



Baron Point Financial Group

The Diversified Algorithmic Fixed Income
Alternative Index Family™ (DAFI™)

Quarterly Commentary
April 5, 2025

James Philip Coppola III
Managing Partner

Baron Point Capital Management Ltd.

Tel +1 212 786 4290
Fax +1 212 504 3101
coppola@baronpoint.com
www.baronpoint.com

Michael J. Rotondi
Head of Research

Research & Analysis Division
Baron Point Financial LLC

10 East End Avenue
New York, New York 10075
United States of America

Tel +1 212 248 2733
Fax +1 212 504 3101
research@baronpoint.com
www.baronpoint.com



Foreward

*Nothing is new on Wall Street, simply a repackaging of prior works of art laid down by **intelligence** that evolves with the **feelings** and **emotions** of **people**. It has been this way, since the Buttonwood Agreement was signed in 1792, by 24 stockbrokers under a buttonwood tree in New York City.*

- James Philip Coppola III

Baron Point is today a leading firm in the institutional investment business in Indochina. The Baron Point Research & Analysis Division provides regular and comprehensive analysis on topics for investment managers, institutional investors, stakeholders, and friends of the firm.

Baron Point Alternative Investments Group (BPAI) provides regular and comprehensive analysis of topics and strategies used at the firm with its alternative investment programs.

For this BPAI installment, we provide you our quarterly commentary as of April 5, 2025 for the 1Q25 update, regarding The Diversified Algorithmic Fixed Income Alternative Index Family™ (DAFI™).

DAFI™ is a family of systematic absolute return strategies that are the culmination of **Victor Sperandeo's (Trader Vic)** 55 years of legendary success in money management, garnered through every market cycle thought of, and others modeled by major Wall Street global investment banks. It is **100% rules-based, using only highly liquid futures index contracts listed and traded on U.S. regulated exchanges employing rules-based systematic operating procedures.**

The DAFI™ Index is a portfolio comprised of multiple highly diversified major market components and invests both long and short in some of the world's most liquid markets. The DAFI™ Index components are assorted using a proprietary methodology that presents the potential to **exploit and more accurately capture the net effects of trends in global Gross Domestic Product (GDP)**. Scalable to well over US\$ 25 billion, this absolute return strategy is an innovation that history may very well consider another remarkable achievement by Trader Vic.



Table of Contents

01	DAFI™ April 5, 2025, Quarterly Comments.....	1
02	Disclosure Appendix.....	3
	Disclosure Appendix.....	3
	Disclosures.....	3



01 DAFI™ | April 5, 2025, Quarterly Comments

The quarter ended March showed the return on the DAFI™ #2 was +2.27% net and for the DAFI™ #3 +4.21% net. The Bloomberg Aggregate Bond Index was +2.78%, and the S&P 500 was -5.65% (using the S&P futures) and -4.27% using the actual index, including dividends.

This is generally what should occur as neither the DAFI™ #2, nor the #3 are correlated to the S&P 500. The one-month correlation on #3 is 41.53%, the one year is 28.88%. Correlations change over time, but generally under 60.0% is considered “non-correlated”. The longer the time period measured for the DAFI™ the more the non-correlation, which turns to a negative correlation over 3-years (-21.65%), 5-years (-49.71%) and 10-years (-66.95%).

The DAFI™ strategy is set up to do well versus the S&P 500 when a recession is due. The last one ended in June 2009, almost 15.75 years ago. Moreover, a recession means lower interest rates, which is a benefit to the allocations of commodities, gold, oil, and US Treasuries in the DAFI™. A recession does not have to occur (but is highly likely), so even a slowdown will have nearly the same effect.

The world is in chaos politically, and now with the increase in tariffs, economically as well. Tariffs are not inflationary, they are deflationary, i.e., they are tax increases. Prices that rise one time, or due to a shortage, do not constitute inflation. Only when prices rise due to an increase in money printing and increased credit above the rate of goods and services being produced, is inflation present. The end result is a constant decline in the purchasing power or value of the currency being debased.

The best definition we know for inflation is from Webster’s seventh New Collegiate Dictionary: inflation: an increase in the volume of money and credit RELATIVE to the available goods (and services) RESULTING in a substantial and continuing rise in the general price level.” Added: depending on the extent of the velocity of money.

A one-time increase, like the recent spike in egg prices occurred because the “USDA Inspector General Phyllis Fong ordered the



mass extermination of healthy poultry in 2024, citing 'mutating bird flu', in order to artificially inflate poultry and egg prices in the U.S. Following the forcible removal of Phyllis Fong the former inspector general of the U.S. Department of Agriculture from her office after she ignored President Donald Trump's termination order in late January 2025, (posts shared online) began to claim that she was 'one of the key players behind the artificial inflation of poultry and egg prices in the U.S.'

This is NOT inflation, as egg prices are now dropping after hens are being allowed to increase in number. This is a misunderstanding by the public, which is reinforced by the opposition party in the Government, and a myth perpetuated by the major media, the Fed is also influenced, and all three tend to blame the current Trump administration for the increase in prices, instead of the institutions that actually created inflation, beyond the egg price manipulation.

The late Milton Friedman (and Allan Meltzer) PROVED this again and again; sadly, with their passing, no one educates the public on this subject, as the Universities are all run by Keynesian Progressives who never want to limit the growth of the Money Supply or stop Government spending.

The CPI understates inflation, which from the start of the Federal Reserve in December 1913 to date is "officially" +3.16% per annum. In August 1971 then President Nixon took it upon himself to go off the international Gold Standard, which resulted in a 24% increase in the CPI, to 3.92% from 1971 to date.

Meanwhile GDP has grown at 2.70% from June 1971 in chained 2017 dollars while US Debt is growing at an 8.74% compounded rate. This means prices double every 18.37 years, or 2.67 times if you start working at 22 and retire at 70. Or stated differently, what cost you \$ 100 at age 22 will cost \$ 633 at age 70.

The system is set up to constantly cause inflation, which will at some point in the future turn inevitably into hyperinflation, at which time the system will be forced to change. Until then the recommended strategy is to invest in diversified assets that are geared to profit from inflation, such as DAFI™.



02 Disclosure Appendix

Disclosure Appendix

Regulation Analyst Certification

I, James Philip Coppola III, hereby certify that all views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in the Baron Point Capital Management Ltd. (BPCM), Baron Point Financial LLC (BPF), Baron Point Financial Group SPC (BPFGSPC), and Baron Point Research & Analysis Group (BPRAG) and work on assignment or are employed by, collectively known as "Baron Point".

Disclosures

1. Basket disclosure

The ability to trade the basket(s) in this report will depend upon market conditions, including liquidity and borrow constraints at the time of trade.

2. Regulatory disclosures

Disclosures Required by U.S. Laws & Regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Baron Point trades or may trade as a principal in debt or equity private or public securities (or in related derivatives) of issuers discussed in this report.

The following are additional required disclosures: Ownership and material conflicts of interest: Baron Point encourages their analysts,



professionals reporting to analysts and members of their households to participate and own securities in any company in the analyst's area of coverage.

Analyst compensation: Analysts are paid in part based on the profitability of Baron Point, or the securities issued, which include investment banking revenues. Analyst as officer or director: Baron Point policy generally allows their analysts, persons reporting to analysts or members of their households to serve as an officer, director or advisor of any company in the analyst's area of coverage. Non-U.S. Analysts: Non-U.S. analysts may not be associated persons of Baron Point Capital Management Ltd., Baron Point Financial LLC, Baron Point Financial Group SPC, Baron Point Research & Analysis Group (collectively "Baron Point) and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

The DAFI™ family of indexes employed by the Investment Manager utilize trademarks and proprietary intellectual property owned by Victor Sperandeo's EAM Partners L.P. ("EAM"). EAM has no responsibilities, obligations or duties to investors in the Notes, nor is EAM the issuer or structuring any of the Notes. Neither the Investment Manager or any other investment product or vehicle discussed herein are sponsored, endorsed, sold, or promoted by EAM. EAM's only legal relationship to the Investment Manager is the licensing of certain trademarks, tradenames, and intellectual property of EAM and of the Diversified Algorithmic Income Methodology MV™ ("DAIM MV™"), Diversified Algorithmic Income Methodology MV™ ("DAIM MV™"), Diversified Algorithmic Income Methodology MVL™ ("DAIM MVL™"), Diversified Algorithmic Income Methodology RT2™ ("DAIM RT2™"), Diversified Algorithmic Income Methodology RT3™ ("DAIM RT3™"), or collectively ("DAIM") trading methodologies created, compiled, maintained and owned by EAM without regard to the Investment Manager or any investment product or vehicle utilizing DAIM. All intellectual property and other items provided by EAM or its affiliate or agent in regard to the DAIM are furnished on an "as is" basis without warranties, guarantees or other terms concerning merchantability, absence of defects, fitness or use for a particular purpose,



timeliness, accuracy, completeness, currentness, or quality. In addition, neither EAM nor its affiliates make any representations, warranties, or guarantees as to the results to be obtained in connection with the use of the DAIM or as to the advisability of investing with the Investment Manager managed indices, such as DAIM, or any other investment product or vehicle discussed herein. EAM has no obligation to take the needs of the Investment Manager or owners of the Investment Manager issued securities, or any other investment product or vehicle into consideration in determining or composing the DAIM. EAM has no obligation or liability in connection with the administration, marketing, or trading of the Investment Manager products. EAM does not provide portfolio management services or any form of investment advice. In particular, EAM does not direct client accounts or provide commodity trading advice based on or tailored to the commodity interests or cash markets exposure or any other circumstances of a particular licensee.

Diversified Algorithmic Fixed Income Alternative Index Family™, DAFI™, and the DAFI2.0™ names and trademarks are owned by the Investment Manager exclusively licensed for use globally by the Investment Manager to the issuer of the Notes. Investors neither acquire any interest in the DAFI™ Index nor enter into any relationship of any kind whatsoever with EAM or the Investment manager upon making an investment in the Notes. Neither EAM, the Investment Manager, nor the Issuance is responsible for the level of performance of the DAFI™ Index. There can be no assurance that the DAFI™ Index will attain the objective of the Issuance. EAM's role is limited to the calculation and publication of the DAFI™ Index only. The Notes are/is not sponsored, endorsed, sold or promoted by EAM and EAM makes no representation regarding the advisability of the Notes or use of the DAFI™ Index or any data included therein. EAM or the Investment Manager shall not be liable in any way to the Issuance, Noteholders or to other third parties in respect of the use or accuracy of the DAFI™ Index or any data included herein.



Additional Disclosures Required Under the Laws & Regulations of Jurisdictions Other Than the U.S.

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to U.S. laws and regulations.

Australia: Baron Point and its affiliates are not authorized deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for “wholesale clients” within the meaning of the Australian Corporations Act, unless otherwise agreed by Baron Point. In producing research reports, members of Baron Point Research & Analysis Group may attend site visits and other meetings hosted by the companies and other entities which are the subject of its research reports. In some instances, the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Baron Point considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. To the extent that the contents of this document contain any financial product advice, it is general advice only and has been prepared by Baron Point without taking into account a client’s objectives, financial situation or needs. A client should, before acting on any such advice, consider the appropriateness of the advice having regard to the client’s own objectives, financial situation and needs. “Wholesale clients” within the meaning of the Australian Corporations Act, unless otherwise agree by Baron Point.

Brazil: Disclosure information in relation to CVM Resolution n. 20 is available on request. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 20 of CVM Resolution n. 20, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text.

Canada: This information is being provided to you for information purposes only and is not, and under no circumstances should be construed as, an advertisement, offering or solicitation by Baron Point for purchasers of securities in Canada to trade in any Canadian security. Baron Point is not registered as a dealer in any



jurisdiction in Canada under applicable Canadian securities laws and generally is not permitted to trade in Canadian securities and may be prohibited from selling certain securities and products in certain jurisdictions in Canada.

Korea: This research, and any access to it, is intended only for “professional investors” within the meaning of the Financial Services and Capital Markets Act, unless otherwise agreed by Baron Point.

New Zealand: Baron Point and its affiliates are neither “registered banks” nor “deposit takers” (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for “wholesale clients” (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Baron Point.

Russia: Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. Research reports do not constitute a personalized investment recommendation as defined in Russian laws and regulations, are not addressed to a specific client, and are prepared without analyzing the financial circumstances, investment profiles or risk profiles of clients. Baron Point assumes no responsibility for any investment decisions that may be taken by a client or any other person based on this research report.

Taiwan: This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor.

United Kingdom: Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Baron Point research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Baron Point.



European Union and United Kingdom: Disclosure information in relation to Article 6 (2) of the European Commission Delegated Regulation (EU) (2016/958) supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council (including as that Delegated Regulation is implemented into United Kingdom domestic law and regulation following the United Kingdom's departure from the European Union and the European Economic Area) with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest is available on request, which documentation states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

Cambodia: Each of the initial purchasers of any securities offered by Baron Point has represented and agreed that it has not offered or sold, and will not offer or sell, an offering of securities to persons in Cambodia other than under circumstances which do not constitute an offer for sale of an offering of securities to the public for the purposes of the Prakas on debt securities offerings to qualified investors statement of exempt debt offerings from the office of the securities and exchange commission of Cambodia.

Thailand: Each of the initial purchasers of any securities offered by Baron Point has represented and agreed that it has not offered or sold, and will not offer or sell, an offering of securities to persons in Thailand other than under circumstances which do not constitute an offer for sale of an offering of securities to the public for the purposes of the securities and exchange act of 1992 of Thailand/or require approval from the office of the securities and exchange commission of Thailand.

Singapore: This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with and offer or sale, or invitation for subscription or purchase, of any securities offered by Baron Point, nor may the securities be offered or sold, or be made the subject of any invitation for



subscription or purchase, whether directly or indirectly, to the public or any person in Singapore other than in circumstances where the registration of a prospectus is not required under the securities and futures act (Cap. 289) of Singapore (SFA) in connection therewith and then only (i) to an institutional investor specified in section 274 of the SFA; (ii) to an accredited investor or such other relevant person as defined in section 275 of the SFA and in accordance with the conditions specified therein; (iii) to a person who acquires the securities as principal if the offer is on terms that the securities may only be acquired at no less than the minimum consideration prescribed under and such offer is in accordance with the other conditions prescribed in section 275(1a) of the SFA; or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Any subsequent sale of securities within 6 months from a purchase made under (i), (ii) or (iii) above must be confined to institutional investors, relevant persons as defined in section 275(2) of the SFA, or persons to whom an offer is made pursuant to section 275(1a) of the SFA.

United Arab Emirates: It is possible that some of the investment strategies discussed in this research could be described as “relatively high risk” or even “high risk”. Often the decrease in value of certain investments described herein will be balanced by the increase in the value of other investments in a client’s portfolio. However, this will not always be the case. If there is an overall decrease in the value of the client’s portfolio of investments, this could substantially affect the value of the client’s overall portfolio value.

Global Product; Distributing Entities

Baron Point Research & Analysis Group produces and distributes research products for clients on a global basis. Analysts based in Baron Point offices around the world produce research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy.

General Disclosures

This research is for our clients only. Other than disclosures relating to Baron Point, this research is based on current public information



that we consider reliable, but we do not represent whether it is accurate or complete, and it should not be relied on as such. The information, opinions, estimates and forecasts contained herein are as of the date hereof and are subject to change without prior notification. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Baron Point conducts full-service, investment banking, asset management, alternative investment, and private placement businesses.

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and principal trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, principal trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

We and our affiliates, officers, directors, and employees will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research, unless otherwise prohibited by regulation or Baron Point policy.

The views attributed to third party presenters at Baron Point arranged conferences, or by Baron Point at third-party conferences, including individuals from other parts of Baron Point, do not necessarily reflect those of Baron Point Research & Analysis Group and are not an official view of Baron Point.

Any third party referenced herein, including any salespeople, traders, Fund managers, and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is focused on investment themes across markets, industries and sectors. It does not attempt to distinguish between



the prospects or performance of, or provide analysis of, individual companies within any industry or sector we describe.

Any trading recommendation in this research relating to equity or credit security or securities within an industry or sector is reflective of the investment theme being discussed and is not a recommendation of any such security in isolation.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur.

Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors.

Differing Levels of Service Provided by Baron Point Research & Analysis Group:

The level and types of services provided to you by Baron Point Research & Analysis Group may vary as compared to that provided to internal and other external clients of Baron Point, depending on various factors including your individual preferences as to the frequency and manner of receiving communication, your risk profile and investment focus and perspective (e.g., market wide, sector specific, long term, short term), the size and scope of your overall client relationship with Baron Point, and legal and regulatory constraints.



Investing in alternative investments and derivatives carries substantial risk. Investors could lose their entire investment. Past performance is not a guarantee of future performance. This informational brochure is not an offer to buy or sell securities. Offer of securities by Prospectus only. Please read all Offering Materials carefully before investing. Strategies may have track records in other vehicles implementing those strategies at Baron Point or otherwise.

©2007 - 2025 Baron Point Capital Management Ltd., Baron Point Financial LLC, Baron Point Financial Group SPC, Baron Point Research & Analysis Group (collectively "Baron Point). All Rights Reserved.

The Diversified Algorithmic Fixed Income Alternative Index Family™ (DAFI™) was issued on April 5, 2025 as Quarterly Comments regarding DAFI™. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Baron Point.



Baron Point Financial LLC

10 East End Avenue
New York, New York 10075
United States of America

Tel +1 212 248 2733
Fax +1 212 504 3101
research@baronpoint.com
www.baronpoint.com