

Premium Income Fund

Quarterly Report, Q1 2022



Mar Net Asset Value:	\$1.7063
Assets:	\$23.65M
Inception:	Dec-08

PERFORMANCE

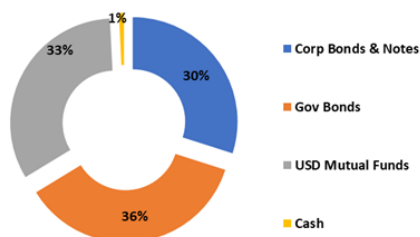
	Fund	Benchmark*
1 Month	-0.15%	0.375%
3 Month	0.41%	1.13%
1Yr	1.41%	4.5%
3Yr	3.77%	4.5%
5Yr	3.60%	4.5%

* Annual rate of return 4.5%

TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	32.94%
GOVERNMENT OF BARBADOS SERIES B	17.42%
N.S.R. LIIMITED 5% 2029 BOND	12.92%
WILLIAM INDUSTRIES TRANCE 4 5.25%	11.19%
GOVERNMENT OF BARBADOS SERIES D	9.54%

ALLOCATION



The Premium Income Fund is a sub fund of the RF 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.

Looking for Elusive Yield

Yields fluctuated throughout Q1 and bond prices followed accordingly. The Fund returned -1.04% in March and -2.44% in Q1, outperforming the index slightly.

Over the quarter we saw elevated inflation, hawkish central bank policy shifts and the emergence of the Omicron Covid-19 variant. There was a short-lived rotation toward safe haven assets as the war began, but investors appeared to focus overall on inflationary pressure that is high and still rising.

Government bond yields rose sharply (bond prices and yields move in opposite directions). Central banks were surprisingly hawkish and markets priced in a faster pace of monetary normalisation. The extent of yield moves differed across markets. The US Treasury market is in the midst of one of its worst sell-offs on record, but moves were less pronounced in core Europe and the UK.

The Fed's rhetoric turned more hawkish and "lift-off" came as expected in March, with the Fed implementing a 25 basis point rate hike. Investors expect several more, at a swift pace, in 2022. The US 10-year Treasury yield increased from 1.51% to 2.35%, with the 2-year yield rising from 0.73% to 2.33%.

The Central Bank of Barbados meanwhile reported at year-end a public debt ratio equivalent to 136.3 percent. New domestic financing for 2021 remained limited to funds raised from the special securities (BOSS Bonds) targeted to public servants. Towards the end of the year-end, the government came to the market with a new domestic debt issuance however the response "was modest, reflecting on-going concerns of investors." In the end the Fund returned 0.39% for December and 1% in Q4 and a calendar return of 3.4%.

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