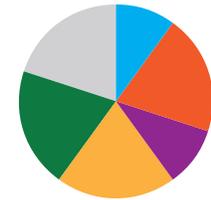


## The Balanced-Growth Focus Portfolio

### Portfolio Objective: Portfolio Strategy: Target Portfolio Allocation:

The primary objective of the Balanced – Growth Focus portfolio is to invest in a portfolio of both bonds and equities with an emphasis on returns earned primarily through capital appreciation as well as via interest and dividend income. There will be some risk to capital.

The strategy provides a diversified exposure to USD-denominated bonds and equities using Exchange Traded Funds (ETFs). The selection of ETFs will be weighted more towards equities than bonds with a focus on capital appreciation, balanced by some more stable income generation. The equity ETFs held will include small and mid-sized companies that are expected to grow faster than average over time, albeit with a higher level of volatility than large companies. Small and medium-sized companies generally do not pay much by way of dividends and as such most of the return achieved will be via price appreciation. The bond ETFs will be concentrated in Investment Grade credit although there will be some exposure to High Yield and Emerging Markets.



- High Yield Bonds 10%
- Investment Grade Bonds 20%
- Emerging Market Bonds 10%
- Large Cap Growth Equities 20%
- Mid-Cap Growth Equities 20%
- Small-Cap Growth Equities 20%

### Investment Advisor:

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

### Target Portfolio Holdings: Average Annualised Return:

iShares iBoxx \$ High Yield Corporate Bond ETF	10%
iShares iBoxx \$ Investment Grade Corporate Bond ETF	20%
iShares JP Morgan USD Emerging Market Bond ETF	10%
Schwab US Large Cap Growth ETF	20%
Vanguard Mid-Cap Growth Index Fund ETF	20%
iShares Russel 2000 Growth ETF	20%

Returns to June 30, 2022	1 Year	3 Year	5 Year	10 Year
Balanced - Growth Focus Portfolio	-22.4%	3.1%	5.7%	8.1%
Benchmark	-21.5%	2.5%	5.3%	7.9%

These returns do not include fees

### Historical Return to June 30, 2022: The Value of a US\$100,000 Investment:



These returns do not include fees



These returns do not include fees

### Who should invest? Market Outlook:

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.

As expected growth in the U.S. slowed markedly in Q1, 2022, registering an annualised contraction of 1.6%. This was lower than expectation and gave rise to fears of an imminent recession and stagflation – as inflation remains stubbornly high, registering 9.1% in June 2022. The Federal Reserve has accelerated its pace of tightening, raising rates 75 basis points in June 2022, with another 75-100 basis points expected in July. Job creation remains positive. With the Russia/Ukraine war dragging on and an upcoming winter season in Europe, the geopolitical risks remain high. We expect energy and food prices to remain elevated. Markets have now turned their attention to an expected recession which should curb inflation to some extent and may allow the Federal Reserve to pause or even reverse policy. The 10-year U.S.

treasury-bill rate has held steady around 3%. We see limited further upside on interest rates as several components of inflation have reversed course and are now firmly on the decline. While it may take some time to translate into the actual CPI figures, we do expect inflation to recede as we move into 2023. With the Fed Funds rate at 1.5%-1.75% currently and expected to reach 3.25%-3.5% by end of 2022, we think the Federal Reserve will have built themselves some room to stimulate the economy out of a recession, if need be. The key remains the consumer, who so far, has been holding in pretty well. Even if unemployment rises a little from the current low of 3.6%, any recession would be shallow and fairly short.



# Customised Investment Portfolios

Quarterly Report as at June 30, 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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WISE forms part of the same financial group as Royal Bank of Canada and is a subsidiary of the Royal Bank of Canada. The Royal Bank of Canada, is the parent company of RBC Financial (Caribbean) Limited which is the parent company and 100% shareholder of WISE. The Royal Bank of Canada, therefore is the ultimate parent company of WISE, and is a related party to WISE as defined under the Securities Act, 2012 and By-Laws.

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