

# Strategic Growth Fund

Quarterly Report, Q2 2023  
Issue 39



## Diversification at work

Net Asset Value:	\$0.9991
Assets:	\$6.34M
Inception:	Dec-08

### PERFORMANCE

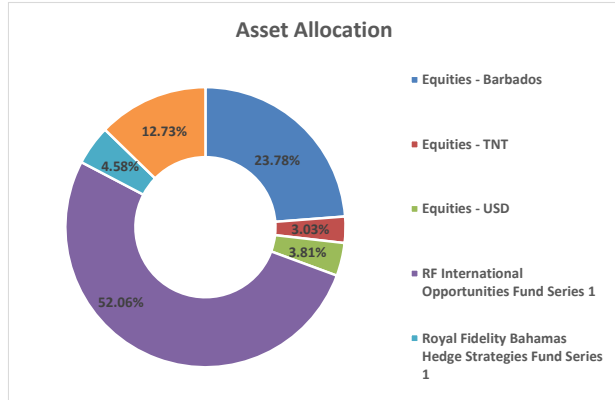
	Fund	Benchmark*
1 Month	-0.16%	2.99%
3 Month	0.83%	3.10%
1Yr	-1.41%	7.73%
3Yr	2.30%	1.88%
5Yr	1.56%	0.99%

\* Index 50% MSCI All Country Index and 50% BSE Composite

### TOP FIVE HOLDINGS

RF US INT'L OPPORTUNITIES FUND	52.06%
MASSY HOLDINGS LIMITED	8.54%
GODDARD ENTERPRISE LIMITED	6.34%
RF USD HEDGE FUND	4.58%
FIRST CARIBBEAN BANK	3.96%

### ALLOCATION



The Strategic Growth 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 0.83%. 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.

During the first half of 2023 instead of the expected pull back in equity values, equity markets performed well while bond prices declined. Within equity markets growth stocks (essentially the mega cap tech stocks) rallied while value stocks languished. Only 6.31% of the portfolio is directly invested in US growth stocks, while 16.01% is invested in US, European, and Asian value stocks.

Another factor holding down returns was excess cash. We expect this excess cash to be fully invested in Q3, which is expected to boost returns in the in 2024.

We are in the camp that it is not whether there will be a US recession, but when and for how long. The US consumer has effectively spend the \$2.1 trillion fiscal windfall saved during the pandemic, and credit card and consumer loan delinquencies are rising. Approximately 70% of US GDP comes from consumption and the US consumer is looking shaky. We expect a material pull back in US equities over the next six months.

The largest investment of the fund is in the RF US Int'l Opportunities Fund, which has approximately 25% of its portfolio in liquid fixed income investments. The tactical plan is to allocate these funds in equity investments once the expected equity market correction occurs.

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