

09<sup>th</sup> January 2024

Dear Investor,

We write to update you on our progress in Cuba. As background, [here](#) is our last letter to you which has links to several prior letters. They describe what we thought and what we were doing at every stage of this crisis of Cuban payments. We started to see late payments from Cuba more than 2 years ago.

We regularly explained that we have a seat at the table with debtors and that they acknowledge their debts to us. As a result of those discussions, we have recently been able to upgrade the debt of our largest delinquent debtor (the Telco), the same debt becoming BFI letters of Credit. BFI, (Banco Financiero Internacional) remains solvent and pays on time. This is a great achievement of our Havana-based team. The Telco received more debt from us in return for both that new debt and all their old payables to us being redocumented as BFI LCs. We have recently received confirmation from BFI that they accept this new obligation to pay us. As those delinquent payables of the Telco made up 52% of our NAV, and as they were heavily reserved against, we are speaking to our auditors about releasing some reserves which would mean a markup in NAV. Something to look forward to in 2024.

We also mentioned regularly in past letters that the new private sector in Cuba is solvent and needs imports. We have increased our exposure to that sector. Its solid performance has been a great contributor to the 27.8% of fund returns in 2023\*.

A disappointment in 2023 was the inability of formerly solvent state-owned companies to regain control of their FX revenues. In the past, a distinguishing feature of companies that we would finance was that they did not have to pay their FX receivables into the 'cuenta unica'...the black hole of hard currency in the banking system. They had the privilege of being able to control what they did with their FX revenues. Although we thought a year ago that some would regain that right, at least in part, none have. This has broadly left BFI and the private sector as the only attractive credits.

Performance in 2023 was also significantly helped by us finding profitable uses for cash that was blocked in the Cuban banking system (and therefore heavily reserved against). We also sold some of our Sherritt bonds at a gain.

All in all, we feel satisfied with progress in 2023. We are working out delinquent assets, sometimes needing to make compromises but not giving that much away. We are reinvesting cash at high yields in performing paper, which we believe can weather the economic storms.

We have the pieces in place to continue to make good yields in a difficult situation in 2024.

Yours sincerely,



Richard Wood  
Director



William White  
Investment Advisor

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\*USD Class