

Premium Income Fund

Quarterly Report, Q4 2022



Cash is King!

Dec. Net Asset Value:	\$1.7172
Assets:	\$23.76M
Inception:	Dec-08

PERFORMANCE

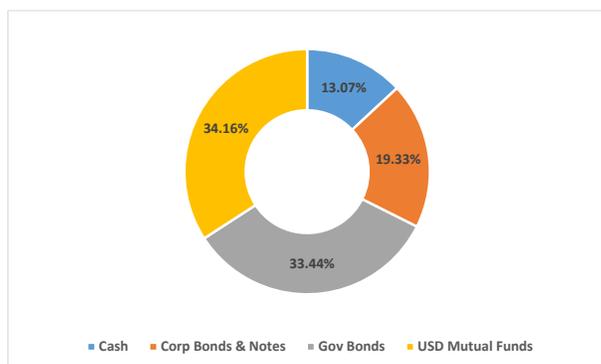
	Fund	Benchmark*
1 Month	0.74%	0.17%
3 Month	1.01%	0.50%
1Yr	1.05%	2.00%
3Yr	2.11%	2.00%
5Yr	1.19%	2.00%

* Barbados Discount Rate

TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	33.84%
GOVERNMENT OF BARBADOS SERIES B	16.71%
CASH	13.07%
WILLIAM INDUSTRIES TRANCE 4	11.24%
GOVERNMENT OF BARBADOS SERIES D	10.19%

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.

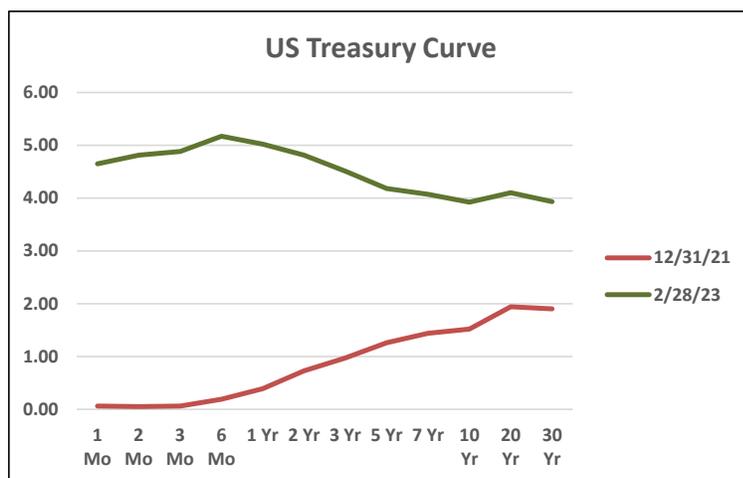
The Fund returned 0.74%, 1.01%, and 1.05% in December, Q4, and 2022, respectively. Over the last three years the Fund average 2.11% per annum. The Fund's portfolio has USD investments that are subject to interest rate risk, while the benchmark is not. The , but over the next two years we expect materially higher returns as the US Fed Funds Rate peaks in the first half of 2023 and remains elevated into 2024.

The US yield curve continues to shift upwards and become more inverted. The chart below shows the significant increase in yields between the end of 2021 and the end of February 2023. Currently investors can earn around 4.75% on a 1-Mth T-bill and 5.2% on a 6-mth T-bill. Given how liquid these investments are, investors are effectively earning these yields on cash. For the first time in years, Cash is King.

In Q4 the fund allocations shifted significantly with U.S. corporate bonds decreasing by 6.33% and cash decreasing from 10.92% to 3.15%, while U.S. government bonds increased by 14.45%.

Only U.S. Treasury rates appear to have fully priced the Fed's most probable move, which is to raise rates further and then hold rates steady until they are confident inflation is under control.

We are confident that the Fund will successfully manage the pivot into short-term US treasuries and then back into intermediate term securities once the Fed rate hiking cycle is over.



RF Merchant Bank & Trust (Barbados) Limited
435-1955 info@rfgroup.com

Phone: