COMMENTARY
Global equities suffered one of its worst first-halves in over 50 years as the asset class fell out of favor with market participants as fears of a recession weighed on sentiment. The S&P 500 and the MSCI All Country World Indexes ended June in a bear market each declining by -20.0%. Against a macro-economic environment of persistent inflation and rising interest rates global bonds, normally considered a safe haven also suffered losses. The Global Aggregate Bond Index total return year to date was -13.9%. Fund diversification has helped limit some of the downside risk and returned -5.2% as at June 30, 2022. July will be pivotal for the future direction of markets amid corporate earnings results, key inflation data and global central bank policy decisions. Volatility will most likely remain elevated until there is evidence of moderating inflation, recession risks are receding and geopolitical threats are declining. We expect to see the demand for safe haven assets like cash and bonds to increase over the coming weeks and months. Uncorrelated alternative assets will also provide protection to the myriad of downside risks. Diversification alone will not fully immunize the portfolio from the systemic risks of a global recession and there will be near-term volatility. The Fund is already defensively positioned with over 70% of the asset allocations to low and moderately risked exposures such as cash and bonds respectively and should allow the fund to mitigate against recessionary impacts to performance.

INVESTMENT OBJECTIVE
The primary objective of the Scheme is to balance risk and return with the aim of achieving long-term growth to facilitate the payment of the pensions by occupational pension plans invested in the Scheme and the return of contributions to members of such plans where employment terminates before retirement age.

PERFORMANCE HISTORY (%)
Calendar Year Performance YTD 2021 2020 2019 2018
-5.2% 4.2% 4.8% 9.6% -4.5%

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