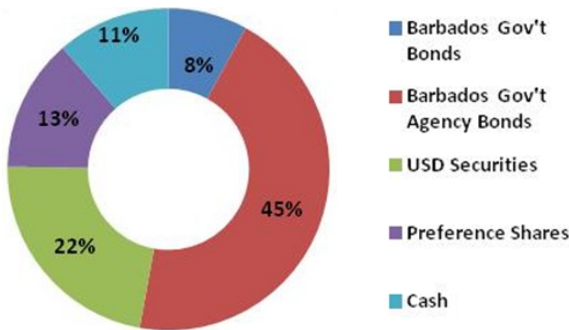


| | |
|-----------------------------|----------|
| Dec Net Asset Value: | \$1.4964 |
| Assets: | \$17.66M |
| Inception: | Dec-08 |

Performance:

| | Fund | Benchmark* |
|----------------|-------------|-------------------|
| 1 Month | 0.13% | 0.375% |
| 3 Month | 0.66% | 1.13% |
| 1 Yr | 5.37% | 4.5% |
| 5 Yr | 30.1% | 24.62% |

Allocation:



Top Holdings:

| | |
|---------------------------------|--|
| NEEDHAM'S POINT HOLDINGS 6.75% | |
| B'DOS AGRICULTURAL 6.5% 2019 | |
| SAGICOR 6.5% PREFERENCE | |
| RF BAHAMAS TARGETED INCOME FUND | |
| PETROLEUM CO OF T&T 9.75% 2019 | |

The Premium Income Fund is a sub fund of the Royal Fidelity Investment Fund the umbrella company. The asset allocation shown is subject to change without notice and at the discretion of the investment manager, subject to the restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.

Income Fund posts 5.37% return as economy sputters

Against the backdrop of the removal of the minimum savings rate and drop in bank savings rates to as low as 0.5%, we are pleased to report that our Premium Income Fund closed 2015 by returning 5.37% to investors. Another year of beating its benchmark!

Despite the great performance of our fund the investment climate in Barbados remains challenging, to say the least. As investment managers, we sometimes struggle to find suitable investments. The local fixed income market continues to suffer from a lack of new, adequately-priced securities. The few currently on the market tend to be Government issues - an exposure we don't wish to increase in the portfolio at this time.

At the close of 2015, the fund held higher-than-normal levels of cash and 3-month government t-bills (11%), both of which can slowly drag down overall returns. The fund's overall current exposure to Direct Government debt amounts to just over 8% with another 45% in quasi government/agency debt. Just under 24% of our portfolio represents US Dollar denominated securities, which is an exposure we try to increase over time. The duration of the fund at December was 3.34 .



While the outlook for Barbados has improved slightly against the backdrop of growth in tourism and a decline in oil prices, we still face the challenge of rolling over maturing government short-term debt. There remains renewed pressure on the exchange rate peg and the current level of foreign reserves, which closed 2015 down 11.8% at roughly USD463.5 million. The Central Bank estimates this level at 14 weeks of import, proving that we certainly aren't out of the woods yet!

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