

Edgar Filing: HERZFELD CARIBBEAN BASIN FUND INC - Form N-Q

HERZFELD CARIBBEAN BASIN FUND INC
Form N-Q
May 24, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM N-Q
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY

Investment Company Act file number 811-06445

The Herzfeld Caribbean Basin Fund, Inc.

(Exact name of registrant as specified in charter)

P.O. BOX 161465, MIAMI, FLORIDA 33116

(Address of principal executive offices) (Zip code)

THOMAS J. HERZFELD
P.O. BOX 161465, MIAMI, FL 33116

(Name and address of agent for service)

Registrant's telephone number, including area code: 305-271-1900

Date of fiscal year end: 06/30/11

Date of reporting period: 03/31/11

ITEM 1. SCHEDULE OF INVESTMENTS

SCHEDULE OF INVESTMENTS AS OF MARCH 31, 2011 (unaudited)

=====

Shares or Principal Amount	Description	Market Value
	Common stocks - 95.12% of net assets	
	Airlines - 5.70%	
32,500	Copa Holdings, S.A.	\$ 1,716,000
	Banking and finance - 9.36%	
26,280	Bancolombia, S.A.	1,646,705
39,000	Banco Latinoamericano de Exportaciones, S.A.	680,940
11,500	Doral Financial Corp.	12,650
50,000	Popular, Inc.	145,500
3,844	W Holding Co., Inc.	1,230
16,000	Western Union Company	332,320

Edgar Filing: HERZFELD CARIBBEAN BASIN FUND INC - Form N-Q

Communications - 12.35%		
35,600	America Movil, S.A.B. de C.V. Series A	102,848
104,572	America Movil, S.A.B. de C.V. Series L	303,777
23,595	America Movil, S.A.B. de C.V. ADR	1,370,869
11,698	Atlantic Tele-Network, Inc.	435,049
377,100	Fuego Enterprises, Inc.	14,330
22,516	Grupo Radio Centro, S.A.B. ADR	247,676
32,400	Grupo Televisa, S.A.B. ADR	794,772
20,000	Level 3 Communications	29,400
80,304	Spanish Broadcasting System, Inc.	76,289
15,000	Telefonos de Mexico, S.A.B. de C.V. ADR Series L	273,900
78,600	Telefonos de Mexico, S.A.B. de C.V. Series L	72,083
Conglomerates and holdings companies - 0.30%		
250,000	Admiralty Holding Company	--
70,348	BCB Holdings Ltd.	86,265
3,250	Shellshock Ltd. Ord.	2,657
Construction and related - 6.34%		
55,790	Cemex S.A.B. de C.V. Series CPO	49,852
42,483	Cemex S.A.B. de C.V. ADR	378,973
20	Ceramica Carabobo Class A ADR	--
71,132	Mastec, Inc.	1,479,546
Consumer products and related manufacturing - 7.66%		
13,273	Grupo Casa Saba, S.A.B. de C.V. ADR	244,488
29,600	Watsco Incorporated	2,063,416
Food, beverages and tobacco - 9.20%		
17,000	Chiquita Brands International Inc.	260,780
53,874	Cleanpath Resources Corp.	539
24,500	Coca-Cola Femsa, S.A.B. de C.V. ADR	1,886,255
18,900	Fomento Economico Mexicano, S.A.B. de C.V. Series UBD	110,902
19,690	Fresh Del Monte Produce Inc.	514,106
Housing - 2.26%		
37,500	Lennar Corp.	679,500
Investment companies - 0.01%		
4,420	Shellproof Limited	3,259
Leisure - 13.07%		
41,500	Carnival Corp.	1,591,940
44,500	Royal Caribbean Cruises Ltd.	1,836,070
11,029	Steiner Leisure Ltd.	510,202
Mining - 0.05%		
3,863	Grupo Mexico, S.A.B. de C.V., Series B	14,469
Pulp and paper - 0.13%		
6,100	Kimberly-Clark de Mexico, S.A.B. de C.V. Series A	37,905
Railroad - 5.50%		
19,000	Norfolk Southern Corporation	1,316,130
20,000	RailAmerica, Inc.	340,800

Edgar Filing: HERZFELD CARIBBEAN BASIN FUND INC - Form N-Q

Retail - 1.08%		
1,270	Grupo Elektra, S.A. de C.V. Series CPO	54,822
90,222	Wal-Mart de Mexico, S.A.B. de C.V. Series V	270,501
Service - 0.01%		
700	Grupo Aeroportuario del Sureste, S.A.B. de C.V. Series B	4,115
Trucking and marine freight - 16.36%		
12,280	Grupo TMM, S.A.B. ADR	29,840
1,321	Seaboard Corporation	3,187,573
2,000	Seacor Holdings, Inc.	184,920
20,000	Teekay Corporation	738,600
8,361	Teekay LNG Partners LP.	342,801
79,087	Trailer Bridge, Inc.	301,321
28,000	Ultrapetrol Bahamas Ltd.	142,240
Utilities - 5.31%		
12,000	Caribbean Utilities Ltd. Class A	111,480
66,841	Consolidated Water, Inc.	728,567
700	Cuban Electric Company	60
40,500	Teco Energy Inc.	759,780
Other - 0.44%		
100,000	Cuba Business Development	--
13,000	Geltech Solutions, Inc.	25,090
13,000	Impellam Group	76,268
55,921	Margo Caribe, Inc.	30,757
895	Siderurgica Venezolana Sivensa, S.A. ADR	--
79	Siderurgica Venezolana Sivensa, S.A. Series B	--
45,000	Xcelera, Inc.	--
Total common stocks - 95.12% (cost \$24,069,490)		\$ 28,653,127
Bonds - 0.00% of net assets		
165,000	Republic of Cuba - 4.5%, 1977 - in default (cost \$63,038)	--
Other assets less liabilities - 4.88% of net assets		\$ 1,470,587
Net assets - 100% (applicable to 3,713,070 shares; equivalent to \$8.11 per share)		\$ 30,123,714

Security Valuation

The Herzfeld Caribbean Basin Fund, Inc. (the "Fund") records its investments in securities at fair value. Under generally accepted accounting principles ("GAAP"), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Fund uses various valuation approaches. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market

Edgar Filing: HERZFELD CARIBBEAN BASIN FUND INC - Form N-Q

participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1: quoted prices in active markets for identical investments
- Level 2: other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3: significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for securities categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls, is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many securities. This condition could cause a security to be reclassified to a lower level within the fair value hierarchy.

The following table summarizes the valuation of the Fund's investments by the above fair value hierarchy levels as of March 31, 2011:

	Level 1	Level 2	Level 3	Total
Assets (at fair value)				
Common Stocks	\$28,616,454	\$36,673	\$0	\$28,653,127
Debt Securities	0	\$0	0	0
Total Investments in securities	\$28,616,454	\$36,673	\$0	\$28,653,127

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used to determine fair value:

Investments in Securities at Fair Value	
Balance December 31, 2010	\$0
Unrealized gain/(loss)	(25)
Net purchases/(sales)	0
Transfers in/out of Level 3	25
Balance March 31, 2011	\$0

Edgar Filing: HERZFELD CARIBBEAN BASIN FUND INC - Form N-Q

ITEM 2. CONTROLS AND PROCEDURES

- (a) The registrant's principal executive and principal financial officers have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this Form N-Q that includes the disclosure required by this paragraph based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS

The certifications required by Rule 30a-2 under the Investment Company Act of 1940, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 are attached as an exhibit to this filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

The Herzfeld Caribbean Basin Fund, Inc.

By /s/ Thomas J. Herzfeld

Thomas J. Herzfeld
Chairman and President

Date: May 24, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Thomas J. Herzfeld

Thomas J. Herzfeld
Chairman and President

Date: May 24, 2011

By /s/ Cecilia L. Gondor

Edgar Filing: HERZFELD CARIBBEAN BASIN FUND INC - Form N-Q

Cecilia L. Gondor
Treasurer

Date: May 24, 2011