

Pension Matters

3rd Quarter, 2021



Snakes & Ladders

Market Review

Investors entered 2021 with high hopes that the worst of the pandemic was behind us. Equity markets surged during the first half of the year; however, the delta variant and inflation concerns caused the market to retreat in September. Seasonally, September tends to be the worst-performing month for stocks and in keeping with tradition; September 2021 was the S&P 500's worst-performing month since the height of the pandemic in March 2020.

S&P 500 YTD 15.9%, despite suffering its first pullback in nearly a year with September's monthly decline of - 4.7%, the index managed to hold on to positive gains, 0.6%, to end Q3.

As the market's focus turned to rising inflation and the prospect of central banks tapering of monetary policy support; this weighed on fixed income markets during the final few days of the third quarter. The 10YR US Treasury yield ended the quarter at 1.475%.

Emerging market stocks declined in Q3, initially on continued supply chain disruptions and concerns rising COVID-19 cases would derail the global recovery; however, investor concerns quickly compounded, late in the quarter, when it was revealed, that one of China's largest real estate developers, Evergrande, missed an interest payment on some of its bonds and was struggling meet its financial obligations due to tremendous pressure on its cash flow and liquidity.

A consortium of factors on both the supply and demand side are driving energy prices higher with seemingly little end in sight. WTI crude, up 55%+ YTD and over 14% higher to end the quarter.

Investment Perspectives

The underlying picture is that the global growth trend is likely to continue through Q4 (albeit at a slower pace), recession risk remains low and central banks will remain cautious about tightening too quickly.

Successful investing is a marathon and not a sprint. Understanding the risks facing both the markets and the economy, implementing a diversified approach; 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 helping you to meet your long-term investment goals.

With effect from November 1, 2021, the BF&M Pensions Team will only accept voluntary contributions via your employer through payroll deduction. Should you wish to make lump sum voluntary contributions outside of your payroll deduction, please contact the BF&M Client Relations team at customercare@bfm.bm or call us at 1-441-298-0358 to set up an Individual Savings Plan. This Plan gives you the ability to grow your nest egg with the benefit of participating in the same investment options available to you under your pension plan. It will also give you the flexibility to make contributions and withdrawals whenever required.

If you have any questions or concerns over your portfolio, please contact us at +1 441 298 0358 or via email at customercare@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 at Sept 30, 2021				
	10 years	5 years	3 years	1 year	YTD
GlidePath Retirement	4.62	6.02	7.87	9.44	2.96
Index	4.59	5.55	7.24	8.08	2.94
GlidePath 2020	6.20	6.91	8.07	11.28	3.53
Index	5.99	6.72	7.80	10.35	3.78
GlidePath 2030	8.55	10.23	11.15	20.25	6.47
Index	8.03	8.81	8.77	14.67	5.61
GlidePath 2040	9.46	11.72	12.30	25.54	8.63
Index	9.66	11.22	11.34	22.23	8.82
GlidePath 2050	9.92	12.49	12.73	29.14	10.10
Index	10.45	12.15	11.94	25.61	10.36
GlidePath 2060			13.26	30.06	10.38
Index			12.02	25.93	10.49

Risk-Based Performance by Profile	Annualized Returns at Sept 30, 2021				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest	0.82	0.83	0.77	0.10	0.08
Index	0.82	0.83	0.77	0.10	0.08
Conservative Risk	4.00	4.29	4.78	6.31	2.52
Index	3.19	3.42	3.85	4.72	1.73
Moderate Risk	5.03	5.16	5.91	10.15	3.88
Index	4.07	4.51	4.96	8.21	2.89
Accumulator	8.22	8.65	9.61	16.67	6.36
Index	6.08	6.41	7.09	12.08	4.35
Stable Growth	9.64	10.61	11.29	19.15	7.71
Index	7.49	8.27	8.72	14.72	5.68
Growth Risk	10.95	13.71	14.71	21.81	8.63
Index	8.32	10.13	10.48	18.24	7.16
Aggressive Risk	14.34	16.91	17.67	24.32	10.50
Index	11.64	13.47	13.69	22.39	9.54

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 at Sept 30, 2021				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest Account (GIA5)	0.82	0.83	0.77	0.10	0.08
Enhanced Cash – Payden USD Liquidity (MMKT)	1.03	1.77	1.86	0.62	0.32
Bank of America ML US Treasury Bill 3 Month TR USD	0.63	1.16	1.18	0.07	0.04
Short Duration - Vanguard Global Short Term Bond Index (BFMSDF)	0.00	2.09	2.90	0.26	-0.18
BofAML US Treasuries 1-3 Year TR USD	1.16	1.63	2.64	0.03	-0.02
Global Bond - GS Global Fixed Income (GBF1)	0.00	0.00	0.00	-0.33	-2.11
Bloomberg Global Aggregate TR USD	1.86	1.99	4.24	-0.91	-4.06
US Bond - PIMCO Total Return (BF1)	3.70	3.67	5.95	0.21	-0.99
Bloomberg US Aggregate Bond TR USD	3.01	2.94	5.36	-0.90	-1.55
Inflation Strategy - PIMCO Inflation Strategy (INFLTN)	2.07	4.00	7.48	20.52	9.10
PIMCO Inflation Strategy Benchmark USD	3.04	3.58	6.31	20.70	9.74
Global TIPS - Standard Life Global Inflation Linked Bond	4.04	3.49	6.34	2.74	1.49
Bloomberg Gbl. Inflation Linked TIPS TR USD	3.12	4.34	7.45	5.19	3.51
High Yield Bond – Alliance Bernstein Global High Yield (HYLDBD)	5.95	4.66	4.89	11.67	3.35
Bloomberg Global High Yield TR USD	6.93	5.32	5.75	9.49	1.70
Emerging Mkt Bond - MFS Meridian EM Debt (EMKBD)	5.37	3.98	6.24	5.32	-1.21
JPM EMBI Plus TR USD	4.80	2.31	4.68	1.20	-4.20
Global Value Stock - Dodge & Cox Worldwide Global (GVF1)	12.10	11.34	9.73	44.31	16.34
MSCI ACWI NR USD	11.90	13.20	12.58	27.44	11.12
Global Growth Stock - Artisan Global Opportunities (IGF1)	0.00	18.40	20.42	20.12	8.77
MSCI ACWI NR USD	11.90	13.20	12.58	27.44	11.12
US Growth Stock - Franklin US Opportunities (USGF)	18.16	21.99	21.78	25.74	13.07
MSCI US Large Cap Growth PR USD	19.13	23.09	23.33	28.56	15.13
US Value Stock - MFS Meridian US Value (USVF)	12.90	10.63	10.34	29.24	14.99
MSCI US Large Cap Value PR USD	9.81	7.62	6.20	26.62	12.64
US Stock Index - Vanguard US 500 Stock Index (INDUSE)	15.78	16.14	15.29	29.35	15.50
S&P 500 NR USD	15.93	16.24	15.37	29.43	15.55
Global Stock Index - Vanguard Global Stock Index (INDGEQ)	12.50	13.62	13.05	28.74	12.99
MSCI World Free NR USD	12.68	13.74	13.14	28.82	13.04
Global Small Cap Stock - Vanguard Glb. Small Cap Index (GSMCEQ)	12.67	12.24	10.66	40.06	13.15
MSCI World Small Cap NR USD	12.94	12.46	10.88	40.24	13.23
Emerging Market Stock - Schroder Global EM Opp. (EMKEQ)	8.06	12.90	13.37	25.92	0.63
MSCI EM PR USD	3.59	6.76	6.14	15.81	-2.96

The Current Guaranteed Interest Crediting Rate is 0.10%

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