

# Premium Income Fund

Quarterly Report, Q3 2024



## The Feds are Making Moves

The Fund returned 0.11%, 1.19%, and 3.67% in September, Q3 and over the last 12 months, respectively. The Fund outperformed the benchmark over all periods except one month.

The allocation chart at bottom left shows that the Fund is 40% allocated to Targeted Income Fund. The second largest exposure is Barbados Government debt and the third largest is Barbados Corporate Debt. Together these three allocations account for 80% of the total portfolio.

In 2021, the Federal Reserve maintained the position that inflation was transitory and kept the Federal Funds Rate (FFR) at 0.25%. However, by February 2022, the Fed recognized its mistake and began a series of rate hikes, totaling 5.25% over the following 18 months. This shift led to an upward movement in the U.S. Treasury yield curve. As a result, both equity and bond investors experienced double-digit losses in 2022, largely due to the Fed's policy missteps.

In the third quarter of 2023, the Fed finally began the process of reducing interest rates by 50 basis points, which led to a significant increase in bond yields. The Fed is expected to make another rate cut, potentially two, in 2024. While the Fed has begun cutting rates, the U.S. economy remains strong, which raises concerns that inflation could resurface.

The Fund has benefited significantly from these developments and is poised to continue benefiting as the Fed pursues further rate cuts. This will increase the value of the existing bonds held by the Fund. The remainder of 2024 and into 2025 should prove to be some of the most profitable years for fixed income investments since the pandemic.

Net Asset Value:	\$1.81
Assets:	\$24.96M
Inception:	Dec-08

### PERFORMANCE

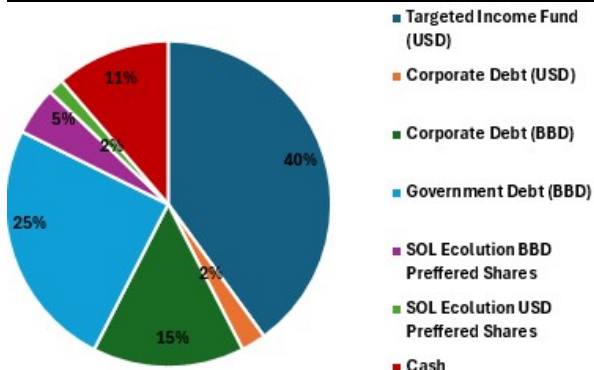
	Fund	Benchmark*
1 Month	0.11%	0.17%
3 Month	1.19%	0.50%
1Yr	3.67%	2.00%
3Yr	2.38%	2.00%
5Yr	2.63%	2.00%

\*Barbados Discount Rate

### TOP FIVE HOLDINGS

RF BAHAMAS USD TARGETED INCOME	40.01%
WILLIAM INDUSTRIES TRANCE 4 5.25%	12.23%
GOVERNMENT OF BARBADOS SERIES D	12.21%
CASH	11.33%
GOVERNMENT OF BARBADOS SERIES B	7.17%

### 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.*

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