Customised Investment Portfolios

Quarterly Report as at September 30, 2022

The Balanced-Growth Focus Portfolio

Portfolio Objective:

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.

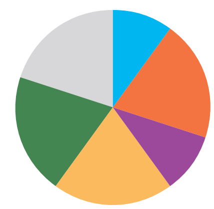
Investment Advisor:

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 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 acheived will be via price appreciation. The bond ETFs will be concentrated in Investment Grade credit although there will be some expsoure to High Yield and Emerging Markets.

Target Portfolio Allocation:



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%

Target Portfolio Holdings:

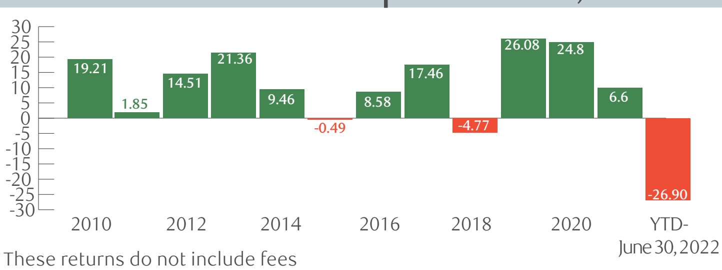
iShares iBoxx $ High Yield Corporate Bond ETF	10%
iShares iBoxx $ Investment Grade Corporate Bond ETF	20%
iShares JP Morgan USD Emerging Market Bond ETF	10%
Schwab US Large Cap Growth ETF	20%
Vanguard Mid-Cap Growth Index Fund ETF	20%
iShares Russel 2000 Growth ETF	20%

Average Annualised Return:

Returns to Sept 30, 2022	1 Year	3 Year	5 Year	10 Year
Balanced - Growth Focus Portfolio	-24.3%	1.9%	4.3%	7.2%
Benchmark	-23.0%	1.5%	3.9%	7.1%

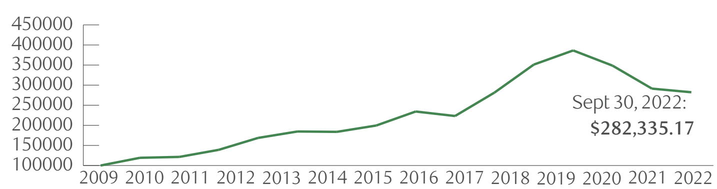
These returns do not include fees

Historical Return to September 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:

Growth in the U.S. was surprisingly positive in Q3 (+2.6%) after contractions in both Q1 and Q2. Consumer spending slowed but remained positive while the trade deficit narrowed as imports fell sharply in the face of waning demand. The Federal Reserve continued its tightening with a 75 bps increase in rates in September 2022 – its third straight consecutive increase of this magnitude since March 2022. The Federal Funds rate now stands at 3%-3.25% and consensus expectation now is for this to reach 4.25%-4.50% by year end, an upward revision from 3.25% to 3.5% in Q2. The 10-year U.S. Treasury-Bill rate has raced to 4% in response. While headline inflation crept down to 8.2% in September versus 9.1% in June, this is still unacceptably high, and we expect that the Federal Reserve will continue to raise rates aggressively, particularly as the labour market has been resilient. With the Russia/Ukraine war dragging on and an upcoming winter season in Europe, the geopolitical risks remain high. Markets have now turned their attention to an expected recession in 2023, the magnitude of which will depend largely on the severity of the impact on the job market. With unemployment at 3.5%, the economy can withstand some level of job losses, however, this is a slippery slope and will be a very difficult balancing act for the Federal Reserve. The S&P 500 contracted a further 5.28% in Q3, following a 16.45% decline in Q2. Elevated inflation and recession fears continued from Q2 leaving all but two of the S&P 500 sectors in the red in Q3. As evidence of an economic slowdown mounts, investors have focused on Q3 results to glean the extent of impact on each company, with particular focus on the outlooks given. It would not be unexpected to see most companies impacted by reduced demand, higher margins and negative currency effects from the strong U.S. dollar. Geopolitical risks aside, the economic picture has become a bit clearer in terms of consensus around an expected recession in 2023 however, differences remain as to the expected severity.

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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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Contact:

Visit us at 4th Floor West, St Clair Place,
7 - 9 St Clair Avenue, Port-of-Spain
Call (868) 628-WISE (9473)
Email wiseinfo@wisett.com
Or visit www.wisett.com