PPP International Fixed Income Pension Fund

Quarterly Report, Q2 2024
Issue 38-102632-USD

Net Asset Value:	$0.58
Assets:	$3,777
Inception:	Nov-13

PEFORMANCE

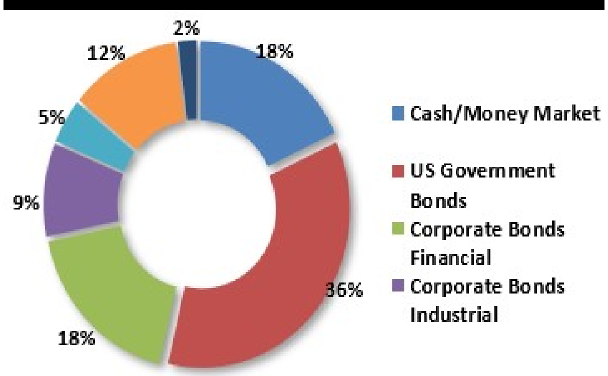
	Fund	Benchmark*
1 Month	0.64%	1.10%
3 Month	-0.34%	0.41%
1Yr	2.42%	3.12%
3Yr	-17.44%	-2.50%
5Yr	-10.68%	0.22%

** Bank of America/Merrill Lynch B310 U.S. Corp. & Govt. 5-7 year AAA-A*

TOP FIVE HOLDINGS

U.S. GOVERNMENT BONDS	35.63%
U.S. CORPORATE BONDS—FIN	18.07%
U.S. CORPORATE BONDS—IND	18.07%
CASH	12.15%
CORPORATE PREFERENCE SHARES	9.50%

ALLOCATION



PPP International Fixed Income Pension Fund is a sub fund of the RF (Bahamas) International umbrella investment fund. The allocation shown is subject to change without notice and at the discretion of the investment manager.

Is the Fed is Late to Party…Again!

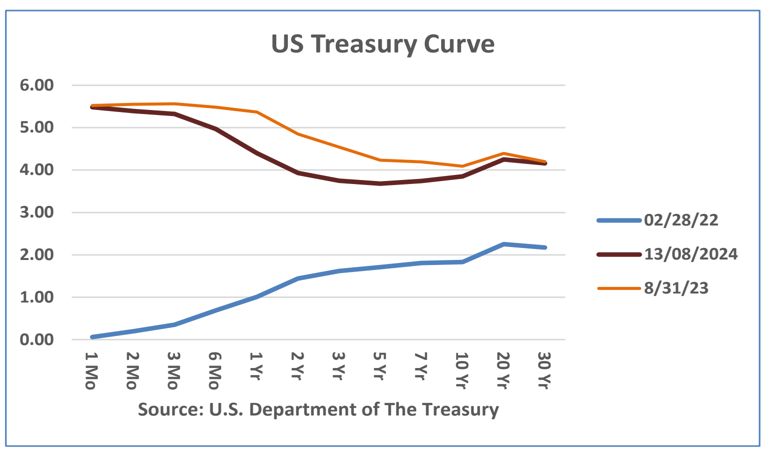
The Fund returned 0.64%, -0.34%, and 2.42% in June, Q2 and over the last 12 months, respectively.

The allocation chart at bottom left shows that the Fund is 35.63% allocated to US Government Bonds and primarily in short to medium duration paper. The second largest exposure is investment grade financial sector corporate paper, with investment grade industrial corporate paper being the third largest exposure. Together these three allocations account for over 70% of the total portfolio.

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 loses 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.



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