

## 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.

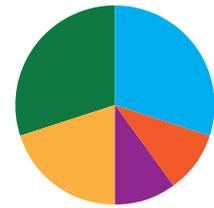
### Investment Advisor:

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 June 30, 2023	1 Year	3 Year	5 Year	10 Year
Balanced - Income Focus Portfolio	4.8%	5.5%	4.2%	5.7%
Benchmark	5.3%	5.8%	4.5%	6.2%

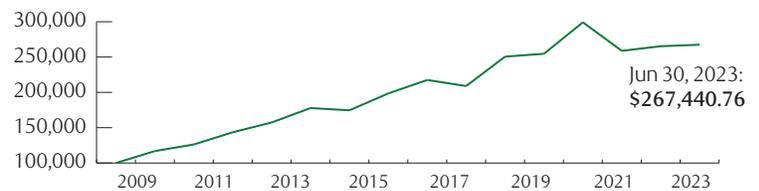
These returns do not include fees

### Historical Return to June 30, 2023:



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 opted to raise interest rates only once in Q2 with a 25bps move in May 2023. While they have signaled up to a further 2 increases in 2023, it is clear that the end of the tightening cycle is in sight. What is less clear, is whether an easing cycle will commence thereafter: the data so far suggests not. While the headline Consumer Price Index fell to 3% y-o-y in June 2023, labour data remains robust, with unemployment steady at 3.6%. With the banking sector seemingly contained after the failures seen earlier this year, the Federal Reserve is focusing once again on inflation, and particularly the services sector, which has remained quite stubborn, even as goods' prices decline. Q1 GDP was revised up to 2%, much

better than the initial estimate of 1.1%. While a recession in late 2023 is still widely expected, odds have been lowered as the consumer has been quite resilient. The S&P 500 was up for its third straight quarter with a return of 8.3% in Q2, driven largely by recoveries in the technology sector. The Nasdaq was up 14.1% for the quarter, emphasizing again that the recovery has not been as broad based as the headline number would imply. With inflation retreating and recession fears being tempered by the strong labour market, investors remain confident of continued growth in areas like technology, and specifically AI and related fields.



# Customised Investment Portfolios

Quarterly Report as at June 30, 2023

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## Disclaimer:

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