



## 2nd Quarter 2022 CIO Commentary

### The times are getting tougher

Pretty much the whole world has been wrong about how high inflation would go – including us. As investors' views have changed, they have sold fixed income securities, pushing prices down and driving the Bloomberg Barclays US Aggregate to its worst quarter in 40 years at -5.93% in Q1 2022, followed by -4.69% in Q2. This -10.35% year-to-date loss is the worst first half of the year ever for the index. Results this poor don't tend to occur when investors anticipate and are properly positioned for what lies ahead.

We believe the single most important investment question today is whether the Fed will – or won't – get ahead of inflation. Typically, the Fed must balance the dual mandate of full employment and low inflation. Because inflation has been low for most of the past 40 years, the Fed has historically been able to respond quickly to economic or market events by easing rates. With inflation today above 8.5%, that calculus has changed: We expect that until inflation comes under control, the Fed will be talking tough and raising short rates, even if stock and bond prices are falling and even if the economy appears to be slowing. Until the Fed proves their mettle in taming inflation, they have lost the option of easing rates. We believe that only once the Fed has shown they can get inflation under control will they regain the ability to provide liquidity when markets require. This suggests a more difficult and volatile market backdrop in the short term, with the end of this term dictated by the path of inflation.

This is an excerpt from a longer commentary. Please [Download the PDF](#) to read the entire 2Q2022 CIO Commentary.

### TIFF Investment Management



July 1, 2022



## 2nd Quarter 2022 CIO Commentary

### **The times are getting tougher**

Pretty much the whole world has been wrong about how high inflation would go – including us. As investors' views have changed, they have sold fixed income securities, pushing prices down and driving the Bloomberg Barclays US Aggregate to its worst quarter in 40 years at -5.93% in Q1 2022, followed by -4.69% in Q2. This -10.35% year-to-date loss is the worst first half of the year ever for the index. Results this poor don't tend to occur when investors anticipate and are properly positioned for what lies ahead.

We believe the single most important investment question today is whether the Fed will – or won't – get ahead of inflation. Typically, the Fed must balance the dual mandate of full employment and low inflation. Because inflation has been low for most of the past 40 years, the Fed has historically been able to respond quickly to economic or market events by easing rates. With inflation today above 8.5%, that calculus has changed: We expect that until inflation comes under control, the Fed will be talking tough and raising short rates, even if stock and bond prices are falling and even if the economy appears to be slowing. Until the Fed proves their mettle in taming inflation, they have lost the option of easing rates. We believe that only once the Fed has shown they can get inflation under control will they regain the ability to provide liquidity when markets require. This suggests a more difficult and volatile market backdrop in the short term, with the end of this term dictated by the path of inflation.

This is an excerpt from a longer commentary. Please [Download the PDF](#) to read the entire 2Q2022 CIO Commentary.

**TIFF Investment Management**



July 1, 2022

Copyright © 2025 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.

---



## 2nd Quarter 2022 CIO Commentary

### The times are getting tougher

Pretty much the whole world has been wrong about how high inflation would go – including us. As investors' views have changed, they have sold fixed income securities, pushing prices down and driving the Bloomberg Barclays US Aggregate to its worst quarter in 40 years at -5.93% in Q1 2022, followed by -4.69% in Q2. This -10.35% year-to-date loss is the worst first half of the year ever for the index. Results this poor don't tend to occur when investors anticipate and are properly positioned for what lies ahead.

We believe the single most important investment question today is whether the Fed will – or won't – get ahead of inflation. Typically, the Fed must balance the dual mandate of full employment and low inflation. Because inflation has been low for most of the past 40 years, the Fed has historically been able to respond quickly to economic or market events by easing rates. With inflation today above 8.5%, that calculus has changed: We expect that until inflation comes under control, the Fed will be talking tough and raising short rates, even if stock and bond prices are falling and even if the economy appears to be slowing. Until the Fed proves their mettle in taming inflation, they have lost the option of easing rates. We believe that only once the Fed has shown they can get inflation under control will they regain the ability to provide liquidity when markets require. This suggests a more difficult and volatile market backdrop in the short term, with the end of this term dictated by the path of inflation.

This is an excerpt from a longer commentary. Please [Download the PDF](#) to read the entire 2Q2022 CIO Commentary.

## TIFF Investment Management



July 1, 2022

Copyright © 2025 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.

---



# 2nd Quarter 2022 CIO Commentary

## The times are getting tougher

Pretty much the whole world has been wrong about how high inflation would go – including us. As investors' views have changed, they have sold fixed income securities, pushing prices down and driving the Bloomberg Barclays US Aggregate to its worst quarter in 40 years at -5.93% in Q1 2022, followed by -4.69% in Q2. This -10.35% year-to-date loss is the worst first half of the year ever for the index. Results this poor don't tend to occur when investors anticipate and are properly positioned for what lies ahead.

We believe the single most important investment question today is whether the Fed will – or won't – get ahead of inflation. Typically, the Fed must balance the dual mandate of full employment and low inflation. Because inflation has been low for most of the past 40 years, the Fed has historically been able to respond quickly to economic or market events by easing rates. With inflation today above 8.5%, that calculus has changed: We expect that until inflation comes under control, the Fed will be talking tough and raising short rates, even if stock and bond prices are falling and even if the economy appears to be slowing. Until the Fed proves their mettle in taming inflation, they have lost the option of easing rates. We believe that only once the Fed has shown they can get inflation under control will they regain the ability to provide liquidity when markets require. This suggests a more difficult and volatile market backdrop in the short term, with the end of this term dictated by the path of

inflation.

This is an excerpt from a longer commentary. Please Download the PDF to read the entire 2Q2022 CIO Commentary.

## **TIFF Investment Management**



July 1, 2022

**Copyright © 2025 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.**



# **2nd Quarter 2022 CIO Commentary**

## **The times are getting tougher**

Pretty much the whole world has been wrong about how high inflation would go – including us. As investors' views have changed, they have sold fixed income securities, pushing prices down and driving the Bloomberg Barclays US Aggregate to its worst quarter in 40 years at -5.93% in Q1 2022, followed by -4.69% in Q2. This -10.35% year-to-date loss is the worst first half of the year ever for the index. Results this poor don't tend to occur when investors anticipate and are properly positioned for what lies ahead.

We believe the single most important investment question today is whether the Fed will – or won't – get ahead of inflation. Typically, the Fed must balance the dual mandate of full employment and low inflation. Because inflation has been low for most of the past 40 years, the Fed has historically been able to respond quickly to economic or market events by easing rates. With inflation today above 8.5%, that calculus has changed: We expect that until inflation comes under control, the Fed will be talking tough and raising short rates, even if stock and bond prices are falling and even if the economy appears to be slowing. Until the

Fed proves their mettle in taming inflation, they have lost the option of easing rates. We believe that only once the Fed has shown they can get inflation under control will they regain the ability to provide liquidity when markets require. This suggests a more difficult and volatile market backdrop in the short term, with the end of this term dictated by the path of inflation.

This is an excerpt from a longer commentary. Please Download the PDF to read the entire 2Q2022 CIO Commentary.

## **TIFF Investment Management**



**July 1, 2022**

**Copyright © 2025 TIFF Advisory Services, LLC. All rights reserved. May not be reproduced or distributed without permission.**