



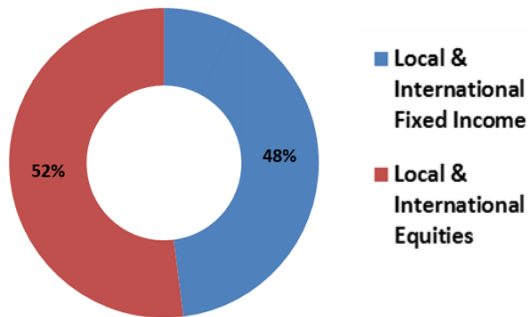
<b>Dec Net Asset Value:</b>	\$5.5698
<b>Assets:</b>	\$27.55M
<b>Inception:</b>	Aug-86

## Performance:

	Fund	Benchmark*
<b>1 Month</b>	0.70%	0.458%
<b>3 Month</b>	1.24%	1.374%
<b>1 Yr</b>	7.44%	5.5%
<b>5 Yr</b>	18.13%	30.69%

\* Annual rate of return, 5.5%

## Allocation:



## Top Holdings:

RF BAHAMAS INT'L OPPS USD EQUITY FUND
RF BAHAMAS USD TARGETED INCOME FUND
NEEDHAM'S POINT HOLDINGS 6.75% 2021
N.S.R. LIMITED 5% 2029 BOND
GODDARD'S ENTERPRISES LIMITED

The Select Balanced 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.

## Debt to GDP ratio increases

As reported by the Central bank Barbados' debt-to-GDP ratio increased to 144% at the end of 2020 after falling to 120% in December 2019. The Governor reported that while there was a decline of almost 18% in GDP due to the falloff in tourists arrivals and the national shutdown in the Q2 2020, the 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.

In the 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.

Q1 corporate earnings have been stunning. At the current pace, the quarter may end with S&P 500 company profits up 49% year-over-year versus expectations of 32% growth. The economic data and the earnings data are both positive, but much of this positive data is already priced into market values.

There are several factors that point to a possible correction. These include forward 12-month P/E for the S&P 500 of 22.0 versus the 20-year average of 15.4. Also, inflationary pressures are mounting which may force the hand of the Fed necessitating a rate increase in 2022 versus the Fed's stating plan to hold the Fed funds rate constant till 2023. Finally, margin debt is up 72% year over year, a level that over the past 25 years has preceded market pull-backs.

The fund reported a return of 1.24% for Q1 and 7.44% over the last 12 months.

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