

Premium Income Fund

Quarterly Report, Q2 2024



Is the Fed Late to Party...Again...

Net Asset Value:	\$1.78
Assets:	\$31.97M
Inception:	Dec-08

PERFORMANCE

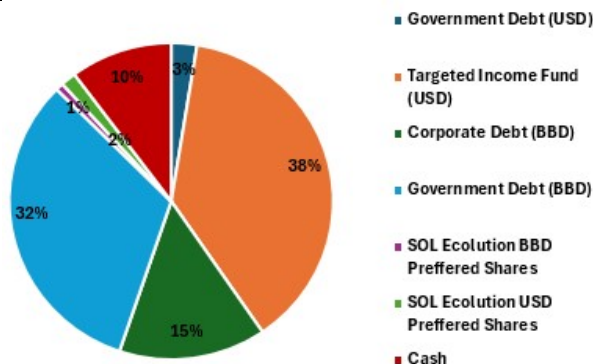
	Fund	Benchmark*
1 Month	0.78%	0.17%
3 Month	-0.03%	0.50%
1Yr	2.25%	2.00%
3Yr	1.93%	2.00%
5Yr	2.79%	2.00%

*Barbados Discount Rate

TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	37.92%
GOVERNMENT OF BARBADOS SERIES B	14.25%
GOVERNMENT OF BARBADOS SERIES D	12.04%
WILLIAM INDUSTRIES TRANCE 4	5.25%
CASH	10.21%

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 0.78%, -0.03%, and 2.25% in June, Q2 and over the last 12 months, respectively. The Fund outperformed the benchmark over the 1–5 year periods.

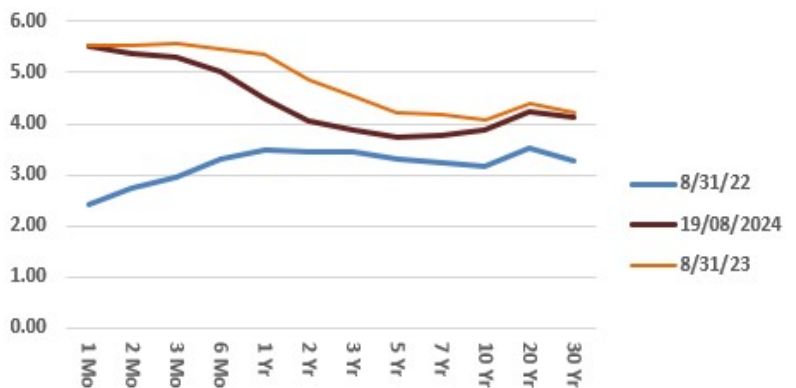
The allocation chart at the bottom left shows that the Fund is 42% allocated in the RF Targeted Income USD Fund and USD Corporate debt, which makes US fixed income the fund's largest exposure. The main factor that affects the fund currently is interest rate risk in the US.

In 2021 the Fed position was that inflation was transitory and maintained the Fed Funds Rate (FFR) at 0.25%. In February 2022 the Fed realized they were incorrect and initiated a series of rate increases totaling 5.25% over the next 18 months. The result was an upward shift in the US Treasury yield curve (See Chart Below). In 2022 both equity and bond investors realized double digit losses due to the policy mistake by the Fed.

We are of the view that the Fed should have started the rate reduction cycle already and that delaying it will equate to another policy mistake, granted not as significant as in 2022. US inflation has come down significantly and continues to ease, while US unemployment continues to edge upward.

Subsequent to quarter end, US interest rates have decreased across the entire curve as shown below. This bodes well for the Fund's performance in Q3. The longer the Fed waits, the more aggressive the rate cutting cycle will most likely need to be.

US Treasury Curve



Source: U.S. Department of The Treasury

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