



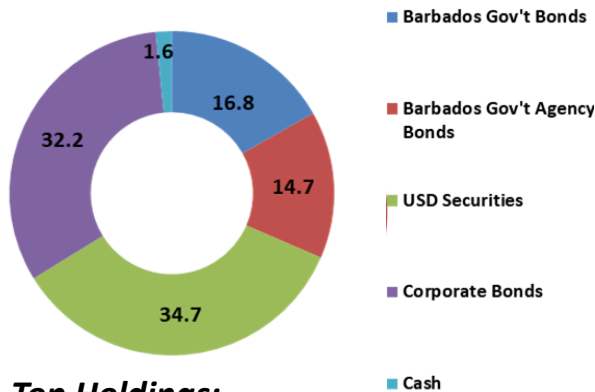
<b>Dec Net Asset Value:</b>	\$1.6435
<b>Assets:</b>	\$24.01M
<b>Inception:</b>	Dec-08

## Performance:

	Fund	Benchmark*
<b>1 Month</b>	1.03%	0.375%
<b>3 Month</b>	1.59%	1.13%
<b>1 Yr</b>	1.80%	4.5%
<b>5 Yr</b>	9.83%	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.*

## Has The Bond Rally Run its Course?

In Q4 US interest rates increased and the yield curve steepened meanwhile the opposite was seen for the Barbados denominated curve, where rates dropped and prices increased. In 2020 the Fund returned 1.76% and this lower than norm return for the fund was largely due to the revaluation we took in August for the impaired asset of Needham's point. The fund has an average 4.57% since inception return nonetheless.

A resolution to the Needham's issue in 2021 will likely return some of losses provided for. Throughout the year we have engaged in the purchase of GOB Boss bonds which we find attractive along with a corporate issue in the renewable energy space.

Locally the Governor of the Central Bank has estimated the economic decline as a result of the pandemic stands at 16 percent for the nine months ending September.

Following the fourth review of the BERT program the IMF reached a staff level agreement (subject to approval by the IMF Executive Board) to augment the Extended Fund Facility in the amount of approximately US\$66 million to help finance the emerging fiscal deficit.

The outlook for the USD markets according to the latest Morgan Stanley Global Investment Committee "On the Markets" report predicts that economic growth will result in inflationary pressure, which in turn will push US interest rates higher in 2021, proposing that 10-year US Treasury can reach 1.25%-1.30% in 2021 and 1.50% in 2022. The fund currently maintains just under 35% exposure to USD denominated securities.

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