

Select Balanced Fund

Quarterly Report, Q4 2021
Issue 37



Dec Net Asset Value:	\$6.0423
Assets:	\$30.01M
Inception:	Aug-86

PERFORMANCE

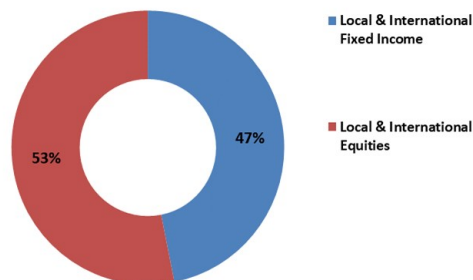
	Fund	Benchmark*
1 Month	1.11%	0.458%
3 Month	1.86%	1.374%
1Yr	8.4%	5.5%
3Yr	5.2%	5.5%
5Yr	4.4%	5.5%

*Annual rate of return 5.5%

TOP FIVE HOLDINGS

RF US INT'L OPPORTUNITIES FUND	32.96%
RF BAHAMAS USD TARGETED INCOME	15.62%
GOVERNMENT OF BARBADOS SERIES B	11.63%
N.S.R. LIIMITED 5% 2029 BOND	6.08%
WILLIAM INDUSTRIES TRANCE 4 5.25%	5.36%

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.

Stimulus vs Strength

In Q4 developed market equities continued to rally, providing investors with the third calendar year in a row of strong positive returns. Strong earnings growth drove equities higher.

The emergence of the highly infectious Omicron variant led to a spike in equity market volatility at the end of November, but markets quickly recovered as data from South Africa and the UK indicated a lower risk of severe disease. Current corporate strength and the prospect of further potential earnings growth in 2022 outweighed the risk factors over the quarter, despite the fact that hospitalizations rose towards the end of the year in several countries.

Over the quarter we saw elevated inflation, hawkish central bank policy shifts and the emergence of the Omicron Covid-19 variant. In bond markets, 10-year government yields were largely unchanged. Yields followed a downward trajectory for most of the quarter before reversing in the final weeks of the year as sentiment improved. Most notably, US Federal Reserve rhetoric turned increasingly hawkish in November. Chairman Powell and other members of the policy committee suggested tapering could be accelerated, which it was in December, and that they may stop referring to inflation as "transitory".

It is expected that the Fed will use a disciplined approach regarding the reduction of quantitative easing, the steadying of asset purchases and indicating what they'll do in terms of rate hikes. The Fed is expected to move slowly, which would consequently cause higher bond volatility, and expect higher rates in the second half of 2022 as part of policy normalization.

The Central Bank of Barbados meanwhile reported at year-end a public debt ratio equivalent to 136.3 percent. New domestic financing for 2021 remained limited to funds raised from the special securities (BOSS Bonds) targeted to public servants. Towards the end of the year-end, the government came to the market with a new domestic debt issuance however the response "was modest, reflecting ongoing concerns of investors." In the end the Fund returned 1.11% for December and 1.86% in Q4 and a calendar return of 8.4%.

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