Premium Income Fund

Quarterly Report, Q3 2022

Sept Net Asset Value:	$1.7001
Assets:	$23.89M
Inception:	Dec-08

PEFORMANCE

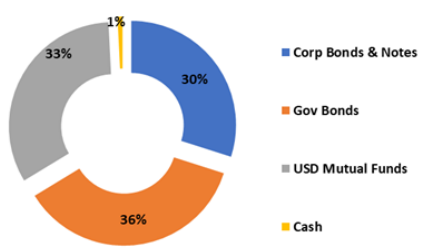
	Fund	Benchmark*
1 Month	-0.72%	0.33%
3 Month	-0.46%	1.01%
1Yr	1.04%	4.05%
3Yr	2.15%	4.05%
5Yr	0.99%	4.05%

** Barbados Discount Rate*

TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	33.60%
GOVERMENT OF BARBADOS SERIES B	16.82%
N.S.R. LIIMITED 5% 2029 BOND	13.64%
WILLIAM INDUSTRIES TRANCE 4 5.25%	11.19%
GOVERMENT OF BARBADOS SERIES D	9.78%

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.

Stronger Returns on the Horizon

Yields fluctuated throughout Q3 and bond prices followed accordingly. The Fund returned –0.72% in June and -0.46% in Q3, underperforming the index.

In July, the market had started to focus on the possibility of interest rate cuts from the US Federal Reserve (Fed) in 2023, given concerns about slowing growth. However, The Fed raised the federal funds rate by 75 basis points (bps) to 3.25% in September, this sent stocks lower in the second half of the quarter.

As the Fed raised rates, yields on U.S. Treasuries climbed rapidly. The yield on the 10-year U.S. Treasury rose to 3.97% on Sept. 27, its highest level since 2010, and ended the quarter at 3.83%. That's up from 2.88% on July 1. The two-year Treasury yield ended the quarter even higher at 4.22%, up from 2.84% at the start of the quarter—a very large move for a short-term government bond.

On the inflation front, consumer prices were flat in July and rose just 0.1% in August, with the year over-year inflation rate falling to 8.2%. Markets nevertheless reacted badly to August's consumer price index (CPI) print, as the modest 0.1% increase for the month was almost entirely explained by a 10.5% decline in gasoline prices, while there were plenty of hotspots elsewhere, such as shelter costs, which rose by 0.7%. Overall, inflation is still expected to moderate in the coming months, but core inflation is expected to remain above the Fed's target.

From here, the outlook will hinge almost entirely on the pace at which inflation begins to abate, market strategists and fund managers say. Unless inflation begins to soften quickly, it's not likely the pressure on stock and bond markets will ease anytime soon.

For now, more signs are pointing to a slowdown in economic growth and the Fed is gearing up for two more interest-rate hikes before the end of 2022. Against that backdrop, investors need to keep their seat belts buckled and brace for even more volatility and difficult market performance in the coming months.

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