

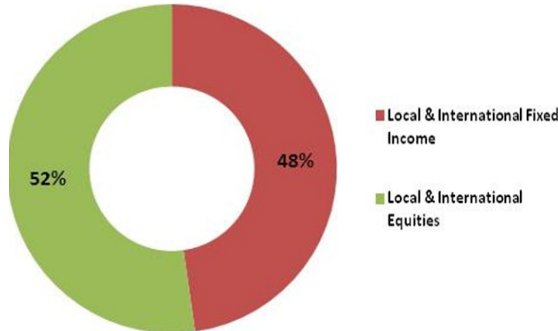
Dec Net Asset Value:	\$4.9587
Assets:	\$24.03M
Inception:	Aug-86

Performance:

	Fund	Benchmark*
1 Month	0.17%	0.458%
3 Month	0.43%	1.374%
1 Yr	4.68%	5.5%
5 Yr	10.71%	30.69%

* Annual rate of return, 5.5%

Allocation:



Top Holdings:

ROYAL FIDELITY INT'L OPPORTUNITIES US DOLLAR EQUITY FUND
NEEDHAM'S POINT HOLDINGS 6.75% 2021
B'DOS AGRICULTURAL MANAGEMENT 6.5% 2019 BOND
CASH
ROYAL FIDELITY TARGETED INCOME US DOLLAR FUND

The Select Balanced 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.

International volatility reigns, but equities advance in 2016

Despite the global political and social volatility seen throughout the year the fund managed to post a return of 4.68% for 2016. A couple local equities enjoyed impressive returns, with ICBL and Goddard shares advancing a whopping 44.62% and 36.31%, respectively.



Internationally, Emerging Markets rebounded to finally contribute to the portfolio, and positive results were also seen in the iShares Russell 1000 (+9.84%) and Vanguard Total Stock Market ETF (+10.57%) for the year. These results—relative to Eurostoxx 50 (+0.70%) and the Nikkei (+0.42%)—seem to reflect the continuing belief that the United States remains THE safe haven for international investors.

Our international exposure remains just under 40% to US equities, and we intend to maintain a level of 40-45% for the foreseeable future. US equity valuations are quite high at the moment, however, making purchases expensive and potentially costly on the downside.

Locally, the pressure in the cooker is increasing. According to the Governor of the Central Bank, our reserves have fallen to a 14-year low of 10.3 weeks of import cover. In his report, the Governor high-



lighted expected inflows of over \$250 million: \$68 million on the Sam Lord's project, \$100 million from the sale of BNTCL, \$40 million from the sale of Government's interest in the Four Seasons property, and inflows from other projects. For some of these projects, however, we've been anticipating these inflows for quite a while (and it might be wise not count our chickens before they hatch!)

We have maintained a relatively high cash position to take advantage of further corporate issues we expect to see during Q1 2017. We believe these investments will boost returns and further diversify the portfolio to lessen volatility. ♦

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