



Select Balanced Fund

Q2 2021
Issue 35

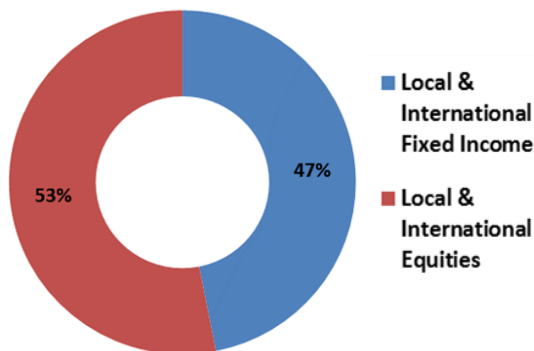
June Net Asset Value:	\$5.5698
Assets:	\$27.55M
Inception:	Aug-86

Performance:

	Fund	Benchmark*
1 Month	1.59%	0.458%
3 Month	4.77%	1.374%
1 Yr	9.18%	5.5%
5 Yr	21.28%	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
GOVERNMENT OF BARBADOS SERIES B BOND
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.

2023 Rate Hikes forecasted

The Fund benefitted from good return on both equity and fixed income investments through out Q2. The Fund outperformed the benchmark by 1.13% and 3.39% in June and Q2, respectively.

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.

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 Q2 we saw a continuation of the momentum from Quarter 1, and according to the World Bank the global economy has grown by 5.6% in 2021 YTD, the fastest post-recession pace in 80 years,. The U.S. economy is projected to grow by 6.8% in 2021. This growth has been driven by the re-opening of economies as vaccinations increased globally and infection rates declined. The recent spread of the Delta variant in the U.K. and the U.S. in expected slow the rate of economic growth in the short-term, but the re-instatement of major restrictive measures is not expected.

Mid and small cap US stocks have outperformed their large cap cousins so far in 2021, with the Russell Mid Cap and Russell 2000 indices returning, 17.95% and 19.43%, respectively compared to 16.13% for the S&P 500. So far in 2021 value stocks have outperformed growth across the entire market cap range, however, this may be a short-term movement as growth not only out-performed value in 2020, which represents the fourth consecutive year in doing so. We expect the U.S. recovery to continue into the third quarter and the fund to benefit from this continued recovery. Inflation and increased covid cases remain potential head-winds that may derail this current forward momentum .

RF Merchant Bank & Trust (Barbados) Limited

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

www.rfgroup.com
Info-bb@rfgroup.com