

Fixed Income PPP Fund (BSD)

Quarterly Report, Q1 2024
Issue 16—102635



Rates are Holding Steady

Net Asset Value:	\$23.35
Assets:	\$21.49M
Inception:	May-18

PERFORMANCE		
	Fund	Benchmark*
1 Month	0.25%	0.35%
3 Month	0.67%	1.06%
1Yr	3.03%	4.25%
3Yr	2.97%	4.25%
5Yr	3.73%	4.25%

* Bahamian Prime Lending Rate

The Prime Income Fund (the “Fund”) generated a return of 0.67% in Q1. The Fund was up 3.03% over the last 12 months which is underperforming the benchmark but trending upwards.

In the Bahamian market, the primary concern is credit risk, whereas in the U.S. fixed income market, both credit risk and interest rate risk are significant factors. Interest rate risk in the U.S. is primarily driven by central bank policy, with the Federal Reserve actively adjusting the Fed Funds Rate to influence the economy. The Prime Lending Rate (PLR) in The Bahamas has historically remained stable, dropping from 4.75% to 4.25% in January 2017 and staying unchanged since then.

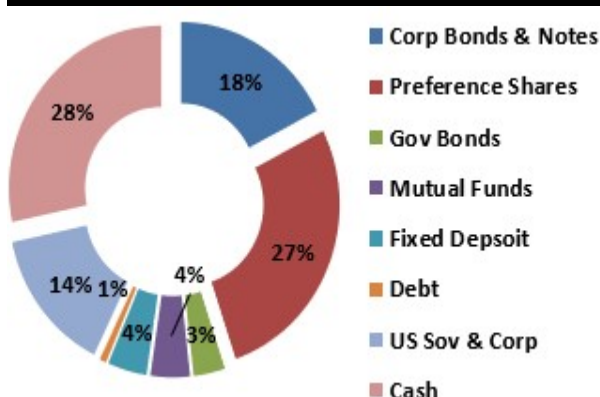
Regarding credit risk, the US credit rating as measured by Moody’s, S&P, and Fitch is Aaa, AA+, and AA+, respectively. On the other hand, the credit rating for The Bahamas as measured by Moody’s and S&P is B1 and B+, respectively, which is 14 to 15 levels below the U.S. Therefore, credit risk is a key concern for the Bahamian market.

TOP FIVE HOLDINGS

CABLE BAHAMAS PREF SHARES	9.68%
NAD LIMITED PDN NOTE 7.50%	7.50%
CABLE BAHAMAS PREF SHARES 5.50%	7.41%
RF BANK 1 MTH FIXED DEPOSIT 1.00%	4.10%
BE ALIV FIXED RATE NOTE 8.5%	2.47%

In the first quarter of 2024 we are working diligently to acquire new investments to improve the returns of the Prime income fund while continuing to manage both credit and interest rate risk. We’ve recently invested \$100M of the fund’s cash into Bahamian T-Bills, USD T-bills, Investment grade corporates and private credit solutions. These investments should help us to not only manage the credit risk associated with long term-term Bahamian fixed income but also allow us to capitalize on the high interest rates on fixed income in the US market. The US yield curve below shows that in the short term interest rates remain high which provides us with opportunities to acquire short term US debt at better rates that what would have been available previously.

ALLOCATION



Fixed Income PPP Fund (BSD) is a sub fund of the RF International Investment fund. The asset allocation 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.

US Treasury Curve

