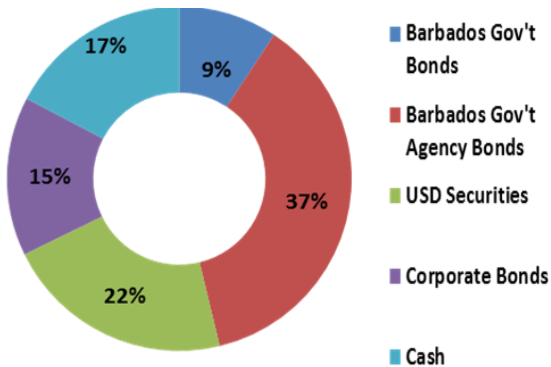


Mar Net Asset Value:	\$1.5724
Assets:	\$24.69M
Inception:	Dec-08

Performance:

	Fund	Benchmark*
1 Month	-0.65%	0.375%
3 Month	0.09%	1.13%
1 Yr	3.5%	4.5%
5 Yr	27.63%	24.62%

Allocation:



Top Holdings:

NEEDHAM'S POINT HOLDINGS 6.75% 2021
B'DOS AGRICULTURAL MANAGEMENT 6.5% 2019 BOND
CASH
ROYAL FIDELITY BAHAMAS US DOLLAR TARGETED INCOME FUND
WILLIAMS INDUSTRY 5.25% 2023 BOND

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.

Moody's assesses probability of credit event in 2-3 years

On March 09 Moody's downgraded Barbados' government bond and issuer ratings to Caa3 and maintained a stable outlook. "Despite the government's efforts to contain the fiscal deficit and alleviate pressures on foreign exchange reserves, the fiscal deficit remains large and credit risks have increased in Barbados. The debt burden has risen in recent years and will continue to do so for the next few. Domestic and external liquidity pressures on the sovereign have increased. We assess the likelihood of a credit event in the near-term as very high, given lack of fiscal adjustment and increasingly limited financing options." The Moody's report assessed the probability of a credit event being in the next 2-3 years.



In spite of this latest downgrade very little movement was seen in the local dollar yield curve while the Barbados USD securities saw investors looking for yields in the region of 15%.

As stated in previous quarterly report we haven't introduced any new GOB to the portfolio since last year. Our larger exposures remain the quasi-government issues of BAMC and Needham's point. As of February 2017 we are no longer rolling T-bills and have opted to hold



the cash where no other suitable investments can be found. Unfortunately it meant that at times we were holding a bit more cash than we would have liked. This has impacted the returns of our fund which produced a Q1 return on 0.09% At the end of March we were able to participate in a smaller private placement issue of Cave Shepherd Notes offering 3.25% and anticipate higher yielding corporate issues coming to market in the near future. ♦

Royal Fidelity Merchant Bank & Trust

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

www.royalfidelity.com
info@royalfidelity.bb