

Pension Matters

A Tumultuous Start to The Year

1st Quarter, 2022



Q1 Market Review

Q1 2022 kicked off with inflation fears and expectations for rising rates at the forefront of investors' minds. A relief rally in March helped markets rebound from their lows, however, the S&P 500, was down 4.7% to end Q1.

Russia's invasion of Ukraine on February 24th compounded an already tricky investment backdrop for investors; with the immediate impact of the war leading to acceleration of price pressures for commodity markets, particularly oil and gas.

MSCI EAFE (-5.9%) and MSCI Emerging Market (-7.0%) equities ended Q1 2022, with negative returns driven by investor worries that ongoing sanctions would have a disproportionate effect on European and Emerging economies given their stronger economic ties to Russia and Ukraine.

The Barclays US Aggregate Bond index, which acts as a proxy for the investment-grade bond market, decreased by almost -6% in the quarter, the worst quarterly decline since 1980. The increase in interest rates had a negative impact on returns (bond prices move inversely to interest rates).

The 10YR US Treasury yield ended the quarter at 2.36%.

Q1 saw higher prices for commodities, specifically for energy and wheat. The most significant was strong price gains for oil, natural gas and heating oil amid rising global demand for energy and fears of supply curbs as a result of the Ukraine crisis.

Investment Perspectives

The inflation trajectory remains crucial for markets. It is and continues to be a priority because it is the biggest risk to the economy.

The present investing environment is increasingly challenging and most expect this difficult market period to persist for as long as the war drags on. Nervousness over the Fed raising interest rates and shifting to restrictive monetary policy is further exacerbating volatility and market declines

The objective of the US Federal Reserve is to slow the pace of inflation while maintaining a healthy jobs market, economic growth, and price stability. Analysts point towards a robust U.S. labor market, a healthy consumer and strong corporate balance sheets which may suggest the economy can handle higher rates, as the 'Fed' (along with other major central banks), attempt to tame inflation. Historically, the U.S. economy hasn't fallen into recession without labor market weakness.

Given all the uncertainty, maintaining a long-term viewpoint, can help to look past short-term market panic. However, that should not prevent you from understanding the risks facing both the markets and the economy, implementing a diversified approach; that will provide you with the confidence to remain invested, remain patient and stick to your financial plan.

BF&M are committed to helping you effectively navigate this still-challenging investment environment and remain on track to meet your long-term investment goals.

If you have any questions or concerns over your portfolio, please contact us at +1 441 298 0358 or via email at customer@bfm.bm.

The information and opinions in this newsletter are intended to provide a general commentary on areas which may be of interest to readers. This publication is not intended to provide specific financial advice or recommendations. Readers should consult with their personal financial advisor before acting on any information or opinions contained in this publication.



Target Date Performance by Profile	Annualized Returns (except YTD) at March 31, 2022				
	10 years	5 years	3 years	1 year	YTD
GlidePath Retirement	3.77	5.40	6.25	1.08	-4.06
Index	3.80	5.21	5.82	1.81	-3.75
GlidePath 2020	4.88	5.98	6.66	1.35	-3.99
Index	4.91	6.03	6.61	2.26	-3.81
GlidePath 2030	6.94	8.77	10.28	1.92	-5.39
Index	6.59	7.67	8.47	2.75	-4.37
GlidePath 2040	7.88	10.11	12.11	3.38	-5.37
Index	8.17	9.88	11.57	5.13	-5.05
GlidePath 2050	8.42	10.86	13.13	4.60	-5.24
Index	8.96	10.78	12.77	6.52	-4.92
GlidePath 2060			13.72	4.91	-5.17
Index			12.87	6.62	-4.92

Risk-Based Performance by Profile	Annualized Returns (except YTD) at March 31, 2022				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest	0.78	0.78	0.51	0.13	0.06
Index	0.78	0.78	0.51	0.13	0.06
Conservative Risk	3.27	3.57	3.73	0.29	-2.74
Index	2.64	2.93	3.13	0.48	-2.35
Moderate Risk	4.16	4.45	5.06	1.14	-2.85
Index	3.32	3.76	4.25	0.63	-3.41
Accumulator	6.62	7.13	8.05	1.14	-5.65
Index	4.89	5.34	6.21	1.20	-4.90
Stable Growth	7.69	8.70	9.52	1.52	-6.81
Index	6.07	7.01	8.21	2.66	-5.67
Growth Risk	8.93	11.38	12.87	2.37	-8.15
Index	6.85	8.59	10.17	3.45	-6.79
Aggressive Risk	11.35	13.89	15.39	3.02	-10.28
Index	9.50	11.65	13.86	5.99	-8.11

Data obtained from Morningstar Direct. Risk profile performance is based on historical blend of actual managers. Individual fund performance reflects only the manager currently used for that asset class. Past performance is no guarantee of future performance. The price of the shares of each Profile and the income received from each Profile may go down as well as up, and investors may not get back the full amount that they invested. Investment in any of the Profiles involves risks. Currency fluctuations will affect the value of overseas investments. Information has been provided by BF&M Investment Services Limited, which is licensed to conduct Investment Business by the Bermuda Monetary Authority under the Investment Business Act.



Performance by Fund	Annualized Returns (except YTD) at March 31, 2022				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest Account (GIA5)	0.78	0.78	0.51	0.13	0.06
Enhanced Cash – Payden USD Liquidity (MMKT)	0.95	1.51	1.20	-0.42	-0.52
Bank of America ML US Treasury Bill 3 Month TR USD	0.63	1.13	0.81	0.06	0.04
Short Duration - Vanguard Global Short Term Bond Index (VGVILUH)	0.00	1.44	0.85	-3.17	-2.86
BofAML US Treasuries 1-3 Year TR USD	0.86	1.08	0.88	-2.84	-2.34
Global Bond - GS Global Fixed Income (GBF1)	0.00	0.00	2.57	-4.47	-5.66
Bloomberg Global Aggregate TR USD	1.04	1.70	0.69	-6.40	-6.16
US Bond - PIMCO Total Return (BF1)	2.52	2.34	2.11	-4.65	-6.69
Bloomberg US Aggregate Bond TR USD	2.24	2.14	1.69	-4.15	-5.93
Inflation Strategy - PIMCO Inflation Strategy (INFLTN)	2.30	5.66	8.32	15.59	5.54
PIMCO Inflation Strategy Benchmark USD	2.91	5.49	7.77	16.43	5.72
Global TIPS - Standard Life Global Inflation Linked Bond	3.64	4.03	4.73	3.99	-3.05
Bloomberg Gbl. Inflation Linked TIPS TR USD	2.69	4.43	6.22	4.29	-3.02
High Yield Bond – Alliance Bernstein Global High Yield (HYLDBD)	4.31	2.58	2.73	-1.40	-4.95
Bloomberg Global High Yield TR USD	4.92	3.34	2.57	-3.84	-5.69
Emerging Mkt Bond - MFS Meridian EM Debt (EMKBD)	3.26	2.04	1.31	-6.41	-8.11
JPM EMBI Plus TR USD	2.00	-0.96	-3.15	-13.76	-16.20
Global Value Stock - Dodge & Cox Worldwide Global (GVF1)	10.45	9.39	13.38	10.00	1.97
MSCI ACWI NR USD	10.00	11.64	13.75	7.28	-5.36
Global Growth Stock - Artisan Global Opportunities (IGF1)	0.00	15.19	17.15	0.45	-13.39
MSCI ACWI NR USD	10.00	11.64	13.75	7.28	-5.36
US Growth Stock - Franklin US Opportunities (USGF)	14.00	17.44	18.00	4.10	-13.51
MSCI US Large Cap Growth PR USD	16.42	21.02	25.19	15.75	-8.86
US Value Stock - MFS Meridian US Value (USVF)	10.83	9.58	12.16	10.41	-3.89
MSCI US Large Cap Value PR USD	8.35	7.26	9.12	10.24	-2.09
US Stock Index - Vanguard US 500 Stock Index (VANUIPU)	0.00	15.31	18.28	15.12	-4.70
S&P 500 NR USD	13.96	15.36	18.32	15.16	-4.70
Global Stock Index - Vanguard Global Stock Index (VANPLUD)	0.00	12.41	14.97	10.11	-5.16
MSCI World Free NR USD	10.88	12.42	14.98	10.12	-5.15
Global Small Cap Stock - Vanguard Glb. Small Cap Index (GSMCEQ)	9.91	9.53	11.49	-1.22	-6.49
MSCI World Small Cap NR USD	10.14	9.72	11.68	-1.09	-6.50
Emerging Market Stock - Schroder Global EM Opp. (EMKEQ)	5.06	8.06	7.56	-14.21	-8.56
MSCI EM PR USD	0.92	3.56	2.57	-13.27	-7.32

The Current Guaranteed Interest Crediting Rate is 1.50%

Data obtained from Morningstar Direct. Risk profile performance is based on historical blend of actual managers. Individual fund performance reflects only the manager currently used for that asset class. Past performance is no guarantee of future performance. The price of the shares of each Profile and the income received from each Profile may go down as well as up, and investors may not get back the full amount that they invested. Investment in any of the Profiles involves risks. Currency fluctuations will affect the value of overseas investments. Information has been provided by BF&M Investment Services Limited, which is licensed to conduct Investment Business by the Bermuda Monetary Authority under the Investment Business Act.