Premium Income Fund

Quarterly Report, Q3 2021
Issue 36

MUTUAL FUNDS

Sept Net Asset Value:	$1.6826
Assets:	$23.72M
Inception:	Dec-08

PEFORMANCE

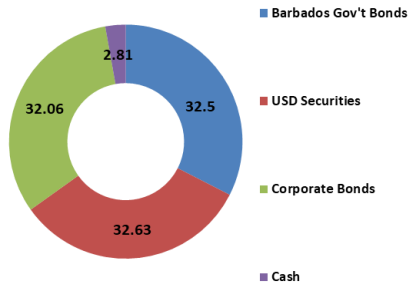
	Fund	Benchmark*
1 Month	-0.53%	0.375%
3 Month	-0.13%	1.13%
1Yr	4.0%	4.5%
3Yr	3.26%	4.5%
5Yr	1.6%	4.5%

**Annual rate of return 4.5%*

TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	32.63%
GOVERMENT OF BARBADOS SERIES B	24.31%
N.S.R. LIIMITED 5% 2029 BOND	12.71%
WILLIAM INDUSTRIES TRANCE 4 5.25%	11.20%
GOVERMENT OF BARBADOS SERIES D	9.32%

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.

Looking for Elusive Yield

Yields fluctuated throughout Q3 and bond prices followed accordingly. The Fund returned -0.53% in September and -0.13 in Q3.

The Fed indicated that tapering of bond purchases could begin this year and rate hikes may begin in 2022, earlier than had been previously predicted. The fed funds rate projections now show a faster rate hiking schedule than they did in June. Fed officials were evenly split 9-9 on a rate hike in 2022.

The Fed now sees inflation running to 4.2% this year, above its previous estimate of 3.4%. The Fed raised its GDP projections for 2022 and 2023 to growth of 3.8% and 2.5%, respectively.

The majority of bond indices were solidly higher through mid-September as investors rotated to safety following the rise in COVID-19 cases in July and August. But in late September, the Federal Reserve confirmed tapering of Quantitative Easing will begin this year. That, combined with still-high inflation statistics, weighed on fixed income markets during the final few days of the third quarter which erased most of the quarter-to-date returns for many bond indices. This contributed to the fund's negative performance along with the repricing of a local Gov't instrument.

If the Fed starts to taper QE sooner than expected, or the pace of reductions is faster than the market has currently priced in, it will cause additional volatility and as a result have negative impact on future returns.

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