

International Fixed Income Pension Fund

Quarterly Report, Q2 2021
Issue 37



Weathering the Good Times

Mar. Net Asset Value:	\$1.1689
Assets:	\$451k
Inception:	Nov-13

PERFORMANCE

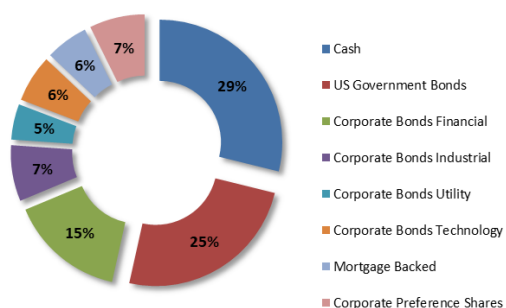
	Fund	Benchmark*
1 Month	0.09%	-0.005%
3 Month	0.20%	0.70%
1Yr	-1.77%	-0.60%
5Yr	2.05%	4.37%

* Bloomberg Barclays Intermediate A+ U.S. Government/Credit Total Return

TOP FIVE HOLDINGS

U.S. CORPORATE BONDS	33.57%
CASH	28.86%
US GOVERNMENT BONDS	24.61%
CORPORATE PREFERENCE SHARES	7.31%
MORTGAGE BACKED SECURITIES	5.64%

ALLOCATION



The High Yield Income Fund is a sub fund of the RF (Bahamas) International umbrella investment fund and invests substantially all of its assets into the USD Targeted Income Fund. The allocation shown is subject to change without notice and at the discretion of the investment manager. The Bloomberg Barclays Emerging Markets USD Sovereign Bond Index tracks fixed and floating-rate US dollar-denominated debt issued by EM governments.

Yields fluctuated throughout Q2 and bond prices followed accordingly. The Fund returned 0.09% vs the benchmark which contracted 0.005% in June. The fund returned 0.20% for Q2.

Fed officials indicated that rate hikes could come as soon as 2023, after saying in March that it saw no increases until at least 2024. The so-called dot plot of individual member expectations pointed to two hikes in 2023.

Fed chairman Powell indicated that the Fed's dual goals of employment and inflation happening at a faster pace than previously anticipated. He noted that the Fed sees growth rebounding at a rate of 7% in 2021. Officials raised their GDP expectations for this year to 7% from 6.5% previously. The unemployment estimate remained unchanged at 4.5%.

The 10-year U.S. Treasury fell to 1.49% vs 1.74% in Q1, which given the recent rise inflation was a bit curious as investors would historically be selling government debt as Inflation is seen as a repellent to fixed income because it can erode its fixed-value, making coupon payments and the return of principal less valuable as purposing power decreases. Historically evidence shows that inflation leads to increase selling pressure in fixed income, pushing yields higher and prices lower.

The fund's cash position continues to be high but the anticipation is that it will be invested throughout the remainder of the year and should provide increased returns for the fund.

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