



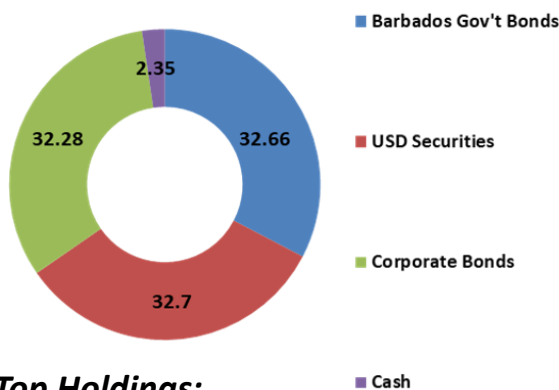
June Net Asset Value:	\$1.6848
Assets:	\$24.03M
Inception:	Dec-08

Performance:

	Fund	Benchmark*
1 Month	0.52%	0.375%
3 Month	2.46%	1.13%
1 Yr	0.99%	4.5%
5 Yr	10.07%	24.62%

*4.5% flat rate

Allocation:



Top Holdings:

RF BAHAMAS USD TARGETED INCOME FUND
GOV'T OF BARBADOS SERIES B BOND
N.S.R LIMITED BOND
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.

Yields are Compressing

Yields fluctuated throughout Q2 and bond prices followed accordingly. The Fund returned 2.46% in Q2 vs a flat return on 0.05% in Q1, and out performing in-line with the benchmark in Q2.

Fed officials indicated that rate hikes could come as soon as 2023, after saying in March that it saw no increases until at least 2024. The so-called dot plot of individual member expectations pointed to two hikes in 2023.

Fed chairman Powell indicated that the Fed's dual goals are for employment gains and allowing inflation to happen at a faster pace than previously anticipated. He noted that the Fed sees growth rebounding at a rate of 7% in 2021. Officials raised their GDP expectations for this year to 7% from 6.5% previously. The unemployment estimate remained unchanged at 4.5%.

The 10-year U.S. Treasury fell to 1.49% vs 1.74% in Q2, which given the recent rise inflation was a bit curious as investors would historically be selling government debt as Inflation is seen as detrimental to fixed income because it erodes value, making coupon payments and the return of principal less valuable as purposing power decreases. Historically evidence shows that inflation leads to increased selling pressure on fixed income, pushing yields higher and prices lower.

In Barbados, prior to the passage of Elsa, the IMF completed its fifth review of Barbados' Economic Recovery and Transformation (BERT) programme on May 7 2021 and confirmed that Barbados had met all of its quantitative targets except for one related to transfers and grants to state-owned enterprises, which "was exceeded owing to measures to address the COVID-19 health crisis". Barbados is expected to receive an additional US \$24 million in funding under its Enhanced Fund Facility (EFF) programme once approved. An agreement with the IMF was also reached on a new primary balance target of 0% of GDP for fiscal year 2021/22 as compared to the 1% primary deficit that was targeted in fiscal year 2020/21.

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