



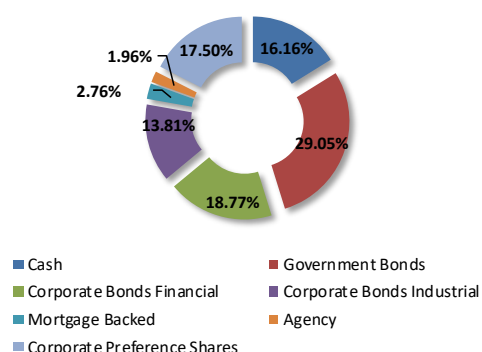
Dec. Net Asset Value:	\$12.6426
Assets:	\$10.01M
Inception:	Nov-11

Performance:

	Fund	Benchmark*
1 Month	0.30%	2.35%
3 Month	0.64%	2.18%
1 Yr	5.98%	13.35%
5 Yr Ann Ave	3.91%	5.85%

* Bloomberg Barclays Emerging Market USD Sovereign Bond Index

Allocation:



Top Holdings:

U.S. CORPORATE BONDS	32.6%
U.S. TREASURIES	29.1%
CORPORATE PREFERENCE SHARES	17.5%
CASH	16.2%
MORTGAGE BACKED SECURITIES	2.8%

The High Yield Income Fund is a sub fund of the Royal Fidelity (Bahamas) International umbrella investment fund and invests substantially all of its assets into the USD Targeted Income Fund. The allocation shown is subject to change without notice and at the discretion of the investment manager. The Bloomberg Barclays Emerging Markets USD Sovereign Bond Index tracks fixed and floating-rate US dollar-denominated debt issued by EM governments.

Sovereign Bond Yield Forecast

In a recent report published by Morgan Stanley, in 2020 their economists expect a modest global economic recovery fueled by renewed trade talks between the US and China, and further monetary easing by Central Banks.

The table below details Morgan Stanley’s forecast for US bonds yields as at mid-year and year-end 2020. During the first half of 2020 they see yields increasing across the entire yield curve, but decreasing across the entire yield curve during the second half of 2020.

US T-Bonds Yield Forecasts

Maturity	Two-Yr.	Five-Yr.	10-Yr.	30-Yr.
31/12/2019	1.58%	1.68%	1.90%	2.34%
2Q2020	1.65%	1.80%	2.00%	2.50%
4Q2020	1.55%	1.60%	1.75%	2.25%

If these forecasts are realized, then we should see prices of most fixed USD bonds decreasing slightly during the first half of 2020, but then increasing during the second half.

We don’t expect the strong returns of the fixed income markets in 2019 to be duplicated. Investors should expect returns more in-line with the long-term performance of the Fund.

A number of geopolitical risks such as US election volatility, increased cyber warfare, Middle-East conflict focused around Iran, and further trade conflicts beyond the US/China conflict, may have play a material role in determining actual bond yields in 2020.

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