

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.

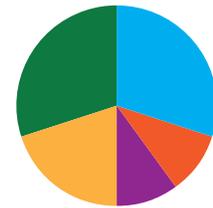
Investment Advisor:

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, 2022	1 Year	3 Year	5 Year	10 Year
Balanced - Income Focus Portfolio	-9.8%	9.2%	7.4%	8.3%
Benchmark	-9.6%	9.5%	7.8%	8.7%

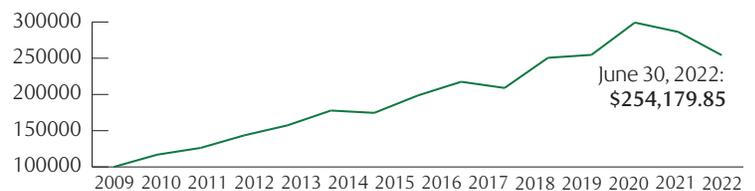
These returns do not include fees

Historical Return to June 30, 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:

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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