



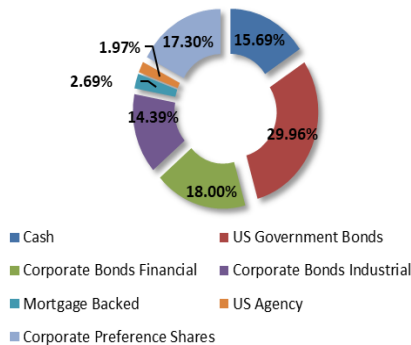
Dec. Net Asset Value:	\$1.1567
Assets:	\$27.6K
Inception:	May-18

Performance:

	Fund	Benchmark*
1 Month	-0.04%	0.10%
3 Month	0.10%	0.07%
1 Yr	3.64%	6.15%
3 Yr Ann Ave	3.41%	4.41%

* Bloomberg Barclays Inter A+ U.S. Govt/Credit Total Rtn Index

Allocation:



Top Holdings:

U.S. CORPORATE BONDS	32.4%
U.S. TREASURIES	29.6%
CORPORATE PREFERENCE SHARES	17.3%
CASH	15.7%
MORTGAGE BACKED SECURITIES	2.7%

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.

Has The Bond Rally Run its Course?

In Q4 US interest rates increased and the yield curve steepened. The performance of the Fund and the benchmark slowed accordingly. Granted in 2020 the Fund returned 3.64% and has averaged 3.41% over the past 3 years .

As bond valuations have richened, the prospects for positive total returns in corporate credit have dwindled. This means investors should turn to active management in such a low yield environment.

In late 2018 we made the decision to engage an active manager, which we feel positions the Fund to handle this low yield environment, which we think will continue through 2022.

In the latest Morgan Stanley Global Investment Committee "On the Markets" report, Michael Wilson (CIO, Morgan Stanley) interviewed Henry McVey, who heads the global marco and asset allocation team at KKR & Co. Inc. Both experts expect economic growth will result in inflationary pressure, which in turn will push US interest rates higher in 2021. McVey sees the 10-year US Treasury hitting 1.25%-1.30% in 2021 and 1.50% in 2022.

The Morgan Stanley Global Investment Committee recommends having a short-to-intermediate duration exposure with a focus on capital preservation as opposed to capital appreciation. The Fund's portfolio has a weighted credit rating of Aa3 and an effective duration of 3.98, which is consistent with this recommendation.

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