

## The Balanced-Income Focus Portfolio

### Portfolio Objective:

The primary objective of the Balanced-Income Focus portfolio is to invest in a portfolio of both bonds and equities with an emphasis on returns earned through income generation via interest and dividends. There will be some risk to capital.

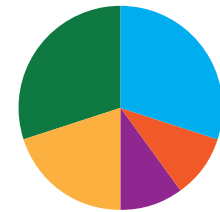
### Investment Advisor:

The Investment Advisor is RBC Investment Management (Caribbean) Limited. The Investment Advisor provides advice on portfolio allocation, ETF selection and portfolio rebalancing.

### Portfolio Strategy:

The strategy provides a diversified and balanced exposure to USD-denominated bonds and equities using Exchange Traded Funds (ETFs). The selection of ETFs will be based on the instrument's income generation: such as for bonds, the focus will be on high yielding securities that may not be Investment Grade. Securities that are not Investment Grade are referred to as "junk" bonds because they are considered lower in credit quality. This lower credit quality is compensated by higher yields. Equities will focus on securities that have consistently paid above average dividends.

### Target Portfolio Allocation:



High Yield Bonds	30%
LT US Corporate Bonds	10%
Emerging Market Bonds	10%
US REITS	20%
US Equities - Dividend Focus	30%

### Target Portfolio Holdings:

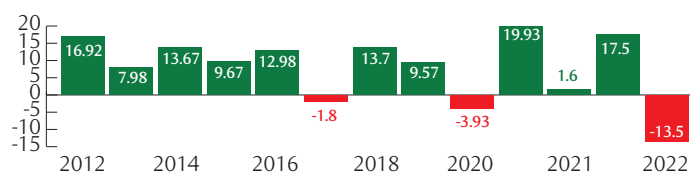
ETF Name	Allocation
SPDR Bloomberg Barclays High Yield Bond	30%
Vanguard Long Term Corporate Bond	10%
iShares JP Morgan USD Emerging Market Bond	10%
SPDR Dow Jones REIT	20%
SPDR S&P Dividend	30%

### Average Annualised Return:

Returns to Dec 31, 2022	1 Year	3 Year	5 Year	10 Year
Balanced - Income Focus Portfolio	-13.5%	0.6%	3.2%	5.8%
Benchmark	-13.2%	0.9%	3.6%	6.3%

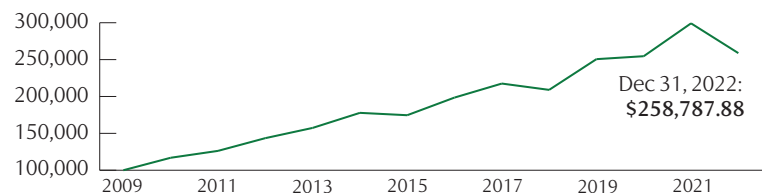
These returns do not include fees

### Historical Return to December 31, 2022:



These returns do not include fees

### The Value of a US\$100,000 Investment:



These returns do not include fees

### Who should invest?

Investors seeking higher returns and those who can withstand a moderate level of risk. There is risk to capital, however, over the long-term this portfolio should outperform deposits and other short-term instruments. It is recommended investors have an investment time horizon of at least 5 years.

### Market Outlook:

The U.S. Federal Reserve continued its tightening policy with a 50 bps increase in December 2022, down from 75 bps in November 2022. The reduced pace was warranted based on the slowdown in inflation as the Consumer Price Index fell to 6.5% y-o-y in December, after reaching a peak of 9.1% in June. The Federal Funds rate thus ended the year at 4.25%-4.50% as expected. The 10-year U.S. Treasury-Bill rate moderated somewhat in Q4, and stood at 3.88% as at December 31, 2022. Labour markets have remained resilient with unemployment at 3.5% in December and job creation still positive. Markets continue to expect a recession in 2023, the magnitude of which will depend largely on the aggression with which the Federal Reserve continues

to raise interest rates and whether the labour market can continue to hold up. The S&P 500 was up 7.08% in Q4, but overall was down 19.4% in 2022. Elevated inflation and recession fears continue into 2023 as most companies continue to be negatively impacted by reduced demand, higher input costs and negative currency effects from the strong U.S. dollar. In addition to inflation, geopolitical risks remain as well as climate risks, lingering Covid infections and a new XBB 1.5 variant: all contributing to uncertainty in 2023 as each of these have the potential to knock the global economy back several steps. On the positive side, however, China has started to re-open its economy and this is expected to increase demand for goods and services.



# Customised Investment Portfolios

Quarterly Report as at December 31, 2022

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## Disclaimer:

The preceding information displays historical market performance of certain securities which would fall within the investment strategy of the portfolio and is for illustrative and education purposes only. Please remember that past performance of the securities identified is not indicative of future performance and there can be no assurance that the future performance of the securities referred to will meet the historical performance levels, or that the identified securities are the specific securities that will comprise the portfolio. Due to various factors, including changing market conditions, the content of the portfolio may be different.

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