the Reserve Decrease/(Increase) bar above. Some smaller items were responsible for the rest of the favourable reserve movement.

We believe that this minor re-categorisation aligns with the facts on the ground and is conservative.

Cuba in January

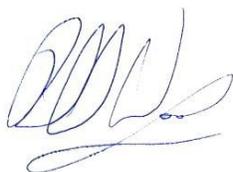
We were together in Cuba during January to meet our major obligors and to stay abreast of the grave problems in the economy. After more than a year of central bank-imposed non-payment of foreign creditors, leading Cuban companies have been given partial control of their FX cash flows. That allows them to start making payments again to offshore creditors.

However, they have trade creditors without whose services they cannot continue. For example, the phone company needs to get current on its payments to international phone and internet operators. We have to accept that some of those creditors will get paid before us.

Despite very difficult economic conditions in many sectors in Cuba, we believe that our debtor selection has been good. That is not to say that we expect a sudden flood of payments from delinquent debtors. We expect more of what we have seen in the past 3 months; that is working together with debtors to slowly reduce their debt, always with the prospect of finance once creditworthiness is restored. We believe that our reserves are adequate to get us through this difficult time.

As ever, we are delighted to answer specific questions.

Yours sincerely,



Richard Wood
Director



William White
Investment Advisor