

RBC Investment UPDATE



Investing in all kinds of weather



The rainy season is here. Every year, we go through months of heavy rainfall that can lead to floods and even escalate into tropical storms or hurricanes.

Last year, investors experienced similar downpours. Concerns over high inflation, Central Bank interest rate hikes and supply chain bottlenecks made for quite the storm. Looking forward, it seems we may see some turbulent weather ahead in financial markets. Notwithstanding, with a personalized plan in place, these tougher times may be easier to navigate. This quarter, we'll explore how investing during periods of rain or shine can help keep you on track towards achieving your goals.

What is inflation?

Inflation is the general rise of the price of goods and services over time, which reduces your purchasing power. If inflation is driving prices up, your money simply buys less over time. In the current era of low interest rates, inflation can slowly eat away at the value of your dollars if your savings and your investment portfolio do not grow at the same rate.

April 2023	Headline Inflation	Food Inflation
Inflation Rates	6.0%	17.0%

Source: Central Statistical Office of T&T

As shown in the table below, inflation had a dramatic impact on prices in Trinidad & Tobago over the past 50 years and continues to impact our daily lives.

	1974	1991	2022
Doubles	\$0.25	\$1.00	\$5.00
Carnival costume	\$350	\$1,500	\$6,000
Three-bedroom house	\$47,000	\$210,000	\$1,250,000

How to weather times of high inflation

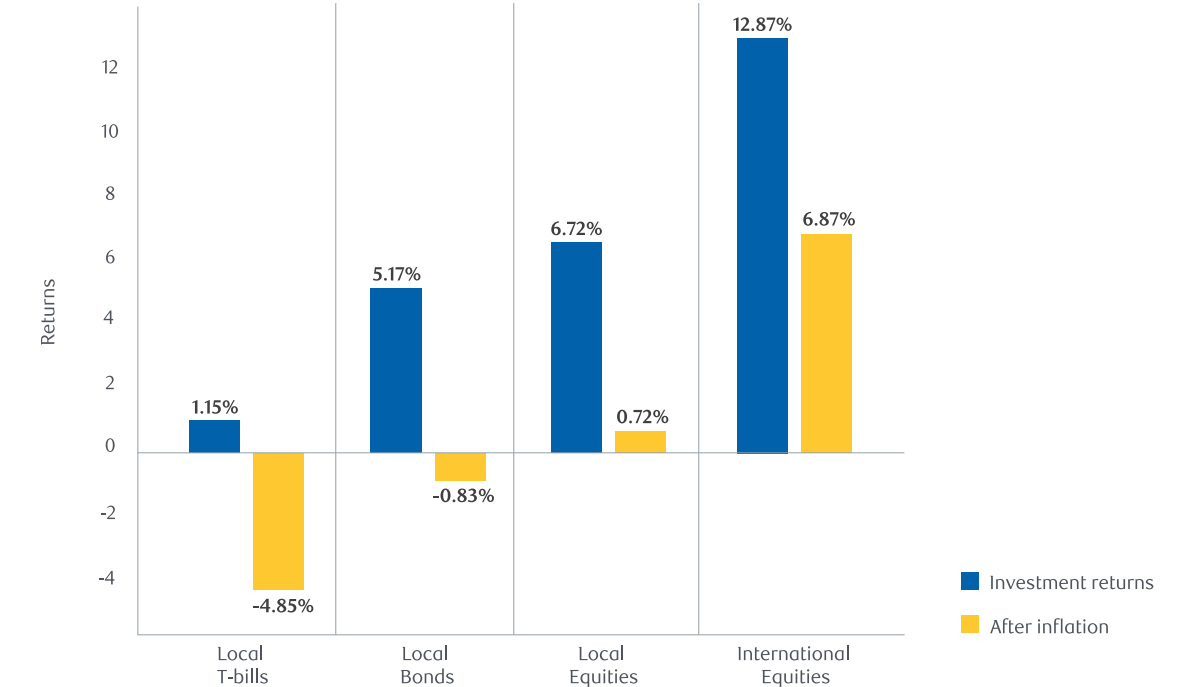
Fortunately, there are ways to mitigate the impact of inflation on your investments. By building a diversified portfolio with the appropriate amount of equities and fixed income, your portfolio can potentially grow at a faster rate than inflation and help build wealth.

1. Look to equities for growth

Over long periods of time, equities tend to offer the best protection against inflation. They have the potential to grow faster than other types of investments – although they also have a higher risk of losses.

2. Look to bonds and other types of fixed income for stability

While their ability to outpace inflation is lower than that of equities, the steady performance of fixed income tends to balance out the ups and downs of the stock market.



The Local T-Bill and Bond yields shown are the Government of Trinidad and Tobago 6-month Treasury Bill and 10-year bond yields as at May 2023. The equity returns used are the average annualized returns on the All T&T Index and S&P 500 Index for the three-year period ended May 2023. The inflation rate used is the headline inflation rate in Trinidad and Tobago as of April 2023. An investment cannot be made directly in an index. Index returns do not reflect transaction costs, investment management fees or taxes. If such costs and fees were reflected, returns would be lower. Past performance is not a guarantee of future results.



When the weather is stormy, stick to your plan

Investing can be uncomfortable, particularly during uncertain times. However, it's important to remember that periods of stormy weather don't last forever. For those with a long-term investment horizon, any day is a good time to invest. Speak to your Investment Specialist at RBC or your Manager – Investment Sales at WISE and weatherproof your portfolio to help meet your long-term goals. Here are some questions to discuss with your advisor.

- Do my current investments align with my goals?
- Am I using the right investment to reach my goals?
- Do I have enough sources of growth to combat inflation?
- Are there any actions I should consider to keep moving towards my goals?



Contact Us

If you would like more information about our investments products, please contact RBC Royal Bank at 800-1RBC (1722) or West Indies Stockbrokers at 628-WISE (9473) or wiseinfo@wisett.com. We look forward to assisting you.

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