



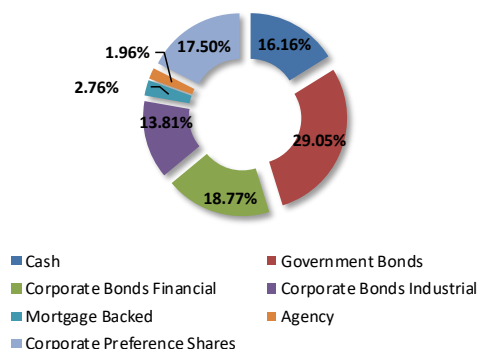
| | |
|-----------------------------|----------|
| Dec Net Asset Value: | \$1.1573 |
| Assets: | \$469K |
| Inception: | April-15 |

Performance:

| | Fund | Benchmark* |
|---------------------|-------|------------|
| 1 Month | 0.35% | 2.35% |
| 3 Month | 0.64% | 2.18% |
| 1 Yr | 5.50% | 13.35% |
| 3 Yr Ann Ave | 3.45% | 5.85% |

* Bloomberg Barclays Emerging Market USD Sovereign Bond Index

Allocation:



Top Holdings:

| | |
|-----------------------------|-------|
| U.S. CORPORATE BONDS | 32.6% |
| U.S. TREASURIES | 29.1% |
| CORPORATE PREFERENCE SHARES | 17.5% |
| CASH | 16.2% |
| MORTGAGE BACKED SECURITIES | 2.8% |

The International Fixed Income Fund is a pension-only pool of assets that invests in the USD Targeted Income Fund. Performance shown does not include any fees associated with the administration of a pension plan and may differ from other shares offered in the fund as a result of different fee structures. The asset allocation shown is subject to change without notice and at the discretion of the investment manager, subject to any restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.

General Market Commentary

In a recent report published by Morgan Stanley, in 2020 their economists expect a modest global economic recovery fueled by renewed trade talks between the US and China, and further monetary easing by Central Banks.

The table below details Morgan Stanley's forecast for US bonds yields as at mid-year and year-end 2020. During the first half of 2020 they see yields increasing across the entire yield curve, but decreasing across the entire yield curve during the second half of 2020.

If these forecasts are realized, then we should see

US T-Bonds Yield Forecasts

| Maturity | Two-Yr. | Five-Yr. | 10-Yr. | 30-Yr. |
|------------|---------|----------|--------|--------|
| 31/12/2019 | 1.58% | 1.68% | 1.90% | 2.34% |
| 2Q2020 | 1.65% | 1.80% | 2.00% | 2.50% |
| 4Q2020 | 1.55% | 1.60% | 1.75% | 2.25% |

prices of most fixed USD bonds decreasing slightly during the first half of 2020, but then increasing during the second half.

We don't expect the strong returns of the fixed income markets in 2019 to be duplicated. Investors should expect returns more in-line with the long-term performance of the Fund.

A number of geopolitical risks such as US election volatility, increased cyber warfare, Middle-East conflict focused around Iran, and further trade conflicts beyond the US/China conflict, may have play a material role in determining actual bond yields in 2020.

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