

Select Balanced Fund

Quarterly Report, Q2 2023
Issue 39



Diversification at work

Net Asset Value:	\$5.58
Assets:	\$26.55M
Inception:	Aug-86

PERFORMANCE

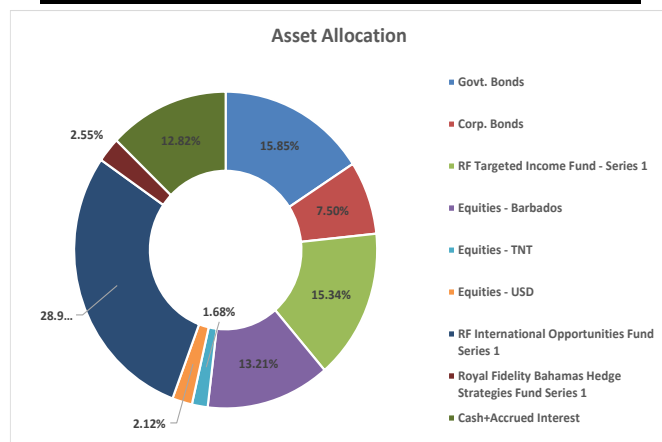
	Fund	Benchmark*
1 Month	0.19%	1.58%
3 Month	0.69%	1.80%
1Yr	-0.61%	4.86%
3Yr	1.21%	3.81%
5Yr	0.99%	3.46%

*Index 25% BSE Index, 25% MSCI All Country and 50% Barbados Discount Rate

TOP FIVE HOLDINGS

RF US INT'L OPPORTUNITIES FUND	28.9%
RF BAHAMAS USD TARGETED INCOME	15.4%
CASH	13.7%
GOB SERIES B	7.1%
GOB SERIES D	5.1%

ALLOCATION



The Select Balanced 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.

The Fund had a fairly slow Q2 providing a return of 0.69%. The Fund underperformed in June and Q2 versus the benchmark due to the Fund having greater exposure to value managers versus the benchmark. Growth has outperformed value since the 2008, but as the U.S. economy slows and higher interest rates bite, we expect the pendulum to swing back in favor of value. The underperformance was also due to a tactical decision to reduce U.S. equity exposure and place these funds in fixed income investments. This tactical decision was made to reduce downside exposure and to provide liquidity to take advantage of an expected equity market pullback. While this pull back expected in early 2023 didn't occur, we feel it has only been delayed to the second half of 2023.

Global equity markets as measured by the MSCI All Country World Index (MXWD) were up 5.58% in Q2 2023. Also, USD fixed income as measured by the Bank of America/Merrill Lynch B310 U.S. Corporate & Government 5-7 year AAA-A Rated Index was down by 1.43% in Q2 2023. Equity markets are saying that economic growth is sound and corporate earnings are stable, while debt markets are saying expect slower economic growth and by default, reduced corporate earnings.

The Bloomberg consensus forecasts for real GDP and CPI are detailed in the table below. Asian economies are expected to outperform while European and U.S. economies underperform the global economy. The yellow cells reflect decreasing forecasts while the green reflect increasing forecasts. Only India has 2024 GDP forecasts that trended upward.

The strategy is to add to the OAM funds to increase exposure to European and Asian equities and invest excess cash in liquid fixed income investments for deployment in the second half of 2023 once the expected US equity market correction occurs.

Real GDP (YoY%)	2023	2024	2025	CPI (YoY%)	2023	2024	2025
World	2.6	2.7	3.1	World	5.5	3.9	3.4
US	1.5	0.6	1.9	US	4.1	2.5	2.4
China	5.4	4.8	4.7	China	1.1	2.2	2.0
Euro Zone	0.5	1.0	1.6	Euro Zone	5.4	2.5	2.1
Asia ex Japan	4.8	4.7	4.7	Asia ex Japan	1.7	2.6	2.5
Canada	1.5	0.7	1.9	Canada	3.7	2.3	2.0
India	7.0	6.1	6.4	India	5.9	5.0	4.9
Latin America	1.3	1.6	2.3	Latin America	23.3	18.2	11.7
Africa	2.7	3.3	4.0	Africa	14.7	9.9	8.5

Source: Bloomberg Contributor Composite Forecasts July 24, 2023

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