

# Premium Income Fund

Quarterly Report, Q4 2023  
Issue 39



## The Resurgence of Bond Markets

The Fund returned 1.14%, 1.96%, and 2.97% in December, Q4 and over the last 12 months, respectively. The Fund outperformed the benchmark in all periods.

YTD excess cash has been invested primarily in U.S. T-bills which have been yielding between 4%-5% over the last nine months. In the first Quarter of 2024 we are rolling maturing T-Bills into new short-term T-Bills and medium-term treasuries and investment grade corporates where we feel the potential for capital gains in 2024 is highest.

Regarding U.S. interest rates, at the end of 2023 the FED continues to hold the fed funds rate at 5.25%-5.5%. This decision in addition to economic indicators implying that U.S. economic growth is slowing triggered a reduction in yields on the market's expectation the FED rate rising cycle is over and that it will lower rates in 2024.

The chart below illustrates the changes in U.S. prices from the third quarter of 2022 to the fourth quarter of 2023. It displays quarterly changes in gross domestic purchase prices and consumer expenditure prices. Price increases have steadily declined from the 5% range to now hovering around 2%, with the most notable reductions occurring in food and energy costs. This trend strongly indicates that the Fed will lower rates as it persists.

We had a strong final quarter in 2023 and anticipate this momentum to carry into 2024 for fixed income, thereby benefiting the Premium Income Fund.



Net Asset Value:	\$1.7682
Assets:	\$24.5M
Inception:	Dec-08

### PERFORMANCE

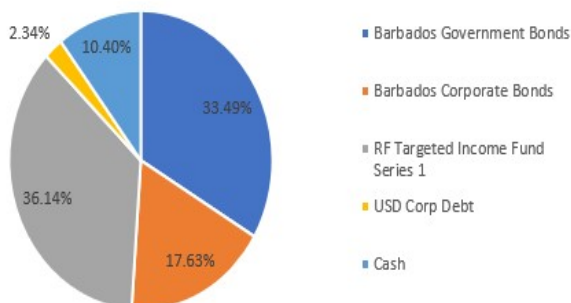
	Fund	Benchmark*
1 Month	1.03%	0.17%
3 Month	1.53%	0.50%
1Yr	2.97%	2.00%
3Yr	2.47%	2.00%
5Yr	3.23%	2.00%

\*Barbados Discount Rate

### TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	36.14%
GOVERNMENT OF BARBADOS SERIES B	15.51%
WILLIAM INDUSTRIES TRANCE 4 5.25%	11.55%
GOVERNMENT OF BARBADOS SERIES D	10.96%
CASH	10.40%

### 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.

RF Merchant Bank & Trust (Barbados) Limited