

# PPP USD Fixed Income Pension Fund

Quarterly Report, Q3 2021  
Issue 37



## What Next Central Bankers?

Sept. Net Asset Value:	\$1.093
Assets:	\$264k
Inception:	Nov-13

### PERFORMANCE

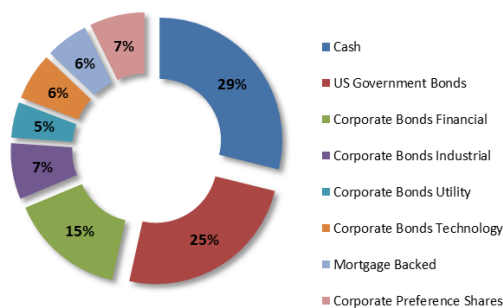
	Fund	Benchmark*
1 Month	-0.60%	-0.72%
3 Month	-0.44%	0.00%
1Yr	-1.51%	-0.95%
3Yr	1.30%	4.33%

\* 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 Q3 and bond prices followed accordingly. The Fund returned -0.60% in September and -0.44 in Q3.

The Fed indicated that tapering of bond purchases could begin this year and rate hikes may begin in 2022, earlier than had been previously predicted. The fed funds rate projections now show a faster rate hiking schedule than they did in June. Fed officials were evenly split 9-9 on a rate hike in 2022.

The Fed now sees inflation running to 4.2% this year, above its previous estimate of 3.4%. The Fed raised its GDP growth projections for 2022 and 2023 to 3.8% and 2.5%, respectively.

The majority of bond indices were solidly higher through mid-September as investors rotated to safety following the rise in COVID-19 cases in July and August. But in late September, the Federal Reserve confirmed tapering of Quantitative Easing will begin this year. That, combined with still-high inflation statistics, weighed on fixed income markets during the final few days of the third quarter which erased most of the quarter-to-date returns for many bond indices.

If the Fed starts to taper QE sooner than expected, or the pace of reductions is faster than the market has currently priced in, it will cause additional volatility and as a result have a negative impact on future returns.