



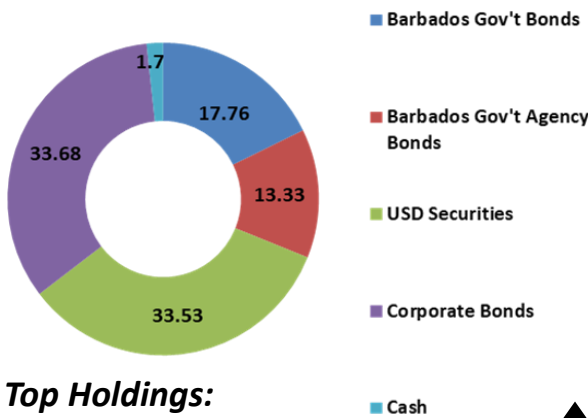
<b>Mar Net Asset Value:</b>	\$1.6443
<b>Assets:</b>	\$23.8M
<b>Inception:</b>	Dec-08

## Performance:

	Fund	Benchmark*
<b>1 Month</b>	0.1%	0.375%
<b>3 Month</b>	0.05%	1.13%
<b>1 Yr</b>	0.88%	4.5%
<b>5 Yr</b>	8.22%	24.62%

\*4.5% flat rate

## Allocation:



## Top Holdings:

RF BAHAMAS USD TARGETED INCOME FUND
N.S.R. LIMITED 5% 2029 BOND
NEEDHAM'S POINT HOLDINGS 6.75% 2021
WILLIAMS INDUSTRIES 5.25% 2023 BOND
GOV'T OF BARBADOS SERIES D BOND

*The Premium Income Fund is a sub fund of the Royal Fidelity Investment Fund the umbrella company. 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.*

## Weathering the Good Times

In our last report we asked whether the bond rally had run its course. It appears this is the case seeing that US interest rates increased in Q1 and bond prices decreased accordingly. The Fund reported very modest 0.05% Q1 return.

Investors seem to think that Fed policy will remain at maximum accommodation, despite the strong economic recovery and the resulting inflationary pressure. The Fed's current position is to keep the zero fed funds rate through 2023.

The US unemployment rate is back down to 6% from the 14.8% peak last year. Also, the mix and quality of jobs being added matters. According to the Morgan Stanley, the stage is set for an acceleration in wages later this year. Rising wages and rising commodity prices will surely test the Fed's position on rates.

Locally, the most recent report by the Central bank indicated that Barbados' debt-to-GDP ratio increased to 144% at the end of 2020 after falling to 120% in December 2019. The Governor reported that on one hand there was a decline of almost 18% in GDP due to the falloff in tourists coming to the island and the national shutdown in the second quarter of 2020. On the other hand, Government's debt increased to facilitate increased capital expenditure on things like the BEST programme and the increase in welfare payments coming out of the pandemic. The Governor reiterated that the long-term goal remains to bring the debt to GDP ratio down to 60% by fiscal year 2033/34.

### RF Merchant Bank & Trust (Barbados) Limited

27 Pine Road  
St. Michael  
Barbados  
(246) 435-1955

[www.rfgroup.com](http://www.rfgroup.com)  
[Info-bb@rfgroup.com](mailto:Info-bb@rfgroup.com)