

Select Balanced Fund

Quarterly Report, Q4 2024
Issue 39



An Uncertain Market Environment

Net Asset Value:	\$5.83
Assets:	\$25.23M
Inception:	Aug-86

PERFORMANCE

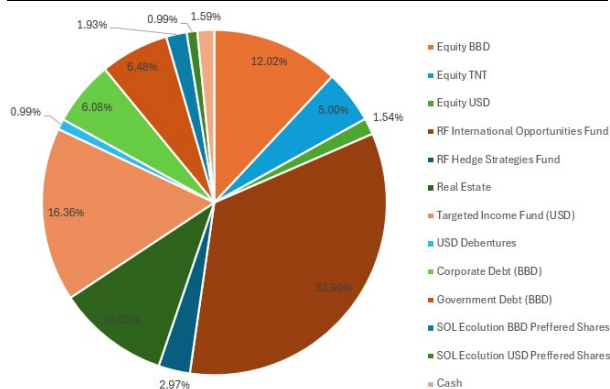
	Fund	Benchmark*
1 Month	-0.24%	-0.95%
3 Month	0.47%	-1.01%
1Yr	2.63%	5.14%
3Yr	-0.82%	3.43%
5Yr	0.64%	3.01%

*Index 25% BSE Index, 25% MSCI All Country and 50% Barbados Discount Rate

TOP FIVE HOLDINGS

RF US INT'L OPPORTUNITIES FUND	33.90%
RF BAHAMAS USD TARGETED INCOME	16.36%
EQUITY-BBD	12.02%
REAL ESTATE	10.52%
GOVERNMENT DEBT	6.48%

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.

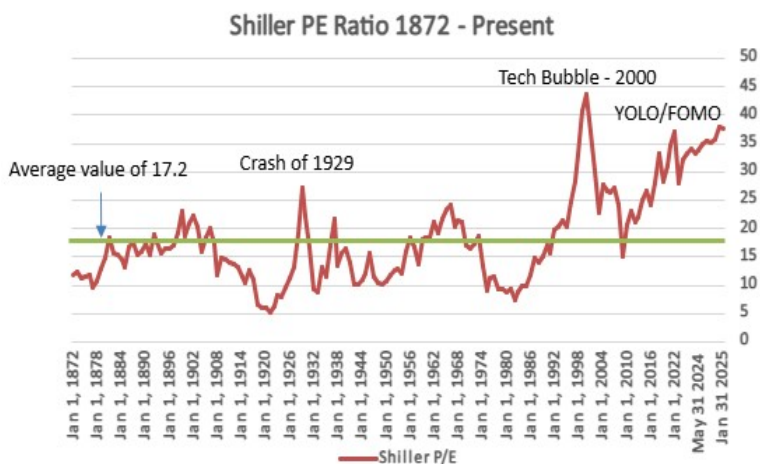
December was a tough month for both USD fixed income and US equities. In December the Fund declined by 0.24% but the fund outperformed the benchmark in both December and Q4.

The Fund's two largest exposures are US equities and USD fixed income via the two mutual fund holdings. The S&p 500 is trading at P/E ratio of 30 which implies an earnings yield of 3.3% (100/30). Meanwhile the US 10 yr treasury is yielding 4.62%, which implies that the S&P 500 is now the risk-free asset! The investment world is upside down.

The S&P 500 Shiller CAPE Ratio ("CAPE") is a variation of the P/E ratio adjusted to remove the effect of cyclicity. The chart below shows the history of the CAPE which hit 37.65X at the end of January 2025, which is the second highest level in history. The other times CAPE hit significant highs was January 1929- 27.08x (stock market crash of 1929), January 2000- 43.77x (Tech Bubble), and January 2022- 36.94x (YOLO & FOMO effect of Covid-19). The fact that all these highs were in January is rather ominous.

To reduce downside risk, the USD equity fund has added long-short hedge exposure while the USD fixed income fund is investing in short duration US T-Bills and fixed rate private credit securities.

Regarding regional equities the key drag on performance in 2024 was Trinidadian stocks, but in early 2025 they have rebounded.



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