

13th June 2023

Dear Investors,

Antillean Fund – Partial payout.

Our board has decided to make a partial payout to all investors in the Higher Ground Antillean Fund. We write to explain the reasons and the mechanism.

You have followed our regular communications about the deep economic crisis in Cuba. Our letters over the past 12 months can be found [here](#), [here](#), [here](#), [here](#) and [here](#).

Why the payout?

Despite the crisis, 47% of our invested assets are performing normally and on time and another 3% are paying sporadically. Our team in Havana has done well negotiating payments in a friendly and helpful way from late payers.

Meanwhile, Cuba has drastically reduced imports. Rather than being proactive in restructuring and continuing with plans, many parts of the Cuban economy are retreating to a cash basis. That presages further shrinkage of the economy.

The combined result is that cash is building up in the fund and we don't currently see sufficient sensible ways to deploy it. We are doing new business but in amounts insufficient to use the cash that is coming in. If this continues, we may need to give back significant cash to investors.

How?

For the moment, we have decided to give back 10% of net asset value. In mid-July, you will receive notice from our administrators that the fund has redeemed 10% of your units at the end June NAV. That redemption will be in the currency of your units. All investors are receiving back the same 10% of their NAV. You will receive proceeds by July 20th.

While investment managers never like to shrink a fund, we believe this will boost returns for all investors. We are also priming the pump with a relatively modest payout so we can do it again if necessary in future.

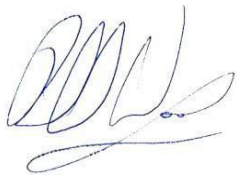
From here?

The Cuban government has made some brave steps towards reform. In the past 2 years, there has been currency reform and a freeing up of private enterprise. However, this is far from enough. We are reminded of Vaclav Klaus; architect of the Czech economic reforms, “We are not aiming for a more efficient version of a system that has failed”. Cuban reforms are partial. The vehemence of the US embargo forces a proud country to stick to its own way, even if it’s not the best way.

In the long-term Cuba’s impressive human capital will create growth. That growth will need financing and we will be there to help. In the meantime, we will continue to ‘right-size’ our investments so we make the best returns we can in a tough situation.

As ever, we are delighted to answer specific questions.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'RW', with a long horizontal flourish underneath.

Richard Wood
Director

A handwritten signature in blue ink, appearing to be 'W White', with a vertical flourish extending downwards.

William White
Investment Advisor