

## 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.

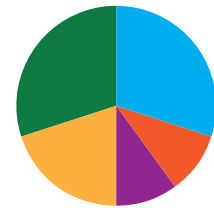
### Investment Advisor:

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:

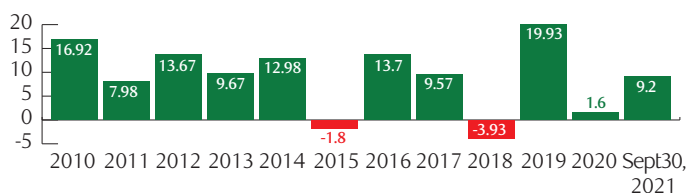
ETF Name	Allocation
SPDR Bloomberg Barclays High Yield Bond	30%
Vanguard Long Term Corporate Bond	10%
iShares JP Morgan USD Emerging Market Bond	10%
SPDR Dow Jones REIT	20%
SPDR S&P Dividend	30%

### Average Annualised Return:

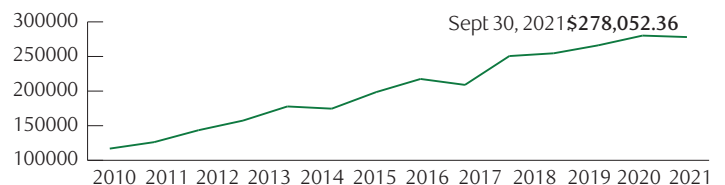
Returns to Sept 30, 2021	1 Year	3 Year	5 Year	10 Year
Balanced - Income Focus Portfolio	20.8%	7.7%	6.8%	9.1%
Benchmark	21.2%	8.1%	7.2%	9.5%

These returns do not include fees

### Historical Return to September 30, 2021: The Value of a US\$100,000 Investment:



These returns do not include fees



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### 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. economy grew at an annualised pace of 6.7% in Q2 2021, continuing the strong rebound seen since the development and distribution of vaccines. The US Federal Reserve maintained its target rate at 0%-0.25%, signaling a 2023 date for the resumption of interest rate hikes. The S&P 500 returned 0.23% in Q3 down from 8.17% in Q2. Optimism in developed economies took a breather in Q3 as concerns around elevated inflation as well as the potential for a default of a large Chinese real estate company spooked investors. The stalled Infrastructure Bill as well as continued spread of the delta variant has also dampened the positive mood. Job creation

has also slowed over August and September 2021 with only 235,000 and 192,000 jobs created respectively. Emerging economies continue to lag in vaccination, contributing to delays in resolving supply chain bottlenecks. Labour shortages in the U.S. have also become more of an issue as workers have been slow to return. Overall we see growth normalizing over the upcoming quarters to a 3%-4% pace while inflation remains elevated. We do not see a stagflation scenario but rather a delay in the normalisation of inflation relative to the normalisation of growth. We expect equity markets to remain resilient however returns will be more discerning going forward as the bulk of the "recovery trade" is behind us.



# Customised Investment Portfolios

Quarterly Report as at September 30, 2021

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## Disclaimer:

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