

Premium Income Fund

Quarterly Report, Q2 2023
Issue 39



Fund's Returns Edging Upwards!

The Fund returned 0.77%, 1.61%, and 2.16% in March, Q2, and over the last 12 months, respectively. The Fund outperformed the benchmark in each period. The Fund's portfolio has USD investments that are subject to interest rate risk, while the benchmark is not. Over the next two years we expect materially higher returns as the US Fed Funds Rate peaks in 2023 and gradually declines in 2024 boosting bond prices.

The allocation chart at bottom left shows that the Fund is 34.6% allocated to RF Bahamas USD Targeted Income Fund which has a 47.1% exposure to U.S. Treasuries and 28.1% exposure to investment grade corporates. The weighted average maturity is under 3 years and the weighted average credit rating is AA.

Currently economists are debating whether the U.S. economy will have a mild recession or a soft landing. In either case, the U.S. economy is expected to slow significantly, but not sufficiently to reduce inflation to a level that would trigger a rate reduction in 2023 by the Fed.

YTD excess cash has been invested primarily in U.S. T-bills which have been yielding between 4%-5%+ over the last six months. Over the balance of 2023 we anticipate rolling maturing T-Bills into new short-term T-Bills until spreads on medium-term investment grade corporates widen.

Another currency that we are considering adding to the Fund's portfolio is gold. The chart below shows the movement of the price of gold since 1970. In addition to potential gains, gold offers a good hedge against inflation and a weakening US dollar.

Net Asset Value:	\$1.745
Assets:	\$24.31M
Inception:	Dec-08

PERFORMANCE

	Fund	Benchmark*
1 Month	0.77%	0.17%
3 Month	0.97%	0.50%
1Yr	2.16%	2.00%
3Yr	1.510%	2.00%
5Yr	1.550%	2.00%

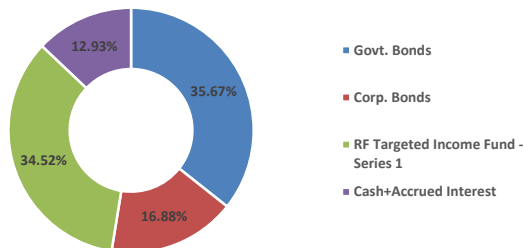
*Barbados Discount Rate

TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	34.61%
GOVERNMENT OF BARBADOS SERIES B	15.94%
CASH	12.69%
GOVERNMENT OF BARBADOS SERIES D	11.43%
WILLIAM INDUSTRIES TRANCE 4	5.25%
	11.34%

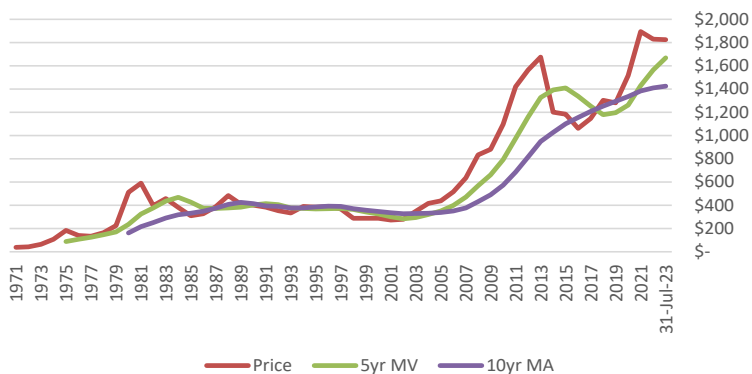
ALLOCATION

Asset 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.

Price of Gold Over the Last 50+ Years



RF Merchant Bank & Trust (Barbados) Limited
Phone: 435-1955 info@rfgroup.com