International Fixed Income Pension Fund

Quarterly Report, Q4 2021
Issue 19

Dec. Net Asset Value:	$1.143
Assets:	$420k
Inception:	Mar-16

PEFORMANCE

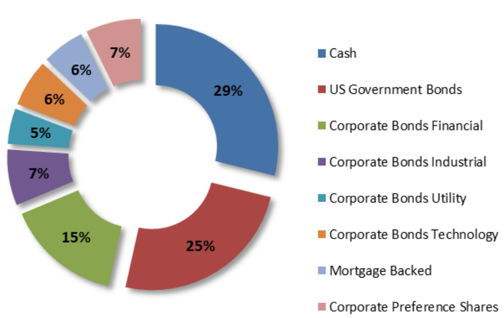
	Fund	**Benchmark***
1 Month	-0.35%	-0.19%
3 Month	-1.30%	-0.58%
1Yr	-3.97%	-1.60%
3Yr	1.08%	3.48%

** 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.

What Next Central Bankers?

Yields fluctuated throughout Q4 and bond prices followed accordingly. The Fund returned -0.35% in December and –1.30 in Q4, underperforming the index slightly as the index return.

Over the quarter we saw elevated inflation, hawkish central bank policy shifts and the emergence of the Omicron Covid-19 variant. In bond markets, 10-year government yields were largely unchanged. Yields followed a downward trajectory for most of the quarter before reversing in the final weeks of the year as sentiment improved.

Most notably, US Federal Reserve rhetoric turned increasingly hawkish in November. Chairman Powell and other members of the policy committee suggested tapering could be accelerated, which it was in December, and that they may stop referring to inflation as “transitory”.

The US 10-year Treasury yield was little changed for the quarter, from 1.49% to 1.51%. It reached 1.7% in October amid elevated inflation and expectations of policy tightening, then a low of 1.36% in early December amid fears over the Omicron Covid-19 variant. The US 2-year yield increased from 0.28% to 0.73% Corporate bonds lagged government bonds for the quarter. In investment-grade, the US market saw modestly positive total returns

It is expected that the Fed will use a disciplined approach regarding the reduction of quantitative easing, the steadying of asset purchases and indicating what they’ll do in terms of rate hikes. There are shifting expectations over the pace of rate hikes in coming years. The Fed is expected to move slowly, which would consequently cause higher bond volatility, and expect higher rates in the second half of 2022 as part of policy normalization.

RF House, East Hill Street | Phone: 603-6000 | info@rfgroup.com
www.rfgroup.com