

# USD International Balanced Fund

Quarterly Report, Q4 2021  
Issue 37



Dec. Net Asset Value:	\$2.061
Assets:	\$7.35M
Inception:	Nov-11

## PERFORMANCE

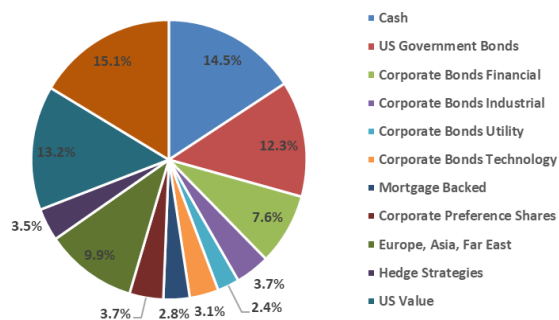
	Fund	Benchmark*
1 Month	0.80%	1.85%
3 Month	1.39%	2.91%
1Yr	11.30%	7.35%
3Yr	11.36%	7.13%

\*Blended Index: 50% MSCI All-Country World Index (MXWD) and 50% Bloomberg Barclays Emerging Markets USD Sovereign Bond Index (BSSUTRUU)

## TOP FIVE HOLDINGS

GROWTH STOCKS—US	30.1%
VALUE STOCKS—US	26.4%
STOCKS - EUROPE, ASIA, FAR EAST	19.77%
CORPORATE DEBT—US	16.79%
ALTERNATIVE INVESTMENTS	7.5%

## ALLOCATION



*The International Opportunities Fund is a sub fund of the RF International Investment fund. Performance shown is for Series 1 shares, and the asset allocation is subject to change without notice and at the discretion of the investment manager, subject to the restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.*

## Risk vs Reward - The Question for 2022

The Fund had a positive December and Q4, however underperformed the benchmark. The Fund returned 11.30% in 2021 and averaged 11.36% over the last 3 years. Over both timeframes the Fund outperformed the benchmark.

Volatility increased dramatically and sentiment turned negative, driving market returns lower in November before recovering in December. The main issues the market was focused on were inflation, the Omicron variant and central banks reducing stimulative measures. Notwithstanding all the negative headlines in Q4, all major stock indices had strong returns in 2021.

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”.

Current corporate strength and the prospect of further potential earnings growth in 2022 outweighed the risk factors over the quarter, despite the fact that hospitalizations rose towards the end of the year in several countries

But the fear of a weaker future growth backdrop, partly due to projected central bank policy normalisation, led to a flattening of the US yield curve. Small caps also underperformed large caps over the quarter as uncertainties about future growth weighed on their performance.

Many investors and strategists expect tougher conditions next year as the Fed tapers off its pandemic-era easy monetary policy and addresses persistent inflation.

The Fund's asset managers are focused on active versus passive investment management for equities, and prudently searching for the region for private sector fixed income offerings in which to invest excess cash. But many investors and strategists expect tougher conditions next year as the Fed tapers off its pandemic-era easy monetary