

US Fixed Income PPP Fund (USD)

Quarterly Report, Q3 2024
Issue 16—103045



The Feds are Making Moves

Net Asset Value:	\$0.97
Assets:	\$6.7K
Inception:	May-18

PERFORMANCE

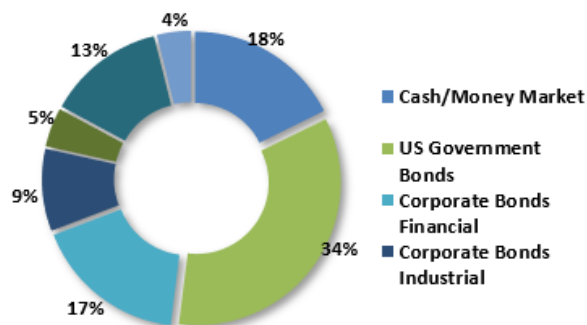
	Fund	Benchmark*
1 Month	0.70%	1.25%
3 Month	3.19%	5.15%
1Yr	6.00%	10.68%
3Yr	-3.68%	-0.43%
5Yr	-1.61%	1.06%

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

TOP FIVE HOLDINGS

U.S. GOVERNMENT BONDS	34.30%
U.S. CORPORATE BONDS—FIN	17.21%
CASH/MONEY MARKET	17.66%
CORPORATE PREFERENCE	13.24%
U.S. CORPORATE BONDS—IND	9.31%

ALLOCATION



The Fund returned 0.70%, 3.19%, and 6.00% in September, Q3 and over the last 12 months, respectively. The Fund underperformed the benchmark over the 3 and 5 year periods.

The allocation chart at bottom left shows that the Fund is 34.3% allocated to US Government Bonds and primarily in short to medium duration paper. The second largest exposure is Cash/Money Market investments, with investment grade industrial corporate paper being the third largest exposure. Together these three allocations account for nearly 70% 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 (see chart below). 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 one more, 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 in Q3 from these developments and is poised to continue benefiting as the Fed pursues further rate cuts.

The US Fixed Income PPP Fund is a sub fund of the RF International Investment fund. Performance shown is for Series 1 shares, and 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.

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