

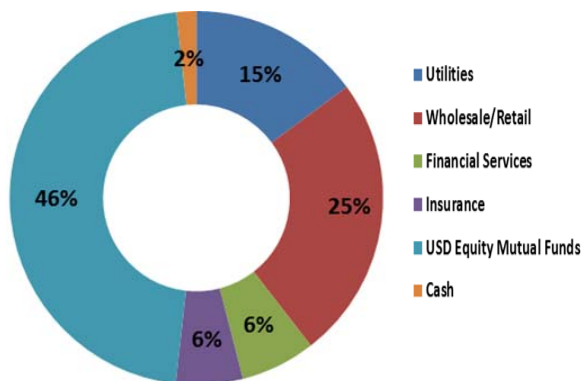
Dec Net Asset Value:	\$0.8556
Assets:	\$0.76M
Inception:	Dec 08

Performance:

	Fund	Benchmark*
1 Month	0.11%	0.542%
3 Month	0.36%	1.625%
1 Yr	5.14%	6.5%
5 Yr	4.33%	37.0%

* Annual rate of return, 6.5%

Allocation:



Top Holdings:

ROYAL FIDELITY USD INT'L OPPORTUNITIES FUND
EMERA DEPOSIT RECEIPTS
GODDARD ENTERPRISES LIMITED
MASSY HOLDINGS LTD
CABLE AND WIRELESS BARBADOS

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.

Fund ends year on high note, as equities perform well

It takes only one match to start a forest fire. And it takes only one geopolitical event to start a cascade of similar events across the globe. We experienced this phenomenon big time in 2016.



First, the unthinkable Brexit. Then, the unthinkable election of Donald Trump in the US. (2017 may provide additional surprises as well, with elections scheduled in The Netherlands, March; France, April; and Germany, September.) Only intrepid fortune tellers would dare predict the outcome!

Despite the political and social volatility, however, the fund managed to post a return of 5.14% for the year. A couple local equities enjoyed particularly strong returns, with ICBL and Goddard shares advancing a whopping 44.62% and 36.31% for the year, respectively. Internationally, Emerging Markets rebounded and the iShares Russell 1000 rose 9.84% while the 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 continues to be just under 40% 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. So we've decided to establish a fixed income position in the portfolio, which will provide a steady stream of income and counteract downside equity volatility. We anticipate this new position will also raise the overall return of the fund (and help us control any wildfires that might ignite along the way!) ♦

Royal Fidelity Merchant Bank & Trust

27 Pine Road
St. Michael
Barbados
(246) 435-1955

www.royalfidelity.com
info@royalfidelity.bb