

Investment in inflation linked bonds

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Abstract

The Central Bank of Bolivia, looking for increasing the diversification of the foreign exchange reserves, improving their credit quality and with a long term view of its investment, has started investing part of its international reserves in Treasury Inflation Protected Securities (TIPS). This document presents a brief description and analysis of the TIPS market, its characteristics and the main drivers that influence its behavior. It provides the necessary elements to understand the management of a portfolio with these instruments.

Keywords: *Portfolio management, foreign exchange reserves, Treasury Inflation Protected Securities*