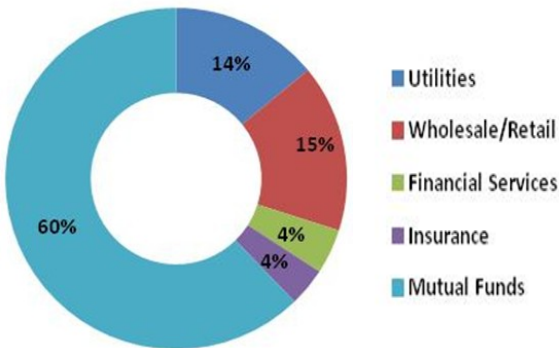


Dec Net Asset Value:	\$0.8138
Assets:	\$0.71
Inception:	Dec 08

Performance:

	Fund	Benchmark*
1 Month	1.06%	0.542%
3 Month	2.33%	1.625%
1 Yr	-1.44%	6.5%
5 Yr	-8.34%	37.0%

Allocation:



Top Holdings:

ROYAL FIDELITY USD INT'L OPPORTUNITIES
ROYAL FIDELITY TIGRS SERIES A3
LIGHT & POWER HOLDINGS
GODDARD ENTERPRISES LIMITED
CABLE AND WIRELESS BARBADOS LTD

The Strategic Growth 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.

Q4 stronger for equities than Q3 (but not strong enough!)

Following a tough run over the summer, international equity markets rebounded during Q4, mainly as concerns over China receded. However, speculation about the Fed's interest rate hike (eventually announced in December) kept volatility heightened.



Locally, the bidding war over Banks ended with a victory for SLU (Ambev), and shares being surrendered for payment of \$7.7, a significant premium to its stated value of \$5.60.

Q4 also saw Emera come back to the table in an attempt to mop up the remaining Light & Power shares at the \$33.30 value attributed in the initial KPMG valuation almost five years ago. This represented an almost 30% increase over its listed price and the previous Emera offer. The fund was still a holder of Light & Power shares and benefited from this bump. (It should be noted, however, that, for reasons strategic to the fund, we opted to convert the shares to the listed Deposit Receipts and expect to report further on this in the coming quarters.)

While local businesses and households continue to benefit from lower international fuel prices, neighboring Trinidad—already reported to be in a recession—continues to show rapid deterioration in fiscal and external balances. Weaker economic activity in 2016-2017 is expected, along with a further depreciation of the TTD with forecasts that it would drop to \$7:\$1.

Currently 4% of the fund is invested in shares traded on the TTSE, but largely in companies that have a wider Caribbean base of revenues.

All in all the fund had a Q4 return of 2.33%, which, unfortunately, wasn't sufficient to reverse the previous quarter's losses. But we do believe the fund has reached a turning point.

Equity funds around the world are characterized by return, but also by volatility, and this fund is no different. Investors should make sure their longer-term investment objectives are aligned with this reality. ♦

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